

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

**This Declaration is made on the date hereinafter set forth by BOBBY J. ADAMS and
MICHAEL L. HEINE, (hereinafter "Declarants");**

WITNESSETH:

**WHEREAS, Declarants are the owners of certain land (the property) of which is more
fully described by metes and bounds on attached hereto and labeled Exhibit A, to which
reference is made for all pertinent purposes:**

**NOW, THEREFORE, Declarants hereby declare that the property herein conveyed, together
with all land adjoining the property described herein and between it and the waters of Lake Fork
held under limited use permit or other form or lease from Sabine River Authority of Texas, shall
be held, sold and conveyed subject to the restrictions, covenants and conditions applicable to
each party thereof as hereafter set out, which, taken together, are consistent with the general plan
or scheme of development of the property developed by Declarants and for the purpose of
protecting the value and desirability of and which shall run with the real property as hereafter set
out and be binding on all parties having any right, title or interest in the described properties or
any part thereof, their heirs, successors and assigns, and shall inure to benefit of each owner
thereof.**

SECTION I

PERMITTED USES AND RESTRICTIONS

**The following are the permitted uses and restrictions applicable to and binding upon all
the property in Rains County identified as hereto attached.**

1. DESIGNATED USE

All the herein described property shall be used solely for residential purposes.

2. DWELLING QUALITY, SIZE AND LIMITATION; OTHER BUILDINGS

A. All structures designed or intended for human habitation, referred to herein as "dwelling," shall be built, constructed and erected on site. Materials and construction techniques used for the erection of a dwelling shall be of the type, quality and workmanship commonly employed in the residential construction industry by skilled craftsmen who build fine-quality homes within the area. The exterior walls of any dwelling or auxiliary building in the property must be composed entirely of some combination of: clay brick veneer; manufactured or natural stone; commercially cut, milled and finished logs; redwood or cedar siding twelve inches or less in width of tongue in groove and lapped variety; fiber cement siding, or glass. When wood, or similar product that normally requires painting, is used on eaves, doors, trim, etc, painting must be properly applied, and when redwood or cedar are used on the exterior, such surfaces shall be painted, stained or preserved and may not remain unfinished wood. Spray-on clear-wood preservatives shall qualify as an exterior wood finish for redwood and cedar. Prefabricated, modular or off-site construction for move-on to the property or dwelling of any type that is built elsewhere for move-on to the property is forbidden. Only new lumber and building materials may be used in the structural and exterior part of any dwelling.

B. All dwellings must have a minimum of eighteen hundred (1800) square feet of heated and cooled living area ("minimum floor area"). The minimum floor area of the dwelling shall be not less than eighteen hundred (1800) square feet for a one-story dwelling. The first floor of split-level and multi-level dwellings shall have no less than eighteen hundred (1,800) square feet and the split-level or second level or the dwelling shall have not less than five hundred (500) square feet.

C. Dwellings shall be constructed only upon concrete foundation using either slab or pier and beam method of construction.

D. The minimum roof elevation pitch of all dwellings shall not be less than three and one-half (3-1/2) inches and twelve (12) inches, meaning three and one-half (3-1/2) inches of rafter rise for every twelve (12) inches of roof joist length. Roof covering shall be of shingles (wood, asphalt, fiberglass, slate, etc.) or metal if metal roofing is manufactured metal roofing designed or commonly used for dwellings. Wood shingles, if used, shall be fire retardant treated when installed and retreated as suggested according to standards adopted for wood shingles or manufacturer's specifications. Sheet metal and corrugated tin of a type commonly used on barns and commercial buildings is prohibited. No dome structures shall be permitted, nor shall any A-frame houses be permitted.

E. All dwellings shall be accompanied by a fully enclosed garage capable of storing at least two (2) full sized cars, and such garage shall be completed within ninety (90) days of the time permitted for the construction of the dwelling. The same minimum roof pitch required for

dwelling shall be required for garages and garages shall be of same exterior and roof coverings as the dwelling on same lot.

F. No structure other than one designed and primarily intended for human habitation shall ever be used either temporarily or permanently as a residence on any lot except as herein otherwise specifically permitted in Section I, Paragraph 6. By way of illustration and not in limitation of the foregoing, no garage, barn, shed, storage room, tent, or other similar auxiliary structure shall ever be so used except as provided herein.

