

DECLARATION

WHEREAS, Double Diamond, Inc. a Texas corporation with offices in Dallas, Dallas County, Texas (referred to as the "Declarant") is the owner of lots and tract of land in The Cliffs Phase III Subdivision (including all improvements and structures thereon and all easements, rights, and appurtenances belonging thereto) located in Palo Pinto County, Texas (referred to as the "Property"), more particularly described in the survey map attached hereto as Exhibit "A" and incorporated herein.

WHEREAS, Declarant submits the Property to a Timeshare Regime and to the uses created by this Declaration in accordance with the terms of the Texas Timeshare Act, §221.001 et seq of the Texas Property Code.

WHEREAS, it is the intention and desire of Declarant to establish by this Declaration a uniform plan for the development, sale, use, and ownership of Timeshare Interests in apartment units located on the Property, which Units are more particularly described in the architectural plans attached hereto as Exhibit "B" and incorporated herein, and to impose on the Property mutually beneficial restrictions and covenants for the beneficial of all estates in the Property and all owners thereof.

NOW, THEREFORE, Declarant declares the Property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the improvement of the Property and the division of the Property into Timeshare Interests, and all of which are established and agreed on for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Property. All of the covenants, conditions, and restrictions shall run with the Property and shall be binding on all parties having or acquiring any right, title, or interest in or any part of the Property and shall be for the benefit of each Purchaser of the Property and shall insure to the benefit of and be binding on each successor in interest of the Purchasers.

ARTICLE 1

DEFINITIONS

- 1.01. "Amenities" means the recreational facilities and amenities of The Cliffs Subdivision in Palo Pinto County, Texas, and all additions thereto, described in Exhibit "C" attached hereto and incorporated herein. ("Cliffs Development") all of which belong to, or are under the control of, Declarant.
- 1.02. "Articles" means the Articles of Incorporation of the Council of Owners.
- 1.03. "Board" means the Board of Directors of the Council of Owners.
- 1.04. "Bylaws" means the Bylaws of the Council of Owners and amendments to the Bylaws that are or shall be adopted by the Board.
- 1.05. "Common Elements" means and includes recreational and service facilities of the Property as well as the land (excluding land comprising part of a Unit) which is described on Exhibit "A" to which this Declaration applies, all of which belong to the Council of Owners.
- 1.06. "Common Expenses" means and includes expenses for the construction, maintenance, repair, operation, management and administration of the Property, as well as all other expenses made "Common Expenses" by this Declaration or by the Board.
- 1.07. "Council of Owners" means the Birkdale Council of Owners, Inc., a corporation organized under the Texas Non-Profit Corporation Act for the management of the Regime, the membership of which consists of all of the Owners of the Timeshare Estates.
- 1.08. "Declarant" means Double Diamond, Inc or its successors and assigns.
- 1.09. "Declaration" means this Declaration document and all that it contains.

1.10. "Manager" means the person, if any, appointed by the Board to manage the Property.

1.11. "Member" means every person or entity entitled to membership in the Council of Owners as provided in this Declaration.

1.12. "Owner" means any person, who acquires a legal or equitable interest in any Unit or Units other than as a security for an obligation.

1.13. "Person" means an individual, firm, corporation, partnership, association, trust, other legal entity, or any combination of persons or entities.

1.14. "Property" means the entire parcel or the property described in Exhibit "A", including all real property that is subject to this Declaration and improvements thereon.

1.15. "Rules and Regulations" means and refers to the rules and regulations for the use of the Property adopted by the Council of Owners.

1.16. "Service Period" means the period beginning at ten o'clock a.m. each Friday and extending to three o'clock p.m. of each Friday, as well as any other time not specifically designated as Use Periods.

1.17. "Timeshare Estate" is any arrangement under which a Person receives a freehold estate in one or more Units and the exclusive right to use such Units for a specific time period on a recurring basis.

1.18. "Timeshare Instruments" means the Declaration for the use of the Property and the Articles and Bylaws of the Council of Owners.

1.19. "Timeshare Interest" means an undivided one hundred and fourth (1/104) fee simple interest in the Units and the perpetual right to use a Unit for two weeks per year.

1.20. "Timeshare Period" means the period within which an Owner is entitled to the exclusive possession, occupancy, and use of a Unit and to the non-exclusive use of the Common Elements and the Amenities.

1.21. "Timeshare Use" means any arrangement under which a Person receives the right of use of the Property by lease, rental agreement, license, use agreement, or other means from an Owner. Timeshare Use excludes hotel or motel type operations.

1.22. "Unit" means each separate apartment located on the Property, more fully described in Exhibit "B", from exterior wall to the center of the party wall separating two Units (or from the center of one party wall to the center of another party wall, if a Unit is an interior Unit) including the roof thereof, together with the tract of land on which the Unit is located together with all air conditioning, heating and hot water heating equipment servicing a Unit.

1.23. "Use Period" means a period of time beginning at three o'clock p.m. on Friday and extending until ten o'clock a.m. of the succeeding Friday.

1.24. "Cliffs POA" means The Cliffs Property Owners Association, Inc., a corporation organized under the Texas Non-Profit Corporation Act for the management of the Amenities, the membership of which consists of all Owners of Timeshare Estates or subdivided lots in The Cliffs Development.

ARTICLE 2

THE PROPERTY

2.01. Property Subject to Declaration. All the real property described in Exhibit "A" to this Declaration, including the land, all improvements and structures on the Property, and all easements, rights, and appurtenances belonging to the Property shall be subject to this Declaration.

2.02. Unit Ownership. A Timeshare Estate may be owned by more than one

Person only in the case of (i) two single individuals or (ii) where the Owners are married to each other. A Timeshare Estate may not be owned by an entity that has more than one owner, shareholder, partner, or beneficiary, the effect of which would be to give the benefits of ownership of a shareholder, partner or beneficiary may own a Timeshare Estate if it irrevocably designates to the Council of Owners in writing the one person who will be the Owner of the Timeshare Estate for purposes of this Declaration. Until such entity designated the person to be the Owner of its Timeshare Estate, no one may exercise any privileges of ownership associated with such Timeshare Estate.

2.03. Exclusive Possession, Occupancy, and Use. Each Owner and the Owner's dependents (minor children and adult children living at home) shall be entitled to (i) the exclusive possession, occupancy, and use of a Unit during the Owner's Timeshare Period(s) and (ii) the general, non-exclusive use of the Amenities, at any time.

2.04. Amenities. Each Owner and the Owner's dependents (minor children and adult children living at home) shall be entitled to use the Amenities described in Exhibit "C". Each Owner and the Owner's dependents may use the Amenities in accordance with the purpose for which they are intended as long as the rules and regulations governing their use are abided by. Owners shall not have any freehold estate or fee simple interest in any of the Amenities.

2.05. Partition of Timeshare Interest. Any Timeshare Estate conveyed by Declarant shall consist of the right to (i) use and enjoy the Units and Amenities as herein provided, and (ii) the undivided interest in the Units allocated hereunder to such Timeshare Estate. Once the Timeshare Estate has been conveyed by the Declarant, no Owner may sell, convey, hypothecate or assign either the use privileges or the freehold interest in the Unit without the other and any sale, conveyance, hypothecation or encumbrance by an Owner in violation hereof shall be void and of no effect. The Timeshare Estate shall not be the object of an action for partition or division so long as the Timeshare Property remains in a Timeshare Regime.

