

EXHIBIT "B"

RESTRICTIVE COVENANTS
LAKEWOOD RANCH, PHASE VII
A SUBDIVISION IN TEMPLE
EXTRATERRITORIAL JURISDICTION
BELL COUNTY, TEXAS

STATE OF TEXAS) (

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF BELL) (

That LAKEWOOD CLIFFS, LTD., a Texas Limited Partnership, is the owner of a tract of land out of and a part of the George W. Lindsey Survey, Abstract No. 513, County of Bell, and more particularly described in field notes of Turley Associates, Inc., attached hereto marked Exhibit "A" and incorporated herein by references for all pertinent purposes.

That the tract of land owned by LAKEWOOD CLIFFS, LTD., which is described in Exhibit "A" attached hereto, contains the following blocks and lots of LAKEWOOD RANCH PHASE VII, an addition to Bell County, Texas:

Block 7, Lots 12, 13, 14, 15, 16, 17, and 18
Block 8, Lots 17, 18, and 19
Lakewood Ranch Phase VII, an addition to
Bell County, Texas

That LAKEWOOD CLIFFS, LTD., does make and impose the following restrictions, covenants and limitations with reference to the use of lots, roads, and streets of said Lakewood Ranch Phase VII, which shall be covenants running with the land:

1. Architectural Control Committee. The undersigned shall create an Architectural Control Committee to consider variances and approve and/or disapprove the design, materials, plans and specifications, which are required by these covenants.

a. Review of Committee. No improvements shall be erected, placed or altered on any lot, nor shall any landscaping be performed unless complete plans, specifications, and lot plans therefor, showing exterior design, height, building material and color scheme thereof, the location of the structure plotted horizontally and vertically, the location of driveways, the general plan of landscaping, fencing, walls, and the grading plan shall have been submitted to and approved in writing by the Architectural Control Committee, and a copy of such plans, specifications, and lot plans as finally approved, deposited with the Architectural Control Committee.

b. Purpose. The Architectural Control Committee shall exercise its judgement to see that all improvements, construction, landscaping and alterations on lots with LAKEWOOD RANCH PHASE VII, conform and harmonize with existing and surrounding structures.

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c. **Procedures.** The Architectural Control Committee shall approve or disapprove all plans and requests within thirty (30) days after submission. In the event the Architectural Control Committee fails to take any action within thirty (30) days after requests have been submitted, approval will be presumed, and this procedure will be deemed to have been fully complied with.

d. **Records.** The Architectural Control Committee shall maintain written records of all applications submitted to it and of all actions taken.

e. **Members.** The Architectural Control Committee shall consist of not more than three (3) members who shall be appointed by the PK Management, L.C., General Partnership, Lakewood Cliffs, LTD. The following two (2) are hereby appointed to serve at this time, to-wit: John R. Kiella and Ronald D. Mikeska. The majority of the committee may designate a representative to act for it. The undersigned reserves the sole authority to appoint Committee Replacements and to remove without cause any committee member and appoint his replacement. Neither the members of the committee nor its designated representative shall be entitled to any compensation for the services performed pursuant to this covenant.

f. **Modification.** The Architectural Control Committee shall have the authority to reduce the floor area requirements contained herein by 10% and to modify the building material requirement. In addition, when in the opinion of the Architectural Committee, a waiver or modification of any other restrictive covenants herein would not impair or detract from the high quality of this subdivision, it may, by written instrument in recordable form, waive or modify any such restriction.

g. **Liability.** The Architectural Control Committee shall not be liable in damages to any person submitting requests for approval or to any owner with LAKEWOOD RANCH, PHASE VII, by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove any other such request.

2. **Residential use only Block 7 & 8.** No lot or any part thereof shall be used except for residential purposes. Construction of buildings and improvements is restricted to new construction.

3. **Park Land.** Lot 1, Block 15, being approximately 15.604 acres, shall be used as a common area and designated as a park in accordance with the Declaration of Covenants, Conditions and Restrictions for Lakewood Ranch Homeowners's Association, Inc. and all supplemental declarations thereto.

4. **Right to Replat or Resubdivide.** LAKEWOOD CLIFFS, LTD., hereby reserves the right to replat or re-subdivide any or all of said LAKEWOOD RANCH PHASE VII, subdivision, subject to compliance with State, City, and County subdivision standards and subsequent to the filing of these covenants. No lot or lots shall be re-subdivided into smaller lots or parcels of land for the purposes of building thereon, for sale or leasing, having an area of less than 22,500 square feet.

