

1. USE. No lot shall be used for other than single family residential purposes and no soil or trees shall be removed for any commercial use. Cutting of trees shall be limited to the extent necessary for clearing the foundation site for construction; any additional cutting of trees shall be done only upon the written approval of the Developer. No commercial activity shall be permitted on any lot.

2. LOT AREA. No lot may be resubdivided; provided, however, that individual lots may be divided between abutting owners and thereafter each owner's resulting oversize lot shall be considered as one lot. Nothing herein contained shall prohibit the construction of a single residence on two (2) lots, in which case both such lots shall be considered as one (1) lot for building purposes.

3. ARCHITECTURAL CONTROL COMMITTEE. An Architectural Control Committee ("Committee") shall be appointed, from time to time, by Developer, whose purpose it shall be to review plans, to insure for all owners harmony of location, and harmony of external and structural design and quality with existing structures. The Committee shall have the right to designate a representative to act for it in all matters arising hereunder. Until such time as the Committee has been constituted and appointed, Developer, or its nominee or representative, shall carry out all functions of the Committee relating to these restrictions. After Developer has sold seventy-five (75%) of all lots in the Subdivision and 75% of all lots and tracts in all other Subdivisions of Holly Lake Ranch hereafter developed, or sooner at the sole election of Developer, the members of the Committee shall be selected by the Holly Lake Ranch Association ("Association").

4. STRUCTURES.

(a) No residence shall be constructed or permitted to remain on any lot in the Subdivision unless such residence shall have a minimum of 800 square feet of living area, except as follows: Lots numbered 1-45; 1500 square feet; lots numbered 162, 181-183, 207-211, 197-199, 212-261; 1200 square feet.

(b) No improvements shall be placed on any lot until the building plans, specifications and plot plans showing the location of such improvements on the lot have been approved in writing by the Committee. Likewise, the alteration of any existing improvements which materially affects or changes the exterior design thereof may not be made until the plans for such alterations have been approved in writing by the Committee. In the event the Committee disapproves of any such plans, specifications and/or plot plans, notice of such disapproval shall be delivered in person or by registered or certified letter addressed to the party submitting the same at an address which must be supplied with the submission. In passing upon all of such plans, specifications and/or plot plans, the Committee may take into consideration, among other things, the suitability of any such proposed building or structure or the alteration thereof and the materials of which it is to be constructed to the lot or tract upon which it is to be constructed, and the effect thereof upon adjacent neighboring or other lots or tracts. Any such notice shall set forth the elements disapproved and the reason or reasons therefor, but need not contain suggestions as to methods of curing any matters or things disapproved. The judgment of the Committee in this respect in the exercise of its sole and absolute discretion shall be final and conclusive. If said Committee fails to approve or disapprove said plans, specifications and/or plot plans within thirty (30) days after the same have been submitted to it, it will be presumed that the same have been approved. These requirements for approval by the Committee as herein set out cover not only the residences to be constructed in the Subdivision, but all piers and other structures built in the water as well as on the land, and also apply to any retaining walls and any significant moving of soil in or out of the water.

(c) All structures which extend into the water shall meet the following requirements:

(1) Permission for any such structure must first be obtained from the Committee, and the construction of such structure shall be in accordance with the description of same as set forth in the Committee's written approval. The Committee shall not approve more than one pier per lot except under circumstances deemed to be exceptional by the Committee. Such structures shall not extend into the water more than 25 feet. Notwithstanding the foregoing, an exception may be made by the Committee in cases where such an exception is necessary because of shallow water or other unusual circumstances, approval of such exception to be given in writing to the owner of the lot affected.

(2) No part of such structures shall be closer to any projected side property lot line than ten (10) feet.

(3) No such structures shall extend more than twenty-five (25) feet parallel to the water's edge.

(d) No part of any building shall be located on any lot nearer to any street than the set-back line as indicated on the Plat. No part of any building shall be located nearer than ten (10) feet to any interior lot line, except that in the event of common ownership of more than one (1) lot and the construction of one (1) building on more than one (1) lot, the combined area owned shall be considered as one (1) lot for this purpose. The building set-back lines may be relaxed by decision of the Committee, if the above described distances are not feasible, considering the terrain and/or dimensions of the lot.

(e) No structure shall be occupied or used for residential or storage purposes (other than for the storage of building materials to be used in the construction and completion thereof) until the exterior thereof shall have been fully completed in accordance with the approved plans and specifications.