2.06. Owner's Non-Exclusive Easement. Each Owner shall have a non-exclusive easement for the use and enjoyment of the Amenities and for ingress and egress over and through the roads within the Cliffs Subdivision and all additions thereto. These easements shall be appurtenant to and shall pass with the title to each Timeshare Estate.

2.07. Easement Affecting Timeshare Property. The Property is subject to the following easements:

(a) The Declarant, the Council of Owners, and the Cliffs POA and all public utilities furnishing services for common use to the Property shall have access to each Unit and to the Property, from time to time during reasonable hours as may be necessary, for the installation, maintenance, repair, or replacement of any of the utilities, or for making emergency repairs which are necessary to prevent damage to the Units or for inspection and eradication of insects or other pests.

(b) The Declarant hereby reserves an easement and right of ingress and egress in and to those portions of the Property which are reasonably necessary for Declarant to construct additional improvements in the Property, and the Declarant further reserves the right to establish easements, reservations, exceptions, and exclusions in the best interests of the Owners in order to serve the Property.

ARTICLE 3

UNITS

3.01. Division of Units into Use Periods and Service Periods. Each Unit is hereby divided into a total of fifty-two (52) Use Periods, each period being one (1) week in duration and beginning at three o'clock p.m. on Friday and extending until ten o'clock a.m. of the Friday one (1) week thereafter. Interspersed between each Use Period is a five (5) hour Service Period beginning at ten o'clock a.m. and extending to three o'clock p.m. on the last day of each Use Period that same day.

3.02. Use and Occupancy of Unit. Each Owner shall have the exclusive

right to occupy such Unit during his or her Use Period or Use Periods (and in the case of Declarant, during all Use Periods not otherwise conveyed) and to authorize others to do so, together with the non-exclusive right, in common with all the other Owners, to have the Council of Owners maintain and repair such Unit during Service Periods. No Owner shall occupy his or her Unit or exercise any other rights of ownership with respect to his or her Unit other than the rights provided to him or her in this Declaration during any other Use Period unless expressly authorized by the Owner entitled to occupy the Unit during such Use Period. The Units shall be used solely for residential purposes. No Unit (except Units owned by Declarant) may be used for any commercial or business purposes.

3.03. Maintain Unit in Good Order. Each Owner shall keep his or her Unit and the Common Elements in a neat and clean condition during his or her Use Period or Use Periods, vacate the Unit at the expiration of his or her Use Period or Use Periods, remove all personal property belonging to the Owner from the Unit, leave the Unit in good and sanitary condition and repair, and otherwise comply with such reasonable check-out and other procedures and regulations as may from time to time be contained in the Rules and Regulations.

3.04. Damage or Liability. Each owner shall be liable for all damages to the Amenities, Common Elements or other Council property that is sustained by reason of the negligence or willful misconduct of such Owner, or the Owner's family, guests or tenants.

3.05. Business Use of Units. Declarant and its agents, employees, representatives and managers may maintain a business and sales office, model units and other sales facilities necessary or required to enable it to market Timahara Estates. Declarant may place signs in or around the common walks and drives and may use Common Elements for sales purposes to the exclusion of other uses. Owners, other than the Declarant, however, are prohibited from placing any signs in or around the Property.

ARTICLE 4

COUNCIL OF OWNERS

4.01. Council of Owners. The Council of Owners, is charged with the duties and invested with the powers prescribed by law and set forth in this Declaration and in the Council of Owners' Articles of Incorporation and Bylaws.

4.02. Membership. Membership in the Council of Owners is automatically granted to the Owner(s) of each Timeshare Interest. On the transfer of the title to any Timeshare Interest, the membership of the transferor automatically ceases and each new Owner becomes a Member.

4.03. Voting Rights. Voting shall be on a percentage basis. The Owner of each Timeshare interest is entitled to a percentage of the total vote equal to the percentage interest that the Owner of such Timeshare Interest bears to all Timeshare Interests. If a Timeshare Interest has more than one Owner, the aggregate vote of the Owners of the Timeshare Interest may not exceed the percentage of the total vote assigned to such Timeshare Interest.

4.04. Membership Meetings. Meetings of the Members shall be called, held and conducted in accordance with the requirements and procedures set forth in the Bylaws.

4.05. General Powers and Authority. The Council of Owners shall have all of the powers of a non-profit corporation established under Texas law, subject only to the limitations contained in this Declaration and in the other Timeshare Instruments. The Council of Owners may perform all acts that may be necessary for, or incidental to, the performance of the obligations and duties imposed on it by this Declaration and the other Timeshare Instruments.

4.06. Duties of the Council of Owners. In addition to the duties delegated to the Council of Owners or its agents and employees elsewhere in the Timeshare Instruments, the Council of Owners shall be responsible for the following:

- (a) To pay all taxes and assessments, expenses, including Common Expenses, and other costs or charges affecting or relating to a Unit, the Common Elements, or the Timeshare Property, and to discharge, contest or protest liens or charges affecting a Unit, the Common Elements, or the

Property.

(b) To enter into leases for the personal property to be contained in each Unit (such as appliances, furniture, sheets and linens, dishes, cooking utensils and the like) and leases or other agreements for the use of recreational facilities and amenities by the Owners, and to charge the rent or fees paid pursuant to such leases or agreements as Common Expenses to the Owners.

(c) To adopt from time to time and enforce reasonable rules relating to the possession, use and enjoyment of a Unit by its Owners.

(d) To obtain and pay the cost of legal and accounting services necessary or proper in the maintenance and operation of the Units, the Common Elements or the Property, and the enforcement of this Declaration and the Rules and Regulations.

(e) To assess the Owners for Common Expenses and to collect such assessments from the Owners.

(f) To do all other acts or things necessary or appropriate for the ordinary and necessary operation and maintenance of the Units, the Common Elements, or the Property, or to preserve and protect the Units, the Common Elements, or the Property in the event of any emergency, or to construct improvements to improve the value of the Property.

4.07. Board of Directors. The affairs of the Council of Owners shall be managed and its duties and obligations performed by an elected Board of Directors. Provisions regulating the number, term, qualifications, manner of election, and conduct of meetings of the members of the Board of Directors shall be set forth in the Bylaws of the Council of Owners.

4.08. Powers and Duties of the Board. The Board may exercise all powers and duties not prohibited it by this Declaration, the Articles, the Bylaws and the applicable laws of the State of Texas, including without limitation, the Texas Non-Profit Corporation Act, the Texas Miscellaneous Corporation Laws Act and the Texas Timeshare Act.

ARTICLE 5

ASSESSMENTS

5.01. Covenant to Pay. The Declarant covenants and agrees for each Timeshare Interest owned by it and pertaining to the Property, and each Owner by purchase of a Timeshare Interest is deemed to covenant and agree, to pay to the Council of Owners the regular and special assessments described in this Declaration or levied pursuant to the provisions of this Declaration. The assessments, together with interest costs, shall be the personal obligation of each Owner at the time the assessment becomes due and payable and shall be a lien and charge on the Timeshare Interest against which the assessment is made. All monies collected shall be put into a maintenance fund to be used to defray expenses attributable to the ownership, operation, use and maintenance of the Property by the Council of Owners. The Owners may not waive or otherwise escape liability for these assessments by nonuse of the Amenities or by abandonment of the Owners's Timeshare Interest.

5.02. Regular Assessments. Regular assessments shall be made within sixty (60) days prior to the beginning of each calendar year. The Board shall estimate the net charges to be paid during that year, including a reasonable provision for contingencies and replacements with adjustments made for any expected income and surplus from the prior year's fund. This estimated cash requirement shall be assessed to each Owner according to the ratio of the number of Timeshare Interests owned by the Owner assessed to the total number of Timeshare Interests in the Property subject to assessment.