G. Any auxiliary building containing more than one-hundred fifty (150) square feet must be constructed upon a concrete slab foundation. All auxiliary buildings shall have gable and/or hip roofs (no single sided roofs to be allowed) and all must have a minimum of three and one-half (3-1/2) to twelve (12) pitch (the same pitch as is required of residential roofs), and no part of the roof may be higher than the highest point of the dwelling. The roof and exterior walls of any auxiliary building must be constructed from the same materials as the roof and exterior walls of the dwelling placed on the same lot. Only new lumber and building materials may be used in the structural and exterior part of any auxiliary building, and such buildings may be used for storage, hobby, additional garage, game room, as a guest house after the main dwelling on the same lot or parcel is complete, or other uses not specifically prohibited herein. The exterior of any auxiliary building must be completely finished to compliment the exterior of the dwelling and must be completely enclosed, including gables. No open carports shall be permitted. Any auxiliary building shall be erected on the lot on which it is to reside and auxiliary buildings on any lot shall not represent in size (measured by square footage) an area greater than seventy (70) percent of the heated and cooled living area of the dwelling built on the same lot. For clarification, any building other than the dwelling is herein considered an auxiliary building.

H. The rules and regulations of Sabine River Authority of Texas shall solely govern structures to be erected on such SRA Property.

3. SETBACK LINES

All dwellings shall be located at a distance of not less than thirty-five (35) feet from the edge of the public road that fronts the property at the time of filing of this document, and not less than ten (10) feet from the remaining property lines except that there shall be no set back requirement along the Sabine River Authority property line other than as required by Sabine River Authority. Any auxiliary building or structure on any lot shall be situated at least as great a distance from the same public roadway as the dwelling on the lot. An owner of two adjoining lots may build on the common boundary between the two lots without considering the common boundary in setback requirements. For purposes of this covenant, eaves, steps and open porches are considered as a part of any building.

4. ANIMALS

No more than a common number of common household pets may be placed, kept or permitted to remain on any lot. No dog kennel operation of any type shall ever be placed, kept or permitted to remain on any portion of the property. All animals kept within the property must be confined to the property of their owners. Dogs that chronically bark as well as vicious dogs are prohibited. However, any lot or parcel cut or extracted from the property herein described that retains an area of not less than 5 (five) acres within such lot shall be able to have up to two (2) horses remain on such lot, or if the property herein described remains intact, then two horses may be kept on the property for each 5 (five) acres herein conveyed. No other exceptions for animals are permitted except as noted in this paragraph.

5. FENCES

Fences shall be within the boundary of the lot unless a common fence agreement is entered into in writing by adjoining lot owners, in which event fences may be on the boundary line of adjoining lots. No fence shall be greater in height than six (6) feet. Fencing shall be constructed of new materials such as common chain link, masonry, board, steel pipe, or split-rail. Board fences may not be constructed of used lumber. If a gate is used at the lot entry, such gate may not be constructed of chain link materials, but shall be made of iron, or prefabricated or manufactured steel materials and design as are commonly used for electrical or solar powered units. Any fence built along the road frontage must be built out of Pipe, Split Rail or Board material (no barb wire, chain link, or privacy fencing along road frontage).

6. TEMPORARY OCCUPANCY

A motor home or travel trailer or a camper trailer may be placed on any lot for a period not to exceed seven (7) days in any calendar month for use as a temporary residence prior to the construction of the main dwelling or residence upon the lot. A motor home or a travel trailer or a camper trailer may further be used as a residence during the period required for the construction of the main dwelling or residence upon the lot not to exceed six (6) calendar months. After the construction of the main dwelling or residence upon the lot an appropriately licensed, equipped, and registered motor home, travel trailer or camper trailer may be stored upon the lot provided it is not used either temporarily or permanently as a residence and is always capable and legal for immediate travel and movement upon the public highways of the State of Texas. Except as herein expressly set out no motor home, travel trailer, or camper trailer may be placed or kept on

any lot, nor may such ever be used as a residence on any lot except as defined herein. Only one of the above may be stored or kept on any lot at any time, and after completion of the dwelling, must be kept to the rear of the dwelling and at least twenty (20) feet from the side lot lines.

