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STATE OF MISSISSIPPI  
LAFAYETTE COUNTY 43998  
I, SHERRY J. WALL, Chancery Clerk of  
Lafayette County in said State hereby certify  
that the within instrument was filed for record  
at 2:00 o'clock PM on the 26<sup>th</sup>  
day of April 2004 and duly recorded  
in book \_\_\_\_\_ on page \_\_\_\_\_  
Given under my hand and seal of office  
this 26<sup>th</sup> day of April A.D., 2004  
SHERRY J. WALL, Chancery Clerk  
By Amanda El D.C.

DECLARATION OF COVENANTS AND RESTRICTIONS FOR  
THE HIGHLANDS

THE DECLARATION OF COVENANTS AND RESTRICTIONS (the "Declaration") is  
made and executed by BLUE SKY DEVELOPMENT, LLC., its successors and assigns  
(the "Declarant").

WITNESSETH

WHEREAS, it is the intent of Declarant to establish a general plan and uniform scheme  
of development and improvement of the Property; and

WHEREAS, Declarant wishes to provide for the preservation and enhancement of  
property value, amenities and opportunities within the Property in order to contribute to  
the personal and general health, safety and welfare of the property owners and residents  
therein, and to maintain the land and improvements therein, and to this end wishes to  
subject the Property to the covenants, restrictions, easements, reservations, assessments,  
charges, liens and other provisions hereinafter set forth.

NOW THEREFORE, Declarant hereby declares that the Property is and shall be held,  
transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements,  
design guidelines, reservations, assessments, charges, liens and other provisions  
hereinafter set forth in this Declaration of Covenants and Restrictions for THE  
HIGHLANDS, and the Property shall be held, transferred, sold, conveyed and occupied  
subject to the terms and provisions of the zoning ordinances of Lafayette County,  
Mississippi, as same may now exist, or hereafter be amended, insofar as same are  
applicable to the Development.

ARTICLE 1 -DEFINITIONS

The following terms, as used in this Declaration, shall have the following meanings:

1.1 "ARCHITECTURAL REVIEW COMMITTEE" or "A.R.C." shall mean and refer to  
that permanent committee of the Association, created for the purpose of establishing and  
enforcing criteria for the construction of improvements within the Property .

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200404363 For Amendment Covenants  
see \_\_\_\_\_ of this Deed of Trust  
of \_\_\_\_\_, this the 12 day  
of Oct, 20 of  
SHERRY J. WALL, Chancery Clerk  
By \_\_\_\_\_ D.C.

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1.2 "ARTICLES OF INCORPORATION" shall mean and refer to the Articles of Incorporation of the Association as they may exist from time to time.

1.3 "ASSESSMENT" shall mean and refer to those charges made by the Association from time to time, against Owners for the purposes, and subject to the terms, set forth herein.

1.4 "ASSOCIATION" shall mean and refer to THE HIGHLANDS Property Owner's Association, Inc. created to govern and for the purpose of providing maintenance services, owning, and managing common areas for the THE HIGHLANDS Development.

1.5 "BOARD" or "BOARD OF DIRECTORS" shall mean and refer to the Board of Directors of the Association.

1.6 "BY -LAWS" shall mean and refer to the By-Laws of the Association as attached hereto as Exhibit C as the same may be hereafter amended.

1.7 "COMMON EXPENSES" shall mean and refer to all expenses incited by the Association in connection with its ownership, maintenance and other obligations set forth herein.

1.8 "COMMON PROPERTY" shall mean and refer to all portions of the property which are intended for the common use and enjoyment of the Owners and which are identified and dedicated to the Association on any recorded subdivision plats of the Property, or conveyed to the Association by deed or in this Declaration or any other declaration of covenants and restrictions that may hereafter be recorded in the County.

1.9 "COUNTY" shall mean and refer to Lafayette County, Mississippi.

1.10 "DECLARANT" shall mean and refer to BLUE SKY DEVELOPMENT, LLC., a Mississippi Limited Liability Company, and its successors and assigns.

1.11 "DECLARATION" shall mean and refer to this instrument and all exhibits hereto, as the same may be amended from time to time.

1.12 "DEVELOPMENT PLAN" or "MASTER PLAN" shall mean the plan of THE HIGHLANDS, which is attached hereto as Exhibit "B" and the graphic representation of the proposed manner of development of any future additional property to be added to THE HIGHLANDS. Declarant reserves the right for as long as Declarant owns property within THE HIGHLANDS to amend the Development Plan or change the configuration of Lots or the number of Lots and to change the mix of Lot type within THE

HIGHLANDS and increase or decrease the Common Property accordingly in its sole and absolute discretion without the approval of or by any Owners other than Declarant.

1.13 "DEVELOPMENT(S)" shall mean and refer to such residential developments, including, without limitation, the Lots, which are now or which may hereafter be located within THE HIGHLANDS.

1.14 "THE HIGHLANDS" shall mean and refer to the planned development project which is located in Lafayette County, Mississippi and known as THE HIGHLANDS.

1.15 "IMPROVEMENTS" shall mean and refer to all structures of any kind, including, without limitation, any building, fence, wall sign, paving, grading, parking, building addition, pool, alteration, screen enclosure, sewer, drainage, disposal system, satellite dishes, antennas, electronic and other signaling devices, decorative building, landscaping or landscape (including existing and planted trees and shrubbery) or objects.

1.16 "INSTITUTIONAL MORTGAGEE" shall mean and refer to any person or entity who holds a permanent first mortgage of public record on a Lot, and the holder of any mortgage of public record given or assumed by Declarant, whether a first mortgage or otherwise, and their successors and assigns.

1.17 "LOT" shall mean any lot located within the areas of THE HIGHLANDS designated as a "Single-Family Lot," on the Development Plan or any amendment to the Development Plan, as shown on the plats of the Property.

1.18 "MEMBER" shall mean and refer to Owners and the Declarant. Declarant shall be a member of the Association from and after the date of recordation of this Declaration in the Lafayette County Chancery Clerk's office.

1.19 "OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot, excluding however, Declarant and any mortgagee unless and until such Declarant and/or mortgagee have reacquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

1.20 "PROPERTY" shall mean and refer to that real property legally described in Exhibit "A", attached hereto and incorporated here in by reference and, such additional property as may be submitted to this Declaration from time to time, pursuant to Article 2 of this Declaration.

1.21 "STREET" shall mean and refer to any street, highway or other thoroughfare which is within THE HIGHLANDS.

1.22 "SURFACE WATER MANAGEMENT SYSTEM" shall mean and refer to those

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lakes, canals and other facilities created and used for drainage of the Property.

## **ARTICLE 2- PROPERTY SUBJECT TO THIS DECLARATION**

2.1 Existing Property. The initial property which shall be subject to this Declaration upon the recordation hereof in the Lafayette County Chancery Clerk's office is the Property and is more particularly described on Exhibit A hereto.

2.2 Additional Property. Declarant may, at any time from time to time, subject additional property to this Declaration (the "Additional Property") by recording in the Lafayette County Chancery Clerk's office an amendment to this Declaration, describing such Additional Property, provided, however, that all such Additional Property is shown on the Development Plan and developed in a manner compatible with the Development Plan.

## **ARTICLE 3- THE HIGHLANDS PROPERTY OWNER'S ASSOCIATION, INC.**

3.1 Formation. At or about the time of recording of this Declaration, Declarant has caused the Association to be formed by the filing of the Articles of Incorporation therefor in the office of the Secretary of State of Mississippi. The Association is formed to operate, maintain and ultimately own the Common Property; to enforce the covenants, conditions, restrictions, and other provisions set forth in this Declaration, and for the enforcement of the rules and regulations promulgated by the Association. The Association shall have such other specified rights, obligations, duties and functions as are set forth in this Declaration and in the Articles of Incorporation and the By-laws of the Association. Subject to the additional limitation provided herein and in the Articles of incorporation and By-laws, the Association shall have all of the powers and be subject to all the limitations of a not-for-profit corporation as contained in the Mississippi statutes in existence as of the date of recording this Declaration. The purposes and powers of the Association shall be all of the purposes and powers set forth in this Declaration and in its Articles of Incorporation and By-Laws. The Association shall be the entity for the execution, performance, administration and enforcement of all terms and conditions of this Declaration. Declarant, by including Additional Property within the imposition of this Declaration, may cause additional membership in the Association and may designate the ownership basis for such additional membership.

3.2 Membership. Each Owner of a lot upon his acquisition of the Lot, shall automatically become a member of the Association and shall remain a member for so long as such Owner remains the Owner of the Lot. Such membership shall be mandatory and may not be terminated by any Owner. No person or entity who holds any type of interest whatsoever in a Lot as security for their performance of any obligation may be appointed as a member of the Association. Declarant shall be considered a member of the Association from and after the date of formation of the Association and recordation of

this Declaration in the Lafayette County Chancery Clerk's office.

3.3 Voting. The right and privileges of membership, including the right to vote and to hold office in the Association, may be exercised by a member, a member's spouse or by proxy, but in no event shall more than one vote be cast for each Lot, except as provided below. When more than one person holds an interest in any Lot, the vote for such Lot shall be exercised as those Owners of such Lot themselves determine and advise the Secretary or an Assistant Secretary of the Association in writing prior to any meeting. In the absence of such advice, the vote appurtenant to such Lot shall be suspended in the event more than one person seeks to exercise it. The voting weight appurtenant to each Lot is equal and each Lot shall have one vote, each Lot owned by the Declarant shall be entitled to three (3) votes (provided, however, that in the event Declarant owns a lot and resides in the Improvements located thereon, Declarant shall only be entitled to one (1) vote for such Lot.) Such voting weight shall continue upon the addition of all or a portion of the Additional Property to the Development. Each Owner, by acceptance of a deed or other conveyance for a Lot, consents and agrees to the dilution of Owner's voting interest in the Association by virtue of the submission from time to time of the Additional Property or any portion thereof to the terms of this Declaration as provided herein.

3.4 Administration of the Association. The affairs of the Association shall be administered by the Board of Directors in accordance with this Declaration, the Articles of Incorporation and the By-Laws of the Association. The Articles of Incorporation and By-Laws may be amended in the manner set forth therein; provided, however, that no such amendment shall conflict with the terms of this Declaration or adversely affect the right of Declarant, without Declarant's prior written approval; and provided further that no amendment, alteration or rescission may be made which affects the right or privileges of any Institutional Mortgagee, without the express prior written consent of the Institutional Mortgagee so affected. Any attempt to amend contrary to these prohibitions shall be of no force or effect.

3.5 Suspension of Membership Rights. No Member shall have any vested right, interest or privilege in or to the assets, functions, affairs or franchises of the Association, or any right, interest, privilege which may be transferable, or which shall continue after the Member's membership in the Association ceases, or while the Member is not in good standing. A Member shall be considered "not in good standing" during any period of time in which the Member is delinquent in the payment of any Assessment, or in violation of any provision of this Declaration, any rules or regulations promulgated by the Association, or the Traffic Regulations. All such determinations shall be made by a majority of the Board of Directors. While not in good standing, the Member shall not be entitled to vote or exercise any right or privilege of membership of the Association.

3.6 Control by Declarant. So long as Declarant owns any property within THE HIGHLANDS, the Declarant shall have the right to appoint a majority of the members of

the Board of Directors, but never less than three (3) Directors. Directors appointed by the Declarant need not be Members of the Association or an Owner. In the event that Declarant shall enter into any contracts or other agreements for the benefit of the Owners, or the Association, Declarant may, at its option, assign its obligations under the agreements to the Association, and in such event, the Association shall be required to accept such obligations.

#### ARTICLE 4- COMMON PROPERTY

4.1 Common Property. The Common Property is intended for the use and enjoyment of the owners and their guests and invitees. Title to the Common Property shall be conveyed to the Association by the Declarant upon the filing of a plat of subdivision with Lafayette County, Mississippi. Notwithstanding the manner in which fee simple title is held, the Association shall be responsible for the management, maintenance and operation of the Common Property, and for the payment of all property taxes and other assessments which are liens against the Common Property, from and after the date of recordation of this Declaration.

4.2 Maintenance of Common Property. The Association is authorized to and shall, either by virtue of the appointment of a real estate management agent, or through its own personnel, be responsible for the maintenance and repair of the Common Property, including the performance of obligations which may be placed upon the Common Property by applicable regulatory agencies. This maintenance obligation shall commence upon the Declarant's Designation of the completion of any property or facility or portion thereof, which designation may be made solely at the discretion of the Declarant. Specifically, the property the Association shall maintain and be responsible for shall include, but not be limited to the following:

4.3.1 Security Facilities. Such security system(s), guardhouse(s), and other security facilities which may be operated and maintained for the benefit of the Lots within THE HIGHLANDS.

4.3.2 Surface Waters. The Surface Water Management System, which shall be maintained as required by regulatory agencies.

4.3.3 Landscaping. All landscaping of the Common Property including, without limitation, all sodding, irrigation, and the planting and care of trees and shrubbery. Although not included within the general definition of "Common Property", said irrigation system shall include the water withdrawal surface pump, and transmission lines.

4.3.4 Signs. All signs located on the Common Property.

4.3.5 Maintenance Structures. All maintenance buildings located or to be located on the Common Property.

4.3.6 Fences. All fencing located on the Common Property and all perimeter fencing for which the Association holds an easement for construction and maintenance.

4.3.7 Recreational Facility. The recreational pier and dock and related facilities as shown on the Development Plan.

4.3.8 Contracts. Declarant, its affiliates, successors or assigns, may be the management agent for the Association and may hire such employees, including, but not limited to: attorneys, accountants, bookkeepers, gardeners, and laborers, as the Declarant may deem necessary in order to maintain the Common Property. No agreement between the Association and Developer, its successors or assigns shall be held invalid solely for the reason that at the time of entering into the agreement, employees, officers or agents of the Declarant or its affiliates, successors or assigns are officers, directors and/or employees of the Association.

4.4 Rules and Regulations Governing Use of the Common Property The Association, through its Board of Directors, shall regulate the use of Common Property by its Members, Owners and may from time to time promulgate such rules and regulations consistent with this Declaration, governing the use thereof as it may deem to be in the best interest of its Members. No rules or regulations may be adopted which would adversely affect the right of any Institutional Mortgagee, without prior written consent of such Institutional Mortgagee. A copy of all rules and regulations established hereunder and any amendments thereto shall be made available to all Members.

4.5 Owners Easement of Enjoyment. Subject to the provisions herein below, each Owner shall have a right and easement of enjoyment in and to the Common Property, which easement shall be appurtenant to, and shall pass with, the title to each Lot.

4.6 Extent of Owner's Easements. The rights and easement of enjoyment created hereby shall be subject to the following:

4.6.1 Borrowing and Mortgaging. The right of Declarant and the Association to borrow money for the purpose of improving the Common property and in connection therewith, to mortgage the Common Property, subject to such conditions as may be agreed to by the Members. Any such loan or mortgage shall be approved in advance in writing by the Declarant during such time the Declarant owns any property within THE HIGHLANDS.

4.6.2 Protection of Common Property. The right of Declarant and the Association to take such steps as are reasonably necessary to protect the Common Property and, in connection therewith, to mortgage the Common Property.

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4.6.3 Suspension. The right of the Association to suspend the enjoyment rights and easement of any Owner for any period during which an Assessment remains unpaid by the Owner, and for any period during which the Owner is in violation of this Declaration, or any of the rules and regulations promulgated by the Association or the Traffic Regulations.

4.6.4 Maintenance. The right of the Association to properly maintain the Common Property .

4.6.5 Standards of Conduct. The rules and regulation and the Traffic Regulations covering the use and enjoyments of the Common Property, as promulgated by the Association, as the same may be amended from time to time.

4.6.6 Restrictions of Record. Restrictions contained on any plat, or other instrument filed separately, with respect to all or any portion of the Property.

4.6. 7 Constituent Documents. All of the provisions of this Declaration, the Articles of Incorporation and By-Laws of the Association, and all exhibits thereto, and all rules and regulations adopted by the Association, and the Traffic Regulations, as same may be amended from time to time.

4.6.8 Dedication or Transfer. The right of the Association to dedicate or transfer all or any part of the Common Property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication, transfer or determination as to the purposes or conditions thereof shall be effective unless approved by a two-thirds (2/3) vote of the total membership at a duly called meeting of the Association, and unless written notice of the proposed agreement and action thereunder is sent to all Members at least ninety (90) days in advance of any action, and provided further, that any such dedication or transfer is approved in advance in writing by the Declarant during such time the Declarant owns any property within THE HIGHLANDS.

4.6.9 Declarant's Development Rights. The right of the Declarant to develop THE HIGHLANDS, including Additional Property . As a material condition for ownership of a Lot in THE HIGHLANDS, each Owner releases Declarant from any claim that the Owner might have for interference with his quiet enjoyment of the Common Property due to the development of THE HIGHLANDS, whether or not the construction operations are performed on the Common Property, Additional Property, or on a Lot owned by Declarant, and each Owner acknowledges and agrees that Declarant shall have the sole right of design, construction, development and improvement of the Common Property , and the Lots of THE HIGHLANDS, and Additional Property.

4.6.10 Easements. The right of the Declarant to dedicate non exclusive mutual access and



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utility easements across the Common Property to other properties of THE HIGHLANDS, including additions to THE HIGHLANDS.

For as long as Declarant owns or has any use rights to any property subject to this Declaration, Declarant shall have the right to transact any business necessary to consummate sale of property throughout THE HIGHLANDS, including but not limited to, the right to maintain office(s) on the Common Property in locations(s) to be selected by Declarant, to have employees in such offices, to construct and maintain other structures or appurtenances which are necessary or desirable for the development and sale of Property throughout THE HIGHLANDS including without limitation, sales models and parking lots; to post and display a sign or signs on any Lots owned by Declarant or the Common Property; and use the Common Property to show Lots. Sales office signs and all other structures and appurtenances pertaining to the sale or development of property within THE HIGHLANDS shall not be considered Common Property and shall remain the Property of the Declarant.

After turnover of control of the Association, and regardless of whether Declarant owns or has any use rights to any property in THE HIGHLANDS, Declarant or its assignee shall have the right, but not the obligation, to continue to exercise the rights granted to Declarant under Section 13.6 herein below at no cost or charge of any kind except its pro rata share of utility expenses and real estate taxes and payment of a rental for use of property based on the current market rate for commercial space in the County. This office shall be used as areal estate brokerage office to assist Owners in the sale of their Lots and obtaining necessary approvals for such transfers. No other commercial or real estate offices shall be located on the Common Property after turnover of control of the Association.

4. 7 Continual Maintenance. In the event of a permanent dissolution of the Association, the Members shall immediately thereupon hold title to the Common property as tenants in common and shall collectively provide for the continued maintenance and upkeep thereof. In no event shall the County be obligated to accept any dedication offered to them by the Association or the Members pursuant to this section, but said County may accept such a dedication and any such acceptance must be made by formal resolution of the then empowered County , or any successor thereof .

## ARTICLE 5 -EASEMENTS

5.1 Easements. The following easements are hereby reserved to and granted by Declarant over, across and through the Property.

5.1.1 Utilities. Easements for the installation and maintenance of utilities are reserved by the Declarant and may be granted by Declarant to the Association and to public and

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private utilities across the front, side and rear Lot line of each Lot, in the dimensions set forth below, or as otherwise shown on the recorded subdivision plats of the Property, for present and future utility services to THE HIGHLANDS, including, but not limited to, water lines, sanitary sewer lines, storm drainage culverts, sprinkler lines, natural gas lines, electrical wire, television wires, telephone cables, irrigation lines, security wires, street lights, communication lines, communication devices, and other services. The easement shall run along the entire length of each front, rear and side lot line as shown on each recorded plat.

Within these easement areas, no structure, planting or other material (other than sod), which may interfere with the installation and maintenance of utility facilities, shall be placed or permitted to remain unless such structure, planting or other material was installed by the Declarant or as approved by the A.R.C. The Declarant, the Association and their respective successors and assigns ( or such other entity as is indicated on the plats of the Property) are hereby granted access to all easements within which such facilities are located for the purpose of operation, maintenance and replacement thereof.

In the event that Lots are recombined or reconfigured with the written approval of the Declarant, the easement reserved herein or granted pursuant hereto shall run along the newly established Lot line and the easements along the old Lot lines shall be abolished, unless some easement is expressly reserved.

5.1.2 Drainage. Easements for the installation and maintenance of drainage facilities are reserved by the Declarant and may be granted by the Declarant to the Association, as shown on the recorded subdivision plats of the Property , to run along the entire length of each front, rear and side Lot line of Lots as shown on the recorded plats. In addition, an easement for the impoundment of waters is reserved upon each lake-front Lot of a width necessary to accommodate an increase in the elevation of any lake waters one ( 1) foot above its spill-way elevation. Within these easement areas, no structure, planting or material (other than sod), which may interfere with the installation and maintenance of drainage channels, shall be placed or permitted to remain, unless such structure, planting or other materials were installed by the Declarant or as approved by the A.R.C. The Declarant, the Association and their respective successors and assigns, shall have access to all such drainage easements for the purpose of operation and maintenance of the lakes, streams and Surface Water Management System.

In the event that Lots are recombined or reconfigured with the written approval of the Declarant then the easements reserved herein shall run along newly established Lot lines and the easements along the old Lot line shall be abolished, unless some easement is expressly reserved.

5.1.3 Maintenance and Operation The Common Property is hereby declared to be subject to a perpetual, non-exclusive easement in favor of the Association, employees and agents

of the Association, and of any management entity contracted by the Association in order that such employees, agents or management entities may carry out their duties.

5.1.4 Development. Easements are hereby reserved through the Common Property, including, without limitation, the Streets and the easements shown on the plat(s) of the Property, for use by Lot Owners and by Developer, for their use and the use of their agents, employees, licensees and invitees, for all purposes in connection with the use, development and sales of the Property. Only the Declarant may dedicate any street, road, or driveway easements through the Property, including the Common Property.

5.1.5 Access. The Common Properties as shown on the Development Plan or recorded plats, are not public areas and no rights in the general public are intended to be created hereby or by the recording of the Plats or the Development Plan. The Declarant and/or the Association reserve the right to control access to the Property by entry onto the Streets of the Property or otherwise.

5.1.6. Relocation of Existing Easements and Creation of Additional Easements. The Declarant reserves the right, without consent or approval of the Association or the Owners being required, to grant such additional easements or to relocate existing easements on any portion of the Common Property, and on any portion of property owned by Declarant, as the Declarant shall deem necessary or desirable for the proper operation and maintenance of THE HIGHLANDS, any portion thereof, or any addition thereto, or for the general health and welfare of the Owners, provided such additional easements or relocation of existing easements will not prevent or unreasonably interfere with the use or enjoyment of the Lots, and provided further, that the Property and the Improvements constructed thereon will not be structurally weakened thereby.

5.1.7 Easement of Entry by Association and Declarant. Declarant reserves for itself and the Association, their successors, assigns and agents a special easement for the right to enter upon any Lot or Common Property, such entry to be made by personnel with tractors or other suitable devices, for the purposes of mowing, removing, cleaning, cutting or pruning underbrush, weeds or other unsightly growth, or for the purpose of building or repairing any land contour or other earth work, which in the opinion of the Declarant or the Association detracts from or is necessary to maintain the overall beauty, ecology, setting and safety of the property. Any such entrance shall be in compliance with the provisions of Section 10.1.9 hereof, and shall not be deemed a trespass. The Declarant or the Association and its agents may likewise enter upon any Lot or Common Property to remove any trash which has collected or to remove any unauthorized Improvement, vehicle or other object, without such entrance and removal being deemed a trespass. The provisions in this paragraph shall not be construed as an obligation on the part of Declarant or the Association to undertake any of the foregoing.

5.1.8 Modification of Easements. The Declarant reserves for itself and the Association

the power and authority , without consent or approval of the Owners being required, to create, terminate, locate, relocate and control the use of any easements or right of way of whatever nature, which are not included in the Development Plan or dedicated as Streets on the recorded Plats of the Property .The Declarant further reserves for itself and the Association the power and authority , without consent or approval of the Owners being required, to levy and collect from any non-Owner the cost of construction or maintenance, or both, of any easement or right of way of whatever nature, that the non-Owner uses or claim a right to use.

#### ARTICLE 6 -ASSESSMENTS

6.1 Creation of Assessments. There are hereby created assessments for Association expenses as the Board may specifically authorize from time to time. There shall be three (3) types of assessments: (a) General Assessments to fund expenses of the Association for the general benefit of all lots; (b) Special Assessments as described in Section 6.6; and (c.) Specific Assessments as described in Section 6.7. Each Owner, by accepting a deed or entering into a contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments. The initial assessment is \$600.00 per calendar year, subject to modification and change as herein set out.

All assessments and fees, together with interest, late charges, costs of collection, and reasonable attorneys' fees, shall be a charge and continuing lien upon each Lot against which the assessment is made until paid, as more particularly provided in Section 6.8. Each such assessment, together with interest, late charges, costs and reasonable attorneys' fees, also shall be the personal obligation of the Person who was the Owner of such Lot at the time the assessment arose. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. The Association shall, upon written request, furnish to any Owner liable for any type of assessment a written statement signed by an Association Officer setting forth whether such assessment has been paid. Such statement shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such statement.

Assessments shall be paid in such manner and on such dates as the Board may establish, which may include discounts for early payment or similar time/price differentials. The Board may require advance payment of assessments at closing of the transfer of title to a lot and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two (2) or more installments. Unless the Board otherwise provides, the General Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year .If any Owner is delinquent in paying any assessments or other charges levied on his Lot, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately. Any assessment or installment thereof shall be considered delinquent on the

15th day following the due date unless otherwise specified by Board resolution.

No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his Lot, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services, materials, or a combination of services and materials with the Declarant or other entities for payment of Common Expenses.

6.2 Declarant's Obligation for Assessments. So long as the Declarant owns any property which is subject to this Declaration or which may be unilaterally subjected to the Declaration by the Declarant, Properties or Lots owned by Declarant shall be exempt from any assessments of the Association.

6.3 Computation of General Assessment. At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated expenses of the Association during the coming year, including a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 6.5.

General Assessments shall be levied equally against all Lots subject to assessment and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted expenses of the Association, including reserves. In determining the total funds to be generated through the levy of General Assessments, the Board, in its discretion, may consider other sources of funds available to the Association, including any surplus from prior years and any assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to assessment during the fiscal year. Payment of General Assessments shall commence upon the issuance of a building permit for any Lot or upon the expiration of the Mandatory Building Start Time as defined in the Design Guideline, whichever comes first, General Assessments shall commence immediately upon the purchase of Lots for which a building permit is obtained or obtainable.

So long as the Declarant owns any property which is subject to this Declaration or which may be unilaterally subjected to this Declaration by the Declarant, the Declarant may, but shall not be obligated to, reduce the General Assessment for any fiscal year by payment of a subsidy and/or contributions of services and materials (in addition to any amounts paid by Declarant under Section 6.2), which may be treated as either a contribution or an advance against future assessments due from Declarant, or a loan, in the Declarant's

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discretion. Any such anticipated payment or contribution by the Declarant shall be conspicuously disclosed as a line item in the Common Expense budget. Payments by the Declarant in any year shall under no circumstances obligate the Declarant to continue such payments in future years and the treatment of such payment shall be made known to the membership, unless otherwise provided in a written agreement between the Association and the Declarant.

The Board shall send a copy of the budget and notice of the amount of the General Assessment for the following year to each Owner at least thirty (30) days prior to the beginning of the fiscal year for which it is to be effective. Such budget and assessment shall become effective unless disapproved at a meeting by Owners representing at least sixty-seven percent (67%) of the total votes in the Association and by the Declarant, so long as the Declarant owns any property which is subject to this Declaration or which may be unilaterally subjected to this Declaration by the Declarant. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the owners as provided for special meetings in the By-Laws. If a meeting is required, assessments pursuant to such proposed budget shall not become effective until after such meeting is held, provided such assessments shall be retroactive to the original effective date of the budget if the budget is not disapproved at such meeting.

If the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year. The Board shall send a copy of the revised budget to each Owner at least thirty (30) days prior to its becoming effective. The revised budget shall become effective unless disapproved in accordance with the above procedure.

**6.4 Reserve Budget and Capital Contribution.** The Board shall annually prepare reserve budgets for both general and Neighborhood purposes which take into account the number and nature of replaceable assets within the Development, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual General Assessments or Neighborhood Assessments, as appropriate, over the budget period.

**6.5 Special Assessments.** In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for expenses of the Association or against the Lots within any Neighborhood if such Special Assessment is for Neighborhood Expenses. Special Assessments shall be allocated equally among all Lots subject to such Special Assessment. Any Special Assessment shall become effective

unless disapproved at a meeting by Owners representing at least sixty-seven percent (67%) of all Owners of Lots which will be subject to such Special Assessment and by the Declarant, so long as Declarant owns any property which is subject to this Declaration or which may be unilaterally subjected to this Declaration by the Declarant. There shall be no obligation to call a meeting for the purpose of considering any Special Assessment except on petition of twenty-five percent (25%) of the Owners, which petition must be presented to the Board within twenty (20) days after delivery of the notice of Special Assessment. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

6.6 Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Lot or Lots as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items or services to the Lot(s) or occupants thereof upon request of the Owner pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners and occupants (which might include, without limitation, landscape maintenance, janitorial service, pest control, etc.), which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner; and

(b) to cover costs incurred in bringing the Lot(s) into compliance with the terms of this Declaration, any applicable Supplemental Declaration, the By-Laws or rules, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees or guests; provided however, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing before levying any Specific Assessment under this subsection (b).

The Association may also levy a Specific Assessment against the Lots within " any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the By-Laws and rules; provided however, the Board shall give prior written notice to the Owners for Lots in the Neighborhood and an opportunity for such Owners to be heard before levying any such assessment.

6.7 Remedies for Non-Payment of Assessments. Any Assessments or other charges which are not paid when due shall be delinquent. Delinquent assessments shall bear interest from the due date at the rate established by the Board of Directors of the Association, or if not set by the Board, at the highest rate allowed by law, together with such late fee as may be set by the Board. The Association may file a lien of record against any Lot where there remains an assessment unpaid for a period of thirty (30) days or longer. Said lien shall be filed in the land records of Lafayette County in a manner

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provided therefor by the Mississippi Code of 1972, as Amended from time to time. Such lien shall be superior to all other liens, except the liens of all taxes, bonds, assessments and other levies which by law would be superior. Additionally, the Association may, at its option, sue and obtain a personal judgment against an Owner who has not paid any assessments made hereunder for the sums due and owing the Association in a court of competent jurisdiction. Election by the Association of anyone of the above remedies shall not preclude, or in any way limit, the Association's rights to utilize any other remedy available to the Association hereunder or in equity or at law. Costs and reasonable attorneys' fees for the prosecution of any such action shall be added to the amount due. In the event of such action at law and in the further event that such action results in a judgment being entered against the Owner and in favor of the Association, then, and in that event, the Association shall collect on such judgment in such manner and to the extent provided and permitted by the laws of the State of Mississippi. This Declaration shall constitute notice to all parties, including, but limited to, any holder of a Mortgage which encumbers a Lot, that any Association's lien shall have priority over any Mortgage creating alien against a Lot after the date of this Declaration. Any foreclosure of a Mortgage shall be subject to any existing or thereafter filed liens filed by the Association. Additionally, in the event that a determination is made by a court of competent jurisdiction that any Association lien is made subordinate to the lien of any Mortgage, and that such Association lien is extinguished by the fact of a foreclosure of such Mortgage, the Association shall have the right to re-assess and re-levy a Special Assessment in the amount of original extinguished Association lien after such foreclosure of such Mortgage.

The Association's lien may be foreclosed in like manner as a Deed of Trust on real estate under power of sale under the Mississippi Code of 1972, as Amended. All fees, charges, late charges, fines and interest are enforceable as assessments.

In any foreclosure action brought under the power of sale provisions, the Association shall be deemed to be the holder and owner of the obligation secured by this Declaration. The registered agent of the Association, Bela J Chain III, shall be the trustee for all purposes of the foreclosure proceeding, and the Association shall have the power to appoint a substitute Trustee if for any reason the Association desires to replace the trustee, and the substitute trustee shall succeed to all rights, powers and duties thereof. The Association shall request of the trustee to sell the Lot subject to the lien at public auction for cash, after having first given such notice and advertising the time and place of such sale in such manner as may then be provided by law for mortgages and deeds of trust, and upon such sale and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey to the purchaser in as full and ample manner as authorized by the Mississippi Code of 1972, as Amended. The trustee shall be authorized to retain an attorney to represent such trustee in such proceedings. The proceeds of the sale shall, after the trustee retains its commission, together with any additional attorneys' fees incurred by the trustee, be applied to the costs of the sale,



including but not limited to, costs of collection, taxes, assessments, costs of recording, service fees, and incidental expenditures, the amount due on any note secured by the Lot, and any advancements made by the Association in the protection of the security .

The Association may bid for the Lot, at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Lot. While a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A Mortgagee or other purchaser of a Lot who obtains title pursuant to foreclosure of the Mortgage shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Lots subject to assessment under Section 6.9, including such acquirer, its successors and assigns.

6.8 Date of Commencement of Assessments. The obligation to pay assessments shall accrue as to each Lot on the date that such Lot is conveyed to a Person other than a Builder or Declarant. With respect to any Lot owned by a Builder, assessments shall commence upon the earlier of (a) actual occupancy of such Lot, excluding any period that such Lot is being used exclusively as a model home; or (b) one ( 1 ) year from the date that such Builder or any entity or Person related to such Builder acquired title to such Lot. The first annual General Assessment and Neighborhood Assessment, if any, levied on each Lot shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Lot.

6.9 Failure to Assess. Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay General Assessments and Neighborhood Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

6.10 Exempt Property. The following property shall be exempt from payment of General Assessments, Neighborhood Assessments and Special Assessments:

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- (a) All Common Areas and such portions of the Property owned by the Declarant.
- (b) Any property dedicated to, and accepted by, any governmental authority or public utility; and
- (c) Property owned by any Neighborhood Association for the common use and enjoyment of its members, or owned by the members of a Neighborhood Association as tenants-in-common.

6.11 Capitalization of Association. Upon acquisition of record title to a Lot by the first Owner thereof other than the Declarant or a Builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth (1/6) of the annual General Assessment per Lot for that year. This amount shall be in addition to, not in lieu of, the annual General Assessment and shall not be considered an advance payment of such assessment. This amount shall be collected and disbursed to the Association at closing of the purchase and sale of the Lot for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws.

## ARTICLE 7 -MAINTENANCE OF PROPERTY

7.1 Owner Responsibilities: Lots. The Owner of any Lot shall be responsible for all maintenance and repair of such Lot, including, without limitation, the Improvements located thereon. If any Improvements are damaged by casualty, the Owner must immediately clear the site of casualty. If reconstructed, the reconstruction must be substantially in accordance with the original plans and specifications of the Improvements, or if not, then according to plans and specifications approved by the Architectural Review Committee.

7.2 Association Responsibilities. The Association shall be responsible for the maintenance of all Common Property, pursuant to Section 4.3 of this Declaration.

7.3 Individual Assessment. Notwithstanding anything contained in this section to the contrary, the expense of any maintenance, repair or reconstruction of any portion of the Common Property, or any other property to be maintained by the Association, necessitated solely by the negligent or willful act of any Owner or his invites, licensees, family or guests shall be borne solely by such Owner, and his Lot shall be subject to Individual Assessment for such expense by the Association. No owner shall have the right to repair, alter, add to, replace, paint or in any other way maintain the Common Property, or any other property to be maintained by the Association.

7.4 Architectural Review Committee. All repairs and replacements which are to be made by an Owner pursuant to the provisions set forth hereinabove, shall be subject to the

approval of the Architectural Review Committee, as set forth in Article 9 of this Declaration.

#### ARTICLE 8-INSURANCE

The Association is hereby authorized to purchase property and casualty insurance and title insurance on the Common Property as well as liability, indemnity fidelity insurance, in such amounts and with such companies as the Board of Directors shall deem appropriate.

#### ARTICLE 9- ARCHITECTURAL AND LANDSCAPING CONTROLS

9.1 Architectural Review Committee. It is the intent of Declarant to create a general plan and uniform scheme of development of the Property and to create within the Property a residential community of high quality and harmonious Improvements. Accordingly, the Architectural Review Committee (the "A.R.C.") shall have the right to approve or disapprove all architectural, landscaping and location of any proposed Improvements, as well as the general plan for development of all Lots within the Property. The A.R.C., may, in its sole discretion, impose standards for construction and development which may be greater or more stringent than standards prescribed in applicable building, zoning or other governmental codes. The procedures of the A.R.C. shall be as set forth below.

9.1.1 Creation, Succession and Quorum. The A.R.C. shall be a permanent committee of the Association and shall administer and perform the architectural landscape review and control functions of the Association. The initial A.R.C. shall consist of three (3) persons who shall initially be named by the Declarant and who shall hold office at the pleasure of the Declarant. For as long as the Declarant owns any property within THE HIGHLANDS, the Declarant shall have the right to change the number of members on

the A.R.C. provided, however, that the A.R.C. shall at all times consist of at least three (3) members; to appoint all members of the A.R.C.; and to remove and replace all members appointed the A.R.C. The Declarant shall determine which member of the A.R.C. shall serve as its Chairman, or which member of the A.R.C. shall serve as Co-Chairman. In the event of the failure, refusal or inability to act of any of the members appointed by the Declarant, and in the event that the Declarant fails to fill any such vacancy within thirty (30) days of such occurrence, the remaining members of the A.R.C. shall fill such vacancy by appointment. At such time as Declarant no longer owns any property within THE HIGHLANDS or at such earlier time as Declarant may decide, the Declarant shall assign to the Association the right, powers, duties and obligations of the A.R.C., whereupon the Board of Directors shall determine how many persons shall serve on the A.R.C., provided that the A.R.C. shall at all times consist of no less than three (3) members, shall appoint the members of the A.R.C., shall provide for the terms of the

members of the A.R.C., and shall determine which member of the A.R.C. shall serve as its Chairman. There shall be no requirement that any of the members of the A.R.C. be a member of either the Association or an Owner within THE HIGHLANDS. Any three (3) members of the A.R.C. shall constitute a quorum to transact business at any meeting, and the action of the majority present shall constitute the action of the A.R.C.

9.1.2 Construction and Alteration of improvements. No Improvements shall be constructed, erected, removed, or planted, nor shall any additions to or any change, replacement or alterations be made, unless and until the approval thereof shall be obtained in writing from the A.R.C.

9.1.3 Application for Approval. Each applicant shall submit a preliminary application to the A.R.C. with respect to any proposed Improvement or Improvements that may be contemplated. The preliminary application shall include such information as may be required by the application form promulgated by A.R.C. Prior to the commencement of any work on such Improvement, the plans and specifications therefore, including the identity of each contract and subcontractor which is intended to be engaged for the construction of same, shall be subject to a final review and approval by the A.R.C. At that time, the applicant shall submit to the A.R.C., such additional information as the A.R.C. may reasonably require, which may include, without limitation, two (2) sets of plans and specifications for the proposed Improvements so that the A.R.C. may be able to adequately make the determinations required of it pursuant to this Declaration, surface water drainage plan showing existing and design grade and/or contours relating to the predetermined ground floor finish elevation as established by Declarant, the landscaping design plan and irrigation system showing all proposed Improvements, including their site location, two (2) copies of a detailed tree survey, showing all existing trees of four (4) inches or more in diameter and vegetation stands, and a written application on such form and together with such fees, as may be provided or required by the A.R.C. The A.R.C. may also require, without limitation, submission of samples of building materials and colors proposed to be used, as well as requiring the location of the proposed Improvements to be staked out on the ground.

9.1.4 Resubmittal. In the event the information submitted to the A.R.C. is, in the A.R.C.'s opinion, incomplete or insufficient in any manner, the A.R.C. may request and require the submission of additional or supplemental information.

9.1.5 Final Approval. No later than thirty (30) days after the receipt of all information required by the A.R.C. for final review (unless the applicant waives this time requirement), the A.R.C. shall respond to the applicant in writing. The A.R.C. shall have the right to refuse to approve any plans and specifications which are not suitable or desirable, in the A.R.C.'s sole discretion, for aesthetic or any other reasons. In approving or disapproving such plans and applications, the A.R.C. shall consider the suitability of the proposed Improvements, and the materials of which the same are to be built, the site

upon which such Improvements are proposed to be erected, the harmony thereof with the surrounding area and the effect thereof on adjacent or neighboring property. In the event the A.R.C. fails to respond within said thirty (30) day period (or such additional time as may be allowed by the applicant, pursuant to a written waiver), the plans and specifications shall be deemed approved by the A.R.C.

9.1.6 Expiration of Approval In the event commencement of construction of a proposed Improvement does not occur within one hundred twenty (120) days of approval by the A.R.C. (or the Board of Directors, in the event the decision of the A.R.C. is appealed to the Board of Directors), the approval of the A.R.C. and/or the Board of directors will terminate, and the Improvement will be treated as if originally disapproved.

9.1.7 Appeals. Upon approval by the A.R.C. of any plans and specifications submitted to the A.R.C., the A.R.C. shall notify the applicant in writing, which notification shall set forth any qualifications or conditions of approval, in the event that A.R.C. disapproves any plans and specifications submitted to the A.R.C., the A.R.C. shall so notify the applicant in writing, stating the grounds upon which such disapproval is based. Any applicant may request a formal meeting with the A.R.C. to review the plans and specifications disapproved, said meeting to take place no later than thirty (30) days after such meeting. In the event the A.R.C. fails to provide such written decision within said thirty (30) days, the plans and specifications shall be deemed approved. Upon continued disapproval, the applicant may appeal the decision of the A.R.C. to the Board of Directors of the Association within thirty (30) days of the A.R.C.'s written review and disapproval. Review by the Board of Directors shall take place no later than thirty (30) days subsequent to the receipt by the Board of Directors (unless applicant waives this time requirement in writing). If the Board of Directors fails to hold such a meeting within thirty (30) days after receipt of the request for such meeting, then the plans and specifications shall be deemed approved. The Board of directors shall make a final decision no later than thirty (30) days after such meeting. In the event the Board of Directors fails to provide such written decision within said seventy-five (75) days of the A.R.C.'s decision, such plans and specification shall be deemed approved. The decision of the Board of Directors shall be final and binding upon the applicant, his heirs, legal representatives, successors and assigns; provided, however, that no Improvements shall be erected or shall be allowed to remain which violates any of the covenants, conditions or restrictions contained in the Declaration, or which violates any zoning or building ordinances or regulations.

9.1.8 Modifications of Plans and Specifications. Any and all alterations, deletions, additions and changes of any type or nature whatsoever to the plans and/or specifications approved by the A.R.C. shall be subject to the approval of the A.R.C. in the same manner as is required for approval of original plans and/or specifications.

9.1.9 Enforcement. There is specifically reserved unto the A.R.C., and to any agent or

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member of the A.R.C., the right of entry and inspection upon any portion of the Property for the purpose of determination by the A.R.C., whether there exists any construction of any Improvement which violates the terms of any approval by the A.R.C. or terms of this Declaration, or any amendments thereto, or of any other covenants, conditions and restrictions to which any deed or other instrument of conveyance makes reference. If any Improvements of any nature shall be constructed or altered without prior written approval of the A.R.C., the Owner shall upon demand of the Association, cause such Improvement to be removed, or restored in order to comply with the plans and specification originally approved by the A.R.C. The Owner shall be liable for the payment of all costs of such removal or restoration, including all cost and attorney's fees incurred by the Association. Such costs may also be the basis for an Individual Assessment. The A.R.C. is specifically empowered, upon receipt of Board of Director's approval to enforce the architectural and landscaping provisions of this Declaration, by any legal or equitable remedy, and in the event that it becomes necessary to resort to litigation to determine the propriety of any constructed Improvement, or to remove any unapproved Improvement or restore any tree or natural areas, the Association shall be entitled to the recovery of court costs, expenses and attorney's fees in connection therewith. All costs, expenses, attorney's fees of the A.R.C., including those incurred in connection with its enforcement or other powers, as provided herein, shall be borne by the Association; provided, however, that nothing herein shall be deemed to negate the Association's right to an award of the Association's and the A.R.C.'s attorney's fees and costs if the Association is prevailing party in any administrative or judicial proceeding. In the event that an Owner fails to comply with the architectural and landscape provisions contained herein in the Declaration of Covenants and Restrictions for the Development, or other rules and regulations promulgated by the A.R.C., the A.R.C., may, in addition to all other remedies contained herein, record against the Owner's Lot a Certificate of Non-Compliance stating that the Improvements on the Lot fail to meet the requirements of the A.R.C.

9.1.10 Design Guidelines. The A.R.C. shall publish or modify from time to time, design and development standards (the "Design Guidelines") attached hereto as Exhibit "D" for the entire project. Including, but not limited to, the following:

- a. Roof and roof design.
- b. Fences, walls and similar structures.
- c. Exterior building materials and colors.
- d. Exterior landscaping.
- e. Signs and graphics, mail boxes, address numbers and exterior lighting.
- f. Building set backs, side yards and related height, bulk and design criteria.
- g. Driveways, sidewalks, pedestrian and bicycle ways, pathways and trails.
- h. Plumbing and wastewater fixtures and systems.
- i. Minimum square footage, which may vary among Phases.
- j. Garage placement and design.
- k. Design styles

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9.1.11 Declarant Exemption. Anything contained herein to the contrary notwithstanding, any Improvements of any nature made or to be made by the Declarant, including, without limitation, Improvements made or to be made to the Common Property, shall not be subject to the review of the A.R.C.

9.1.12 Fees and Consultants. The A.R.C. may adopt a schedule of reasonable fees for processing request for approval. Such fees, if any, shall be payable to the Association at the time that the plans and specifications and other documents are submitted to the A.R.C. The payment of such fees, as well as other expenses of the A.R.C. required to be paid, shall be deemed to be an Individual Assessment, enforceable against the Owner and the Lot as provided hereinabove. The A.R.C. expressly reserved the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing or purposes of assisting the A.R.C., in its review of any plans or specifications, and the cost of such consulting services shall be the responsibility of the respective applicant or Owner of the Lot.

9.1.13. Exculpation and Indemnity. Neither the Declarant, the directors or officers of the Association, the members of the A.R.C. nor any person acting on behalf of any of them, shall be liable for any cost or damage incurred by any Owner or the Association or any other party whatsoever, due to any mistake in judgment, negligence or any action of the A.R.C. in connection with the approval or disapproval of plans and specifications. Each Owner and occupant of any property within THE HIGHLANDS agrees, as do their successors and assigns by acquiring title thereto or an interest therein, or by assuming possession thereof, that they shall not bring any action or suit against the Declarant, the directors or officers of the Association, or the members of the A.R.C. in connection with the approval or disapproval of plans and specifications. The Association shall indemnify, defend and hold the A.R.C. and each of its members harmless from all costs, fees and expenses (including attorneys' fees and the expenses of expert consultants) which the A.R.C. or its members may incur on account of any claim in connection with the approval or disapproval of plans and specifications. Neither the Declarant, the directors, officers or the Association, the members of the A.R.C., nor any person acting on behalf of them, shall be responsible for any defects in any plans or specification, nor for any defects in any Improvements constructed pursuant thereto. Each party submitting plans and specifications for approval shall be solely responsible for the sufficiency thereof and for the quality of construction performed pursuant thereto.

#### ARTICLE 10 RESTRICTIONS

10.1 Restrictions on use of Lots. The following restrictions shall apply to Lots as indicated. The Term "Lots" indicates applicability to all.

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10.1.1 Lot Restrictions. One (1) Lot, as shown on the plat for the Lots, shall be minimum land area upon which a Single-Family Residence, as hereinafter defined, may be constructed.

10.1.2 Floor Area. Minimum square footage of each Single-Family Residence shall be outlined in the Design Guidelines.

The design of all floor areas are subject to A.R.C. approval. The calculation of square footage shall not include: garages, covered walks, open and/or screen porches, patios and pool areas. Square footage measurements shall be taken from outside exterior walls of Single-Family Residences. The A.R.C. may grant a variance as regards first floor minimum footage for designs to fit the particular topography of any building site.

10.1.3 Garages. Each Single-Family Residence shall have sufficient enclosed garage space for any and all family-owned or leased vehicles, and each garage shall contain a least two (2) spaces for said vehicles. Garage doors shall be kept in closed position when garage is not being used. The A.R.C. shall be the sole judge of whether detached or attached garages shall be permitted in each case. The A.R.C. may waive the requirements of this Section where the topography of the particular building site make compliance therewith impracticable.

10.1.4 Clearing and Removal of Trees. In reviewing building plans, the A.R.C. shall take into account the natural vegetation, such as trees and shrubs, located on or near a Lot, and shall encourage the Owner to incorporate them in his landscaping plan. No lot may be cleared for any reason without prior written approval of the A.R.C. No trees of four (4) or more inches in diameter at two (2) feet above the natural grade shall be cut or removed without the prior written approval of the A.R.C. When such a tree is removed the Owner will replace it with a similar tree of equal value on another portion of the Lot, if so directed by the A.R.C.

10.1.5 Landscaping. The A.R.C. must approve all landscaping plans for all Property, including Lots.

10.1.6 Accessory Buildings. No accessory building of any kind will be permitted on any Lot without the prior written approval of the A.R.C.

10.1.7 Construction Phase. During construction of a Single-Family Residence or other Improvement, the Lot shall be kept in a neat and orderly condition so as not to cause an unsightly condition of the Lot. In the event the Owner or his agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain the construction site as specified herein and such failure continues for at least seven (7) days following delivery of written notice thereof from the Association, the Association shall



have the right, exercisable in its sole discretion, to remove any rubbish, refuse, unsightly debris and/or growths from the Lot. In the event the Association, after such notice, causes the subject work to be done, then, and in that event, the costs of such work, together with interest thereon at the rate of eighteen percent (18%) shall be charged to the Owner as an Individual Assessment, and shall become a lien on the subject Lot, which lien shall be effective, have priority and be enforceable pursuant to the procedures set forth in Article 6 of this Declaration.

10.1.8 Temporary Structures. No structure or object of a temporary character, such as, but not limited to, trailers, construction trailers, tents, shacks, sheds, and garages, barns, or other temporary or other outbuildings shall be erected, kept, or maintained on any Lot for any use whatsoever, either temporarily or permanently, except that a temporary construction office may be used on a Lot when approved in advance by the A.R.C. The architectural site plan shall indicate the location of such temporary structure and shall include drawings reflecting the appearance of same.

10.1.9 Maintenance of Lots. All Lots shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage shall be allowed to accumulate or any fire hazard allowed to exist. All Lots and all areas between Lot line and pavements shall be maintained by the Owners in a manner required by the Association. In the event an Owner fails to maintain his Lot as aforesaid, the Association shall have the right, exercisable in its sole discretion, to mow, burn or clear any weeds, grass, underbrush or unsightly debris and/or growths from any Lot deemed by the Association to be a health menace, fire hazard or a detraction from the aesthetic appearance of THE HIGHLANDS provided, however, that at least seven (7) days prior notice shall be given by the Association to the Owner of such Lot before such work is done by the Association. In the event the Association, after such notice, causes the subject work to be done, then, in that event, the costs of such work, together with interest thereon at the rate of eighteen percent (18%) shall be charged to the Owners and shall become a lien on the subject Lot, which lien shall be effective, have priority and be enforceable pursuant to the procedures set forth in Article 6 of this Declaration. Such entry by the Association shall not be deemed a trespass. The Association may also, at the request of any Lot Owner, including the Declarant, and for an agreed charge to the Lot Owner, maintain any undeveloped Lots, so as to prevent such undeveloped Lots from becoming unsightly as defined hereinabove. The costs of such work, together with interest thereon at the rate of eighteen percent ( 18% ) shall be charged to the owner and shall become a lien on the subject Lot, which lien shall be effective, have priority and be enforced pursuant to the procedures set forth in Article 6 of this Declaration.

10.1.10 Setbacks. All setbacks will be shown on the recorded Plats. However, the Declarant or the A.R.C. may impose additional requirements as each individual case may necessitate during the A.R.C.'s approval process.

10.1.11 Fences, Walls and Hedges. The composition, location and height of any fence, wall or hedge to be constructed on any Lots shall be approved in advance by the A.R.C. The A.R.C. shall require the composition of any fence, wall or hedge to be consistent with the material used in the surrounding Single-Family Residences and other fences, if any. Chain link Fencing shall not be used except for areas as determined by the Developer or the Association. Fencing design must accompany the final working drawings submitted to the A.R.C. for any proposed Single-Family Residence.

10.1.12 Swimming Pools. Any swimming pool or Jacuzzi to be constructed on any Lot shall be constructed in the ground and subject to the requirements of the A.R.C., which shall include, but not limited to, the following:

- a. Composition to be of material thoroughly tested and accepted by the industry for such construction.
- b. Swimming pools, pool decks, fencing, screen enclosures, patio and terrace slabs may not extend into the minimum yard setback areas, except by special permit from A.R.C.
- c. Landscape, pool, recreation and security lighting shall be designed as to not be an annoyance to the surrounding residents. Such lighting shall not be controlled by light sensitive switches. Time clock controls may be used but in no event shall such lighting (other than low level lighting) be permitted to be on after ten-thirty (10:30) p.m. Central Standard or Daylight Savings Time.
- d. If an Owner elects to purchase two (2) adjoining Lots and to use one ( 1) of those Lots for recreational purposes, the Lot used for recreational purposes must be adequately screened by landscaping and/or walls or fences on both the front and sides, as required by the A.R.C. It shall be the intent of the A.R.C. to screen any such recreational facilities from the public view.
- e. Pools may be heated only through methods approved by A.R.C.

10.1.13 Swales. Each Lot Owner shall refrain from altering or interfering with the functioning of all swale areas abutting his Lot.

10.1.14 Driveway. All driveways and parking area shall have hard impervious, dustless surfaces, such as, concrete, brick or uncrushed stone. Driveways may connect to Streets at only two (2) points for each Lot and such condition shall provide continuity of any drainage swale or curb and shall blend into the Street pavement. No curbside parking areas may be created by extending any portion of Street pavement except as constructed by Declarant. The design and location of all driveways shall be approved in advance by the A.R.C.

10.1.15 Utilities. The central water system provided for service of the Property shall be used by all Owners. Each Owner shall connect his water line to the water distribution main serving his Lot. Each lot shall construct and maintain its own waste water treatment system to meet the specifications as approved by the A.R.C., which at the very minimum will be a "clear stream" system. Each Lot owner shall pay all availability charges, connection charges, periodic charges, and the like in connection therewith. Each Owner shall maintain and repair his water and sewer lines up to the point of delivery and collection. No individual water supply system shall be permitted. No water shall be obtained from any lake, stream or water body. No septic tank or drain field shall be allowed on any Lot other than those required in the contemplated treatment plant as hereinabove set out.

10.1.16 Lot Filling. No Lot may be cleared, graded, cut or filled for any reason until the A.R.C. has reviewed and approved the preliminary application for the Single-Family Residence. The site plan, along with the tree survey and other documents required by the A.R.C., must clearly delineate the extent of clearing, grading, cutting and filling.

10.1.17 Lots Bordering on Lakes. The Lot Owner shall be responsible for providing to the A.R.C. sedimentation control plans and devices to insure the development of all Improvements shall not cause filling or damage to the Lakes. No docks, piers, or suspended walkways of any kind shall be constructed in or out over any of the Lakes within THE HIGHLANDS, except as constructed by the Declarant or as approved by the A.R.C.

10.2 Restrictions on Lots and the Property. The following restrictions shall apply to all Lots and the Property, as indicated.

10.2.1 Residential Use. Except as provided in Section 10.2.10, of this Declaration, all residences shall be used as single-family, private residential dwellings and for no other purpose. No business or commercial buildings may be erected on any lot and no business may be conducted on any part thereof, except as specifically reserved therein. No Single-Family Residence may be rented or leased for use as a dwelling by someone other than the Owner of the Single-Family Residence for an initial term of less than six (6) months. All owners, by purchase of a Lot in THE HIGHLANDS, acknowledge that the lake and all other social and recreational structures and activities located on the Common Property and permitted under the rules and regulations of the Association are allowed under the terms of this paragraph.

10.2.2 Clotheslines. No clotheslines or outside drying area shall be located on any Lot.

10.2.3 Residence Graphics. The size and design of all signs, numbering for the Lot, mailboxes and other such materials shall be approved by the A.R.C. and shall display

continuity and conformity throughout THE HIGHLANDS. Except in connection with development or sales of property throughout THE HIGHLANDS by Declarant, no signs, billboards, advertisements or notices of any kind, including without limitation, "For Sale" or "For Rent" signs, shall be displayed for public view on any lot on the Property, without the prior written approval of the A.R.C., or except as may be required by legal proceedings, it being understood that the A.R.C. will not grant permission for signs unless their erection is reasonably necessary to avert serious hardship to the Owner. If such permission is granted, the A.R.C. reserves the right to restrict size, color, content and location of such signs(s). No sign shall be nailed or attached to any tree. The A.R.C. shall have the right to adopt reasonable rules regarding signs to be used during construction of residence and other buildings, such as Owner identification, name of contractor or architect, etc.

10.2.4 Garbage and Trash Containers. No Lot shall be used or maintained as a dumping ground of rubbish, trash or other waste. All trash, garbage and other waste shall be kept in sanitary containers and except as required during trash collections, all containers shall be kept within an enclosure which the A.R.C. shall require to be constructed on each Lot.

10.2.5 Antenna and Other Rooftop Accessories. No radio, television or other electronic antenna, aerial or satellite receiving dish, or other reception or transmission device may be erected or maintained anywhere on the Property or on the exterior of any residence (unless installed by the Declarant or the Association), without prior written approval of the A.R.C.

10.2.6 Nuisances. No use or practice which is either an annoyance to Owners or an interference with the peaceful possession and use of the Property by Owners shall be allowed. No Owner shall commit or permit any nuisance or any immoral or illegal activity on or about the Property. For greater clarification, no Owner shall knowingly or willfully make or create any unnecessary, excessive or offensive disturbance which destroys the peace, quiet and/or comfort of the Owners, or allow any such noise or disturbance to be made on or about his Lot.

10.2.7 Boats, Trailers and Motor Vehicles. Except as specifically allowed and approved in advance by the Association, no commercial vehicle, boats, boat trailers, buses, house trailer, motor homes, trucks, camping trailers, vans, motorcycles, motor scooters, go-carts, motorbikes or other similar vehicles ("Nonpermitted Vehicles"), whether of a recreational nature or otherwise, with the exception only of four-wheel passenger automobiles and pickup trucks, shall be placed, parked or stored upon any Lot. The Association shall grant an Owner permission to bring on the property a Nonpermitted Vehicle owned by the Lot Owner. Upon showing written evidence of such approval at the entry, the Owner may bring such Nonpermitted Vehicle on the property and park it inside the approved garage. The Owner shall be permitted to have a boat outside for up to, but not more than, twenty-four (24) hours preparing it for storage.

Vehicles of repairman, delivery men, moving vans, temporary guests or vehicles owned or leased by a member of the Owner's family may be parked on a curb side on the driveways and private parking areas of a Lot for no longer than eight (8) hours in a twenty-four (24 ) period. In no event shall any vehicles be allowed to block traffic flow. Furthermore, guests of an Owner, visiting for an extended period of time, may park their vehicles in the driveway and private parking areas of a Lot for the duration of their stay. The Association shall have the right to authorize the towing of any vehicles which are in violation of these provisions, or the Traffic Regulations promulgated by the Association, and to collect the cost thereof from Owners, as an Individual Assessment.

10.2.8 Single-Family Occupancy. The residents of each Lot shall be limited to the members of one ( 1) family. For purposes of this section, "family" shall mean and refer to the group of persons, each of whom is related to each other member of the group through blood or marriage either as siblings or in direct line of ancestry or descent. This residency limitation shall not be construed to prohibit the temporary occupancy of a residence by nonfamily members for a period not exceeding thirty (30) consecutive days, provided that any such periods of occupancy of a Single-Family Residence by nonfamily member shall not exceed the periods of occupancy solely by family members during any measured period of sixty (60) consecutive days. An "Improvement occupied by a single family as defined above is a "Single-Family Residence."

10.2.9 Locations of Improvements and Access. All Single-Family Residences shall be constructed wholly within the Property , and legal access to all Lots shall be exclusively by way of Streets and driveways within the Development Plan or as dedicated on the recorded plats of Property.

10.2.10 Home Occupation. Home occupations may be practiced on any Lot subject to the following limitations:

- (1) The home occupations shall be located and conducted inside dwellings units only;
- (2) The principals and any other person employed on the property in furtherance of the home occupation shall be resident of the dwelling unit in which it is located; provided however, that where the A.R.C. finds that hardship exists, one (1) nonresident of the property may be employed on the property in furtherance of the home occupation on a temporary basis for a period not to exceed twelve (12) months;
- (3) Not more than ten percent (10%) of the total floor areas in the dwelling unit shall be devoted to the home occupation;
- ( 4) The dwelling unit shall not be used as a primary or incidental storage facility for a business, industrial, commercial, or agricultural activity conducted elsewhere;

(5) No articles, materials, goods, or equipment indicative of the home occupation shall be visible from any Street or stored outside the dwelling unit;

(6) The home occupation shall not be advertised by the display of goods " or signs on the Lot on which it is located;

(7) The proposed use shall not generate noise, odor, fumes, or smoke, nor create a nuisance of any kind which would adversely affect the residential character of THE HIGHLANDS;

(8) No traffic shall be generated by the home occupation in greater volume than would normally be expected in a residential neighborhood;

(9) Teaching, including but not limited to tutoring and art, music and dance lessons, shall be permitted provided that is limited to one (1) pupil at any given time;

(10) Barber shops, beauty shops, gift shops, gun sales, florist shops or other retail activities that are traditionally conducted in a commercial zoning district shall not be permitted under any circumstances;

(11) The following home occupations, when deemed to non-traffic generating uses poses no threat to the health, safety and welfare of the residents of THE HIGHLANDS, shall be permitted subject to application by the occupant and approval by the A.R.C.:

(a) artist, sculptor, author, and song writer;

(b) designer, planner, architect, engineer, draftsman and graphic artist; and,

( c ) accountant, lawyer, information processing, traveling salesperson, manufacturer's representative, insurance agent, real estate agent, and financial consultant; and

(12) No business transaction shall occur on any Lots other than through telecommunication devices.

10.3 Additional Protective Covenants Declarant may include, in any contract, plat, or deed for any Lot additional protective covenants and restrictions not inconsistent with those contained herein.

10.4 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or on the common areas. However, dogs, cats and other common household pets may be kept on Lots subject to such rules and regulations as may be adopted by the Association, so long as they are not kept, bred or maintained for commercial purposes.

No animals shall be allowed to run loose on the Common Areas at any time. All animals shall always be on a leash.

10.5 Rules and Regulations. No person shall use the Common Property, or any Lot, or any other Property, in any manner contrary to, or not in accordance with such rules and regulations as may be promulgated by the Association from time to time, as same may be hereafter amended.

10.6 Storage Accessory Building, Utility Enclosures and Waste Receptacle on the Property. The Property shall not be used for the outdoor storage of anything, including but not limited to construction materials, vehicles, waste and maintenance equipment and supplies. Waste receptacles will not be kept out- of-doors except as specifically approved by the Declarant or the A.R.C. Storage, maintenance and accessory buildings shall not be constructed or maintained on the property except in locations specifically approved by the Declarant and the A.R.C. Except as may be otherwise approved by the Declarant and A.R.C., all cable, electric, gas, telephone, sewer, sewer grinder pumps, sewage and water pump stations and other utilities shall be installed and maintained underground; except that telephone and electrical junction boxes and electrical transformers may be installed above ground in utility boxes as approved by the Declarant and the A.R.C.

10.7 Firearms. The discharge of any firearm is strickly prohibited within the development known as The Highlands.

10.8 No open fires or the burning of any rubbish, yard or household waste will be allowed. This is not intended to limit any way the use of fireplaces or cooking grills.

10.9 Erosion Control. Each property owner will be required to maintain suitable erosion control as relates to his/her respective lot. During the construction of any structure on any lot silt fencing and other measures will be taken in order to prevent silt laden runoff to enter the lake or the property of an adjoining landowner. The Homeowners association has the ultimate right to call for a ceccasation of all work should silting be found at a construction site. The property owner will be responsible for all damages (including the removal thereof) caused by silt entering the lake or adjoining property.

Additionally, each property owner will be responsible for damage to the streets and structures of the Highlands caused by himself or herself or his/her agent during the construction thier home.

#### **ARTICLE 11- INDEMNIFICATION OF OFFICERS, DIRECTORS, MEMBERS OF THE A.R.C. AND MEMBERS OF THE ASSOCIATION**

Every officer and director of the Association and each member of the A.R.C. shall be indemnified by the Association against all expense and liability, including attorneys' fees, incurred by, or imposed upon, him in connection with any proceeding to which he

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may be a party or in which he may become involved by reason of his being, or having been, an officer, director, or a member of the A.R.C. or the Association, whether or not he is an officer, director, or member of the A.R.C. or Association, is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the officer, director or member of the A.R.C. or Association seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such officer, director or member of the A.R.C. or Association may be entitled.

#### ARTICLE 12 -LAKES

12.1 Waterfront Areas. To preserve the natural character of THE HIGHLANDS, there is hereby established construction and clearing restrictions on all properties which front on the Lakes and that portion of the Property comprising the Lake, swamp and flooded area (hereinafter collectively referred to as "Lake"). The Lake shall be preserved substantially in its present natural state except for moderate clearing for view and breeze as approved by the A.R.C. Notwithstanding the foregoing, the Declarant hereby reserves to itself, its successors in title and assigns, the right to exempt properties from said construction and clearing restrictions in those cases where the Declarant or the A.R.C. in its discretion, determines, in a manner neither arbitrary nor capricious, that such exemption will not materially lessen the natural appearances and scenic beauty of the Lake or determines that such exemption is necessary to protect the shoreline from erosion or from pollution. The following horizontal construction set-back restriction from the Lake is hereby established;

(i) No house sites, no building or other structure shall be constructed or maintained on any Property within one hundred (100) feet of the Lake, except as indicated on the plat of THE HIGHLANDS, and no parking areas designated to accommodate more than two (2) automobiles shall be constructed or maintained on any Property within one hundred (100) feet of the Lake with the exception of boat house construction approved by the Declarant or the A.R.C. (ii) In Common Area and Green Space, no building or other structures shall be constructed or maintained within twenty (20) feet of the Lake and no parking areas designated to accommodate more than two (2) automobiles shall be constructed or maintained within forty (40) feet of the Lake except for boathouses and recreational facilities constructed by the Declarant and/or approved by the A.R.C. All boathouses and piers shall be constructed in accordance with the design and building criteria adopted by the A.R.C. and the location and extension of same into the Lake shall be approved by the A.R.C. prior to commencement of construction, provided however, all piers and docks shall be constructed within the extended boundaries of the side lot lines and in no event shall any structure extend into the Lake more than twenty-two (22) feet from the existing natural water line of the lot and may not exceed a total area of 200 square feet.



12.2 Shoreline Stabilization. Within two (2) years from the date an Owner receives a deed to a waterfront lot, said Owner shall establish the shoreline of said Lot according to the shoreline stabilization criteria adopted by the A.R.C. or such other plan as may be submitted by the Owner and approved by the A.R.C. In the event such Owner has not complied with the requirements of this section within said two (2) year period of time, the Association or the declarant shall have the option, but not the obligation, to stabilize said shoreline in accordance with the shoreline stabilization criteria adopted by the A.R.C. and charge the cost of said work to the Owner as an assessment against said Lot. The Association and/or the Declarant, severally, their heirs, successors and assigns and agents shall have the right to enter upon such Lot for the purpose of performing said work. The Declarant or the Association, as the case may be, shall give the Owner the opportunity to stabilize the shoreline by giving such Owner notice that the work must be completed within a reasonable time or that such work shall be performed by the Association or the Declarant, as the case may be. Such notice shall specify the work to be done and the time by which such work must be completed.

12.3 Operation of the Lakes. The Declarant and/or the Board of Directors of the Association, or both, shall develop specific rules and regulations for the operation of the Lake in THE HIGHLANDS.

12.4 General Lake Rules.

1. The lake will be accessible to all landowners within the Highlands Subdivision. No boat will be in excess of 16 feet, except for the water craft necessary for the care and upkeep of the lake and aquatic life as determined by the homeowners association. Jet Skis, wet bikes or any other similar craft are strickly prohibited. Outboard motors are allowed but shall not exceed 10 horse power, for use only from sunrise to sunset. The use of electric motors may be used from dusk to dawn. Any outboard motors used must be 4-stroke and meet or exceed the Federal EPA 2006 emission requirements and again shall not exceed a maximum rating of 10 hp. Only individuals holding a valid license to operate an automobile may operate a water craft on the lake.

2. As a component of the annual homeowners association dues, there will be an assesment for the upkeep and maintenance of the lake and shoreline as well as the aquatic life. Annual evaluations will be conducted with the recomendations as to fish harvest, fertilization, fish stocking and other treatement will be followed as is practicable.

3. Fishing: Types of fish, limits on quantity and size will be set forth each year and based upon recomendations by the management team of Southeastern Pond Manangement ([www.sepond.com](http://www.sepond.com)) or its successor.

Violations of the lake and fishing rules will be subject to fine or loss of priviledge in a manner to be prescribed by the homeowners association.

The Highlands is a private lake community. No one is allowed to fish in the lake other than property owners and their families as defined hereinabove or guests accompanied by a property owner. The use of the lake is undertaken at the peril of the

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user. Property owners assume the risk of loss as relates to their use, the use of any member of their family or the use of their guests or agents and further agree to hold the members of the Highlands homeowners association and developer harmless for any damage or loss associated with said use.

**ARTICLE 13 -GENERAL PROVISIONS**

13 .1 Assignment. Any or all or the rights, powers, and obligations, easements and estate reserved by or granted to the Declarant or the Association may be assigned by the Declarant or the Association as the case may be. Any such assignment or transfer shall be made by an appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to such assignment and its acceptance of the rights and powers, duties and obligations herein contained. Such assignee or transferee shall thereupon have the same rights and powers and be subject to the same obligations and duties as are herein given to the Declarant and/or Association. After such assignment, Declarant and/or the Association shall be relieved and release of all obligation with respect to such rights, powers, obligations, easements or estates.

13 .2 Amendment. This Declaration may be amended upon the recordation of an appropriate instrument in the Lafayette County Chancery Clerk's office, subject however, to the following provisions:

13.2.1 By Owners. Except as provided herein below, an amendment initiated by any party other than Declarant must obtain the approval of at least seventy-five percent (75%) of the votes of members; provided, however, that for as long as Declarant owns any Property in THE HIGHLANDS, all amendments must include the express written joinder and consent of the Declarant.

13.2.2 By Declarant. This Declaration may be amended by the Declarant at any time. The Declaration may be amended by Declarant, at any time, for the purpose of subjecting additional real property to the provisions hereof, for the purpose designating the basis of voting, membership and assessment of such additional real property , for the purposes of granting easement to Declarant or to Additional Property over the Common Property, and for the purpose of complying with the requirements of government authorities and lenders, without the joinder or consent of Owners, the Association, Institutional Mortgagees, or any other party .

13.2.3 Effect on Institutional Mortgagee. No amendment or change to this Declaration or to the exhibits hereto shall be effective to affect or impair validity or priority of a first mortgage held by an Institutional Mortgagee encumbering a Lot, or to affect or impair the rights granted herein to Institutional Mortgagees, without the written consent thereto by the Institutional Mortgagee owning and holding the mortgage encumbering the Lot to

which consent shall be executed with the formalities required for deeds and recorded with the amendment.

13.2.4 Duration of Amendments. Any duly adopted amendment to this Declaration shall run with and bind the Property for the same period and to the same extent as to the covenants and restrictions set forth herein.

13.3 Duration of Declaration. All of the covenants, restrictions, and other provisions of this Declaration shall run with and bind the Property for an initial term of twenty-five (25) years from the date of recordation of this Declaration, after which time they shall be automatically extended for successive periods often (10) years each, unless an instrument executed by at least seventy-five percent (75%) of the votes of the Members then existing, and by Institutional Mortgagees, has been recorded, agreeing to change or terminate these covenants and restrictions.

13.4 Covenants Running with the Property. The agreements, covenants, conditions, restrictions, Assessments, liens and other provisions contained herein shall constitute servitude upon the Property and each portion thereof, and shall inure to the benefit of Declarant, the Association and the Owners.

### 13.5 Enforcement

13.5.1 By Suit. Enforcement of the covenants, restrictions, conditions, reservations, rights powers, Assessments, liens and other provisions contained herein shall be by a proceeding at law or in equity against any persons or entities violation or attempting to violate same and/or against the Property subject thereto to enforce any lien created by this Declaration. In the event that Declarant and the Association fails to enforce the terms of this Declaration, then any Member may do so. The failure or refusal of Declarant, the Association or any Member to enforce any of the provisions of this Declaration shall in no event be deemed to constitute a waiver of the right to do so thereafter. The cost of any such litigation shall be borne by the Owner in violation, provided that such proceeding results in a finding that such Owner was in violation of the covenants and restrictions contained therein.

13.5.2 By Power of Sale. For and in consideration of the privileges and protections granted herein, and the mutual enjoyment and use of the Common Property, and for the express purpose of securing the payment of the Assessments, other sums and charges described in Section 6 above, the Association is given the power of sale to enforce its assessments against the Owners of Lots in THE HIGHLANDS, or as described in Paragraph 6.8 above.

13.6 Declarant's Rights. Any other provisions in this Declaration to the contrary notwithstanding, Declarant is irrevocably empowered to sell or lease Lots, improved or unimproved, on any terms to any purchaser or lessees, for so long as it owns any property

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in THE HIGHLANDS. Also, for as long as Declarant owns any Lots in THE HIGHLANDS, the Declarant shall have the right to transact any business necessary to consummate sales of property throughout THE HIGHLANDS including, but not limited to, the right to maintain offices(s) on the Property and/or Common Property in location(s) to be selected by Declarant, to have employees in such offices, to construct and maintain other structures or appurtenances which are necessary or desirable for the development and sale of property throughout THE HIGHLANDS, including without limitation, sales models and parking lots; to post and display a sign or signs on any Lots owned by the Declarant on the Common Property; and to use the Common Property and to show Lots. Sales office signs and all other structures and appurtenances pertaining to the sale or development of property within THE HIGHLANDS shall not be considered Common Property and shall remain the property of the Declarant.

13.7 Notice to Declarant Any notice or required permitted to be give by this Declaration to the Declarant shall be given in writing by personal delivery or by certified mail addressed:

BLUE SKY DEVELOPMENT, LLC  
1420 N. Lamar Blvd.  
Oxford, MS 38655

As additional Property is subjected to this Declaration by amendment to the Declaration, the address of the governing Association shall be set forth in such amendment. Any notice given in accordance with the provisions of this subsection shall be deemed to be effective, if personally delivered, on the date of such delivery , or if mailed by registered or certified mail, on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be. Each party may give notice to each of the other parties of a change of its address for the purposes of giving notice under this subsection, which thereafter until changed by like notice, shall be the address of such party for all purposes of this Declaration.

13.8 Plats. In addition to this Declaration and any subsequent declarations and amendments, the Property shall be subject to the additional covenants, restrictions, reservations and other terms and provisions as set forth in the plats of portions of the Property , which are recorded or to be recorded in the Chancery Clerk's office of Lafayette County. Also, each Owner must abide by all applicable laws, regulations and ordinances of the federal government, the County of Lafayette and the State of Mississippi.

13.9 Gender and Number. The use of the singular herein include the plural, and the use of any gender shall include all genders.

13.10 Severability. Invalidation of any of the covenants or restrictions contained herein by judgment or court order shall in no way affect any other provision hereof, which shall remain in full force and effect.

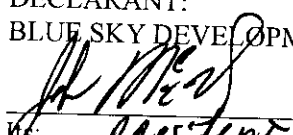
13.11 Captions. The captions used in this Declaration and the exhibits annexed hereto are inserted solely as a matter of convenience and shall not be relied upon or used in construing the text of this Declaration or any exhibits hereto.

13.12 Repurchase Option. The Declarant shall have the right and option, but not the obligation, to repurchase any Lot in THE HIGHLANDS where no residence (house) has been constructed on such Lot within twenty-four (24) months of the date of purchase of the Lot. The repurchase price shall be the price which the Lot Owner paid for the Lot at the original closing of the purchase and sale of the Lot from the Declarant.

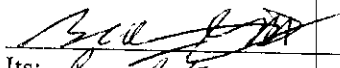
13.13 Effective Date. This Declaration shall become effective upon its recordation in the Chancery Clerk's office of Lafayette County. Merchants and Farmers Bank, a Mississippi banking corporation, joins herein for the purpose of subordinating its lien, including but not limited to the lien evidenced by that certain Construction Mortgage Deed of Trust, Security Agreement and Fixture Filing of record in Book at Page in the office of the Chancery Clerk for Lafayette County, Mississippi, to all the terms, covenants and provisions of this Declaration.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 20th day of April, 2004.

DECLARANT:  
BLUE SKY DEVELOPMENT, LLC

  
Its: President

MORTGAGE HOLDER:  
Merchants and Farmers Bank  
a Mississippi Banking Corporation

  
Its: President

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STATE OF MISSISSIPPI  
COUNTY OF LAFAYETTE

Personally appeared before me, the undersigned authority in and for the said county and state, on this 22 day of April, 2004, within my jurisdiction, the within named John G. McGuffey who acknowledged that he is President of BLUE SKY DEVELOPMENT LLC, and that in said representative capacity he executed the above and foregoing instrument, after first having been duly authorized so to do.

Allison B. Crawford  
NOTARY PUBLIC

My Commission Expires:



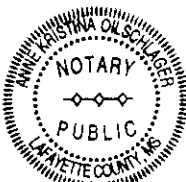
STATE OF MISSISSIPPI  
COUNTY OF LAFAYETTE

Personally appeared before me, the undersigned authority in and for the said county and state, on this 22 day of April, 2004, within my jurisdiction, the within named G.C. Kinney III, who acknowledged that he is President of Merchants and Farmers Bank, a Mississippi banking corporation, and that in said representative capacity he executed the above and foregoing instrument, after first having been duly authorized so to do.

Anne Kristina Olschuber  
NOTARY PUBLIC

My Commission Expires:

NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE  
MY COMMISSION EXPIRES: Nov 6, 2006  
BONDED THRU NOTARY PUBLIC UNDERWRITERS



MY COMMISSION EXPIRES  
November 6, 2006



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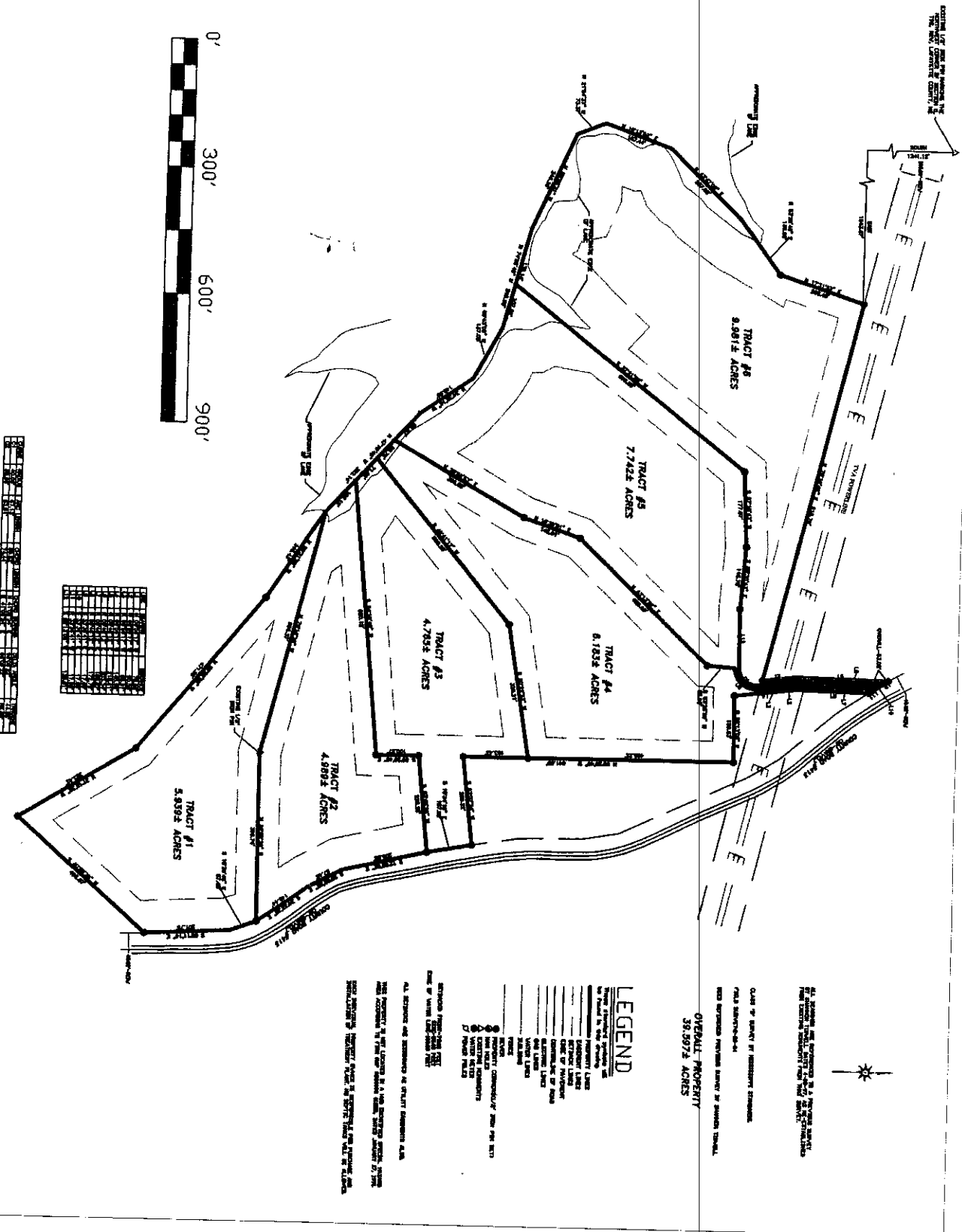
# EXHIBIT A

A FRACTION OF THE NORTHWEST QUARTER OF SECTION 5, TOWNSHIP 9 SOUTH, RANGE 2 WEST, LAFAYETTE COUNTY, MISSISSIPPI. THIS FRACTION CONTAINS 39.597 ACRES, MORE OR LESS, AND IS DESCRIBED IN MORE DETAIL AS FOLLOWS:

BEGINNING AT A ½" IRON PIN SET, SAID PIN BEING 1241.12 FEET SOUTH AND 1543.67 FEET EAST OF AN EXISTING ½" IRON PIN MARKING THE NORTHWEST CORNER OF SAID SECTION 5, RUN THENCE SOUTH 76°18'48" EAST A DISTANCE OF 915.76 FEET TO A ½" IRON PIN SET; THENCE NORTH 06°56'17" WEST A DISTANCE OF 78.88 FEET TO A ½" IRON PIN SET; THENCE NORTH 00°48'12" EAST A DISTANCE OF 218.61 FEET TO A ½" IRON PIN SET ON THE SOUTH RIGHT OF WAY OF COUNTY ROAD #413; THENCE SOUTH 33°36'41" EAST ALONG SAID RIGHT OF WAY A DISTANCE OF 53.08 FEET TO A ½" IRON PIN SET; THENCE SOUTH 00°48'12" WEST LEAVING SAID RIGHT OF WAY A DISTANCE OF 172.79 FEET TO A ½" IRON PIN SET; THENCE SOUTH 06°56'17" EAST A DISTANCE OF 145.99 FEET TO A ½" IRON PIN SET; THENCE NORTH 89°13'05" EAST A DISTANCE OF 158.63 FEET TO A ½" IRON PIN SET; THENCE SOUTH 00°20'40" EAST A DISTANCE OF 641.65 FEET TO A ½" IRON PIN SET; THENCE NORTH 83°07'24" EAST A DISTANCE OF 209.22 FEET TO A ½" IRON PIN SET ON THE WEST RIGHT OF WAY OF COUNTY ROAD #413; THENCE SOUTH 10°34'15" EAST ALONG SAID RIGHT OF WAY A DISTANCE OF 107.98 FEET TO A ½" IRON PIN SET; THENCE SOUTH 12°58'02" EAST ALONG SAID RIGHT OF WAY A DISTANCE OF 205.88 FEET TO A ½" IRON PIN SET; THENCE SOUTH 28°03'25" EAST ALONG SAID RIGHT OF WAY A DISTANCE OF 87.48 FEET TO A ½" IRON PIN SET; THENCE SOUTH 34°33'35" EAST ALONG SAID RIGHT OF WAY A DISTANCE OF 149.44 FEET TO A ½" IRON PIN SET; THENCE SOUTH 19°36'48" EAST ALONG SAID RIGHT OF WAY A DISTANCE OF 67.45 FEET TO A ½" IRON PIN SET; THENCE SOUTH 03°11'14" EAST ALONG SAID RIGHT OF WAY A DISTANCE OF 201.75 FEET TO A ½" IRON PIN SET; THENCE SOUTH 40°55'36" WEST LEAVING SAID RIGHT OF WAY A DISTANCE OF 403.67 FEET TO A ½" IRON PIN SET; THENCE NORTH 31°18'39" WEST A DISTANCE OF 323.42 FEET TO A ½" IRON PIN SET; THENCE NORTH 50°52'05" WEST A DISTANCE OF 471.86 FEET TO A ½" IRON PIN SET; THENCE NORTH 56°31'50" WEST A DISTANCE OF 246.43 FEET TO A POINT; THENCE NORTH 47°10'45" WEST A DISTANCE OF 322.14 FEET TO A POINT; THENCE NORTH 34°35'16" WEST A DISTANCE OF 148.09 FEET TO A POINT; THENCE NORTH 60°43'09" WEST A DISTANCE OF 137.05 FEET TO A POINT; THENCE NORTH 74°55'40" WEST A DISTANCE OF 245.80 FEET TO A POINT; THENCE NORTH 65°55'31" WEST A DISTANCE OF 246.26 FEET TO A POINT; THENCE NORTH 21°54'37" WEST A DISTANCE OF 73.37 FEET TO A POINT; THENCE NORTH 19°13'03" EAST A DISTANCE OF 167.44 FEET TO A POINT; THENCE NORTH 43°47'05" EAST A DISTANCE OF 237.02 FEET TO A POINT; THENCE NORTH 53°25'45" EAST A DISTANCE OF 159.08 FEET TO A ½" IRON PIN SET; THENCE NORTH 17°31'53" EAST A DISTANCE OF 208.46 FEET TO THE POINT OF BEGINNING.



Exhibit 'B'



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**EXHIBIT C**

**BY-LAWS OF THE HIGHLANDS  
PROPERTY OWNERS ASSOCIATION  
PREAMBLE**

**BLUE SKY DEVELOPMENT, LLC**, named in the attached and foregoing Declaration of Covenants and Restrictions and hereinafter referred to as "Developer", being the sole owner of the project property submitted for the establishment of a single family residential subdivision project to be known as **THE HIGHLANDS**, as more particularly defined, described and provided for in said attached Declaration of Covenants and Restrictions (hereinafter referred to as "Declaration") does hereby adopt the following By-Laws which shall govern administration of such subdivision.

All present or future owners, or their employees, or any other person who might use the facilities of this subdivision project, in any manner, are subject to the regulations set forth in these By-Laws. The mere acquisition of any of said lots of the project will signify and constitute a ratification and acceptance of these By-Laws by any such Owner or person.

I. This residential development project established under the foregoing and attached Declaration shall be known as **THE HIGHLANDS**.

**II. Members:**

(A) Members shall be the owners of the lots and said persons shall be entitled to one vote for each unit owned. The annual members' meeting shall be held at the office of Richard DeVoe, CPA, 1420 North Lamar Blvd., Oxford, MS at 9:00 o'clock A.M., Central Standard Time, on the second Saturday of April of each year for the purpose of electing governors and of transacting any other business authorized to be transacted by the members; provided however, if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Saturday.

(B) Special members' meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Governors, and must be called by such officers upon receipt of a written request from one-third or more of the entire membership.

© Notice of all members' meetings stating the time and place and the objects for which the meeting is called shall be given by the President, Vice-President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than twenty (20) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of any meeting may be waived before or after the particular meeting, in each instance.

(D) A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such member for the purpose of determining a quorum.

(E) The vote of the owners of a lot owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate signed by all of the owners of the lot, and filed with the Secretary of the Association. Such certificate shall be valid until revoked by a subsequent certificate. If such a certificate is not on file the vote of such owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

(F) Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting.

(G) Approval or disapproval of the lot owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if in an Association meeting.

(H) If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum may be obtained.

(I) The order of business at annual members' meetings, and, as far as practical at all other members' meetings, shall be:

(1) Election of a chairman of the meeting;

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- (2) Calling of the roll and certifying of proxies;
  - (3) Proof of notice of meeting or waiver of notice;
  - (4) Reading and approval/correction of any unapproved minutes;
  - (5) Reports of officers;
  - (6) Election of inspectors of election;
  - (7) Election of Governors;
  - (8) Unfinished business;
  - (9) New Business;
  - (10) Adjournment.

### III. Governors.

(A) The Board of Governors shall consist of not less than three (3) nor more than five (5) individuals, as is determined from time to time by the members. Each member of the Board of Governors shall be either the Owner of a lot, have an interest therein, or in the event of a corporate ownership, be an officer of designated agent thereof.

(B) Election of governors shall be conducted in the following manner:

(1) Members of the Board of Governors shall be elected by a plurality of the votes cast at the annual meeting of the members of the Association.

(2) Vacancies in the Board of Governors may be filled, for the unexpired term until the date of the next annual members' meeting, by the remaining Governors.

(3) Anything herein contained to the contrary notwithstanding, for so long as **BLUE SKY DEVELOPMENT, LLC** owns not less than six lots, it shall elect a majority of the Governors.

© The term of each Governor's service shall be

as follows:

- (1) one Governor's term shall be for a period of one year;
- (2) one Governor's term shall be for a period of two years;
- (3) one Governor's term shall be for a period of three years;
- (4) in the event a fourth and/or a fifth Governor is elected, their respective terms shall be for four years and five years.

Each Governor's term shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he may be removed in the manner elsewhere provided.

(D) The organizational meeting of the first elected Board of Governors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Governors at the meeting at which they are elected, and no further notice shall be necessary providing a quorum shall be present.

(E) Regular meetings of the Board of Governors may be held at such time and place as shall be determined from time to time, by a majority of the Governors. Notice of regular meetings shall be given to each Governor, personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meetings unless such notice is waived.

(F) Special meetings of the governors may be called by the President and must be called by the Secretary at the written request of at least one-half of the votes of the Board. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

(G) Any governor may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the receipt of proper notice in due course.

(H) A quorum at Governors' meetings shall consist

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by a majority of votes present at a meeting at which a quorum is present shall constitute the act of the entire Board of Governors as specifically otherwise provided in the Declaration of Covenants and Restrictions. If at any meeting of the Board of Governors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum may be obtained. At an adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Governor in the action of a meeting by signing and concurring on the minutes thereof shall constitute the presence of such Governor for the purpose of determining a quorum.

(I) The presiding officer of Governors' meetings shall be the Chairman of the Board if such officer has been elected; and if none, then the President shall preside. In the absence of the presiding officer the Governors present shall designate one of their number to preside by majority election.

(J) Governors' fees, if any, shall be determined by the members of the Association.

(K) All of the powers and duties of the Association shall be exercised by the Board of Governors, including those existing under the common law and statutes, the By-laws of the Association, and the documents establishing the residential subdivision. Such powers and duties of the Governors shall be exercised in accordance with the provisions of the Declaration of Covenants and Restrictions which governs the use of the land, and shall include but shall not be limited to the following:

(1) To make and collect assessments against members to defray the costs of the subdivision;

(2) To use the proceeds of assessments in the exercise of its powers and duties;

(3) To maintain, repair, replace and operate the subdivision property;

(4) To reconstruct improvements after casualty, and the further improvement of the property;

(5) To make and amend regulations respecting the use of the property;

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(6) To enforce by legal means the provisions of the Subdivision the Articles of Incorporation, the By-Laws of the Association, and the Regulations for the use of the property in the Subdivision;

(7) To pay taxes and assessments which are liens against any part of the residential subdivision other than individual lots and the appurtenances thereto, and to assess the same against the lot subject to such liens;

(8) To obtain and carry insurance for the protection of Property Owners and the Association against casualty and liabilities relating to the common areas;

(9) To pay the cost of all power, water, sewer and other utility services rendered in the subdivision development and not billed to owners of individual lots; and

(10) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association.

#### IV. Officers.

(A) The executive officers of the Association shall be a President, who shall be a Governor, a Vice-President, who shall be a Governor, a Treasurer, a Secretary and an Assistant Secretary. The Board of Governors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

(B) The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the President of an association, including, but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association.

© The Vice President shall in the absence or disability of the President exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

(D) The Secretary shall keep the minutes of all proceedings of the Governors and the members. He shall attend to the giving and serving of all notices to the members and Governors and other notices required by law. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Governors or the President. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

(E) The Treasurer shall have custody of all property of the Association, including funds, securities and evidence of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

(F) The compensation of all officers and employees of the Association shall be fixed by the Governors. This provision shall not preclude the contracting with the Governors for the management of the residential subdivision.

#### **V. Removal of Governors and Officers.**

(A) **Removal of Governors.** At a regular meeting, or special meeting duly called for such purpose, any Governor may be removed with or without cause by the affirmative vote of the majority of the Lot Owners of record and a successor may then and there be elected to fill the vacancy thus created. If no such successor is thereupon elected by the Lot Owners, the vacancy so created may be filled by the Board of Governors at its next regularly scheduled meeting. Any Governor whose removal has been proposed shall be given an opportunity to be heard at the meeting prior to any vote. The term of any Governor who becomes more than sixty (60) days delinquent in payment of any assessment or related charges due the Association shall be automatically terminated without the necessity of a vote or of notice, and the remaining Governors shall appoint his successor as otherwise provided.

(B) **Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board of Governors, any officer may be removed with or without cause, and his successor elected at any regular meeting of the Board of Governors, or at any special meeting of the Board of Governors called for such purpose.



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**VI. Fiscal Management.** The provisions for fiscal management of the association as set forth in the Declaration of Covenants and Restrictions shall be supplemented by the following provisions:

(A) **Assessment rolls.** The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each lot. Such an account shall designate the name and address of the owner or owners, the amount of each assessment against the owners, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments.

(B) **Budget.**

(1) The Board of Governors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to the following items:

(a) Common Expenses Budget, including maintenance and operation of common elements, landscaping, driveways, utility services, casualty insurance, liability insurance, administration and all applicable taxes; and

(b) Proposed assessments against each member.

(2) Copies of the proposed budget and proposed assessments shall be transmitted to each member on or before January 1st of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished to each member concerned.

© **Depository.** The depository of the Association shall be such bank or banks as shall be designated from time to time by the Governors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Governors.

**VII. Parliamentary Rules:** Roberts Rules of Order (latest edition) shall govern the conduct of Association proceedings when not in conflict with the Articles of Incorporation and By-Laws of the Association or with the statutes of the State of Mississippi.

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**VIII. Amendments:** Amendments to the By-Laws shall be proposed and adopted in the following manner:

(A) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

(B) A resolution adopting a proposed amendment must receive approval of two-thirds of the votes of the entire membership of the Board of Governors and 75% of the votes of the entire membership of the Association. Governors and members not present at the meetings considering the amendment may express their approval or disapproval in writing.

(C) Initiation: An amendment may be proposed by either the Board of Governors or by the membership of the Association, and after being proposed and approved by one of such bodies, it must be approved by the other.

(D) An amendment when adopted, shall become effective only after being recorded in the Office of the Chancery Clerk of Lafayette County, Mississippi.

(E) These By-Laws shall be amended, if necessary so as to make the same consistent with the provisions of the Declaration of Covenants and Restrictions.

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**EXHIBIT D**

**ARCHITECTURAL REVIEW GUIDELINES**

**THE HIGHLANDS**

Oxford, MS

**Developer:**

Blue Sky Development, LLC

1420 North Lamar Blvd.  
P.O. Box 1237  
Oxford, MS 38655  
Telephone: 662-234-0703  
Fax: 662-234-0704

## **The Highlands Design Review Guideline**

Architectural harmony will give The Highlands its unique character and will ensure the beauty of its waterfront living and produce a development of lasting value and timeless grace.

### **Intent**

The following document is presented as the Architectural Review Guideline (ARG) for the Highlands. The intent of this ARG is to ensure that the homes designed and built in The Highlands are compatible with the historic architectural context and craftsmanship of the style chosen. It has been written to promote a sense of coherence and order in such a relatively small neighborhood. The goal is to promote creative design solutions while ensuring compatible design character throughout the development. It is the responsibility of each homeowner, architect, designer and builder to become familiar with, and understand, these Architectural Guidelines prior to submitting a home plan for approval. Only those homes which adhere to the Architectural Guideline will be approved by the Architectural Review Committee.

Adaptation of this guideline, as well as variances, will be considered based on architectural merit and must be approved in writing from the Architectural Review Committee.

Also, please note that this Guideline is meant to strengthen the aesthetic character of the development. Compliance with governing building codes shall take precedent over this guideline. Should contradictions arise, the designer/homeowner shall inform the Architectural Review Committee and a solution will be reached. Compliance with this Guideline does not exempt a building from the responsibility to conform to other applicable codes and regulations. Please remember this is only a description of minimum requirements.

### **Architectural Standards**

#### **Design Vocabulary:**

These Guidelines have been written to encourage an elegant simplicity in the architecture in which quality of detail and materials is emphasized. The style of homes is not necessarily limited but will be reviewed for architectural correctness and form by the ARC.

#### **General Requirements:**

These guidelines are not meant to be complete or final in all respects. Homeowners and builders should also refer to the recorded Final Plat for additional information, conditions and restrictions.

**Site Selection:**

Under no circumstances shall any prospective homeowner or contractor be allowed to purchase two or more lots for the purpose of building a single home on them both.

**Orientation on Site:**

Relationship to adjacent homes is critical to maintain proper street elevation lines and lake orientation with no obstruction for neighbors to lake view and use.

**House Size:**

Minimum heated area is 3,000 square feet.

**Finish Floor Height:**

The finish floor height or distance from grade to the top of the first floor foundation is to be a minimum of 24 inches, where possible, above finish grade along the entire front of the house. 36-inch finish floor heights are encouraged.

**Garages:**

All garages must hold a minimum of two vehicles. There must also be a minimum of one guest parking space exclusive of garage for every lot. No garage doors shall face the street or lake without the approval of the ARC.

**Veneer/Cladding:**

Building veneer is to be one or a combination of the following: 1.)an approved wood mold brick or simulated wood mold brick with and approved mortar color, or 2.)painted brick of an approved color, or 3.)4" to 7" smooth horizontal lap siding in wood (redwood/cedar) or Hardiplank or 4.)synthetic or real stone.

**Flashing:**

All flashing must be copper or painted galvanized metal. Exposed galvanized or aluminum flashing is not allowed.

**Columns:**

All columns should be properly proportioned. The appropriate column order and accompanying home style should be studied carefully. Appropriate combinations may be found in period home publications. Also, proper column placement is essential. The top of the column shaft must align with the finished face of the beam above. (Ex: if the top of the column shaft is 10" the finish width of the beam above must also be 10" etc..).

**Foundation Walls:**

Must be veneered brick. All foundation walls are to be a minimum of 24" above finish grade at front elevation. All foundation vents shall be painted metal and appropriately sized to foundation wall height. Any material or surface directly behind foundation vents shall be painted black.

**Mailboxes:**

Must be of iron and approved by the ARC.

**Fencing:**

Shall be iron and/or brick or stone of approved style. Treated pine is not allowed.

**Exterior Walls:**

Any wall consisting of more than 300 square feet must contain at least one (1) opening (ex. Window, door, fixed shutters or lattice with mature planting).

**Landscaping:**

- All reasonable measures must be taken to maintain existing trees and preserve the existing natural vegetation on each site. No lot may be cleared for any reason without approval of the ARC. No trees of four (4) or more inches in diameter at two feet above existing grade shall be removed without the approval of the ARC. (see section 10.1.4 of Covenants and Restrictions for The Highlands).
- Landscape and sod must be in place within thirty (30) days of completing construction.
- Construction activities shall be limited to an area not more than 5 to 6 feet from the exterior wall of the buildings. Construction materials shall be stored on site in the area planned for control and proper maintenance. All natural areas shall be temporarily fenced during construction and cleaned regularly of all windblown trash. Entrance and lakefront areas are to be approved by DRC.

**Driveways, Walks and Entrances:**

Finishes for driveways and sidewalks must be of concrete, brick or uncrushed stone. No gravel driveways will be permitted and must be approved by the ARC.

**Accessory Structures:**

Piers, boathouses, detached garages/workshops, swimming pools, tennis court or other accessory structures of any kind will not be permitted without the approval of the ARC.

**Lake Lighting:**

All lake lights will be of iron pole construction and of low voltage with a light sensitive switch. The light design will be selected by the ARC. Each lot must have a minimum of one (1) lake light; the number of lights required will be determined by the length of lake front property and must be approved by the ARC.

**Utilities:**

Refer to section 10.1.15 in The Declaration of Covenants and Restrictions for The Highlands. All waste water systems must be approved by a local licensed engineer.

**Water Management:**

All contractors shall maintain proper drainage and grade to provide no negative effect on surrounding home sites. The contractor is responsible for cleaning up any mud, gravel, debris or other run-off intruding on any street or adjacent property.

**Porch and Balcony Elements:**

- Columns and Posts- 8" minimum top diameter round or 8" x 8" square. All posts shall be 8 x 8 minimum with corner chamfer detail.
- Rails- to be approved on a case-by-case basis.

**Doors and Windows:**

- Windows and Doors- True divided lite or simulated divided lite windows shall be used where visible from the street and/or lake. Double insulated windows with profiled muntins that are securely fastened to the exterior of the glass are acceptable. Any window manufacturer may be allowed as long as they meet the above criteria. There shall be not lead glass in front doors.
- Proportion- All door and window openings shall be square or vertical in proportion. All light divisions shall be similarly proportioned and should be as consistent as possible throughout the building. Special shape windows will be considered on a case-by-case basis.
- Material- All doors shall be wood or approved equal. Windows shall be wood or wood framed with aluminum cladding. All exterior doors shall be plank and panel; no flush panel. Doors with  $\frac{3}{4}$ ,  $\frac{1}{2}$ , or full lite glass are allowed. Mahogany entry doors are highly encouraged.
- Trims- 2 x 4 minimum/2 x 6 maximum. Brick mold is required at all masonry wall openings.
- All windows must have a brick or stone lintel or at a minimum, one (1) soldier course of brick.

**Roofs:**

- Material- Approved roofing material is to be at least 25-year dimensional (architectural) shingles in an approved color. Standing seam metal roofing, slate or simulated slate may be approved by the ARC.
- Dormers- These shall be appropriately proportioned, hip or gable, with a minimum 6/12 pitch.

**Attachments:**

- Chimneys- All chimneys shall be masonry, stucco or hardiplank.
- Shutters- Shutters shall be sized to cover its respective opening. All hardware shall be provided including hinges, latches, and shutter dogs or holdbacks. Shutters shall be wood or synthetic proportioned to stimulate wood and be painted or stained. They may be side hinged louvered, paneled, or plank.
- Crawl Space Vents- All crawlspace vents shall have a wood or metal grille. Insect screens should be used behind grilles on conventional foundation walls systems. Surfaces directly behind grilles shall be painted black.
- Mechanical Equipment- HVAC units, utility meters, connection boxes, satellite dishes (18" max. dia.), etc. shall be placed out of view from a public way. HVAC units shall be screened from public view, where necessary, with landscaping or approved fencing/wall.
- Trash Enclosures- Trash containers shall be placed in an approved enclosure/screen (42" high min.) located at the rear of the house on the driveway side.

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#### **Material and Color Approval:**

Roof, brick, mortar and siding color selections must be approved prior to installation/application by the ARC.

#### **Elements not permitted**

The following is a list of elements or features that are not allowed in The Highlands.

- Window a/c units
- Exterior florescent lighting
- Antennas (dished with a 18" min. dia. hidden from public view are allowed)
- Plastic furniture or artificial plants visible from a public way.
- Kennel locations should not be visible from street or lake and must be approved.

#### **The Design Review Process**

##### **Policy:**

The design review process at The Highlands exists to ensure that all new homes are built in compliance with The Highlands Architectural Guidelines. No home or structure of any kind shall be built, modified, added to, or renovated without first going through this process. The Highlands Architectural Review Committee (ARC) exists to review submittals for compliance with the Design Guidelines in order to maintain the Developers aesthetic intent.

The Highlands, the Developer and the Architectural Review Committee are not responsible for the following:

- The structural integrity of the home design
- Soil bearing capacity
- Compliance with applicable building codes
- Compliance with governing laws, regulations, ordinances and safety regulations
- Quality of work of a contractor/builder, architect or designer

The Highlands ARC shall have thirty (30) days to review each submittal. The submittal will be returned as Approved, Approved With Conditions or Disapproved. If a submittal is returned "Approved With Conditions" the architect or home designer may proceed to the final review stage as long as the required changes are made. If a submittal is returned "Disapproved", the architect or home designer must revise the submittal and resubmit for review.

##### **Procedure:**

The design review process at The Highlands consists of two (2) parts.

##### **Sketch Review**

The following documents shall be provided:

- Design Review Fee- \$400.00. Covers all reviews.
- Submittal Form A- Sketch Review Application (Preliminary drawings)
- Four sets of the following drawings:
  - Site Plan (1"=20' min.)
  - North arrow



- Property lines
- All setbacks and easements
- Building foot print
- Drives, walks and parking
- Trash enclosures
- Floor Plans (1/4"=1'-0" min.)
  - All exterior/interior dimensions including porches and balconies
  - Room names
  - Door and window openings
  - Both heated and unheated area calculations (net/gross)
- Exterior Elevations (1/4"=1'-0" min.)
  - All exterior views
  - Porches, balconies, windows, doors, bays, chimneys, shutters, along with any other significant architectural feature.
  - Roof pitches
  - All material types noted

#### **Final Review**

The following documents shall be provided:

- Sketch Review approval letter
- Submittal Form B- Final Review Application
- Four sets of the following drawings:
  - Site Plan (1"=20' min.)
    - All elements noted for sketch review fully developed.
  - Foundation/Floor Plans (1/4"=1'-0" min.)
    - All elements noted for sketch review fully developed.
  - Roof Plan (1/8"=1'-0" min.)
    - All pitches and major penetrations shall be indicated
  - Exterior Elevations (1/4"=1'-0" min.)
    - All elements noted for sketch review fully developed.
  - Door and Window Schedules
    - Detailed floor plans noting door and window sizes along with exterior elevations
    - Depicting door and window design and grille patterns may be used in lieu of schedules. Exterior finishes must also be noted.
  - Details (1/4"=1'-0" min.)
    - Typical wall sections including porches and balconies
    - Cornice details
    - Other details as required by the ARC
  - Electrical Plans (1/4"=1'-0" min.)
    - Interior electrical layout as required for permitting
    - Exterior lighting locations (around immediate location only)

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Landscape Plans (may be submitted during construction)

- Landscaping buffers
- Hardscapes not shown on the site plan
- Garden structures not shown on architectural plans

**Minor Changes:**

If a minor design change is desired after final approval is obtained, the following shall be submitted to the ARC:

- Submittal Form C- Minor Change Application
- Two (2) sets of drawings, details, and specifications as required to fully explain the change.

**The Highlands**

Detail Review

“Architectural harmony will give The Highlands its unique character and will ensure the beauty of its streetscapes and public realm. This will produce a development of lasting value and timeless grace.

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## **The Highlands**

### **Definitions:**

The following section lists numerous terms and words used throughout this Guideline. Each term is defined below to clarify its use.

**Addition:** A construction process increasing the size of the original structure by building outside its existing walls and /or roof.

**Balcony:** Second or third floor exterior space typically with no roof, cantilevered from the building or supported by columns.

**Balusters:** Vertical supports between top and bottom rails of a porch or stair railing.

**Balustade:** The system of balusters and handrails that run along the edge of a porch or staircase.

**Bay:** Structural or visual configuration of an elevation commonly defined by porch columns. A bay can also be defined by the placement of multi-floor windows aligned over each other.

**Beam:** Structural member spanning between two columns or bridging an opening, supporting additional structure above.

**Bracket:** Sloped building component found at the junction of columns to beams, sometimes serving to structurally stiffen the connection, though also commonly used as ornament. Brackets also occur as decorative and structural elements at gable rakes and as balcony or bay supports.

**Brick Screens:** Brick low walls used as visual screens to provide privacy at courtyards or service areas. Used to screen these areas from public view.

**Cantilever:** Structural technique of tying floor and roof joists, back into adjacent structure and extending these joists out into space, creating floor and/or roof area with no supporting columns or brackets. Typically used with balconies.

**Column:** Vertical structural member supporting a beam. May be round or square, straight or tapered.

**Cornice:** The topmost portion of the entablature; a decorative trim typically located at the junction of the wall and roof.

**Cupola:** Small structure located at the peak or ridge of a roof, consisting of low walls, windows and a small roof.

**Deck:** A raised wood frame platform with no roof.

**Dormer:** A small structure that projects from a sloping roof, with a window or vent in the downslope end; may have a hip, gable, shed or other shaped roof.

**Eave:** The exterior underside of a sloping roof with overhangs a wall.

**Entablature:** The upper horizontal members of a classical order, consisting of an architrave, frieze and cornice.

**Exterior Cladding:** The material primarily used to cover the outside of a building. Examples include wood siding, brick masonry and true stucco.

**Façade:** That portion of a building that faces a street, park, public way and alley or property line.

**Fence:** A barrier made of a variety of materials such as wood, masonry or iron and used to separate specific spaces.

**Flush Door:** A door with a flat exterior face, as opposed to a paneled door made of rails, stiles and panels.

**Frieze:** The middle division of an entablature between the architrave and the cornice.

**Gable:** The triangular portion of a wall at the end of a pitched roof. A roof with two sloping planes meeting at a common ridge and having gabled ends.

**Hip:** The external angle formed by the meeting of two sloping roof surfaces. A roof with sloping planes at each façade meeting at a common ridge.

**Lite:** A glass pane in a door or window.

**Masonry:** Construction technique utilizing modular units stacked with mortar as a bonding agent. Examples include stone masonry, brick masonry or concrete block masonry.

**Maximum Height:** The tallest dimension of the roof structure of the building, typically the highest ridge.

**Muntin:** The small molding or bar that separates the individual planes of a multi-paned window or door. Sometimes referred to as a grid.

**Outbuilding:** A building located to the rear of a lot, separate from the principal building. An outbuilding may be connected to the principal building by a breezeway.

**Panel:** That portion of a door filling the void between stiles and rails.

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**Pickets:** Vertical members of a fence supported of a top or bottom rail.

**Plank:** Type of door or gate utilizing vertical wooden boards usually with butt joint, v-groove or beaded edge.

**Principal Building:** The main house or building built on a lot, as opposed to an outbuilding.

**Rafter:** Structural member supporting a roof.

**Rake:** The sloping fascia of a gable.

**Ridge:** The line formed where two sloping roof surfaces meet at the top; may be horizontal or inclined.

**Roof Pitch:** The slope of the roof in relation to the horizontal, expressed as a ratio of vertical inches to 12 horizontal inches.

**Screening:** The use of a wall, fence or vegetation to give privacy to private areas or to screen parking, mechanical equipment or trash receptacles from view.

**Setbacks:** Lines established on each lot, recorded on the plat, parallel to property lines. They determine the closest distance a structure may be built to the property line.

**Shed Roof:** Roof type consisting of a single sloping plane.

**Stile:** Vertical member of a window sash or door.

**Stoop:** Steps and rails leading from grade to a front porch that are not covered by a roof.

**Style:** Classification of architecture base on common elements that were popular during a given period of history, not to be confused with building type.

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**FORM A**  
**Sketch Review Application**

Lot number:

**Owner**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Architect/Designer**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Landscape**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Builder (if selected)**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

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**FORM B**  
**Final Review Application**

Lot Number:

**Owner**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Architect/Designer**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Landscape**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Builder (if selected)**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_



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**FORM C**  
**Minor Change Application**

Lot number:

**Owner**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Architect/Designer**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Landscape**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Builder (if selected)**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

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**FORM D**  
**ARC Certification of Compliance**

Lot Number: \_\_\_\_\_

**Owner**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Architect/Designer**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

**Builder**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_ Other: \_\_\_\_\_

To the best of my knowledge and belief, the house constructed on lot \_\_\_\_\_ in The Highlands has been constructed in accordance with the approved plans and specs dated \_\_\_\_\_ along with minor changes dates \_\_\_\_\_.

Architect's/Designer's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF MISSISSIPPI  
COUNTY OF LAFAYETTE

THIS INSTRUMENT WAS FILED FOR RECORD THIS 26 DAY OF April, 2004 AT 2:00 O'CLOCK P.M. AND RECORDED IN BOOK 524 PAGE 561 THIS 26 DAY OF April, 2004

BY: Sherry Wall CHANCERY CLERK  
de