5.03. Special Assessments. Special assessments may be made if the Board determines that the amount to be collected from regular assessments will be inadequate to defray the Common Expenses for the year due to the cost of any construction, unexpected repairs, replacements of capital, or for any other

reason, it shall make a special assessment for the additional amount needed. Such special assessments shall be levied and collected in the same manner as regular assessments.

5.04. Payment of Assessment on Conveyance of Timeshare Estate. On the sale or conveyance of a Timeshare Estate, all unpaid assessments against an Owner for the Owner's share in the expenses to which Paragraphs 5.02 and 5.03 of this Declaration refer shall first be paid out of the sale price or by the buyer in preference over any other assessments or charges of whatever nature, except the following:

(a) Assessments and charges in favor of the State of Texas and any political subdivision of the State of Texas for taxes past due and unpaid on the Timeshare Estate.

(b) Amounts due under mortgage instruments duly recorded.

5.05. Limitations on Assessments. The Board may not, without the approval of majority of the voting power of the Council residing in Members other than Declarant, impose a regular annual assessment per Timeshare Interest that is more than twenty percent (20%) greater than the regular annual assessment for the preceding year, nor levy special assessments that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Council for that year. These limitations shall not apply to a special assessment levied against an Owner to reimburse the Council for funds expended in order to bring the Owner into compliance with the provisions of the Council's Timeshare Instruments.

5.06. Commencement of Assessments. Regular assessments shall commence on the date of the closing of the first sale of a Timeshare Interest in the Timeshare Regime.

5.07. Unit Assessments. Each Owner shall promptly pay to the Council of Owners:

(a) The cost of any special services allocable to the Owner's occupancy of the Unit during such Owner's Use Period or Periods.

(b) The cost to repair any damage to the Unit or any part thereof (to the extent not covered by insurance) due to any intentional or negligent act or omission of such Owner, his family, guests, invitees, tenants or lessees, or resulting from his breach of any provision of this Declaration or for the Rules and Regulations.

5.08. Lien and Foreclosure for Delinquent Assessments. The Council of Owners shall have a lien on each Timeshare Estate for any delinquent assessment attributable to that Timeshare Estate subject only to the assessments or charges referred to in Paragraph 5.04 of this Declaration. The Council of Owners is authorized to enforce the lien through nonjudicial foreclosure. The Owners hereby expressly grant to the Board of Directors a power of sale, through a trustee designated in writing by the Board, in connection with any such liens.

ARTICLE 6

RESTRICTIONS AND COVENANTS

6.01. Use Restrictions. The right of an Owner and the Owner's guests to occupy or to use a Unit or the Common Elements is subject to the Rules and Regulations attached hereto as Exhibit "D" and incorporated herein. The right of an Owner and the Owner's guest to use the Amenities is subject to the Covenants and Restrictions recorded in the Deed Records of Palo Pinto County, Texas, attached hereto as Exhibit "E" and incorporated herein.

6.02. Improvements Restrictions. Except as otherwise provided in this Declaration, no Owner shall make improvements, decorations or repairs to the Unit, the Common Elements or contract so to do or subject the Unit or the Property generally to any liens for the making of any improvements, decorations or repairs, unless such improvements or repairs are: (i) made with the prior written consent of the Declarant or the Council of Owners or (ii) required to prevent damage or injury to persons or property in an emergency.

6.03. Exemption. Declarant shall be exempt from the restrictions described in Exhibit "D" of this Declaration to the extent necessary for completion of construction, sales, or additions to the Timeshare Regime. Such exemption includes, by is not limited to, maintaining Units as models, placing advertising signs on the Property, and generally making use of the Units and Common Elements as is necessary to carry on construction activity.

ARTICLE 7

DAMAGE OR DESTRUCTION

7.01. Repair of Damage or Destruction. In the event of any damage or destruction to the Property, whether resulting from insured or uninsured casualty, other than by ordinary wear and tear, the Council of Owners shall cause the damage to be repaired as soon as possible. Any available insurance proceeds shall be applied to reconstruct the Property.

7.02. Obtaining Bids for Reconstruction. In the event of any damage or destruction to the Property, the Board shall obtain firm bids from two or more responsible contractors to rebuild the Property in accordance with its original plans and specifications. The Board shall also, as soon as possible after obtaining the bids, call a special meeting of the Board to consider the bids and award a contract to rebuild any damaged Property. If the Board fails to do so within sixty (60) days after the casualty occurs, any Member may obtain bids and call and conduct a meeting of Members. At such meeting, the Members may, by fifty one (51%) percent vote of all Members, elect to accept a bid or to reject all of the bids. If all bids are rejected by the Board or by the Members, as the case may be, the Board shall obtain additional bids for consideration.

7.03. Reconstruction Assessments. In the event that any damage or destruction to the Property is to be repaired, restored, or replaced by the Council of Owners, the Council of Owners may levy a reconstruction assessment against each Member in the same ratio as applied for regular assessments over and above the amount of the insurance available for the purpose.

ARTICLE 8

Mechanics Liens

No labor performed or material furnished and incorporated in a Unit with the consent or at the request of an Owner or his or his agent, or his contractor or subcontractor shall be the basis for filing of a lien against the Timeshare Estate of any other Owner not expressly consenting to or requesting the same, or against the Property. Each Owner shall indemnify and hold harmless each of the other Owners from and against all liability arising from the claim of any lien against the Timeshare Estate of any Owner or against the Common Elements for construction performed or for labor, materials, services or other products delivered at such Owner's request.

ARTICLE 9

Taxation

Any ad valorem property taxes assessed against the Property or any part thereof shall be paid by the Council of Owners as a Common Expense.

ARTICLE 10

DECLARATION CHANGES

10.01. Reservation to Expand the Use of the Property. Declarant hereby reserves for itself, its successors and assigns, the right, in its sole discretion, to expand the Property from time to time to include within this Declaration additional properties, improvements and Units. In the event the Property is expanded as herein provided to include additional Units, the Owners of the Timeshare Estates in Units so added shall mandatorily become members of the Council of Owners and entitle the Owners to the use of the Common Elements and Amenities. The Owners of the Timeshare Estate in Units so added shall be subject to all of the terms, restrictions, covenants and conditions of this Declaration. The additions authorized under this paragraph shall be made by filing of record in the office of the County Clerk of Palo Pinto County, Texas, a Supplementary Declaration (the "Supplemental Declaration") with respect to such

additional property, which shall extend the operation and effect of the terms, restrictions, covenants and conditions of this Declaration to such additional property. The Supplemental Declaration may contain such complementary additions and/or modifications of the terms, restrictions, covenants and conditions contained in this Declaration as may be desirable or necessary, in the sole judgment of Declarant, to improve the Property.

10.02. Amendment of Declaration by Declarant. Declarant or its successors or assigns may amend this Declaration or any exhibit attached hereto at any time as may be required by law and Declarant or its successors or assigns shall also have the right to amend this Declaration or any exhibit attached hereto in any way which, in the sole opinion of Declarant or its successors or assigns, is desirable or necessary to improve the property subject only to the following restrictions:

(a) An amendment of the Declaration may not alter or destroy a Unit or a Common Element without the consent of the affected Owners and the Owners' first lien mortgagees, if any.

(b) Any amendment shall be evidenced by a writing and shall be effective on filing thereof in the Public Records of Palo Pinto, County, Texas.