7. PROMPT COMPLETION OF IMPROVEMENTS AFTER COMMENCEMENT

All dwellings, auxiliary buildings and other structures including fences, shall be completed within six (6) months of commencement. No auxiliary building or any other structure or fence shall be erected, placed or permitted to remain upon any lot until after the completion of the main residence or dwelling to be erected upon the lot. Except as may be legitimately required during the construction of improvements, no new or used metals, metal objects, new or used lumber, wood products, rock material, gravel, or other similar materials shall ever be placed, stored or permitted to remain upon the property except as may be used tastefully and sparingly in the landscaping process. Except for objects in daily use (automobiles, motorcycles, and other vehicles), or as set out in Section I Paragraph 6 hereof, no storage of property of any kind or character shall ever be placed or permitted to remain upon the property unless stored inside any enclosed auxiliary building located and constructed in compliance with the terms and provisions of this Declaration.

8. TRASH, RUBBISH AND DEBRIS

Trash, rubbish or debris of any kind shall not be permitted to accumulate on any portion of the property, and odors shall not be permitted to arise so as to indicate an unsightly or unsanitary condition exists. Garbage containers must be kept out of public view.

9. SANITATION AND WASTE DISPOSAL SYSTEMS

Treatment of human waste must be carried out in compliance with any and all regulatory agencies with the authority to regulate such matters. All lots must use the aerobic style septic system. Except during the initial construction of the dwelling when portable toilets provided and maintained by professional service companies may be used, no outside toilet shall be installed or maintained on any lot and all plumbing shall be connected with a septic tank and adequate drain field, constructed and installed in accordance with the health regulations of the State of Texas and Rains County and of any other governmental authority having jurisdiction, including Sabine River Authority of Texas. Such installations shall be constructed and maintained by the owner of the lot upon which the same is situated so that no effluent from the same shall ever drain or

flow upon the ground surface or drain in such manner above or below surface that it will cause any degree of pollution of the channels in this Addition.

10. RESTRICTION AGAINST POLLUTION OF WATER

In the interest of public health and sanitation, and so that the property and all other land in the same locality may be benefited by a decrease in the hazards of subsurface water and stream and run-off water pollution, no use, purpose or activity may be made of or on the property that will result in the pollution of any waterway, water supply, subsurface water or run-off or other water that flows through or adjacent to the property by refuse, sewage, or other material that might tend to pollute.

11. HAZARDOUS OR TOXIC CHEMICALS OR COMPOUNDS

No dangerous, hazardous or toxic chemical compound may be stored, used or employed on the premises in any quantities other than those which are normally and typically used for household, landscaping and yard maintenance, or household pet care.

12. BILLBOARDS, SIGNS

Signs, billboards or advertising devices of any kind except those used by Declarants in advertising the property for sale or used in any subsequent sale of the property, excluding yard signs, political signs, placards and the like, are prohibited. Excluding signs used by Declarants, signs shall never be greater in size than seven (7) square feet. The stone sign erected by the developers of Hillside Bay, Section I, identifying the subdivision, shall not be destroyed or materially altered.

13. NUISANCES

Activity or behavior that is an obvious nuisance to the surrounding area shall not be permitted.

14. RESTRICTION AGAINST OFFENSIVE OR DANGEROUS ACTIVITIES

Offensive, dangerous, noxious, illegal or other use detrimental to the property or its inhabitants or to land in the vicinity of the property or its inhabitants is prohibited.

15. RESTRICTION AGAINST DISABLED AUTOMOBILES AND OTHER ITEMS

Disabled automobiles or motor vehicles, motor vehicle parts, machinery, equipment or parts thereof including disabled or inoperable tractors or farm equipment shall never be placed or permitted to remain upon any lot unless stored and enclosed within an auxiliary building designed and built according to the guidelines and limitations of this document.

16. VEHICLE STORAGE

Except as may be necessary during construction of improvements and except as set out in Section I, Paragraph 6 trucks larger than one ton capacity rating, tractor trailers, farm tractors, earthmoving equipment, or similar vehicles whether operable or inoperable shall never be placed, stored, parked or permitted to remain upon any lot except one operable farm and/or lawn tractor actually in periodic use upon the premises and kept inside an auxiliary building when not in use as is required herein in Section I, Paragraph 7. No vehicle of any type shall ever be parked, placed or permitted to remain upon any public right of way within the Addition. On a constant, or almost-daily basis, no more than two (2) automobiles may be kept or parked on any lot unless parked inside a garage or auxiliary building.