(f) Each residence, once commenced, must be completed within six (6) months from the date of commencement thereof. If any such residence is not completed within six (6) months after the date on which such residence is commenced, the owner of same hereby gives the Committee, or its representative or agent, the right and authority to enter upon the property upon which such structure is situated, and to disassemble such structure and store the building materials on the premises or elsewhere at the discretion of the Committee. The owner or occupant of any such lot agrees, by the purchase or occupancy thereof, that the Committee shall not be liable in trespass or otherwise in entering upon said lot and disassembling any such structure.

(g) No trailer, mobile home, tent, shack, camper, or structure of a temporary character shall, at any time, ever be used as a permanent or temporary residence on any lot, or moved onto or permitted to remain on any lot, except during construction of permanent structures. No camping shall be permitted within the Subdivision without the written permission of the Developer, it being intended that Developer shall permit limited camping on certain restricted areas within the Subdivision.

(h) No fence shall be erected without the approval in writing of the Committee.

5. SIGNS. No "For Sale" sign or "For Rent" sign, or any other advertising structures, may be displayed in the the Subdivision without the prior written approval of Developer.

6. NUISANCES. No noxious or offensive activity shall be carried on or maintained on any lot in the Subdivision, nor shall anything be done or permitted to be done thereon which may be or become a nuisance in the neighborhood. Mercury vapor security lights shall not be permitted on any lots or tracts in the Subdivision.

7. FIREARMS. The use or discharge of firearms in the Subdivision is expressly prohibited except in areas that may be designated for such purposes by the Developer.

8. GARBAGE AND TRASH DISPOSAL. No lot shall be used or maintained as a dumping ground for garbage. Trash, garbage or other rubbish shall be kept only in sightly, sanitary containers. Each lot owner shall be responsible for disposing of all of his trash, garbage and rubbish, and the burning of same within the Subdivision is expressly prohibited.

9. UNSIGHTLY STORAGE. If open carports are used, no unsightly storage and/or unsightly vehicles shall be permitted therein.

10. ANIMALS. No horses, cows, poultry, or livestock of any kind (other than house pets) may be kept on any lot in the Subdivision without the written consent of the Developer, it being the Developer's intention to permit horses and ponies to be kept upon lots for recreational purposes and as pets (as contrasted to commercial or other purposes), so long as the number of such animals proposed to be kept upon a lot is reasonable under the circumstances. Any such animal which is allowed to be kept upon a lot shall be removed promptly thereupon upon the written direction of the Developer.

11. OFF-STREET PARKING. Both prior to and after the occupancy of a dwelling on any lot, the owner shall provide appropriate space for off-street parking for his vehicles and/or boats.

12. WEEDS AND TRASH. The owner of each lot or tract shall keep the same clean and free of trash and such weeds as will be in keeping with the other property and the community at any particular time. Upon failure to do this, Developer or the Association may have the lot cleaned and the cost or expense thereof shall be payable on demand by the owner to Developer or the Association, as the case may be.

13. SEWERAGE. No building or structure shall be occupied as a residence unless all plumbing fixtures, dishwashers and toilets are connected to an adequate sewerage disposal system. No outhouses shall be permitted on any part of the property; all lavatories, toilets and bath facilities shall be installed indoors and shall be connected with adequate grease traps, septic tanks, and lateral lines constructed to comply with the specifications of State and local health authorities, and no "outside" or surface toilets shall be permitted under any circumstances. No septic tank lateral lines shall be constructed within twenty-five (25) feet of any lakes or ponds; minimum requirements for the construction of septic tanks and lateral lines are two hundred (200) feet of one foot by four inch (1' x 4") tile pipe laid in the center of one foot of wash gravel covered with tar paper in a trench twelve inches wide by twenty-four (12" x 24") deep. Nothing herein contained to the contrary shall prevent the installation and operation of sanitary sewer facilities by a water district or other governmental authority in said Subdivision.

14. UTILITY EASEMENTS. An easement is expressly reserved in, on, over, under and through those portions of the lots as shown on the recorded Plat for the purpose of installing, repairing and maintaining electric power, water, sewerage, gas, telephone and similar utility facilities and services. There is also reserved and dedicated hereby for the use of the Developer and any public or private utility company an unobstructed aerial easement five (5) feet wide from a plane twenty (20) feet above the ground upward, located adjacent to and above all dedicated utility easements as shown on the map or plat of the Subdivision. The easements reserved and dedicated under the terms and provisions hereof and under the terms and provisions of the Subdivision plat

shall be for the general benefit of the Subdivision as herein defined and any other land owned or acquired by Developer in the vicinity thereof, and shall also inure to the benefit and may be used by any public or private utility company entering into and upon said property for the purposes aforesaid, without the necessity of any further grant of such easement rights to such utility companies. Fences, walls and shrubbery hedges, shall be permitted on any such easements except those easements being used for underground electric and/or telephone systems, provided: (i) that such fences, walls and hedges do not interfere in any way with the use of such easements by any public or private utilities then utilizing or thereafter designed to utilize the same, (ii) that the right of the owners of such fences, walls and hedges shall at all times be and remain subordinate and inferior in every way to the right of public and private utilities; and (iii) that such public or private utilities at any time may, without liability of any kind to the owner or owners thereof, remove any such fence, wall or hedge where the removal of the same is incidental to or necessary for the performance of public or private utility operations. No buildings or structures of any character may be erected or allowed to remain on any utility easements.