10.03. Amendment of Declaration by Owners. After Declarant has conveyed seventy-five (75%) of the Timeshare Interests, this Declaration may be amended only at a meeting of the Owners at which the amendment is approved by at least sixty-seven percent (67%) of the Owners.

10.04. Revocation of Declaration. The Declaration shall not be revoked unless (i) Sixty-seven (67%) of the Owners and (ii) Declarant consent and agree to such revocation by instrument(s) duly recorded.

ARTICLE 11

MISCELLANEOUS

11.01. Severability. If any provision of this Declaration or any paragraph, sentence, clause, phrase or word, or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

11.02. Number and Gender. Whenever used herein, unless the context shall otherwise require, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

11.03. Waiver of Remedies. Each remedy provided for in this Declaration is separate, distinct, and non-exclusive. Failure to exercise a particular remedy shall not be construed as a waiver of the remedy, or any other remedy of this Declaration.

11.04. Interpretation. The provisions of this Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a Timeshare Regime.

11.05. Limitation of Liability. The liability of any Owner for performance of any of the provisions of this Declaration shall terminate on sale, transfer, assignment or other divestment of the Owner's entire interest in the Owner's Timeshare Estate with respect to obligations arising from and after the date of such divestment.

11.06. Fair Housing. Neither Declarant nor any Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, renting, leasing, or occupancy of the Owner's Unit to any person on the basis of race, color, sex, religion, ancestry or national origin.

11.07. Binding. This Declaration, as well as any amendment to this Declaration, and any valid action or directive made pursuant to it shall be binding on the Declarant and the Owners and their heirs, grantees, tenants,

successors, and/or assigns.

IN WITNESS WHEREOF, Declarant has duly executed this Declaration this 5TH day of AUGUST, 1998.

DOUBLE DIAMOND, INC.

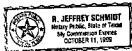
By: [Signature]
R. Mike Ward, President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Acknowledged before me this 5TH day of AUGUST, 1998 by R. Mike Ward, President of DOUBLE DIAMOND, INC., a Texas corporation, on behalf of said corporation

GIVEN UNDER MY HAND AND SEAL OF OFFICE this, the 5TH day of AUGUST, 1998.

[Signature]
Notary Public in and for the State of Texas



BEING a tract of land in the A. B. & M. Survey, No. 2, Abstract No. 1816, Palo Pinto County, Texas.

BEGINNING at a point in the Westerly right-of-way line of Birkdale Court, being North 14 degrees 34 minutes 18 seconds East, 10.90 feet from the Northeast corner of Lot 54, The Cliffs, Phase III Subdivision as recorded in Volume 7, Page 37-39, Plat Records of Palo Pinto County, Texas;

THENCE, North 59 degrees 38 minutes 33 seconds West, 35.73 feet to a point for a corner;

THENCE, North 71 degrees 19 minutes 47 seconds West, 107.37 feet to a point for a corner;

THENCE, South 79 degrees 19 minutes 42 seconds West, 36.37 feet to a point for a corner;

THENCE, South 10 degrees 40 minutes 34 seconds East, 109.82 feet to a point for a corner;

THENCE, South 79 degrees 19 minutes 26 seconds West, 97.55 feet to a point for a corner;

THENCE, North 10 degrees 40 minutes 34 seconds West, 148.65 feet to a point for a corner;

THENCE, South 82 degrees 34 minutes 00 seconds East, 54.13 feet to a point for a corner;

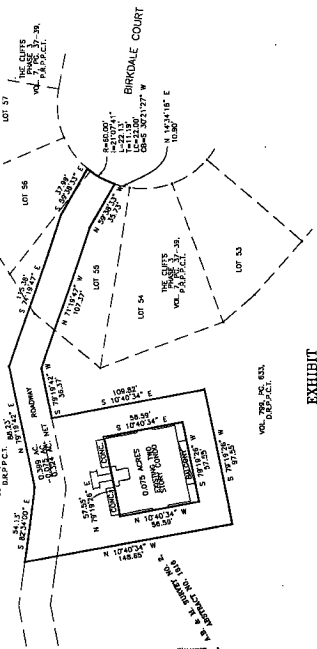
THENCE, North 79 degrees 19 minutes 42 seconds East, 88.23 feet to a point for a corner;

THENCE, South 71 degrees 19 minutes 47 seconds East, 115.38 feet to a point for a corner;

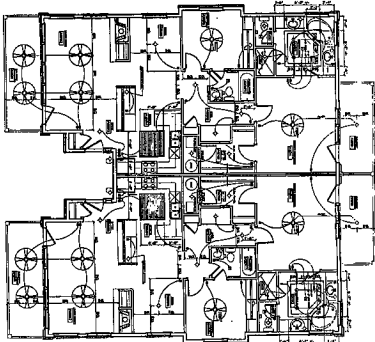
THENCE, South 59 degrees 38 minutes 33 seconds East, 37.99 feet to a point for a corner in the Westerly line of Birkdale Court and being the beginning of a curve to the left;

THENCE, along a curve to the left having a radius of 60.00 feet, a chord bearing South 30 degrees 21 minutes 27 seconds West, 22.00 feet, a distance of 22.13 feet to the PLACE OF BEGINNING and CONTAINING 0.399 acre .

EXHIBIT A



FIRST FLOOR UNITS



ALL DIMENSIONS IN FEET AND INCHES
 UNLESS OTHERWISE SPECIFIED
 CONSTRUCTION TO BE IN ACCORDANCE WITH THE 2001 BUILDING CODE

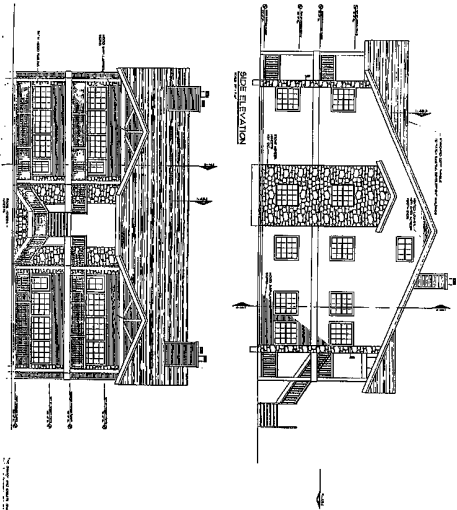
NOT TO SCALE. SEE PLAN FOR DIMENSIONS AND REVISIONS.

**TWO BEDROOM
 CONDOMINIUMS**

This drawing is provided to assist in the preparation of the project and shall not be reproduced or modified in any manner without the written consent of the architect. The architect shall not be responsible for any errors, omissions, or other liabilities which may arise from the use of this drawing. The architect shall not be held responsible for any damages, claims, or liabilities which may arise from the use of this drawing.

DOUBLE DIAMOND
 ARCHITECTURE
 1000 North Lincoln Street
 Chicago, Illinois 60610
 TEL: (773) 663-1000
 FAX: (773) 663-1001

EXHIBIT 8



| | | | |
|-------------|------|----|----------|
| PROJECT NO. | DATE | BY | REVISION |
| | | | |
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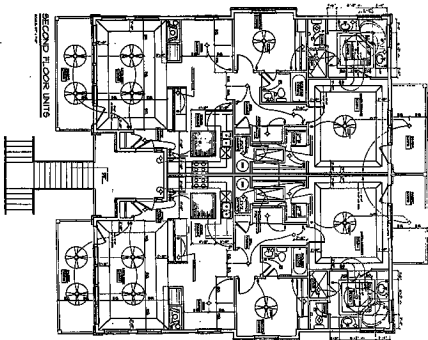
**TWO BEDROOM
CONDOMINIUMS**

The drawing is intended to convey basic information to the purchaser as to what is and what is not being conveyed or intended to be conveyed. It is not intended to constitute a contract. The contractor shall verify all existing conditions and conditions to be met prior to and during construction. The contractor shall be responsible for any discrepancies between the drawing and the actual conditions, and shall make appropriate adjustments prior to work.



DOUBLE DIAMOND, IN
 American Place at Purdue Drive
 West Terre Haute, Indiana 47787
 Phone: (317) 832-1000
 Fax: (317) 832-7771

EXHIBIT B



SECOND FLOOR UNITS

THIS FLOOR PLAN IS A REPRESENTATION OF THE PROPOSED CONSTRUCTION AND IS NOT TO BE USED FOR ANY OTHER PURPOSE. ALL DIMENSIONS ARE IN FEET AND INCHES. SEE ARCHITECT'S OFFICE FOR MORE INFORMATION.

Vertical text on the left side of the page, possibly a title or reference number.

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TWO BEDROOM CONDOMINIUMS

The drawing is intended to provide information for the purposes of a contract and shall not be interpreted or construed to constitute any warranty or representation of any kind. The contractor shall verify all existing conditions and dimensions in the field prior to construction. Double Diamond, Inc. is not responsible for any discrepancies, omissions, or errors in the plans or specifications. All dimensions are in feet and inches unless otherwise specified. See notes on drawings for details.



EXHIBIT 8

**THE CLIFFS DEVELOPMENT
RECREATIONAL FACILITIES**

| FACILITY | OWNER'S COST OR ASSESSMENT |
|---|--|
| Two Swimming pools w/bathhouses | free to Owners and Dependents |
| Two Lighted tennis courts | free to Owners and Dependents |
| R.V. park w/14 utility hook-ups and bathhouse | free to Owners and Dependents *1 |
| Eighteen-hole golf-course w/ concrete cart paths, pro-shop w/ dining and locker room facilities | discounted rates to Owners and Dependents *2 |
| Marina facilities with ships store, fuel pumps, boat ramp and 64 boat slips | free to Owners and Dependents *3 |
| Dry boat storage facility | free to Owners and Dependents *4 |
| 48 room Hotel, 20 Condo rental units | discounted rates for Owners *5 |
| Conference Center | discounted rates for Owners*7 |
| Full Service restaurant | per menu*6 |
| Beach with bathhouse | free to Owners and dependents |

FOOTNOTES

Payment of the annual maintenance fees to the Cliffs POA must be current. Owners who are not current may not use the Amenities until payment is made.

*1 - Free use is limited to 3 days and 2 nights per visit on a first come - first served basis. Thereafter, a charge of \$10.00 per night is payable to the POA. Maximum stay for any guest is fourteen (14) days. These fees may increase in the future.

*2 - Green fees for owners are \$35.00 on Monday, Wednesday and Thursday, \$44.00 Friday and \$54.00 on Saturday and Sunday per 9 or 18 hole round; cart rental of \$13.00 per single occupancy and \$26.00 for double occupancy. Owners may purchase unlimited green fee usage for \$100.00 per month per person or \$125.00 per month per family.

*3 - There are no launch fees or fees for day use of courtesy boat slips by Owners. Overnight use of a boat slip is subject to a fee of \$5.00 per night payable to the POA. Slips may also be leased on a monthly basis, if available, for \$125.00 per month for a 24ft. slip and \$275.00 per month for a 40ft. slip, \$400.00 per month for a 50' slip and \$500.00 for a 75' slip. These fees may increase in the future.

*4 - 20 free usage spaces, first come - first served, and 20 reserved spaces, leased monthly, if available, for \$25.00 per month. These fees may increase in the future.

*5 - Depending on the day of the week and the location of the hotel room, the price per night can range from \$59.00 to \$135.00 for owners. For Condominium rental, depending on the day of the week and the size of the condominium and the season, the price per

night can range from \$85.00 to \$159.00 for Owners. These fees may increase in the future.

*6 - Entrees range from approximately \$10.00 to approximately \$20.00, these rates may increase in the future.

*7 - Rates range from \$100.00 for one section per half day to \$250.00 for all three sections of the conference center for a full day.

2
EXHIBIT C

**RULES AND REGULATIONS
OF BIRKDALE TIMESHARE REGIME**

1. **Obstruction.** The sidewalks, entrances and passages of the Project shall not be obstructed or used for any purpose other than ingress to and egress from the Units in the Project.
2. **State of Maintenance.** Each Owner shall keep the Unit in a good state of preservation and cleanliness during occupancy of the Unit by Owner.
3. **Signs and Exterior Attachments.** No awning or radio or television aerial shall be attached to or hung from the exterior of the Project and no sign, notice, advertisement, or illumination shall be inscribed or exposed on or at any window or other part of the Project without the prior written approval of the Board of Directors or the Managing Agent. Approval shall not be unreasonably withheld.
4. **Electric Equipment.** All radio, television, and other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all the rules, regulations, requirements, and recommendations of the local fire authorities and the insurance underwriters of the Project. Each Owner shall be liable for any damage or injury caused by any radio, television or other electrical equipment in the Owner's Unit during an Owner's occupancy thereof.
5. **Noise.** No Owner shall operate or permit to be operated in the Owner's Unit, during an Owner's occupancy thereof, any phonograph, radio, or television set in a manner as to disturb the other occupants of the Project. No Owner shall practice or permit to be practiced in the Owner's Unit either vocal or instrumental music for more than two hours in any day or between the hours of 10:00 p.m. and 9:00 a.m.
6. **Pest Inspection.** On giving twenty-four (24) hours' notice to the Owner, the agents of the Board of Directors or the Managing Agent may enter Unit at any reasonable hour of the day for the purpose of inspecting the Unit for the presence of any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate such vermin, insects, or other pests.
7. **Parking.** No vehicle belonging to an Owner; a member of an Owner's family; or a guest, tenant, or employee of an Owner shall be parked in a manner as to impede or prevent ready access to any entrance to or exit from the Project by another vehicle.
8. **Complaints.** Complaints regarding the service of the Project shall be made in writing to the Board of Directors or to the Managing Agent.
9. **Amendments.** These rules and regulations may be added to, amended, or replaced at any time by a resolution of the Board of Directors.
10. **Inflammables.** No Owner or any of the Owner's agents, servants, employees, licensees, or visitors shall at any time bring into or keep in the Owner's Unit any flammable, combustible, or explosive fluid, material, chemical, or other substance, except for normal household use.
11. **Pets.** Pets are not permitted in any Unit at any time.

EXHIBIT D

**FOURTH AMENDED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE CLIFFS**

WHEREAS, Cliffs Development, Ltd., a Texas limited partnership ("Cliffs Development") duly executed on August 20, 1986, a Declaration of Covenants, Conditions, and Restrictions for the Cliffs ("Original Declaration") which Original Declaration is recorded in Volume 672, Page 228 of the Deed Records of Palo Pinto County, Texas; and

WHEREAS, Cliffs Development, duly executed on February 5, 1987, an Amended Declaration of Covenants, Conditions, and Restrictions for the Cliffs (the "First Amended Declaration") which First Amended Declaration is recorded in Volume 683, Page 586 of the Deed Records of Palo Pinto County, Texas; and

WHEREAS, Double Diamond, Inc., (the "Developer") duly executed on January 26, 1994, an Amended Declaration of Covenants, Conditions and Restrictions for the Cliffs (the "Second Amended Declaration") which Second Amended Declaration is recorded in Volume 803, Page 681 of the Deed Records of Palo Pinto County, Texas; and

WHEREAS, Declarant duly executed on July 5, 1995, an Amended Declaration of Covenants, Conditions and Restrictions for the Cliffs (the "Third Amended Declaration") which Third Amended Declaration is recorded in Volume 853, Page 687 of the Deed Records of Palo Pinto County, Texas (the Third Amended Declaration, which amended and replaced the Original Declaration, the First Amended Declaration and the Second Amended Declaration, is hereinafter referred to as the "Declaration"); and

WHEREAS, within Article I, Paragraph (2) of the Second Amended Declaration, the power and authority to amend the Covenants has been granted unto the Board of Directors of the Cliffs Property Owners Association, Inc. (the "Declarant"); and

WHEREAS, Declarant now desires to amend the Second Amended Declaration;

NOW, THEREFORE, Declarant hereby certifies that the amendments contained herein have been duly approved by it, the only approval required under the Second Amended Declaration. The amendments do not materially alter or change any party's right to use and enjoyment any portion of the property described in the Second Amended Declaration, do not adversely affect the title to any portion of said property and do not materially and adversely affect the security, title, and interests of any lender. Pursuant to Article I, Paragraph (2) of the Second Amended Declaration, Declarant hereby amends the Second Amended Declaration by substituting in lieu thereof the following Third Amended Declaration of Covenants, Conditions, and Restrictions for the Cliffs ("the Third Amended Declaration").

THIS FOURTH AMENDED DECLARATION is made this 12th day of September, 1997, by Declarant and provides as follows:

RECITALS

A. Developer was the original owner and is the developer of that certain real property located in Palo Pinto County, Texas, more particularly described in the Second Amended Declaration (the "Property").

B. It is the intention and desire of Developer to develop the Property as a residential community with recreational facilities to be known as the "The Cliffs." In furtherance thereof, developer will cause one or more plats of subdivided portions of the Property to be recorded in the Plat Records of Palo Pinto County (each subdivided lot or any such plat hereinafter referred to as a "Lot," whether improved or unimproved). Residential dwellings within the Property will be of different styles, including detached residences, condominiums, homes with one or more common walls, patio homes or other types of homes; all of which shall be developed and maintained as part of a residential development of superior quality, architectural design and condition. The Property will contain such roads, common areas, green belts, trails, ponds and parks as Declarant and the Association shall determine appropriate (the "Common Areas") and may contain recreational facilities such as golf courses, pro-shops, restaurants, tennis courts, swimming pools, club houses, recreational centers, marinas and other recreational facilities, as Developer, in its sole discretion (and without obligation hereunder), deems desirable or appropriate (the "Recreational Facilities").

C. Declarant and Developer desire to assure high quality standards for the enjoyment of the Property by any owner of a Lot ("Owner"), and to promote the recreational interest, health, safety, and social welfare of each Owner. To

EXHIBIT E

provide for the preservation, enhancement, and maintenance of the Property and the improvements thereon, Declarant and Developer desire to subject the Property to the covenants, conditions, restrictions, easements, charges and liens of this Declaration, each and all of which is and are for the benefit of the Property and each Owner.

D. To provide for the efficient management of the Property, Developer created the Cliffs Property Owners Association, Inc. ("the Association"), a Texas non-profit association, to maintain the Recreational Facilities and the Common Areas in the Property. The Association has the power and duty to administer and enforce the easements, covenants, conditions, restrictions, and limitations hereinafter set forth and to collect and disburse the assessments hereinafter created.

DECLARATION

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, limitations and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having any right, title, or interest in the Property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.

I. PROPERTY OWNERS ASSOCIATION

(1) Each and every Owner shall become a member of the Association and membership in the Association shall be appurtenant to and may not be separated from ownership of a Lot. Use of the roads and facilities in the Property shall be limited to the Owners (and their children under 21 years of age, adult children actually residing with an Owner, and their accompanied guests) and the Declarant (and its guests or invitees).

(2) The Association shall have the right and authority to: (i) issue rules and regulations applicable to the Common Areas; (ii) own, operate or maintain central water and central sewer systems, (iii) collect maintenance fees, late charges, interest (at the highest permitted lawful rate) and all other costs and expenses permitted by law; (iv) implement a process involving lien rights and remedies to better secure the appropriate observance of these restrictive covenants and the rules and regulations of the Association; (v) permit the usage of Lots or any portion of the Property for streets, parking areas, uses normally associated with the customary development of a residential subdivision and uses hereon mandated, directed or encouraged by government authorities having jurisdiction over the Property; (vi) through its Board of Directors, to amend this Declaration; and (vii) exercise such other rights granted it under, and in accordance with, the Articles of Incorporation and Bylaws of the Association or elsewhere.

II. ARCHITECTURAL CONTROL COMMITTEE

(1) The Board of Directors of the Association shall appoint an Architectural Control Committee ("the Committee"), composed of two or more individuals. The Committee shall function as the representative of the Association to provide for and assist in maintenance, preservation and architectural control of improvements to the Property. A majority of the Committee may designate a representative to act for it.

(2) No improvement or structure of any nature shall be erected, placed or altered on any Lot until the construction plans and specifications and a plot plan (showing the location of such improvements on the Lot) have been submitted to and approved by the Committee. In addition, the Committee may require an Owner to provide evidence of financial ability to complete the proposed improvements.

(3) The Committee shall review applications for proposed improvements in order to ensure (i) conformity of the proposed improvements with the covenants, conditions and restrictions contained in this Declaration and (ii) harmony of external design thereof in relation to surrounding structures and topography. An application can be rejected for providing insufficient information. If an application is rejected, the Committee will detail the reasons for rejection to assist the applicant to remedy the deficiencies.

(4) If the Committee fails to approve or reject an application for proposed improvements within thirty (30) days after actual receipt of the application by the Committee, then Committee approval shall be presumed, and the applicant shall be deemed to have fully complied with this Article II.

III. RESTRICTIONS

(1) A Lot shall not be owned by more than (i) two married couples, (ii) one married couple and two single

EXHIBIT E

persons, or (iii) four single persons, or by an entity that has more than four owners, shareholders, partners, or beneficiaries, the effect of which would be to give the benefits of ownership of a Lot to more than four persons; provided, however, that an entity having more than four owners, shareholders, partners or beneficiaries may own a Lot if it irrevocably designates to the Association in writing the four persons who will be Owners of the Lot for purposes of this Declaration. Until such entity designates the persons to be Owners of its Lot, no one may exercise any privileges of ownership associated with such Lot.

(2) All Lots shall be used for single-family residential purposes only and no other structures or uses shall be permitted except on such Lots as have been, or may be, designated by the Association or Declarant for use as multi-family dwellings, Recreational Facilities, Common Areas, roads or commercial areas or as may otherwise be required for the development of the Property.

(3) No commercial activity or use shall be conducted on or from any Lot not designated as a commercial area on a recorded subdivision plat; provided, however, that the sale or resale of Lots, the use of Lots for drill sites or the use of Lots for utility services shall not be considered to be commercial activity. Furthermore, the charging and collecting of golf cart rentals, locker rentals, dock and boat slip fees, green fees, and the operation of golf and tennis pro shops, restaurants, grills and other food and beverage facilities, as well as other related activities, shall be expressly permitted within the Recreational Facilities and shall not be deemed to be a violation of the terms of this section. Any areas designated for commercial use are restricted to retail services and convenience uses including the following: retail, grocery, clothing, sporting goods sales, recreational vehicle sales and rentals (including boats and accessories sales and service) and gasoline sales. Other commercial uses may be permitted by the Association which do not detract from the quality of the Property.

(4) No Lot may be subdivided in any fashion except that any person owning two or more adjoining Lots may consolidate such Lots into one building site, with the right of constructing improvements as otherwise permitted in this Declaration. Declarant or an Owner may file correction deeds or other similar corrective instruments to correct any surveying errors and to accurately describe a Lot, and any such corrective action shall not be deemed a violation of this section.

(5) Each single family residential dwelling constructed on a Lot abutting, or adjacent to the cliffs or bluffs overlooking Possum Kingdom Lake shall contain a minimum of Two Thousand (2,000) square feet of heated/cooled floor space. Each single family residential dwelling constructed on a Lot abutting or adjacent to golf course fairways or greens shall contain a minimum of One Thousand, Eight Hundred (1,800) square feet of heated/cooled floor space. Each single family residential dwelling constructed on a Lot designated as a "Patio Home" Lot (irrespective of location) shall contain a minimum of One Thousand, Two Hundred (1,200) square feet of heated/cooled floor space. Each single family residential dwelling constructed on any other Lot shall contain a minimum of One Thousand, Six Hundred (1,600) square feet of heated/cooled floor space. The minimum square footage in each case shall be exclusive of all porches, patios, carports, garages or breezeways attached to the main dwelling. No residential dwelling or structure on any Lot shall exceed two (2) stories in height above the highest natural ground level abutting such improvements. A "basement" level is permitted so long as the height restriction herein provided is not exceeded. The outside wall of each residential dwelling constructed on a Lot shall consist of not less than forty (40%) percent masonry construction, consisting of brick, ledgestone, fieldstone or native types of stone veneer. Each single family residential dwelling constructed on a Lot designated as a "Patio Home" Lot shall, in addition to the above, have at least an 8:12 roof pitch and a two car, front-entry garage.

(6) No (i) mobile homes, (ii) modular homes (iii) prefabricated structures (iv) improvements containing metal or asbestos exterior siding or (v) tarpaper or roll-type exterior or flat roofs shall be permitted on any Lot. All improvements must be constructed "on-site" and all construction must be of new materials, except stone, brick, inside structural material or other materials used for decorative effect, provided, such use is approved in writing by the Committee.

(7) Storage buildings may be constructed on a Lot, subject, however, to the restrictions of Article III, paragraph (6) of this Declaration and only if a residential dwelling is located on such Lot or is under construction thereon.

(8) Fences may be constructed on a Lot subject to approval of the Committee, but may not create a safety hazard or create a sight-line hazard at any street intersection. All fences erected on (a) lots that abut the bluffs on Possum Kingdom Lake or (b) lots that abut the golf course or (c) lots 1 through 13, inclusive of the Cliffs Phase VIII Subdivision, must be constructed in accordance with the specific standards required by the Committee. All fences shall be completed within three (3) months from commencement date thereof.

(9) No improvements shall be constructed on a Lot within twenty (20) feet of the front lot lines, within ten (10) feet of the rear lot lines, and within ten (10) feet of the side lot lines unless otherwise indicated on a subdivision plat of a portion of the Property, duly recorded and filed in the Plat Records of Palo Pinto County, Texas and provided further that

EXHIBIT E

(i) Lots 205 through 263 of the Cliffs Phase II Subdivision, (ii) all lots in the Cliffs Phase III Subdivision, (iii) all lots in the Cliffs Phase IV Subdivision and (iv) all lots designated as "Patio Home" lots on any hereinafter recorded plat of a portion of the Property (all as recorded in the Plat Records of Palo Pinto County, Texas) shall be referred to as "Patio Home" lots and no improvements shall be constructed on such lots within fifteen (15) feet of the front lot lines, within five (5) feet of the side lot lines and within ten (10) feet of the rear lot lines. Notwithstanding the above, fences may be constructed on the lot lines. No improvements shall be constructed within ten (10) feet of any power lines on any Lot.

(10) Any improvement (other than fences) commenced upon a Lot shall be completed, as to exterior finish and appearance, within ten (10) months from the commencement date thereof.

(11) An Owner of a Lot shall not change or otherwise alter the appearance of any portion of the exterior of a residential dwelling or other improvements on a Lot, unless such decoration, change or alteration is first approved, in writing, by the Committee, as provided in Article II, hereof.

(12) Concrete driveways shall be required on Improved Lots. On Lots designated as "Patio Home" Lots, the width of the driveways shall be not less than seventeen (17) feet. On all other Lots, the width of the driveway shall be at the Owner's reasonable discretion. Culverts for driveways on Lots may be required by the Committee, if, in its sole discretion, water flowage problems would otherwise exist due to soil or topographical conditions of the Lot.

(13) Sewage collection and disposal is provided by a central sewer system servicing all Lots. So long as the central sewer system is in existence and operation, no outside toilet, individual septic system or privy shall be erected or maintained on any Lot. No structure may be used as a residential dwelling (either temporary or permanent) without first being connected to the central sewer system.

(14) Potable water is supplied by a central water system serving all Lots. So long as the central water system is in existence and operation, no individual wells may be drilled on any Lot for the purpose of providing potable water. No structure may be used as a residential dwelling (either temporary or permanent) without first being connected to the central water system.

(15) An Owner of a Lot abutting or adjacent to the cliffs or bluffs overlooking Possum Kingdom Lake or abutting or adjacent to Possum Kingdom Lake shall not place any fence or other improvements (other than the dwelling) which is visible from the lake without the written approval of the Committee and the Brazos River Authority. No Owner of any Lot, including without limitation Lots located on the cliffs or bluffs adjoining Possum Kingdom Lake, shall extend any pipes or other devices from the Lot to Possum Kingdom Lake for the purposes of extracting water from Possum Kingdom Lake, or discharging fluids into Possum Kingdom Lake.

(16) An Owner of a Lot abutting or adjacent to golf course fairways or greens (and their guests), shall be obligated to refrain from any actions which would interfere with usage of the golf course.

(17) No recreational vehicle, bus or other vehicle, temporary structure, tent, shack, barn, storage building or other out-building shall be used on any Lot at any time as a residence, either temporary or permanent.

(18) There is reserved for Declarant, the Association, and their assigns, a ten (10) foot wide utility and drainage easement along the front and rear Lot lines of each Lot and a five (5) foot utility and drainage easement along the side Lot lines of each Lot (unless otherwise designated on a recorded subdivision plat) for the installation and maintenance of utilities and drainage facilities. Within these easements, no structure shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change, obstruct or retard the flow of water through drainage channels in such easements. No utility company or other authorized entity using the easements herein referred to shall be liable for any damage done by them or their assigns, agents, employees, or servants to shrubbery, trees, or flowers, or to other property of an Owner situated within any such easement. The easement area of each Lot shall be maintained by the Owner thereof except for those improvements for which a public authority or utility company assumes responsibility.

(19) Central mail receipt facilities shall be installed at the entry to the Property by the U.S. Post Office or the Association, at the Owner's expense, of such size, color and design as the Post Office and/or Association deem appropriate. No individual mailboxes shall be permitted on any Lot.

(20) No noxious or offensive activity shall be conducted or engaged in which is or may become a nuisance to other Owners. Without limiting the generality of the foregoing provision, devices emitting excessive noise, noisy or smoky

EXHIBIT E

vehicles, and devices which interfere with television or radio reception of any Owner shall be considered offensive activities.

(21) Each Lot shall be kept and maintained in a neat and orderly condition. Lawns, grass and/or plants on Lots with residential dwellings shall be properly controlled. No trash or refuse shall be allowed to accumulate and remain upon any Lot. Trash shall be kept only in sanitary containers located in appropriate areas screened or concealed from public view. In the event any Lot is not properly maintained, or cleaned up within (30) days after receipt of written notice of a violation hereunder, the Association may clean up or otherwise remedy the violation existing on such Lot or hire outside services to do so and charge the Owner for such services; which charges, however, shall be reasonable and customarily charged in the area for comparable services. Unpaid fees shall become a charge and lien upon such Lot.

(22) No farm animals will be allowed within the Property. Household pets shall be permitted provided they are not kept, bred or maintained for commercial purposes. No pet shall be allowed to roam free. When out-of-doors, pets must be either (i) fenced in, (ii) kept in a humane enclosure, approved by the Committee, or (iii) kept on a leash. No pet shall be kept within the Property which creates a public nuisance and any such pet determined by the Association to be such a nuisance shall be removed therefrom within five (5) days of the date owner thereof is notified in writing of that decision.

(23) No ground fires shall be built or maintained on any Lot. Burning of trash within the Property is prohibited.

(24) No camping shall be permitted on any Lot, except such lots or tracts which may, from time to time, be set aside by Declarant or the Association, as courtesy camping areas for the benefit of all Owners.

(25) All signs shall be posted on a designated bulletin board. No sign of any kind (including, without limitation, "for sale" signs) shall be displayed to the public view on any Lot without the prior written approval of the Committee.

(26) Discharging of firearms or fireworks within the Property is prohibited.

(27) Hunting within the Property is prohibited.

(28) Fishing on any ponds within the Property is permitted only from common areas adjacent to such ponds.

(29) Parking on the streets within the Property by Owners or their guests and invitees (temporarily or permanently) is prohibited. All vehicles must be parked in the driveway of a Lot; provided, however, that, neither the driveway, nor front or back yards of Lots shall be used (i) to park or store (temporarily or permanently) trucks in excess of one (1) ton, damaged, wrecked or inoperable cars, buses, machinery, equipment, semi-trailers in excess of eighteen (18') feet, airplanes, boats, recreational vehicles nor (ii) used to store lumber, supplies or other materials. This covenant does not preclude an Owner from performing minor repairs upon such vehicles owned by him or her and located in his or her driveway for not more than two (2) consecutive days, nor shall this covenant preclude the temporary parking of such vehicles on any such Lot by invited guests and visitors of an Owner for periods not exceeding two (2) days.

(30) All posted traffic signs within the Property must be obeyed. Violations of any posted traffic signs will subject violators to a \$10.00 fine per incident.

(31) Personal entrances from any road outside the boundaries of the Property to any Lot are prohibited. Perimeter fences may not be cut or removed by any party except by Declarant or the Association.

(32) The lease or rental of an improved Lot shall not be considered to be a violation of this Declaration provided that the lease (i) is for not less than the entire Lot and all the improvements thereon, (ii) is for a term of at least six (6) months, and (iii) is otherwise in compliance with the Association's rules and regulations. All leases shall be required to be in writing, and, prior to the commencement of any such lease, the Owner shall provide the Association with copies of such lease. The Association may evict tenants upon reasonable notice for a major violation or repeated minor violations of the provisions of the Bylaws, the Association's rules and regulations or this Declaration. Lessees shall have the right to use the Common Areas only after their application for such privilege is approved by the Association. Any lessee, approved by the Association, shall in all respects be subject to the terms and conditions of this Declaration and the rules and regulations adopted hereunder, including without limitation, payment of all applicable fees.

IV. COMPLIANCE WITH PROVISIONS OF DECLARATION, BYLAWS AND RULES AND REGULATIONS

(1) Each Owner shall comply strictly with the provisions of these Covenants and Restrictions, the Declaration, the Bylaws and the rules, regulations and decisions of the Association, adopted pursuant thereto and as the same may be lawfully amended from time to time. Failure and refusal after written notice to comply with any of the same shall be grounds for (i) imposing fines, (ii) suspending voting rights or rights to use Common Areas and Recreational Facilities or (iii) an action

EXHIBIT E

to recover sums due for damages or injunctive relief or both, and for reimbursement of all costs and attorney's fees incurred in connection therewith and interest on all of such amounts at the highest lawful rate. Enforcement of these covenants and restrictions may be by any person or persons owning a Lot, by the Association or the Committee (through any of its members) or by the Developer, against any person or persons violating or attempting to violate any covenant or restriction herein contained.

(2) The Association may levy a charge of \$5.00 per day against any Owner who is determined by the Association to be in violation of any of these restrictive covenants. The Owner shall be notified in writing of the determination of the Association and the nature of the violation and shall be given ten (10) days from date of notification within which to correct such violation(s) or establish to the Committee's satisfaction that no violation exists. If the violation is not corrected within said ten (10) day period, the per day charge shall be assessed against the Owner beginning with the date of notification and shall accrue until such correction.

(3) Each and every Owner covenants and promises to pay to the Association, when due, any and all dues and fees assessed by the Association. Any dues and fees not paid within fifteen (15) days of their due date shall be in default and shall be subject to a late fee of ten dollars (\$10.00) or such other or additional amounts as may be set by the Association and permitted by applicable law. Each and every Owner covenants and agrees that the Association and its successors and assigns shall have a lien upon their Lot(s), inferior only to the lien for taxes and any duly recorded mortgages, to secure the payment of any dues and fees in default and any reasonable court costs and attorney's fees incurred in connection with the collection of same, and such lien shall be evidenced by the filing of a statement by the Association in the Public Records of Palo Pinto County, Texas, attesting to such default.

(4) No sale, transfer, lease or disposition of any Lot shall be consummated unless and until the name and address of the purchaser or transferee has been provided to the Association. The original Owner of a Lot shall remain liable for all fees and assessments hereunder until the new owner's name is entered into the Association's records.

(5) Violation of, or failure to comply with, the covenants and restrictions contained herein shall not affect the validity of any mortgage, bona fide lien or other similar security instrument which may be then existing on the Lot. Invalidation of any one of the covenants or restrictions contained herein, or any portion thereof, by a judgment or court order shall not affect any of the other covenants or restrictions herein contained, which shall remain in full force and effect. In the event any portion this Declaration conflicts with mandatory provisions of any ordinance or regulation, promulgated by any governmental agency which may have jurisdiction over the Property, then such governmental requirements shall control. Any deed or legal instrument (except deeds of trust, mortgages or other similar security agreements) purporting to convey, transfer or assign any interest in a Lot shall contain appropriate language to expressly subject the land within such conveyance, transfer or assignment to these covenants and restrictions.

(6) This Declaration and the covenants and restrictions herein shall constitute covenants running with the land and shall be binding upon all persons and entities acquiring any Lot, whether by purchase, descent, devise, gift or otherwise, and each person or entity, by the acceptance of title to a Lot, shall thereby agree and covenant to abide by and perform all of the covenants and restrictions set forth herein.

EXHIBIT E

55-22

DF

FILED
AUG 8 1998
Clerk of Palo Pinto County, Texas
Deputy

5815

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

THE STATE OF TEXAS
COUNTY OF PALO PINTO

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records of Palo Pinto County, Texas, in the Volume and Page as noted hereon by me.



Bobbie Smith
County Clerk, Palo Pinto County, Texas

By *Lila Arnold* Deputy

RECORDED: 6 DAY OF August A.D. 1998
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