5. Identified Dwellings not Permitted. No trailer or trailer house, basement, tent, shack, garage, garage apartment, or servant's quarters shall ever be used as a dwelling. All dwellings shall be constructed on site.

6. Portable buildings as dwellings. No existing building, trailer, dwelling, tent, shack, or any other portable building shall be moved onto said addition for permanent use as a dwelling. All dwellings shall be constructed on site.

7. Living Area Minimum. No residence or dwelling unit shall be erected upon any lot or re-subdivision thereof, as permitted herein, which shall contain less than one thousand seven hundred and fifty (1,750) square feet of living area excluding covered porch areas whether enclosed or not. This restriction shall not prevent the construction of attached or detached garage or other outbuildings where the main building conforms to the square footage of area as herein required.

a. Conversion of garages to dwelling space (living area) by enclosure, will be permitted only when alternative garage space is added (attached or detached), and with prior Committee approval.

8. Single Family Residential Construction. No residence shall be erected, other than one detached single family residence not to exceed two (2) stories in height or a split-level residence and a private garage, attached or detached for not less than two (2) nor more than three (3) vehicles and no more than one attached or detached structure for storage (which shall not exceed one (1) story or eighteen (18) feet in height or be larger than 1400 square feet and which structure may not be occupied as a residence). Any detached structure shall be constructed of the exact same materials as the residence and approved by the Architectural Control Committee.

9. Masonry Minimum. Dwellings shall be constructed of not less than eighty percent (80%) masonry or masonry veneer on ground floor exterior walls. In computing the per-cent masonry coverage, windows and doors located in masonry walls may be counted as masonry veneer. The masonry minimum shall apply to new construction, rebuilding or additions. As a minimum the front and both sides of the dwelling shall have masonry veneer on the ground floor. Each residence shall be required to have a mailbox structure constructed of masonry material identical to the masonry used on the house and must meet United State Postal Service requirements and be no taller that five (5') tall and not to exceed a two (2') foot square.

10. Roofing Materials. To insure a general uniformity of appearance of those roofs of homes in this subdivision, the roofing material shall be dimensional cut, laminated fiberglass/asphalt shingles. Alternate roofing materials must be approved in advance by the Architectural Control Committee.

11. Building Set-back Minimum. No building shall be located on any lot nearer to the front, side or rear property lines than the minimum building setback lines shown on the recorded plat.

- a. No building shall be located nearer than forty (40') feet to the front lot line unless shown otherwise on the plat.
- b. No building shall be located on any lot nearer than ten feet (10') to any side lot line.
- c. No dwelling shall be located on any interior lot nearer than twenty feet (20') to the rear lot line.

12. Future Remodeling or Additions. All restrictive covenants and conditions shall apply to future remodeling of and additions to buildings and to rebuilding in case of total or partial destruction of any existing structure.

13. Nuisances. No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to other owners. An owner shall do no act nor any work that will impair the structural soundness or integrity of another residence or impair any easement, nor do any act nor allow any condition to exist which will adversely affect the other residence or their owners. There shall be no hunting or discharge of firearms of any kind allowed in this subdivision.

14. Responsibility to the Environment. Each lot owner hereby acknowledges the responsibility to remain environmentally sensitive in land use and development due to property location within the Miller Springs watershed.

15. Vehicle Storage. No lot, street or alley of this subdivision shall be used for parking or storage, temporary or otherwise, any junked abandoned or inoperable vehicle, trailer or boat, or any part thereof.

16. Maximum Vehicle Size. No vehicle larger than a pick-up truck, including campers, trailers, or boats shall be permitted to park overnight or for extended periods during the day in front or side yards in public view. Campers, recreational vehicles and boats may be stored inside rear yard if enclosed within a privacy fence and concealed from public view.

17. Animals Restricted. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept provided that they are not kept, bred or maintained for any commercial purposes. A maximum of two (2) dogs and two (2) cats per lot will be permitted. All pets must be kept in fenced yard and on leach when walking.

18. Fences and Walls. To insure a general uniformity of appearance of those fence sections that can be viewed from a street or another lot, any and all fences erected on areas readily apparent and visible from streets (e.g., between dwellings, i.e., separating front and rear yards) or from another lot (e.g., separating back yards, along rear lot lines) shall be six foot (6') vertical privacy fences composed of wood and/or masonry material. Alternate fencing materials must be approved in advance by the Architectural Control Committee. In no case shall a yard fence be forward of the front or side minimum building setback line shown on the plat.