17. NO FIRING RANGE

No firing range, shooting gallery, target range, or other area designed for the frequent discharge of firearms shall ever be placed or permitted to remain upon any portion of the property, nor may be firearms be discharged on any portion of the property including property of the Sabine River Authority.

18. RADIO AND TELEVISION EQUIPMENT AND ANTENNA

Any radio and/or television antenna erected on any lot shall not extend more than 30 feet above the highest part of the roof of the residence built on the lot. No radio or broadcast equipment or antenna used to send or receive a radio or television or other signal or frequency shall be used in a manner to interfere with standard radio and television reception. All such devices shall be located to the rear of the dwelling, however, no such device that is obviously out-of-place, oversized, distasteful or a detriment to the beauty and design of the neighborhood shall be placed on any lot.

19. PROPERTY MAINTENANCE

The owners or occupants of all lots shall at all times keep weeds and grass thereon cut in a sanitary, healthful and attractive manner. Landscaping and lawn care shall be eye pleasing. No lot may be used for drilling, other than water well for domestic water use limited to the lot, and mining, including the sale or removal of surface or sub-soil, is prohibited. Any soil removed for purposes of constructing a structure shall be left on the lot. If a lot owner fails to mow and neatly maintain such owner's lot, the Declarants may mow and maintain the lot and recover reimbursement for actual expenses incurred in maintenance of the lot and shall be able to establish a lien against the property if not reimbursed in due time.

20. PONDS; SWIMMING POOLS

The construction of any pond or earthen water impoundment, other than small landscaped water gardens, is prohibited. This does not prohibit any type of standard, commercially installed swimming pools. Any swimming pool must meet the setback requirements as defined herein for an auxiliary building.

21. LOCATION OF UTILITIES

All common or community utilities and those servicing a lot from the common source shall be located and installed underground in accordance with local safety codes and ordinances or other standard and applicable safety codes or requirements. No power servicing poles or overhead power lines may remain on any lot beyond the construction of improvements. Any propane tanks must be installed underground or to the rear of the dwelling so as not to be visible from the front elevation of the dwelling.

22. DRAINAGE

No lot surface may be altered in any manner so as to impede the effective and efficient drainage of water from roadways as designed or installed by Declarants.

23. EXTERIOR LIGHTING

Exterior safety lighting may be used, but shall not be of such brightness or intensity to be intrusive or an annoyance to other lots.

24. DRIVEWAY

All driveways shall be located two (2) feet or more from the interior or side boundary line of the lot and shall be surfaced with concrete, asphalt, washed stone, oiled topping or other similar substance that does not produce excessive dust or pollution. Driveways are not required until commencement of construction of the residence and shall be constructed within the time frame provided for completion of the residence.

25. OWNERS' OBLIGATION TO REPAIR

Each Owner will, at such owner's sole cost and expense, maintain and repair such Owner's residence, keeping the same in a condition comparable to the condition of such residence at the time of its initial construction, excepting only normal wear and tear.

26. OWNERS' OBLIGATION TO REBUILD

If a residence is damaged or partially destroyed by fire or other casualty, it will be the duty of the Owner, with all due diligence, to rebuild, repair, or reconstruct such residence in a manner which will substantially restore it to its appearance and condition immediately prior to the casualty. Reconstruction will be undertaken within 120 days after the damage occurs, and will be completed within 245 days after the damage occurs, unless prevented by causes beyond the control of the Owner.

27. CERTAIN OBJECTS PROHIBITED

No object, structure, statue, artwork, or any other thing may be placed on any lot in open view that is obviously objectionable, controversial, distasteful or demeaning to the neighborhood.

28. LIMITATION OF ACCESS

From this parcel herein conveyed, there shall be only one access road to the public road that adjoins this parcel.

SECTION II

the property may, at the end of such twenty-five (25) year term or at the end of any successive ten (10) year period thereafter, vacate or modify all or any part of this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarants herein, have hereunto set their hands and seal, this the _____ day of _____, 2004.

[REDACTED]

[REDACTED]

STATE OF TEXAS

COUNTY OF RAINS

This instrument was acknowledged before me, on the _____ day of _____, 2004, by ~~BOBBY L ADAMS AND MICHAEL L ADAMS~~ [REDACTED]

Notary Public, State of Texas