15. ASSOCIATION MEMBERSHIP. Each purchaser of a tract or lot in the Subdivision must be a member of the Association.

16. OIL, GAS AND MINERAL DEVELOPMENT. No oil or gas drilling, oil or gas development operations, oil or gas refining or treatment, quarrying or mining operations of any kind by lot owners shall be permitted upon or in any part of the lands included in the Subdivision.

17. DRAINAGE STRUCTURES. Drainage structures under private driveways shall always have a net drainage opening area of sufficient size to permit the free flow of water without backwater.

18. ASSOCIATION MEMBERSHIP. Upon acceptance of an application for membership in Holly Lake Ranch Association and the simultaneous execution of a sales contract or the acceptance of a Deed, each owner shall become a member of Holly Lake Ranch Association, a corporate enterprise operated by Developer, its successors or assigns, for the purpose of providing the members with clubhouse and private recreation facilities in the area, and to establish and maintain parks, lanes, lakes and provide for the common benefit of lot owners. Said membership shall be conditioned upon observance of the rules and regulations established by said Association for the benefit and general welfare of its members and for the official operation thereof. Said membership shall also be conditioned upon payment, when due, of such dues, fees, and maintenance charges as the Association shall find necessary for the maintenance of the Association facilities and services, including but not limited to the maintenance of lanes, roads, parks, clubhouse and lakes and any other services and benefits which said Association may provide for the benefit of the lots, Association facilities and members.

Accordingly, each lot in the Subdivision, from and after the sale thereof by Developer, is hereby subjected to an annual fee and maintenance charge of \$12.10 per month per lot, for the purpose of creating a fund to be known as the "Holly Lake Ranch Maintenance Fund" to be paid by the owner, the same to be secured by the vendor's lien upon said lot, said maintenance charge to be payable monthly in advance as directed by the Developer or the Association, as the case may be. At such time as Developer has transferred the title of 75% of the lots in the Subdivision and future subdivisions of Holly Lake Ranch, or sooner if notice to such effect is given by Developer to the Association, the responsibility for the collection and disbursement of such maintenance fund may be delegated to the Association. The fee and maintenance charge may be increased from year to year up to an increase not to exceed 10% of the maintenance charge for the previous year. The Developer may waive, either temporarily or permanently, the fee and maintenance charge against any lot if the owner has purchased another lot within the Subdivision which is subject to such charges. It is understood that the judgment of the Developer (or the Association, as the case may be) in the expenditure of said fund shall be final so long as such judgment is exercised in good faith. By the acceptance and retention of title to any lot, each lot owner, his heirs, assigns,

a lien upon the subject lot or tract to secure payment of the aforementioned dues, fees and maintenance charges are hereby declared to be expressly subordinate and inferior to any voluntary lien, including any renewal and/or extension thereof, created on any lot in the Subdivision by an owner thereof for the purpose of obtaining a construction or permanent loan or both such loans for the purpose of improving such lot. Said subordination of liens shall continue and be in full force and effect for so long as such construction or permanent loan is outstanding.

19. PUMPING WATER FROM LAKES PROHIBITED. The pumping of water from any lakes or ponds is prohibited except by special permit, in writing, granted by the Developer.

20. WATER WELLS. No water well shall be drilled by the owner or owners thereof so long as water for domestic uses shall otherwise be available to the owners of lots, but nothing herein contained shall be construed as prohibiting the Developer, its successors, assigns and nominees, from drilling a well on any property located in or near the Subdivision for the purpose of supplying water to the owners of any property in said Subdivision or in any future subdivision of Holly Lake Ranch, provided, however, that until water is available to the owner of a lot, the Developer will grant written permits, upon proper application, for the drilling of temporary wells and for the temporary operation thereof, until water for domestic uses shall become available to said owner.