19. Explosive Cargo No vehicle of any size which normally or occasionally transports flammable or explosive cargo may be allowed in, on or about any part of said subdivision at any time.

20. Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste materials shall not be kept, except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

21. Outdoor Privies. No outdoor privies shall be placed or permitted to be placed in this subdivision except temporary construction facilities.

22. Obstructions to Public Right of Ways. No obstructions of any nature, such as shrubbery, trees, fences and buildings shall, at any time, be placed or allowed to remain, on or about the dedicated streets and alleys of said subdivision.

23. Signs. No sign or poster of any kind greater than two (2') square feet shall be allowed on any lot of said subdivision. One (1) sign of no more than four (4') square feet in area advertising the property for sale or rent, or signs used by a builder to advertise construction on the lot will be allowed. Larger, temporary, builder signs may be authorized by the Architectural Control Committee.

24. Storage or Outbuildings. The construction of any storage or other outbuildings on any lot within the subdivision must first be approved by the Architectural Control Committee.

25. Oil or Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted, upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any lot. No derrick or other structure designated for use in boring for oil or natural gas shall be erected, maintained or permitted on any lot. No tank for the storage of oil or other fluids may be maintained on any of the lots above the surface of the ground.

26. Yard Maintenance. the owners or occupants of all lots at all times shall keep weeds and grass thereon cut in a sanitary, healthful and attractive manner.

27. Utility and Drainage Easements. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of surface drainage in the easements, or which may obstruct or retard the flow of water drainage in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible. The owner of the property upon which a utility easement is located may use it for lawn purposes. Fencing in this easement area shall be permitted, provided it does not alter or obstruct surface drainage.

In addition to what is shown on the plat there is hereby created five foot (5') wide easements for drainage purposes on, over and across the platted rear and side lot lines of each and every lot (or modification by replating or deed) in this subdivision.

28. **Obstructive Landscaping at Intersections.** No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two and six feet above the roadway shall be placed or permitted to remain on any corner lot within the triangular area formed by the street line and line connecting them at points twenty-five (25') feet from the intersection of the street lines extended. The same sight line limitation shall apply on any lot within ten feet (10') from the intersection of a street with the edge of a driveway or alley pavement. No trees shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight line.

29. **Water Supply Systems.** No individual water supply systems shall be permitted on any lot.

30. **Waste Water Treatment Systems.** No individual sewage disposal system shall be permitted on any lot unless such system is designed, located and constructed in accordance with the requirements, standards and recommendations of the City of Temple, Texas, and the Bell County Health Department. Approval of such systems as installed shall be obtained from such authority prior to any site work.

31. **Antenna & Antenna Towers.** No radio, television or other type antenna, transmitting or receiving structure will be permitted in front or side yards. Such structures will be limited to fifteen (15') feet maximum height, when constructed in the rear yard, or when roof mounted, must not exceed the highest point of the dwelling roof. Use of such structures will be limited to activities which do not interfere with normal receiving of radio or television transmissions by occupants of neighboring lots.

32. **Restrictive Covenants Term.** The covenants, restrictions, conditions, and limitations set forth above, and each of them shall be covenants running with the title of the above-described tract and every part thereof, and every re-subdivision thereof, until twenty (20) years from the date of this conveyance, and after which time said covenants, restrictions, limitations,

limitations, and conditions shall be automatically extended for successive periods of ten (10) years thereafter unless an instrument signed by a majority of the then land owners of said subdivision may change said covenants, restrictions, limitations and conditions in whole or in part.

33. **Restrictive Covenants Invalidated.** Invalidation of any one or more of these covenants, restrictions, conditions and limitations by judgement or court order, shall in no way affect any of the other provisions hereof, which shall remain and continue in full force and effect.

34. Enforcement of Restrictive Covenants. Enforcement of these covenants, restrictions, conditions and limitations shall be by proceedings at law or in equity, against any person or persons violating or attempting to violate any covenants, conditions, restrictions, or limitations, either to restrain violation or to recover damages. Should it become necessary for the Owners/Developers/Sellers or an Owner to retain the services of any attorney for the specific enforcement of the restrictions contained herein, the person in violation of any of the restrictions contained herein agrees to pay for reasonable attorney's fees and all other reasonable expenses in connection therewith.

35. Zoning Ordinances. These restrictions, covenants, conditions and limitations are, in all respects, subject to any applicable zoning regulations lawfully in force hereafter adopted.

36. Driveway and Parking Pads. Construction materials for driveways, parking pads, and sidewalks shall be of concrete, exposed aggregate concrete, asphalt, or brick.

37. Altering Restrictions. These restrictions may be altered or abandoned at any future date by a seventy-five (75%) affirmative vote of the property owners at such future date, with one (1) vote being allotted to each plot, or one (1) vote per acre, whichever produces the larger number of votes.

38. Lakewood Ranch Homeowners Association, Inc.

a) Every record owner of a lot, whether one or more persons or entities, located in Lakewood Ranch Phase VII, a subdivision in Bell County, Texas, shall be a member of the Lakewood Ranch Homeowners Association, Inc., and shall be subject to (i) the Articles of Incorporation of the non-profit corporation; (ii) the Bylaws of the non-profit corporation; and (iii) the "Declaration of Covenants, Conditions and Restrictions of Lakewood Ranch Homeowners' Association, Inc." duly recorded in Volume 3313, Page 338, of the Official Public Records of Real Property of Bell County, Texas. The members of the Association will have the responsibility of administering and enforcing the covenants, conditions, and restrictions contained in both this document and the above named Declaration."

b) Each member jointly and severally, by the acceptance of a deed or other instrument of conveyance to a lot in Lakewood Ranch, Phase VII, shall be deemed to covenant and agree to pay to the Lakewood Ranch Homeowners Association, Inc. an annual and special assessments fee for capital improvements on said lot as determined by the Board of Directors. The annual and special assessments rate may be changed by the Directors of the Association from time to time, but not more often than once every six (6) months; provided that any change shall have the assent of two-thirds of the affirmative vote of the property owners with one (1) vote being allotted to each plot. Any member who has not paid in full all assessments levied by the Association shall not be eligible to vote. Written notice of assessments shall be sent to all members not less than fifteen (15) days nor more than fifty (50) days in advance of the meeting, setting forth the purpose of the meeting. Any subsequent conveyance of any common area by the Lakewood Ranch Homeowners Association to another entity shall have the prior approval of the City of Temple. The assessments, together with interest costs, taxes and reasonable attorneys fees, if any, shall be a charge on the land and shall be a continuing lien upon the lots against which each assessment is made. Each assessment shall also be the obligation of the

person or entity who was the owner of such lot at the time when the assessment fell due, which is the first of each month.

c) The purposes for which the Association is organized are those which include, but are not limited to, the management of owning, developing, and maintaining the common areas described hereafter. It is the Association's intent that all common areas be preserved for its intended purposes, which is to enhance the appearance of the common areas to the public.

d) Annual and special assessments collected shall be combined into a single "Maintenance and Capital Improvement Fund" to be expended for owning, developing, maintenance and for the payment of taxes of common areas including, but not limited to common area "A", common area "B", two island sections running north and south along the centerline of Lakewood Drive, the approximately 15.604 acre common area adjacent to FM 2305, known as Lot 1, Block 15, designated as a park, and any other subsequently designated common areas. Additional common areas may be added at a later date provided that any such change shall have the consent of two-thirds of the affirmative vote of the property owners. The Lakewood Ranch Homeowner's Association's Board of Directors will appoint a responsible person or persons who will act as the Custodian and Administrator of said Maintenance and Capital Fund, and shall have the right to collect, hold and expend any and all monies paid or to be paid into said Fund, to carry out the provisions hereof. Annual and special assessments shall not apply to Developer, as owner of or holder of title of any such lots, nor shall it apply to any lot purchased by any person, firm or corporation primarily engaged in the building and construction business for the purpose of constructing improvements on and thereafter selling same, but upon any sale of any such lot, then such assessments charges shall become effective and accrue against such lot or lots. It is agreed and understood that the judgement of the Board of Directors of Lakewood Ranch Homeowners Association, or its successor assigned as Custodian and Administrator of said Maintenance and Capital Improvement Fund, when used in good faith in the expenditure of said funds or any part thereof, shall be binding, final and conclusive on all parties at interest.

e) All assessments shall be due and made payable to the Association on the first of every month. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Lakewood Ranch Homeowners Association, Inc. may bring an action at law against the member personally obligated to pay the same, or foreclose the lien against the property. No member may waive or otherwise escape liability for the assessment provided for herein by nonuse of the common areas or abandonment of the lot.

f) The Lien of the assessments provided for herein shall be subordinate and inferior to any lien upon the lot given to secure an obligation for purchase money, construction costs, or any subsequent improvements created by a mechanic's lien. Sale or transfer of any lot shall affect the assessment lien and any purchaser of a lot shall take it subject to any such liens for assessments.

g) Any amendments to the Lakewood Ranch Homeowners Association shall be subject to review by the City of Temple.

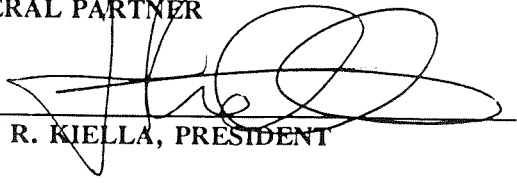
39. Use of Park Land. Lot 1, Block 15, is not dedicated for public use but shall be conveyed to the Lakewood Ranch Homeowner's Association, Inc., a Texas non-profit corporation, for the exclusive use of its members and their families. The park is intended to be set aside for the private use and enjoyment of the homeowner's association members and shall be used for reasonable recreational activities consistent with the character of the area as a residential subdivision. No road for vehicles other than bicycles shall be built or maintained in the park except as reasonably necessary for the maintenance of the park. Not more than one-fifth (1/5) of the area of the park shall be improved or maintained for the purpose of parking automobiles. No part of the park may be used for any commercial purpose. The park shall be controlled, improved and maintained by the members of the Lakewood Ranch Homeowners's Association, Inc. for their own benefit and enjoyment, and may be improved by the Lakewood Ranch Homeowner's Association, Inc. as necessary to facilitate those purposes, such as, but not limited to, construction of benches, footpaths, children's playground equipment and picnic areas, according to the limitations and restrictions set out in the "Declaration of Covenants, Conditions and Restrictions for Lakewood Ranch Homeowner's Association, Inc.", the "Supplemental Declaration of Covenants, Conditions and Restrictions for Lakewood Ranch Homeowner's Association, Inc." and any and all other supplemental declaration filed of record as additional phases of the subdivision are approved.

40. Three (3) street lights will be located within the boundaries of Lakewood Ranch, Phase VII. The placement of the street lights will be determined by LAKEWOOD CLIFFS, LTD., in cooperation with officials of the City of Temple and County of Bell. All costs involved in the purchase, installation and continued maintenance of the street lights will be borne by the lot owners of Lakewood Ranch, Phase VII ("lot owners") on a pro rata basis, through the Lakewood Ranch Homeowner's Association, Inc. The Association will receive and pay all billings, including electrical service, parts, and repairs, in connection with the purchase, installation and continued maintenance of the street lights. The Association will bill and collect from each Lot Owner a pro rata portion of the billings. Each Lot Owner agrees to remit their pro rata portion of the buildings to the Association within ten (10) days after receipt of the statement. This expense is in addition to any annual or special assessments due the Association by the lot owners of Lakewood Ranch, Phase VII.

EXECUTED this 22nd day of August, 1996.

LAKWOOD CLIFFS, LTD.
A TEXAS LIMITED PARTNERSHIP


BY: PK MANAGEMENT, L. C.
A TEXAS LIMITED LIABILITY COMPANY,
GENERAL PARTNER



JOHN R. KIELLA, PRESIDENT

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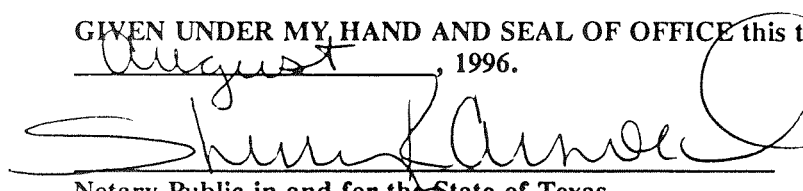
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THE STATE OF TEXAS

COUNTY OF BELL

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared JOHN R. KIELLA, PRESIDENT of PK MANAGEMENT, L.C., GENERAL PARTNER OF LAKWOOD CLIFFS, LTD., A TEXAS LIMITED PARTNERSHIP, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 22nd day of August, 1996.



Notary Public in and for the State of Texas

Notary Public in and for the State of Texas

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