21. RESTRICTIONS ON SALES, ETC. No sale, transfer, lease or other disposition of any lot in the Subdivision shall be consummated unless and until the purchaser or transferee has applied for and has been accepted as a member of the Holly Lake Ranch Association, its successors or assigns. This restriction shall not apply, however, to lending institutions who may bid said property in at any foreclosure sale brought by them without regard to such membership restriction, nor shall it apply with respect to a transfer of such property pursuant to a duly probated will or by virtue of intestacy under the statutes of the State of Texas.

22. DEVELOPER'S SALES ACTIVITIES. Notwithstanding anything to the contrary contained herein, the Developer, its successors and assigns, reserves for itself and its designated agent or agents the right to use any unsold lot for a temporary office location and the right to place a sign or signs on any unsold lot in the subject Subdivision.

23. BOATING RESTRICTIONS. Other than on Greenbriar Lake, no outboard or inboard motors larger than ten (10) horsepower may be used on any lakes or ponds and no waterskiing will be permitted on any lakes or ponds, and on Greenbriar Lake waterskiing and use of motorboats will be subject to the rules and regulations of Holly Lake Ranch Association from time to time in effect.

24. COVENANTS RUNNING WITH THE LAND. All of the restrictions, covenants and conditions herein provided for and adopted shall apply to each and every lot in the Subdivision, and shall be covenants running with the land. Developer, its successors and assigns, shall have the right to enforce observance and performance of the restrictions and covenants contained and provided for herein, and in order to prevent a breach or to enforce the observance or performance of same, shall have the right, in addition to all legal remedies elsewhere provided herein, to an injunction either prohibitive or mandatory. The owner of any lot in the Subdivision affected shall likewise have the right either to prevent a breach of any such restrictions or covenants or to enforce the performance thereof.

25. PARTIAL INVALIDITY. Invalidation of any of these covenants, restrictions or conditions by court judgment or otherwise, shall not affect, in any way, the validity of any of the other covenants, restrictions or conditions, all of which shall remain in full force and effect. Acquiescence in any violation shall not be deemed a waiver of the right to enforce against the violator or others the conditions so violated or any other conditions; and Developer shall have the right to enter the property of the violator and correct the violation, or to require that the same be corrected.

26. DURATION OF RESTRICTIONS.

(a) The restrictions and covenants herein provided for and adopted, shall remain in full force and effect until December 31, 1990, subject to modification or amendment as hereinafter provided.

(b) At the end of the term provided in (a) immediately above, and at the end of each ten (10) year extension herein provided for, these restrictions shall be automatically extended and renewed for succeeding periods of ten (10) years each, unless, within six (6) months prior to the date such restrictions and covenants would otherwise be automatically extended, an instrument shall have been signed by the then owners of a majority of the then existing lots in the Subdivision, each such lot entitling its owner to one (1) vote, and shall have been recorded in the Office of the County Clerk of Wood County, Texas, agreeing to change said restrictions and covenants in whole or in part.

(c) Any or all of the restrictions, covenants and conditions herein contained may be repealed, amended or modified at any time by a majority vote of the lot owners in the Subdivision, each then existing lot entitling its owner to one (1) vote. Such repeal, amendment or modification shall be effected by an instrument in writing executed by such majority of said lot owners, and filed for record in the Office of the County Clerk of Wood County, Texas.

27. HEADINGS. All sections and paragraph headings used herein are for convenience only and shall have no efficacy in construing any of the restrictions, covenants or conditions herein contained.

28. RIGHT TO ASSIGN. The Developer may, by appropriate instrument, assign or convey to any person, organization or corporation, any or all of the rights, reservations, easements and privileges herein reserved unto the Developer, and upon such assignment or conveyance being made, its assigns or grantees may, at their option exercise, transfer or assign such rights, reservations, easements and privileges or any one or more of them at any time or times in the same way and manner as those directly reserves by them or it in this instrument.

29. JOINDER OF LIENHOLDER. The undersigned lienholder joins in the execution hereof solely as lienholder for the purpose of subordinating its lien to these restrictions, reservations, covenants and conditions with the understanding, however, that:

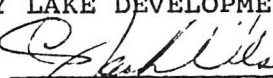
(a) Except to the extent of subordinating its lien to the restrictions, reservations, covenants and conditions herein provided for, such lien is continued in full force and effect as first and prior lien upon the property described in the security instrument given to secure the indebtedness now or hereafter held by the lienholders; and

(b) Said subordination excepts from the operation thereof any charge, fee or lien created in this instrument which under any theory or circumstance can be prior or equal to the lien held by the lienholder.

IN WITNESS WHEREOF, these presents have been executed in counterparts, each executed counterpart to have the full force and effect of an original, this the 11th day of August, 1976.

HOLLY LAKE DEVELOPMENT COMPANY

By


C. Jack Wilson, General Partner

LIENHOLDER:

