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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WATERSIDE

(b)
3/10/05

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Declaration") is made this 31st day of March, 2005, by:

ARROZAL, L.L.C., a Louisiana limited liability company ("Declarant"), havint its principal place of business in Calcasieu Parish, Louisiana, herein represented by John Chaddick Thielen as per the terms of a Resolution of the Members, a certified copy of which is attached hereto and made a part hereof, whose permanent mailing address is 414 Pujo, Lake Charles, Louisiana 70601.

THE WATERSIDE COMMUNITY

ARROZAL, L.L.C., as the developer of Waterside, has established this Declaration to provide a governance structure and a flexible system of standards and procedures for the overall development, expansion, administration, maintenance, and preservation of Waterside as a master planned community.

Article 1 Establishment of the Community

1.1. Purpose and Intent.

1.1.1. Declarant, as the Owner of the real property described in Exhibit A, by recording this Declaration, hereby establishes a general plan of development for the master planned community known as Waterside. This Declaration is intended to provide a flexible and reasonable procedure for Waterside's development and future expansion, as Declarant deems appropriate, and provides for its overall development, administration, maintenance, and preservation. An integral part of the development plan is the creation of Waterside Owners Association, an Association comprised of all Owners of real property in Waterside, which has been formed to own, operate, and maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referenced in this Declaration.

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1.1.2. This document does not and is not intended to create a condominium under Louisiana law.

1.1.3. Declarant intends that the property governed by this Declaration and other Governing Documents shall be developed as a Traditional Neighborhood Development (a TND) and, accordingly, it is Declarant's intent that land development within the TND be planned to encourage and provide mixed residential (both single family and multi-family), retail and commercial uses and properties. Accordingly, it is the Declarant's intent that the following concepts are desirable and shall be applicable throughout the development, to wit:

- A. Each neighborhood within the TND is intended to be physically identifiable and limited in scale.
- B. Residences, retail shops, workplaces and civic buildings are to be located in the neighborhoods.
- C. A network of streets, sidewalks and paths will serve the needs of pedestrians and vehicular traffic.
- D. Squares and parks will provide places for social activity and recreation.

- E. Civic buildings and squares are intended to reinforce the elements of the neighborhood, symbolic of community identity and providing places of purposeful assembly for social, cultural and religious activities.
- F. The development will promote the following non-exclusive social objectives,
 - (1) Bring within walking distances most of the activities of daily living, including dwelling, shopping and working;
 - (2) Reduce and/or minimize the number and length of automobile trips, and traffic congestion;
 - (3) Provide a means for citizens to come to know each other and to observe their collective security by providing defined public spaces, such as streets and squares; and
 - (4) Provide bonding of an authentic community.
- G. This Declaration is further intended to have the following purposes, to wit:
 - (1) To promote enjoyment of the natural resources of Declarant's Property and to protect and enhance its beauty;
 - (2) To encourage harmonious architecture;
 - (3) To plan for the possibility of both commercial and residential uses, without the customary divisions between them that require dependence on the automobile;
 - (4) To allow for eventual self-governing of the community by its owners; and
 - (5) To provide a guide for development that will preserve certain values while allowing change when appropriate.

1.2. Binding Effect.

1.2.1. The property described in Exhibit A, and any additional property which is made a part of Waterside in the future by recording one or more Supplemental Declarations, shall be owned, conveyed, occupied, improved and used subject to the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon persons having any right, title, or interest in any portion of Waterside, their heirs, successors and assigns.

1.2.2. Unless otherwise provided by Louisiana law, in which case, such law shall control, this Declaration, as it may be amended, shall be covenants running with the land, shall remain in effect and shall be enforceable by Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded. After such time, this Declaration shall be extended automatically for successive periods of ten (10) years each, unless an instrument signed by the then Owners of at least seventy-five percent (75%) of the Lots then subject to this Declaration has been recorded agreeing to terminate this Declaration, in which case it shall terminate as of the date specified in such instrument. In addition, Declarant's consent shall be required so long as Declarant owns any property within Waterside or has a unilateral right to annex property. Nothing in this Section shall be construed to permit termination of any servitude created in this Declaration without the consent of the holder of such servitude.

1.3. Governing Documents.

1.3.1 Waterside 's Governing Documents consist of:

- A. This Declaration and any Recorded Supplemental Declarations

- B. The Articles of Incorporation and By-Laws for Waterside Owners Association
- C. Restrictions and Rules duly adopted by the members and/or Board of Waterside Owner's Association.
- D. Architectural Guidelines adopted pursuant to this Declaration.
- E. Resolutions adopted by the Board of Directors of the Waterside Owners Association, as they may be amended.

1.3.2. Some Neighborhoods within Waterside may be subject to additional covenants, restrictions and servitudes, which a Neighborhood Association may administer. If there is a conflict between the Governing Documents and any additional covenants or restrictions, or the governing documents or policies of any Neighborhood Association, the Governing Documents shall control.

1.3.3. Nothing in this Section shall preclude a Supplemental Declaration or other recorded covenants applicable to a portion of Waterside from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration, in which case, the more restrictive shall control. The Association may, but shall not be required to, enforce covenants, restrictions, or other instruments applicable to any Neighborhood.

1.3.4. The Governing Documents apply to the Owners and occupants of property within Waterside, as well as to their respective tenants, guests, and invitees. A lease of property within Waterside shall provide that the tenants and occupants are bound by and obligated to comply with the Governing Documents.

1.3.5. If a court should determine that a provision of this Declaration is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity and application of any other provisions.

Article 2

Concepts and Definitions

2.1. Specific Definitions. The terms used in the Governing Documents shall be given their natural, commonly accepted meanings unless otherwise specified. Capitalized terms shall be defined as set forth below. Any additional capitalized terms not defined herein shall have the meanings indicated in the additional definitions included in the design code.

2.1.1. Additional Annexable Property: The property described in Exhibit B and any immovable property: (a) contiguous with the Declarant's Property (including without limitation thereto any property separated from the Declarant's Property by a public street, body of water or other property), or (b) any portion of which is within one-half mile of any portion of the Declarant's Property (including without limitation thereto any property separated from the Declarant's Property by a public street, body of water or other property).

2.1.2. Alley: A vehicular passageway designed to provide primary and service access to the rear of certain Lots. Each Alley included within Phase I is shown on the Initial Plat as an area shown and designated as a "27' Right of Passage and Utility Easmt." The rearmost 13.5 feet of each Lot that borders an Alley constitutes one-half the Alley on which that Lot borders.

2.1.3. Alley-Loaded Lot: A Lot which is bordered in part by an Alley, one-half of which typically constitutes a portion of the Lot in question.

2.1.4. Architectural Guidelines: The architectural, design, and construction guidelines and review procedures adopted pursuant to this Declaration, as may be amended from time to time.

2.1.5. Area of Common Responsibility: The Commons, together with such other areas, if any, for which the Association has or shall assume responsibility pursuant to the terms of this Declaration, any Supplemental Declaration or other applicable covenants, contracts, or agreements.

2.1.6. Waterside: The real property described in Exhibit "A," together with such additional property as is subjected to this Declaration.

2.1.7. Articles: The Articles of Incorporation of WATERSIDE OWNERS ASSOCIATION, filed with the Secretary of State of Louisiana, as they may be amended from time to time.

2.1.8. Assessments: collectively, the following charges:

- A. General Assessment. The amount assessed to, and due from, all Lot Owners and Lots to meet the Association's annual budgeted expenses and cash requirements, as determined in accordance with Article II.
- B. Neighborhood Assessment. An assessment levied against the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood expenses, as described in Article II.
- C. Individual Lot Assessment. An amount assessed to and due from, an Owner of a particular Lot for charges relating only to that Lot, as provided in Article II.
- D. Institute Assessment: The "Institute Assessment" is the amount assessed to, and due from, all Members of the Institute to meet the Institute's annual budgeted expenses and cash requirements, as described in Article II.
- E. Special Assessment. An amount assessed to and due from Lot Owners within a Neighborhood for capital improvements or emergency expenses, in accordance with the provisions of Article II.

2.1.9. Association: Waterside Owners Association, a Louisiana nonprofit corporation, its successors or assigns. The Association, whose members are the Owners, is responsible for maintaining Waterside and enforcing the Declaration and Governing Documents.

2.1.10. Board of Directors or Board: The body responsible for administration of the Association, selected as provided in the By-Laws, and generally serving the same role as a board of directors under Louisiana Corporation Law.

2.1.11. Builder: A Person who purchases one or more Lots for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within Waterside for further subdivision, development, and/or resale in the ordinary course of its business.

2.1.12. Building. Any building constructed on any Lot. If permitted by the Design Code and approved by the Design Review Board, a Building may be attached to another Building and share party walls.

2.1.13. By-Laws: The By-Laws of Waterside Homeowners Association, as may be amended from time to time.

2.1.14. Carport. An open air structure with a weatherproof roof to shelter automobile(s).

2.1.15. Class B Control Period: The period of time during which the Class B Member had independent voting rights as defined elsewhere herein. The Class B Control Period shall terminate on the first to occur of the following:

- (a) ninety (90) days after the date as of which the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, but only if a site plan proposing the annexation or inclusion

into Waterside of additional property eligible for annexation and inclusion into Waterside pursuant to the Declaration, is not offered to the Planning Commission for the Government for the Parish of Calcasieu within said ninety (90) day period, which site plan, if and when approved, will add sufficient additional Lots to those Lots that will then be owned by Declarant so that Declarant will then, following the approval of such proposed site plan, and the filing of a Supplemental Declaration, still own a majority of the Lots in Waterside ;

- (b) twenty-five (25) years after the recording of the Declaration shall have elapsed; or
- (c) the date as of which the Class B member elects in writing to become a Class A member.

2.1.16. Clerk of Court: The Calcasieu Parish Clerk of Court.

2.1.17. Commons: All real and personal property, including servitudes, in which the Association owns, leases or otherwise holds possessory or use rights for the common use and enjoyment of the Owners. The term shall include the Limited Commons, as defined below. The Commons shall not typically be dedicated for use by the general public, but rather are for the use and enjoyment of all or certain classes of Owners.

2.1.18. Common Expenses: The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include expenses incurred during the Class B Control Period for initial development or other original construction costs unless Members representing a majority of the total Class A votes of the Association approve.

2.1.19. Common Roads. The streets and roads located within Waterside which are intended for automobile traffic. Common Roads shall form part of the Commons. Title to the Common Roads may be granted, transferred and sold to the Association, or, said Common Roads may be dedicated, partially or in their entirety, at any time, to the appropriate governing authority by Declarant or the Association.

2.1.20. Community-Wide Standard: The standard of conduct, maintenance, or other activity generally prevailing at Waterside, or the minimum standards established pursuant to the Architectural Guidelines, Restrictions and Rules, and Board resolutions, whichever is the highest standard. Declarant shall establish initially such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Waterside change.

2.1.21. Declarant: Arrozal, L.L.C., a Louisiana limited liability company, or any successor or assign who takes title to any portion of the property described in Exhibits A or B for the purpose of development and/or sale and who is designated as Declarant in a recorded instrument the immediately preceding Declarant executes.

2.1.22. Declaration: This instrument, entitled "Declaration of Covenants, Conditions and Restrictions for Waterside", together with (a) the exhibits and attachments to same, (b) amendments and modifications adopted hereafter pursuant to the terms hereof, and (c) supplemental declarations filed pursuant hereto.

2.1.23. Design Code: The document titled "Masterplan and Codes for Waterside", together with amendments and modifications to same adopted hereafter pursuant to the terms hereof.

2.1.24. Design Review Board: The panel established by this Declaration to review submissions of improvement plans for approval.

2.1.25. Dwelling. Any complete Building designed or intended for use and occupancy as a residence by a single family.

2.1.26. Fence. A closure of front, side or rear yard area on a Lot.

2.1.27. Garage. An enclosed structure to shelter automobiles.

2.1.28. Garden Wall. A closure of a side or rear yard area constructed of masonry or stucco.

2.1.29. Governmental Authority: (a) United States of America, (b) The State of Louisiana, (c) any other State of the United States of America, (d) any political subdivision of any of the foregoing, (e) any agency, department, commission, board of bureau of any of the foregoing, and (f) any tribunal, instrumentality or court having jurisdiction over Waterside or any of the uses that may be made of Lots or other portions of Waterside or the conduct that may take place on or within, any Lot or any other portions of Waterside.

2.1.30. Home Office: The premises used for the transaction of business or the provision of professional services, employing no more than four full-time employees, one of whom shall be the Owner of the Lot on which the Home Office is located, or the tenant of said Owner.

2.1.31. Improvement: Every structure and appurtenance thereto of every type and kind, including but not limited to, dwellings, buildings, outbuildings, patios, tennis courts, swimming pools, garages, carports, driveways, sidewalks, walkways, fences, walls, gates, screening walls, terraces, retaining walls, stairs, decks, exterior air conditioning and heating units, pumps, wells, tanks and reservoirs, pipes, lines, cables, meters, towers, antennae, equipment and facilities used in connection with water, sewer, gas, electric, telephone, television or other utilities or services, and any construction which in any way alters the exterior appearance of any improvement, but shall not include pipes, lines, cables, meters, equipment and facilities in connection with water, sewer, drainage, gas, electric, telephone, television or other utilities or service provider in favor of whom a utility or drainage servitude has been expressly established and granted herein.

2.1.32. Institute: Waterside Institute, Inc., a Louisiana non-profit corporation, its successors and assigns. The Institute, whose members are the Owners and Declarant, has the purpose of encouraging the arts and cultural events within Waterside.

2.1.33. Institute Articles. The Articles of Incorporation of the Institute, together with all amendments and modifications to same adopted hereafter in accordance with Louisiana law.

2.1.34. Institute Board. The Board of Directors of the Institute.

2.1.35. Institute By-Laws. The By-Laws of the Institute.

2.1.36. Institute Members. At the time of any determination, all Owners and Declarant, for so long as Declarant is eligible.

2.1.37. Landscape Code: The document titled "Waterside Landscape Code", together with amendments and modifications to same adopted hereafter pursuant to the terms hereof

2.1.38. Lot: A portion of Waterside, whether improved or unimproved, which may be independently owned and which is intended for development, use, and occupancy by a single Owner or group of Owners. The term shall refer to the land, if any, which is part of the Lot, as well as any improvements thereon. In the case of a structure containing multiple portions, each of which may be separately owned, each portion shall be deemed to be a separate Lot. Thus, by way of example, on a parcel upon which condominium units are constructed, each individual condominium unit is deemed to be a Lot hereunder.

In the case of an unplatted parcel of vacant land, the parcel shall be deemed to contain a single Lot until such time as a recorded plat subdivides all or a portion of the parcel. Thereafter, the portion encompassed on such plat shall contain the number of Lots determined as set forth in the preceding paragraph. Any portion not encompassed on such plat shall continue to be treated in accordance with this paragraph.

2.1.39. Limited Commons: A portion of the Commons primarily benefitting one or more, but less than all, Owners or Neighborhoods.

2.1.40. Master Plan: The land use plan for the development of Waterside prepared by Architects Southwest, as may be amended from time to time. Inclusion of property in the Master Plan shall not obligate Declarant to subject such property to this Declaration, nor shall the omission of property described in the Master Plan bar its later submission to this Declaration.

2.1.41. Master Planned Community: A specialized form of development, usually comprising several hundred acres, emphasizing neighborhood and community identities, various amenities, a variety of housing types, a mixture of land uses, and coordination between land planning and architecture.

2.1.42. Member: A Person subject to membership in the Association.

2.1.43. Mortgage: A mortgage, vendor's lien, bond for deed, or other form of security instrument affecting title to a Lot. The term "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

2.1.44. Mortgagee: Any Person which holds: (i) a mortgage encumbering a Lot as collateral security for the performance of an obligation, or (ii) otherwise holds a lien or encumbrance burdening or otherwise encumbering a Lot.

2.1.45. Neighborhood: A group of Lots designated as a separate Neighborhood for purposes of sharing Limited Commons and/or receiving other benefits or services from the Association which are not provided to all Lots. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. If the Association provides benefits or services to less than all Lots within a particular Neighborhood, then the benefitted Lots shall constitute a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Association, if any, having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in this Declaration.

The initial Neighborhood of Waterside is defined as follows:

EQUESTRIAN LAKES: consisting of lots 1 - 18 of Phase I, as depicted on a plat of survey prepared by D. W. Jesson, more fully described in the attached Exhibit A, together with a Special Use Parcel within said Phase I, consisting of Lot 19, upon which an Equestrian Center may be constructed.

Neighborhoods may be further defined by Supplemental Declaration pursuant hereto and in accordance herewith. For areas in which no Neighborhoods have been defined or in which none are defined at the time of filing a Supplemental Declaration, the Association Board may designate Neighborhood boundaries for the purpose of Neighborhood improvements and making assessments for same under Article II. To the extent possible, all Lots on both sides of a street shall be included within the same Neighborhood. Separate Neighborhoods may be created if the street is interrupted by cross streets, or by bodies of water or Commons wider than typical Lots on that block, or if Lots on opposing sides of a road are of significantly different character.

2.1.46. Neighborhood Association: An Owner's Association having jurisdiction over any Neighborhood concurrent with (but subject to) the jurisdiction of the Association.

Nothing in this Declaration shall require the creation of any Neighborhood Associations.

2.1.47. Neighborhood Expenses: The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s).

2.1.48. Outbuilding: A Building additional to the Primary Residence, constructed at or near the rear Lot line with a maximum of two - stories, and having a maximum building footprint of 500 square feet. Outbuildings do not count against maximum building cover restrictions or Lot counts. Outbuildings may be attached to the Primary Residence on a Lot. Outbuildings and storage structures shall be allowed. Any structure over 500 square feet shall receive a variance in writing from the design review board, which board shall insure that the structure is architecturally compatible and appropriately scaled with the main structure. The location of outbuildings and storage structures shall be approved by the design review board.

2.1.49. Owner: One or more Persons who hold record title to a Lot, but excluding any party holding an interest merely as security for the performance of an obligation.

2.1.50. Person: A natural person, or a juridical person such as a corporation, partnership, limited liability company or trust.

2.1.51. Private Amenities: Such real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within, Waterside, which are privately owned and operated by persons other than the Association for recreational and related purposes, on a club membership basis or otherwise, which may include, without limitation, an equestrian center, ski lakes, fishing lakes, an airstrip, hiking and horseback trails, constructed or to be constructed by or on behalf of Declarant.

2.1.52. Record Recording, or Recorded: The filing of a legal instrument with the Recorder of Mortgages or Registrar of Conveyances of Calcasieu Parish, Louisiana, or such other place as may be designated as the official location for recording deeds, plats, and similar documents affecting title to real estate.

2.1.53 Rules and Regulations: The Association Rules and Regulations adopted by the Board, as authorized in this Declaration, as amended from time to time by the Board.

2.1.54. Setback: The placement of a Building or other structure from the property line of a Lot to the exterior fascia of said Building or other structure.

2.1.55. Side-Yard Setback. The minimum distance from the side property line of a Lot, that is adjacent to another Lot, to any part of the Main Building or any ancillary structure on the Lot as to which the Side-Yard Setback is being considered or determined.

2.1.56. Special Use Parcel. A parcel for which special uses and/or restrictions have been created, which parcel may or may not be restricted to residential use. Special use parcels may be owned privately or may form part of the commons. For Phase I, there shall be one special use parcel, which parcel is depicted upon the plat of survey of Phase I and consists of Lot 19. Said special use parcel may be used for residential purposes and additionally may be used for the operation of an Equestrian Center and the provision of surfaces and supplies for the owners of horses, including boarding, training, tact, feed, horse rental, riding lessons and such other services and supplies as may be reasonably related to an Equestrian Center.

2.1.57. Synopsis. The Synopsis of Urban Regulations contained within the Design Code, together with amendments and supplements thereto as may be hereafter adopted.

2.1.58. Subsequent Phase. A future phase of subdivision development by Declarant, its successors or assigns, that is an addition to or extension of Waterside or an earlier

Subsequent Phase thereof, as shown on a final plat of the Subsequent Phase prepared by a registered land surveyor or registered engineer, duly approved by the appropriate Governmental Authority and recorded with the Clerk of Court, and which Subsequent Phase is declared by Declarant or its successors or assigns be a Subsequent Phase in an Act filed of record with the Clerk of Court.

2.1.59. Supplemental Declaration: A recorded instrument which subjects additional property to this Declaration, designates Neighborhoods, and/or imposes additional restrictions and obligations on the land described in such instrument.

2.1.60. Utility Servitude. Those portions of Waterside depicted or labeled on the Initial Plat, or on any plat submitted as part of a Supplemental Declaration, as "utility servitude", "utility easement" or other similar words indicating that such areas have been reserved for use in conjunction with a public or private utility or service system.

2.2. Additional Definitions. Additional definitions for some terms used in the Design Code are included as part of the Design Code. In addition, unless the context otherwise requires or specifies, the words and phrases defined in this Declaration, when used in the Design Code, shall have the meanings specified for those words and phrases, whether or not such words or phrases are capitalized when used in the Design Code.

2.3. General Terms. Terms used in this Declaration and/or in the Design Code, to the extent not defined in this Declaration, shall, if those are terms used in the architectural profession and/or the construction industry, have those meanings generally ascribed to those terms within the architectural profession and/or the construction industry, as the case may be. The fact that a word or phrase is defined in this Declaration does not mean that such word or phrase has been used, or was intended to be used, in this Declaration or in the Design Code; definitions may have been included in anticipation of the future use of such words or phrases in amendments to this Declaration, the Design Code, the Landscape Code, and/or the use of such words or phrases in Supplemental Declarations.

2.4. Building Restrictions. Notwithstanding anything to the contrary contained herein, no improvement of any nature may be constructed on a Lot without complying with the requirements of this Declaration, the Design Code and the Landscape Code.

Article 3

Property Subject to This Declaration

Waterside is being developed in phases. This Article describes the immovable property which constitutes the first phase and additionally provides the method by which additional property may be annexed into and become a part of Waterside .

3.1 Initial Property. The immovable property which shall be held, transferred, conveyed and occupied subject to this Declaration consists initially of the immovable property described on the attached Exhibit A.

3.2. Annexation of Additional Property:

A. By Declarant. Declarant shall have the right, but not the obligation, for a period of thirty (30) years, commencing January 1, 2005, from time to time in its sole discretion, to declare that any additional portions of Declarant's property as described on the attached Exhibit B, is annexed to, and included and otherwise incorporated within, Waterside. With the approval of the Association Board, Declarant shall also have the right, but not the obligation, for the same period of time, from time to time in its sole discretion (but subject to approval of the Association Board) to declare Additional Property which is not described in Exhibit B, but which declarant believes to have a reasonable relationship with Waterside, is annexed to, and included and incorporated

within Waterside. The restrictive covenants and conditions contained in this Declaration shall extend to any such subsequent phase except to the extent expressly declared otherwise by Declarant in the Supplemental Declaration annexing same. It shall be permissible for Declarant, its successors or assigns, to declare in a juridical act that a Subsequent Phase is subject to all restrictive covenants and conditions in this Declaration, subject to any modifications thereof or additions or deletions thereto that are applicable only to the specific Subsequent Phase in question. Rules and Regulations of the Association may differ in their application to each Subsequent Phase, and the requirements of the Design Code applicable to each Subsequent Phase may be different, and are expected to differ, from those requirements of the Design Code applicable to Phase I.

B. By Members. After termination of the Association Class B membership, additional immovable property may also be annexed to, included and incorporated within Waterside by a majority vote of the Association Members.

C. Supplemental Declaration. A Supplemental Declaration annexing to, and including and otherwise incorporating within, Waterside additional immovable property as authorized under Section 3.2, Subparts A and B, shall become effective upon being recorded in the conveyance records of the Clerk of Court.

D. Special Provisions. A Supplemental Declaration may modify or add to the provisions of this Declaration, as required to reflect the different character of the additional property. A Supplemental Declaration may (1) define certain Neighborhoods within both newly annexed and previously existing portions of Waterside, Commons, whether existing or newly created, as Commons for the use of certain Lots, (2) designate certain Commons, whether existing or newly created, as Neighborhood Commons for the use of certain Neighborhoods, and (3) create and/or modify an assessment scheme by which certain Neighborhoods are assessed separately for Commons located within that Neighborhood. However, no such Supplemental Declaration shall deny use of existing Commons to those Owners who had such right prior to the recording of the Supplemental Declaration. A Supplemental Declaration may also create Neighborhood advisory councils.

3.3. Platted Lots. No Lots may be subdivided or separated into smaller Lots except by Declarant or with the specific consent of the Design Review Board. No portion of Lot may be separately conveyed, except by Declarant or with the specific consent of the Design Review Board, provided however, that this Section shall not prohibit the recording of corrective deeds or similar corrective instruments. Declarant shall have the right to record a Supplemental Declaration to modify approved subdivision plats for Waterside for the purpose of making adjustments to Lot boundary lines with consent only of those Owners whose Lots are to be changed by such Supplemental Declaration.

ARTICLE 4

Commons

Certain property and property rights within Waterside, called the "Commons," are to be owned and maintained by the Association for the benefit of the Unit Owners. As Waterside is expanded in phases, additional property will be made part of the Commons.

4.1 Title.

A. Association Ownership. The Commons shall be owned by the Association for the benefit of the Lot Owners unless dedicated to the public as permitted by this Declaration. Subject to the rights of Declarant as set forth in this Declaration, the Association shall have the right to regulate the use and occupancy of the Commons, including the right to adopt Rules and Regulations.

B. Additional Commons. Declarant may convey to the Association additional Commons which shall thereafter be maintained by the Association.

C. Dedication. Declarant shall have the right, without the consent or approval of the Lot Owners or the Association, to convey title to and/or dedicate any streets within Waterside to the Governmental Authority having jurisdiction to accept such dedication. Other Commons may be dedicated to the public by the Association Board upon consent in writing of Association members representing seventy-five (75%) percent of the votes in the Association.

D. Alleys. The ownership of each Lot which is an Alley-Loaded Lot expressly includes the ownership of that portion of said Alley directly bordering said Lot, but only to the midline of such Alley area. No conveyance may be made of any Lot without also conveying ownership of the portion of any Alley owned by the Owner of said Lot pursuant to this provision. Each Owner, by accepting title to a Lot in Waterside, expressly agrees that any conveyance by said Owner of title to an Alley-loaded Lot shall, whether or not any reference is made to the said Alley, results in a transfer of title to any portion of the Alley bordering said Lot and which is owned by the Owner of that Lot.

4.2 Maintenance: Capital Improvements.

A. General. The Association shall be responsible for the management, control and improvement of the Commons and shall keep the Commons attractive, clean and in good repair.

B. Capital Improvements. The Association may make such capital improvements to the Commons as it deems appropriate and may otherwise regulate the use of the Commons. Expenses for substantial capital improvements shall be approved in accordance with this Declaration.

4.3 Vehicular Traffic Regulation. The Association, subject to the authority of any Governmental Authority, may make Rules and Regulations concerning driving and parking within Waterside, may construct speed bumps, post speed limit or other traffic signs and take such other measures as are reasonable to control vehicular traffic within Waterside. The Association may enforce same pursuant to its general powers to adopt Rules and Regulations governing conduct within Waterside.

4.4 Damage or Destruction of Commons by Owner. If an Owner or his guests, tenants, licensees, agents, employees or family members damages any of the Commons, whether by negligence or intentional conduct, the Association shall have the authority to repair the damage and the cost of repair shall be the responsibility of said Owner and shall become an Individual Lot Assessment. The Association may, but shall not be required, to seek compensation for damage from a guest, tenant or other party causing the damage, in which case the Owner shall be solidarily liable with such person.

4.5 Limitation of Liability. The Association may, in its discretion, provide security within Waterside and may maintain the Commons and enforce traffic control measures, but neither the Association nor Declarant makes any representation or assumes any liability for loss or injury.

ARTICLE 5 SERVITUDES

Every Owner has the benefit of certain servitudes and the burden of others.

5.1. Owners' Easement of Enjoyment.

A. Commons. Every Owner shall have a servitude of enjoyment in and to the Commons, which servitude shall be a predial servitude appurtenant to every Lot in Waterside. This servitude shall be subject to the right of the Association to establish reasonable Rules and Regulations governing the use and occupancy of the Commons, including the right to suspend this servitude of enjoyment for violation of this Declaration and/or the Rules and Regulations, and further to limit use of certain Commons to certain Owners or Neighborhoods in which event the cost of maintenance of such Commons shall be assessed accordingly.

B. Tenants, Guests. An Owner may delegate, subject to the provisions of this Declaration, the Bylaws and the Rules and Regulations, his right to enjoyment of the Commons to the members of his family, his tenants or his guests who reside on the Lot or are accompanied by the Owner. The Association may adopt Rules and Regulations to prohibit or restrict dual use of the Commons recreational facilities by both an Owner and the Owner's tenant, except when the Owner is a bona fide guest of the tenant.

5.2. Servitudes in Favor of Declarant and Association. Declarant hereby reserves for itself, its successors and assigns, and grants to the Association the following servitudes, which are intended to benefit Declarant, the Association, Waterside and all other properties owned, now or in the future, by Declarant which are adjacent to, or contiguous with Waterside, including without limitation the Declarant's Property and any portion of such property that may be separated from Waterside by a public road or body of water. Each of the servitudes reserved and/or granted herein (i) shall be a predial servitude in favor of Declarant's Property, to the extent not included within Waterside, and other properties owned, now or in the future, by Declarant, which are adjacent to, or contiguous with, Waterside, including without limitation thereto any portion of such property which may be separated from Waterside by a public road or body of water, (ii) shall also be a personal servitude in favor of Declarant and the Association, and (iii) shall also be a predial servitude for the benefit of the Association.

A. Common Roads. Declarant hereby reserves for itself, its successors and assigns, a nonexclusive easement and servitude for use of the Common Roads.

B. Utility Servitudes.

- (1) Declarant reserves for itself, its successors and assigns, and grants to the Association, a blanket servitude for ingress, egress, construction, installation, replacement, repair and maintenance of public and private utility and service systems, which servitude shall be upon, across, over, through, and under the Utility Servitudes as reflected upon the various plats of surveys for Waterside, as and when phases of Waterside are created or annexed by this Declaration or by Supplemental Declaration. The systems permitted pursuant to this servitude include, but are not limited to, water, sewer, irrigation, drainage, telephone, electricity, television, cable or communication lines, fiber optic lines, natural gas lines and other equipment. By virtue of this servitude, Declarant may, but is not obligated to, install and maintain facilities and equipment, excavate for such purposes and affix and maintain wires, circuits and conduits. The systems themselves, which shall include all pipes, wires, circuits and conduits, the systems themselves, including pipes, wires, circuits, cables, conduits, switch boxes, transformers, light standards and other equipment related to the provision of public and private utility service, shall be installed within the confines of the Utility Servitudes.
- (2) Declarant or the Association may at any time make a partial assignment to a utility company, or Governmental Authority, of the Utility Servitudes herein reserved and granted. Irrespective of whether such assignment expressly provides, the assignment shall be partial and nonexclusive and both Declarant and the Association shall continue to have the servitude reserved and granted herein, to be used on a nonexclusive basis with each other and with such utility companies or such Governmental Authority, to which such assignment has been made. Neither Declarant, nor the Association, shall have any liability to each other or to any Owner for (1) damages caused by a utility company or Governmental Authority to whom such an assignment has been made, in the exercise of the servitude reserved and granted herein, whether such damages are caused by the sole or concurrent fault of said utility company or Governmental Authority, or (2) for failure to provide utility services to an Owner or to the Association.

- (3) To the extent any utility or Governmental Authority uses any of the Utility Servitudes within Waterside , and to the extent that Declarant, the Association or any assignee of either (all of whom are collectively referred to as "grantee" in this subparagraph (3) use or exercise any of the rights granted and reserved for utilities, then and in that event: (a) whenever reasonably possible, the lines and facilities to be constructed and installed within the Utility Servitudes shall be placed underground, (b) each grantee shall respect the reasonable use of the servitudes by the other grantees thereof, and each shall cooperate with the others to the extent necessary to assure the reasonable, mutual use of the Utility Servitudes by all grantees; (c) each grantee, after any use of the Utility Servitudes or exercise by such grantee of the rights herein granted, shall restore the surface of the immovable property subject to the servitude to a condition as close as is reasonably possible to that which existed prior to such use or exercise, provided that such grantee shall not be required to replace, or otherwise repair any Improvements, trees, shrubs or other obstructions which interfere with use of the servitude and which are damaged through the reasonable exercise of the servitudes; (d) each grantee who is an assignee of Declarant or the Association, by its use of the Utility Servitude or exercise of the rights hereunder , does hereby agree to defend and hold its assignor, its successors and assigns, harmless from liability arising from negligence or other fault of the grantee in the construction, installation, repair, alteration and maintenance of utility facilities installed pursuant to the Utility Servitude; and (e) Declarant, the Association, each Governmental Authority and each utility company agree that (i) it accepts the right to use the said Utility Servitude subject to the right of Owners to construct Buildings on Lots which have soffits, eaves, stairs, stoops, balconies and/or fascia which encroach on and over the said Utility Servitude by no more than 24 inches measured from the boundary of the servitude nearest to the interior of the Lot going out toward the exterior boundary of the Lot, provided that any such encroachment is at least 10 feet above the finished ground elevation in the area of the encroachment, and (ii) it may never request that the Owner remove any such soffits, eaves, stairs, stoops, balconies or fascia that encroach on the said Utility Servitude in accordance herewith.
- (4) Those areas located on Lots and identified as utility niches shall not be considered as part of the Utility Servitude or subject thereto nor shall they be considered subject to any servitude in favor of a Governmental Authority or a utility company. Such utility niche areas shall be used, in the absence of approval from the Design Review Board to the contrary, solely for the placement of utility meters and, on alley-loaded lots, for the storage of garbage cans and other receptacles for the storage of garbage.

D. Police Powers. Declarant reserves for itself, its heirs, successors and assigns, and grants to the Association, a blanket servitude throughout Waterside for private security patrol services and for exercise of police power and services generally supplied by Governmental Authorities.

E. Alleys. Declarant reserves for itself, its successors and assigns, and grants to the Association, the Association members and future Owners of Lots a nonexclusive servitude of passage on and across those portions of Waterside that are labeled and designated as Alleys or rights of passage and on any plats filed in conjunction with a Supplemental Declaration.

5.3 Servitudes in Favor of Lots. Declarant hereby establishes a servitude on each lot in favor of each adjacent Lot on and across that portion of each adjoining Lot or Commons which is no more than three feet away from the boundary of the Lot and whose favor such servitude has been created for construction, maintenance and/or

repair of improvements constructed on the Lot in favor of which the servitude is created. This servitude shall be subject to the following requirements:

- A. Except in an emergency, no use may be had of the servitude without providing at least ten days prior written notice to the Owner of the Lot burdened with the servitude (the "Servient Lot") of the intention to use the servitude, and during those ten days the Owner of the Servient Lot shall provide the notifying Lot Owner of any reasonable restrictions (including time of access) which the Owner of the Servient Lot requires be honored by the notifying owner;
- B. If the notifying Lot Owner is willing to comply with said restrictions, then the notifying Owner may proceed with the construction, repair and maintenance in accordance with the requirements established by the Design Code, this Declaration and applicable Rules and Regulations;
- C. If the notifying Lot Owner believes the restrictions provided by the servient Lot Owner are not reasonable, and cannot resolve the issue with the servient Lot Owner, then the notifying Lot Owner shall apply to the Association Board (or to the Covenants Committee, if one has been formed) for a hearing relative to the dispute;
- D. After five days notice, the Association Board or Covenants Committee, if formed, shall grant a hearing to the owners involved with respect to the request and the decision shall be final and binding upon the owners; and
- E. Each grantee, after exercise of the rights herein granted, shall restore the surface of the property subject to the servitude as close as is reasonably possible to that which existed prior to such exercise, provided that such grantee shall not be required to replace, or otherwise repair any Improvements, trees, shrubs or other obstructions which interfere with the use of the servitude granted herein and which are damaged through the reasonable exercise of the servitude.

ARTICLE 6

BUILDING RESTRICTIONS AND ADMINISTRATION OF DESIGN CODE

Administration of the Design Code is the responsibility of the Design Review Board. The Design Review Board will review all plans for construction, or modification, of any Lot or Commons.

While the Design Code is believed to have been carefully drawn, conditions can change over time, requiring changes in the Design Code.

6.1. General. This Section sets forth certain specific building restrictions and other covenants relating to the construction of Improvements on each Lot. Other provisions of this Declaration and the Design Code and Landscape Code also address such requirements. The primary source for restrictions, requirements and standards relative to improvements within Waterside is the Design Code, which Code is incorporated by reference herein. The Design Code is in a format which is not conducive to recordation with the Clerk of Court and, accordingly, it shall not be recorded. However, the ownership and occupancy of land within Waterside is hereby specifically made subject to the requirements of the Design Code as from time to time amended. The Design Code may be amended in accordance with the provisions of this Declaration and land within Waterside is and shall be subject to the Design Code as it may from time to time be amended, provided, however, that no amendment may require the removal of improvements constructed in accordance with the Design Code at the time of construction except in extraordinary circumstances, which extraordinary circumstances must be found to exist by not less than a two-thirds vote of the entity adopting the amendment. In the event that improvements which are permitted to remain as a result of their construction and compliance with the Design Code in effect at the time of construction are destroyed or voluntarily modified, reconstruction shall be in accordance with the then provisions of the Design Code unless the Design Review Board plans a variance to permit reconstruction in accordance with the provisions of the Design Code in effect at the time of the original construction.

A. Dwellings and other Buildings and Improvements constructed on each Lot shall be designed and constructed in accordance with the requirements applicable to the Lot as set forth in this Declaration and the Design Code. Height restrictions, use restrictions, allowed building typology, placement requirements, parking requirements, Setback requirements, and requirements, if any, concerning porches, Fences and/or Garden Walls for each lot may be set forth in the Design Code and, to the extent regulated by said Code, shall be constructed in accordance therewith.

B. Wherever the letters "NA" appear with regard to a lot in the Design Code, there is no applicable requirement as to the matter addressed in the Code. To the extent that any amenity, feature or improvement is mandated by the Design Code for a particular lot, the owner thereof shall be required to construct or otherwise provide said amenity, feature or improvement on the lot unless same is waived by the Design Review Board in accordance with the procedures provided in the Design Code and this Declaration. Examples of improvements which may be mandated by the Design Code are porches, fences, garden walls, courtyards, minimal setbacks and construction finish materials. The Design Code may additionally mandate the required locations of any of the foregoing features, amenities or improvements.

C. The Design Code may mandate that only a certain architectural typology or group of architectural typologies shall be permitted on a particular lot. The Design Code may contain minimum design requirements and/or restrictions for each of the various allowed architectural typologies and, in such event, the owner shall comply with said requirements in the design and construction of the dwelling, other buildings and improvements. With respect to the historical architectural characteristics and the historical details applicable to each of the building typologies as may be reflected in the Design Code, same are intended to typify each such building typology. There are many other characteristics and details of each approved building typology and those other characteristics and details may also be used. The Design Review Board, through the review process, shall verify that the plans for the design of dwellings, other buildings and improvements proposed for construction on a lot are consistent with the characteristics and details of the building typology chosen by the owner presenting plans for review.

D. Setbacks. The Design Code may contain specific requirements for each lot as to required setbacks, in which event, improvements shall be constructed in accordance with the setback provisions of the Design Code. Setback numbers are expressed in "feet" as the linear measurement of the setback and, as to some lots, may be designated as a range between a minimum or a maximum distance.

1. General. Under the column of the Synopsis labeled "Main Setback," information as to the required front Setback of the Main Building to be constructed on each Lot is set forth in the column labeled "F," information as to the required Side-Yard Setback is set forth in the column labeled "S," and information as to the required rear Setback is set forth in the column labeled "R." All Setback numbers are expressed in "feet" as the linear measurement of the Setback, and as to some lots Setbacks may be designated as a range between a minimum and maximum or as a minimum distance.

2. Front Setbacks - Principal Residence. The front fascia of each Main Building constructed on a Lot must be located no more and no less than that number of feet from the front property line of said Lot that is set forth as the front Setback of the Main Building in the Design Code.

3. Side-Yard Setbacks - Main Building. The fascia of the sides of any Building (i.e., the boundaries not facing the Street on which the Lot fronts and not facing the rear of said Lot) may be located no closer to the side property lines than that number of feet that is set forth as the side Setback of the Main Building in the Design Code.

4. Rear Setbacks - Main Building. (i) If the rear Setback for any Building is set at a specific number, then the Building's fascia which is nearest the rear property line of a Lot must be located no more and no less than that number of feet from the rear property line of said Lot that is set forth as the rear Setback for Main Buildings.

- a. If the rear Setback for any Building is set at a minimum, then the Building's fascia nearest the rear property line of a Lot must be located no less than that number of feet from the rear property line of said Lot that is designated as the minimum of the rear Setback of the Main Building in the Design Code.

E. Encroachments. With the permission of the Design Review Board, Eaves, soffits, Stoops, Stairs, balconies and fascia of Dwellings or other Buildings are permitted to overhang a Utility Easement or a Street right of way, by 24 inches, provided that any such encroachment must be no less than 10 feet above the finished ground elevation in the area of the encroachment, and further provided that any required consent has been obtained by the Lot Owner from any Governmental Authority or utility company, whether public or private.

F. Construction Materials. In the absence of a variance from the Design Review Board, no exterior building or construction material will be allowed to be utilized in the construction of any Improvement on any Lot except for those materials set forth and described below:

1. Unit Masonry or Brick. "Unit Masonry" or "Brick" may be used if it is chosen from the palettes of molded or wire cut brick selections approved for use within Waterside by the Design Review Board. Concrete masonry units shall not be considered acceptable for exposed applications.

2. Exterior Architectural Woodwork. Exterior architectural woodwork shall be limited to Custom or premium grades of woodworking and shall include, but are not limited to, exterior standing and running trim, exterior ornamental work, pediment heads, pilasters, cupolas, railings, columns, exterior frames and jambs, and exterior shutters. Species of wood for exterior woodwork shall include Honduras mahogany, clear all heart redwood, all heart western red cedar, clear all heart red cypress, or treated southern pine as suitable for retaining painted finish coating, high density polymer molded products, James Hardy cement board, "Clear-Lam" engineered products or other products approved by the Design Review Board as equal to the preceding specifically named products.

3. Exterior Siding. Exterior siding must be exterior siding consisting of 1" x 6" or 1" x 8" wood or James Hardy cement board, or other products approved by the Design Review Board as equal to the preceding specifically named products.

4. Roofing. Roofing material must be one of the following: Raised seam gray metal, slate, gray asphalt shingle (at least 25 year architectural shingle) approved by the Design Review Board, synthetic slate approved by the Design Review Board, or V-crimp galvanized metal. Asphalt shingled roofs may be capped at all ridges with terra cotta, slate or man-made stone ridge caps which have been approved by the Design Review Board.

5. Flashing and Sheet Metal Accessories. Flashing and sheet metal accessories shall be limited to those used in construction of Dwellings or other Buildings and include, but are not limited to, roof drainage systems, exposed trim, copings and metal flashings. Metals suitable for use for these application shall include anodized aluminum, galvanized steels, copper and stainless steel. Roof vents shall be copper or galvanized metal. (Paint-Grip galvanized metal is approved.)

6. Windows. Windows shall be one of the following: wood window units that are primed wood window units for field painting, aluminum clad wood window units, and vinyl clad wood window units which have been approved by the Design Review Board. All window units shall have, at a minimum, simulated divided lights. The Design Review Board shall have authority, within its sole discretion, to waive the requirements of the preceding sentence. Insulated glazing shall be allowed for use; however tint and reflectivity shall be limited to a maximum of 10%.

7. Cement Plaster (Stucco). Cement plaster (stucco) shall mean portland cement plaster consisting of three coat work over metal lath. A factory-prepared

integrally colored synthetic finish coat shall be considered acceptable for use, however adherence to color palette by painting, if required, shall still remain. Alternative rigid board systems may be submitted to the Design Review Board for consideration but shall not be utilized without the prior written approval of the Design Review Board. Southern Building Code approved hard coat synthetic plaster is approved, however, the use of exterior polystyrene sheet board is not allowed.

8. Garden Walls. Garden Walls shall be constructed only of materials approved by the Design Review Board and shall be constructed in accordance with the requirements, if any, as set forth in the historical details portion of the Design Code. Garden Walls colors shall additionally be approved by the Design Review Board.

9. Fences. Wooden Fences shall be surfaced on four sides (S4S) with wood in the styles and configurations as indicated in the Historic Details portion of the Design Code. Alternate designs are encouraged but must be approved in advance by the Design Review Board. Fences constructed of wood shall be painted using a color approved by the Design Review Board. Fences constructed of wrought iron shall be painted either black or voo doo green.

G. Fences and Garden Walls.

General. Fences shall be 3 feet 6 inches in height above ground level and shall be constructed in accordance with the requirements of this Declaration and the Design Code; any Fence constructed on a Lot shall be constructed in accordance with the Historical Details applicable to Fences for the particular Building Typology selected by an Owner for construction of Dwellings or other Buildings on a Lot. Garden Walls shall be no lower than 6 or higher than 8 feet in height above ground level and shall be constructed in accordance with the requirements of this Declaration and the Design Code. A Garden Wall permitted or required by the Design Code or this Declaration, shall be constructed on the property line dividing two (2) Lots, except in the case of any Lot that is not bounded by another Lot, in which case the Owner of such Lot shall construct the Garden Wall within the confines of the boundary of such Lot.

H. Garages and Carports. The architectural design of garages and carports shall match, and otherwise be harmonious with, the architectural design of the main building constructed on that lot. The Design Review Board shall approve prior to construction garages and carports.

I. Mailboxes. Mailboxes shall be approved by the Design Review Board as one of the improvements constructed on a lot.

J. Trash and Garbage Containers; Recyclables. The Association Board shall adopt rules and regulations governing the existence, maintenance and location of containers for trash, garbage or recyclables. Each lot owner shall comply with the requirements of the rules and regulations.

K. Landscaping. Each Lot shall be landscaped in accordance with the requirements of this Declaration, the Design Code and the Landscape Code.

L. Waterside Structures. The improvements to be constructed upon or near any water body in the subdivision shall be approved in advance by the Design Review Board. No such structures, including docks, wharfs, piers, boat houses or the like, shall extend further than fifteen (15') feet into the water body in question.

6.2 Design Review Board.

A. General. The Design Review Board is an agency of the Association.

B. Composition. The Design Review Board shall have either three (3) members or five (5) members; initially, the Design Review Board shall consist of three (3) members. Should the Association Board wish to increase the number of members serving on the Design Review Board, it may do so at a regularly called meeting of the Association Board. The members of the Design Review Board shall be selected as

follows:

1. Town Planner. The Town Planner, who is appointed pursuant to Section 6.3, shall serve as one (1) member of the Design Review Board.
2. Additional Members. Other members of the Design Review Board shall be appointed by Declarant for so long as Declarant is permitted under Section 6.3. to select or replace the Town Planner. When Declarant no longer selects the Town Planner, the Association Board shall appoint the additional members of the Design Review Board.

Compensation. The Town Planner and other professionals and staff assisting the Design Review Board may be paid reasonable compensation for service on the Design Review Board, as determined from time to time by the Association Board. Members of the Design Review Board shall be reimbursed by the Association for their respective expenses incurred in furtherance of the authorized activities of the Design Review Board, subject to review and approval by the Association Board. All members of the Design Review Board, in addition to the Town Planner, may be paid compensation for their time and efforts in serving on the Design Review Board, if such compensation is approved and authorized by the Association Board.

Cost of Operation. The Association shall be responsible for the reasonable costs of operation of the Design Review Board. Each Owner submitting plans for the construction or modification of Improvements on any Lot shall submit with such plans a payment of \$400.00 as a nonrefundable Review Fee to the Association; the Review Fees shall be used by the Association to defray the costs and expenses incurred by the Design Review Board and the fees and compensation paid, if any, to the Town Planner, staff, other professionals and members of the Design Review Board. The Association Board, in its sole discretion, may increase the amount which must be paid as a Review Fee in conjunction with the submissions of plans above the initial \$400.00 fee, but in no event shall the said Review Fee charged in any one calendar (1) year exceed 110% of the Review Fee charged during the preceding calendar year.

Employees. The Design Review Board may employ personnel or contract with individuals or companies as necessary to assist in the review process, as authorized pursuant to the budget for the Design Review Board, as established by the Association Board. Such personnel, individuals and/or companies employed or contracted with by the Design Review Board shall be considered as employees and/or independent contractors of the Association.

Rules and Procedures. The Design Review Board is authorized to adopt rules and procedures and to adopt, from time to time, amendments to said rules and procedures for the conduct of its business, consistent with the provisions of this Declaration. An Owner shall be provided with a copy of such rules and procedures within fifteen (15) days of submission of a written request to the Association Board.

6.3. Town Planner.

A. Selection. The Town Planner is initially selected by Declarant and may be removed and replaced, at any time, in the sole discretion of Declarant. While Declarant owns at least three (3) Lots or holds any property within Waterside for sale in the normal course of business, Declarant may select any successor or replacement. When Declarant no longer selects the Town Planner, the Association Board shall select the Town Planner.

B. Qualification. The Town Planner shall be a trained architect or shall have a masters degree in urban design from an accredited university, or shall have comparable qualifications. The Town Planner need not be licensed to practice in Louisiana unless required by law.

6.4. Modification of Design Code or Landscape Code. The Design Review Board may, subject to any applicable zoning ordinance, revise any part of the Design Code and/or the Landscape Code, and supplement both or either from time to time for any of the following reasons:

A. To make changes which the Design Review Board believes will better accomplish the objectives set forth in the Statement of Purpose and intent in Article I of the this Declaration.

B. To adjust for market conditions so as to improve the value of all or some of the Lots;

C. To recognize changing land use conditions over time, both from within and outside of Waterside ; or

D. To establish the plan for the development of additional immovable property annexed to, and included and incorporated within, Waterside pursuant to a Supplemental Declaration, which plan shall be implemented through the regulation of land use, architecture, environment and landscaping with said additional immovable property.

The Design Code and the Landscape Code, together with amendments to same adopted by the Design Review Board, shall be available for review in the registered office of the Association during normal business hours. An Owner wishing to have a copy of the Design Code and/or the Landscape Code, shall pay the cost of reproducing same to the Association which shall be calculated on the basis of \$.50 per page; provided, however, there shall be no charge for the first copy of said Design Code or the first copy of the Landscape Code with respect to each Lot. While Declarant owns at least three (3) Lots or holds any property within Waterside for sale in the normal course of business, no change may be made to the Design Code or to the Landscape Code without the express written consent of Declarant. On request of the Design Review Board, the Association Board shall, without the consent of the Association Members, file any amendments to this Declaration at any time which add to, change or otherwise modify the Design Code and/or the Landscape Code. Modifications and changes to the Design Code and/or the Landscape Code shall not affect or bear on the construction of Dwellings or other Buildings within Waterside , to the extent that such Dwellings or Buildings have been constructed prior to the adoption of such modification or other amendment to the Design Code or the Landscape Code; but such modifications and changes shall be effective with respect to any alterations or other additions to Dwellings or other Buildings constructed after the date of such amendments or modifications to the Design Code and/or the Landscape Code. Declarant and the Association, whenever filing Supplemental Declarations pursuant to this Declaration, may and are expected to file supplements to the Design Code and/or the Landscape Code which will contain specific requirements for the property added to Waterside pursuant to any such Supplemental Declaration, including without limitation thereto, in the filing party's sole discretion, additional designations of Lot Types, additional Building Typologies authorized for each new Lot Type within the new phase, architectural characteristics and historical details for each such additional Building Typology, and such further requirements and restrictions with respect to construction on Lots as are contained in the Design Code and/or the Landscape Code as filed originally with this Declaration.

6.5 Approved Contractors: approved Architects and Design Professionals.

A. Contractors. No Owner shall self-contract the construction of Improvements on a Lot. The contractor selected by an Owner shall be approved by the Design Review Board, in its sole discretion. Contractor approval by the Design Review Board shall not be deemed an endorsement of that contractor's ability and shall not serve as a basis for liability on the part of the Design Review Board for any actions of the Contractor.

B. Architects and Design Professionals. The architect or other design professional selected by an Owner to design improvements on a lot shall be approved by the Design Review Board, in its sole discretion. Such approval shall not be deemed

to be an endorsement of that architect's or design professional's ability and shall not be the basis for liability on the part of the Design Review Board for any actions or inactions of the Architect or Design Professional.

C. Access to Approved Lists. The list of approved contractors and the list of approved architects and other design professionals shall be maintained by the Association in the registered office of the Association and those lists shall be available for review by Owners during regular business hours of the Association.

D. Approval Process. Should an Owner desire to have a Dwelling or other Building or other Improvements constructed on a Lot by a contractor who is not approved by the Design Review Board, or to have a Dwelling or other Building or other Improvements to a Lot designed by an architect or other design professional who is not approved by the Design Review Board, the Owner shall submit to the Design Review Board such information as may be requested by the Design Review Board, which information may include, without limitation, the following: (a) name and address; (b) a listing of Dwellings or other Buildings or similar types of Improvements constructed or designed, as the case may be, by the proposed contractor or design professional, together with photographs of such Dwellings or other Buildings or similar types of Improvements; (c) a listing of references who may be called to discuss the quality, effectiveness, thoroughness and other aspects of services to be provided by the proposed contractor or design professional; (d) evidence of insurance; (e) evidence of ability to obtain payment and performance bonds, or other evidence of net worth and liquidity; (f) other evidence of ability, as to a contractor, to build a Dwelling or other Building or other Improvements in a timely manner, in accordance with plans and specifications; and (g) other evidence, as to a design professional, of ability to design and provide specifications for a Dwelling or other Building or other Improvements which would be consistent with the requirements of this Declaration, the Design Code and the Landscape Code.

6.6 Review Procedure.

A. Construction Subject to Review. Construction or modification, excluding interior alterations not affecting the external structure or appearance of Building, on a Lot or Commons, must be approved in advance by the Design Review Board. Modifications subject to review specifically include, but are not limited to, painting or other alteration of a Building (including doors, windows and trim); replacement of a roof or other parts of a Building other than with duplicates of the original material; installation of antennae, satellite dishes or receivers, solar panels or other devices; construction of fountains, swimming pools, whirlpools or other pools; construction of privacy walls or other fences or gates; addition of awnings, flower boxes, shelves, statues, or other outdoor ornamentation; window coverings; individual wells or septic tanks; and material alteration of the landscaping or topography of Waterside, including without limitation any removal or substantial pruning of trees or plants. The listing of a category does not imply that such construction is permitted; this Declaration may, for example, prohibit all antennae, satellite dishes or receivers, in which event, such a prohibition shall control.

B. Application. The plans to be submitted for approval shall include (i) at least one (1), but not more than three (3) sets of the construction plans and specifications for the proposed Work, including proposed grading, leveling, contouring, clearing and landscaping of the subject Lot, and which specifically reflect therein the structural components, size, shape, height, dimensions, floor plan or layout, materials and colors of the proposed Improvement, and the types of construction, (ii) elevations of proposed Improvements and the location of proposed Improvements on the Lot in question, and (iii) such other items as the Design Review Board requires. No construction on a Lot shall be commenced and no Lot shall be modified except in accordance with plans and specifications that have been approved by the Design Review Board. Any modification to the approved plans and specifications shall be reviewed and approved by separate application.

The Design Review Board shall have the power and authority to grant a variance from the provisions of this Section as to any Work for which the Design Review Board, in its

sole discretion, deems it unnecessary that plans and specifications be submitted, provided, however, that such Work shall nevertheless be performed in compliance with the other terms and provisions of this Declaration, the Design Code and the Landscape Code.

C. Review Fee. The Review Fee established herein, as same may be modified by the Board, shall be submitted with those required items pursuant to the preceding Subpart. Should the Design Review Board reject or modify or require modifications to any plans and/or specifications due to deviations in said plans or specifications from the Design Code or the Landscape Code, then and in that event, the Owner who submitted said plans and specifications shall pay another Review Fee in the amount then set by the Board when the owner resubmits the revised plans and specifications. The Design Review Board shall have the discretion to waive any such additional Review Fees if, in its sole discretion, it determines that the deviations from the Design Code or the Landscape Code were not significant.

D. Basis for Decision. An application shall be approved or denied based upon compliance with the factors set forth hereinbelow in Section 6.7. The Design Review Board may grant variances from the Design Code or from the Landscape Code based on existing topographical or landscape conditions, demonstrated hardship or architectural merit. Such variances may include, but are not limited to, variances in building typologies and requirements regarding height and use, placement/parking and encroachments.

E. Uniform Procedures. The Design Review Board shall establish procedures for the review and approval of applications.

F. Notification: Construction. The Design Review Board shall notify the applicant of its decision within the time limits established pursuant to the procedures adopted under Subpart E of this Section. If approval is given or deemed to be given, construction of the Improvements may begin. Construction must comply with the plans and specifications approved by the Design Review Board.

G. Enforcement. If construction is begun which has not been approved or which deviates from the approved plans and specifications, the Design Review Board, the Town Planner, Declarant or the Association may bring an action seeking such recourse as may be appropriate under the circumstances, including an action for specific performance, declaratory judgment or injunctive relief. As part of such an action, actual attorney's fees incurred may additionally be recovered.

6.7 Factors to Be Considered. The Design Code and the Landscape Code each provide many, but not all, factors to be considered by the Design Review Board in reviewing applications. Each Owner agrees and acknowledges that the Design Code and the Landscape Code are not exhaustive, and that in reviewing applications the Design Review Board may consider such other factors as the Design Review Board may in its sole discretion deem appropriate. In addition to compliance with this Declaration, the Design Code and the Landscape Code, additional factors to be considered by the Design Review Board in reviewing plans and specifications submitted to it shall be: the quality of workmanship and material; the architectural style or design; the aesthetic appearance of the exterior of the Improvements; conformity with good aesthetic design practices; the quality and size of the proposed Improvements; the good aesthetic use of materials, color and location in relation to surrounding structures and topography; harmony of design with existing Dwellings, Buildings or other Improvements; avoidance of duplication of or repetitive designs for Dwellings or other Buildings and other Improvements, and whether the design or design components are historically accurate.

6.8 Variances. The Design Review Board shall have the right and power to grant variances from compliance with a provision of this Declaration or a provision in the Design Code or in the Landscape Code, including without limitation, the approval of different building typologies than, or variances from, the building typologies identified in the Design Code, as well as requirements regarding height and use, placement/parking and encroachments, with respect to Lot. Building restrictions, including without limitation those addressing the face direction, location, setbacks or materials for Dwellings or other improvements, may be modified when, in the sole discretion of the Design Review

Board, circumstances such as topography, natural obstructions, hardship, or aesthetic, economic or environmental considerations, warrant a variance. Variances shall be issued in writing by the Design Review Board in order to have effect. A written approval from the Design Review Board of plans and specifications for a proposed Work that will not comply, in one or more respects, with the Design Code, the Landscape Code or this Declaration, shall constitute a written variance as to the specific matter or matters not in compliance, unless otherwise expressly stated therein.

If a variance is granted, no violation of this Declaration, the Design Code or the Landscape Code, shall be deemed to have occurred with respect to the matter for which the variance was granted. The grant of a variance shall not operate to waive any of the terms and provisions of this Declaration for any purposes except as to the particular instance covered by the variance, and in no case shall the grant of a variance in one instance obligate the Design Review Board to grant a variance in another instance.

6.9 Limitations and Release of Liability. The purpose of the review of plans and specifications by the Design Review Board is to protect and enhance the aesthetic and monetary values of Waterside and each Owner's Lot, and to maximize compliance with the Declaration, the Design Code and the Landscape Code, for the benefit of all Owners. In performing its functions, the Design Review Board does not warrant, guarantee, recommend, approve, certify or endorse any particular architectural, engineering or structural design, or any plan, specification, material, construction method or practice, as to its safety, freedom of defects, durability, fitness or suitability for intended use, strength or other characteristics.

Neither the approval by the Design Review Board of any plans or specifications for Work nor review, inspection or observation of such Work shall constitute a warranty, representation or the undertaking of any duty or obligation on the part of the Design Review Board, the Board, the Association, Declarant or their respective members, agents, employees, partners, and representatives, to any person that any method, practice, design, material or structure, contained, shown or specified in any plans or specifications approved by the Design Review Board, or reviewed, inspected or observed by the Design Review Board or its members, (a) is safe, proper, sound or free from defects or vices, or is invested with any quality or characteristic whatsoever, (b) complies with the requirements of this Declaration, the Design Code or the Landscape Code, (c) complies with the requirements of any contract, agreement or instrument, (d) complies with the requirements of any law, ordinance or regulation applicable to Owner's Lot and/or the Work which Owner proposes to have performed on the Lot, or (e) does not create an encroachment on a Utility Easement for which permission must be obtained from those utilities using the Utility Easement.

Each person who submits plans and specifications to the Design Review Board for a particular Work, each Owner who performs or contracts for the performance of such Work on a Lot pursuant to such plans and specifications, and each architect, engineer, contractor, subcontractor, supplier, materialman or other person who participates or engages in a Work on a Lot pursuant to such plans and specifications, hereby fully releases and discharges the Design Review Board, and its members, the Association Board and its members, the Association, Declarant, their respective members, employees, agents and representatives, from all claims, demands, causes of action, suits, liabilities, damages, costs and fees arising out of any act, or fault by any person, or any defect, vice, hazard or failure, in any material, Lot or Improvement, relating in any way to such Work.

The Design Review Board shall have the power and authority to reject plans or specifications for Work that in the sole opinion of the Design Review Board does not meet the requirements of this Declaration, the Design Code, and/or the Landscape Code, and an Owner whose plans or specifications have been so rejected does hereby fully release and discharge the Design Review Board and its members, the Association Board and its members, the Association, Declarant and their officers, directors, employees, agents and representatives, from claims, demands, causes of action, suits, liabilities, damages, costs and fees arising out of such rejection of plans or specifications, the opinion of the Design Review Board being final and binding and not subject to any claim or challenge whatsoever. Should an Owner nevertheless make a

claim or challenge to the rejection by the Design Review Board of plans or specifications, such Owner agrees to pay the actual attorneys fees, costs and expenses incurred by the Design Review Board in defending or responding to such claim or challenge.

Article 7 Owner's Association

The Association is responsible for maintaining Waterside and enforcing the Declaration. While Declarant will control the Association during the development stage, the Owners will be responsible for the continuation of the community through their participation in the Association.

7.1 Duties. The Association shall maintain the Commons, shall perform the other duties required by this Declaration, and shall enforce the terms of this Declaration.

7.2. Additional Powers. To the extent permitted by Governmental Authority, the Association may, but is not obligated to, provide the following services and engage in the following activities, to wit: (a) water, sewer, electrical, telephone, cable television, irrigation water, garbage and trash collection and disposal and other utility services; (b) laundry equipment or service; (c) insect and pest control; (d) the improvement of vegetation, fishing and wildlife conditions; (e) pollution and erosion controls; (f) emergency rescue, evacuation or safety equipment; (g) fire protection and prevention; (h) lighting of Common Roads; (i) security systems and security patrols within Waterside; (j) transportation; (k) day care and child care services; (l) landscape maintenance for and within the Commons; (m) recreation, sports, craft and cultural programs; (n) newsletters or other information services; (o) maintenance of yards on Lots (which includes without limitation thereto grass cutting and maintenance of shrubbery and flower beds), and (p) any other service allowed, or not prohibited, by law to be provided by a community association organized as a not-for-profit corporation. To the extent that the Association provides any of the above services or engages in any of the preceding activities, the cost of same shall be billed to the Association Members as Assessments and, in the discretion of the Association Board, said costs may be included in either the General Assessment or in the Individual Lot Assessments.

If requested by at least 10% of the Association Members, a Community Meeting may be called and the offering of any additional service under this Section may be repealed by majority vote of the Association Members.

The Association may also maintain Utility Easements, public rights-of-way and other public or private properties located within reasonable proximity to Waterside if its deterioration would affect the appearance of or access to Waterside.

7.3 Garbage Collection. The design of portions of Waterside may result in Common Roads, Alleys and other passageways which will be inadequate in width to accommodate the vehicles used by the appropriate governmental authority for the collection and removal of garbage, trash and recyclables. If the Association Board, in its sole discretion, determines that it is unsafe or otherwise inadvisable to allow garbage collectors to pick up and collect garbage, trash and/or other recyclables in the usual and customary fashion, the Association Board shall have the authority to promulgate Rules and Regulations governing the collection and disposal of garbage, trash and recyclables.

7.4 Contracts. The Association may contract with Declarant or any other party for (a) the performance of all or any portion of the management of the Association, (b) its maintenance and repair obligations, or (c) for the purpose of providing services which the Association is authorized to provide as set forth by this Article. The cost of such contract(s) shall be included within the General Assessment, Special Assessment or Individual Lot Assessment, as applicable, and as determined by the Association Board. The Association may require that Owners contract with a third party for certain routine yard maintenance (which includes without limitation grass cutting and maintenance of shrubbery and flower beds), in order to provide a uniform level of care within Waterside. The Association is also hereby granted an irrevocable power of attorney, coupled with

an interest, to contract for routine maintenance and other services not required to be provided by the Association, but the cost of which would be assessed to that Owner as an Individual Lot Assessment. The Association may also act as an agent for an Owner, but is not obligated, to contract for routine maintenance and other services not required to be provided by the Association, the cost of which would be assessed to that Owner as an Individual Lot Assessment; for the purpose of exercising this agency, each Owner does grant an irrevocable power of attorney to the Association, which is a power coupled with an interest, and the Association in that capacity may act on behalf of, and as said Owner's agent and attorney-in-fact to accomplish the authority intended as set forth in the first part of this sentence. The terms and conditions of all such contracts as are entered into pursuant to this Section shall be at the discretion of the Association Board.

7.5 Membership. Every Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from title to a Lot.

7.6 Voting Rights. The Association shall have two classes of voting membership:

Class A: Class A members shall be the Owners of Lots in Waterside, with the exception of Declarant, for so long as Declarant remains a Class B member of the Association: Class A members shall be entitled to one vote for each Lot owned in Waterside. When more than one person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to a Lot. Corporations, limited liability companies, partnerships and other entities shall notify the Association of the natural person who shall be considered a member of the Association for the purpose of exercising its vote; such entities shall provide such evidence of appointment and authority as the Board of Directors of the Association may require.

Class B: There shall be one (1) Class B member, who shall be Declarant. Declarant, as Class B Member, shall be entitled to six (6) votes for each Lot owned in Waterside. The Class B membership shall cease and be converted to Class A membership no earlier than five (5) years after the date of recordation of this Declaration with the Clerk of Court, but thereafter Class B membership shall terminate ninety (90) days after the first of the following to occur:

(a) ninety (90) days after the date as of which the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, but only if a site plan proposing the annexation or inclusion into Waterside, as a new phase of development of the Declarant's Property or of additional property eligible for annexation and inclusion into Waterside pursuant to the Declaration, is not offered to the Planning Commission for Calcasieu Parish within said ninety (90) day period, which site plan, if and when approved, will add sufficient additional Lots to those Lots that will then be owned by Declarant so that Declarant will then, following the approval of such proposed site plan, and the filing of a Supplemental Declaration, still maintain a majority of the votes;

(b) twenty-five (25) years after the recording of the Declaration shall have elapsed; or

(c) the date as of which the Class B member elects in writing to become Class A members.

In no event, however, shall Class B membership terminate earlier than five (5) years from the date of the recordation of the Declaration, unless it terminates pursuant to the Class B members' election to become a Class A member.

7.7. Board of Directors.

A. Initial Composition. The Association Board shall initially consist of at least two (2) persons, each of whom shall be appointed by Declarant. When not less than 100

lots have been conveyed to Owners other than Declarant, while Declarant remains a Class B member of the Association, the Class A membership of the Association shall be entitled to vote and elect one (1) member of the Association Board, and the remaining members of the Board shall be selected by the Class B member. At this time the Board shall be increased to three members.

B. After Class B Termination. Upon termination of the Class B membership of the Association, the Association Board shall be elected as provided in the Association By-Laws.

C. Compensation. Directors of the Association shall receive no compensation for their services unless expressly provided for by a resolution adopted by the members of the Association, but shall be reimbursed for expenses when approved by the Association Board.

7.8. Community Meeting.

A. When called. The Community Meeting shall be called annually for the election of Directors to serve on the Association Board, and whenever any action is required by this Declaration to be taken by vote or assent in writing of the Association Members. As convenient reference and not as a limitation, actions requiring a vote of the Association Members, or assent in writing, are referenced in the following provisions:

Annexation of Additional Property	Section 3
Dedication of Commons	Section 4
Repeal of Additional Services	Section 7
Election of the Association Board	Section 7
Approval of General Assessments When	
Increased 25% or more	Section 8
Ratification of Expenditures for Capital	
Improvements	Section 8
Repeal of Rules and Regulations of the	
Association	Section 12
Amendment of Declaration	Section 14
Termination of the Declaration.....	Section 14

The descriptive language as to the subject matter addressed in the particular provisions is not to be construed as a statement of the contents of the above referenced sections; such descriptive language is included here solely as a convenience to parties reviewing this Declaration. The language of each referenced Section shall govern as to the circumstances under which the consent of Association Members may be required, and the vote required.

B. Quorum. Voting at a Community Meeting requires the presence or proxy of members representing the percentage of votes established by the Association Board as necessary to transact business. The Association Board may revise this percentage from time to time, but in no event shall the required percentage be less than 25% or more than 50%, unless otherwise required by law. Notwithstanding the foregoing, until termination of Class B membership, presence of the Class B member at a Community Meeting and a quorum of the Class A membership shall be required in order for the membership to vote on any issue brought before it.

C. Notice. Notice of a meeting of the Association Members shall be given to the Association Members at least ten (10) days but not more than thirty (30) days before the meeting, except in an emergency, when whatever notice is reasonable, in the sole discretion of the Association Board, shall be given.

7.9. Action without Meeting. If permitted by the Association Board, the membership may approve any matter (specifically including the election of Directors) by written consent without a meeting, without prior notice and without a vote; provided, however, such consent shall be required to be given in writing and signed by the percentage of the Members of the Association, as required by this Declaration, the Association Articles or the Association Bylaws, and by Declarant as the Class B member, whenever

approval by the Class B member is required. Consents shall be in accordance with the Association By-laws and applicable law.

7.10. Association Board Meetings.

A. Association Board's Responsibility. Except as specifically provided in this Article or elsewhere in this Declaration, the Association Board has been delegated the power, and shall have the authority, to act on behalf of the Association under this Declaration, and to make the decisions necessary for the operation of the Association, the enforcement of this Declaration and the care of the Commons. Consents, approvals, elections and other action authorized herein to be taken or given by the Association shall require only the approval of the Association Board, with the exception of those decisions that are expressly reserved to Association Members. If a quorum is present at a meeting of the Association Board, the decisions of the Association Board shall be made by a vote of the majority of the directors present at such meeting, with the exception of those cases where a greater vote is required either by law or by the Articles of Incorporation of the Association.

B. Quorum. Voting at an Association Board meeting requires presence of at least one-half of the directors, in person or by telephone conference or, if allowed by state law, by proxy. If not prohibited by law, action required to be taken by vote of the Association Board may be taken in the absence of a meeting (or in the absence of a quorum at a meeting) by obtaining the written approval of a majority of the directors of the Association Board.

7.11. Record Keeping. The Association Board shall keep records of all meetings, both of the Association Board and of the Association. For each action taken, the record shall state the vote and a description of the action approved, and, where applicable, the reasons why the action was considered necessary and a summary of the information on which the decision was based. The records shall be available for inspection by members of the Association.

7.12. Notice of Status as Member. With the exception of those Owners who acquire title to a Lot from Declarant, each Owner shall, upon acquiring title to a Lot, immediately (a) give written notice to the Association at its registered office that he/she/it has acquired ownership of a Lot, and (b) shall include with such notice a copy of the instrument by which such Owner acquired title to the Lot. The Association Board and the Association shall be entitled to rely on its records for the purpose of determining the identity and address of Association Members, as of the date notice is to be given, or a decision is to be made. There is no obligation on the part of the Association to examine the records of the Clerk of Court for the purpose of determining the identities of Lot Owners, although the Association shall be entitled to do so, should it deem it appropriate. The records of the Association for the purpose of identifying members entitled to notice of any meeting of Association Members, shall consist of (i) instruments pursuant to which Declarant initially transferred title to Lots, and (ii) those notices given to the Association pursuant to the requirements of this Section.

7.13. Effective Date of Ownership for Purposes of Notice. Notice of any meeting of Association Members shall be considered as having been duly and properly given, if given to those persons entitled to notice based on the records of the Association, as of the date any notice is given of said meeting.

ARTICLE 8 ASSOCIATION BUDGET

To fulfill its obligation to maintain the Commons, the Association Board is responsible for the fiscal management of the Association.

8.1. Fiscal Year. The fiscal year of the Association shall begin January 1 of each year and end on December 31 of that year, unless the Association Board selects a different fiscal year.

8.2. Budget Items. The budget for the Association shall estimate total expenses to be incurred by the Association in carrying out its responsibilities. These expenses shall include, without limitation, the cost of wages, materials, insurance premiums, services, supplies and other expenses for the rendering of services required by this Declaration or properly approved in accordance with this Declaration. The budget may also include reasonable amounts, as determined by the Association Board, for working capital for the Association and for reserves. If the Commons are taxed separately from the Lots by a Governmental Authority with taxing power, for ad valorem property taxes or any other taxes, the Association shall include such taxes as part of the budget and shall pay such taxes. Fees for professional management of the Association, accounting services, legal counsel and other professional services shall also be included in the budget. The Association may maintain reserves for working capital, contingencies and replacement, which shall be included in the budget and collected as part of the annual general assessment. Extraordinary expenses not initially included in the annual budget, which may become necessary during the year, shall be charged first against such reserves. Except in the event of an emergency, reserves accumulated for one purpose may not be expended for any other purpose unless approved by a majority vote of the members of the Association.

8.3. Reserves. The Association may accumulate and maintain reserves for working capital, contingencies and replacement, which shall be included in the budget and collected as part of the annual General Assessment. Extraordinary expenses not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except in the event of an emergency, reserves accumulated for one purpose may not be expended for any other purpose unless approved by a majority vote of the members of the Association. If the reserves are inadequate for any reason, including nonpayment of any member's assessment, the Association Board may at any time levy and collect an emergency assessment. If there is an excess of reserves at the end of the fiscal year and the Association Board so determines, the excess may be returned on a prorata basis to all members of the Association or may be used to reduce the following year's assessments; the Association may rely on its records in determining the names and addresses of Association Members as of the date of any refund of excess reserves.

8.4. Preparation and Approval of Annual Budget.

A. Initial Budget. Declarant shall determine the budget for the fiscal year in which a Lot is first conveyed to an Owner other than Declarant.

B. Subsequent Years. Beginning with the year in which a Lot is first conveyed to an Owner other than Declarant, and each year thereafter, at least one month before the end of the fiscal year, the Association Board shall adopt a budget for the coming year and set the annual General Assessments at a level sufficient to meet the budget. At least two weeks before the fiscal year to which the budget applies, the Association Board shall send to each Association Member a copy of the budget in reasonably itemized form, which shall include the amount of General Assessments payable by each Association Member.

C. Approval. If General Assessments are to be increased to greater than 125% of the previous year's General Assessment, and at least 10% of the Association Members request review within thirty (30) days after the budget is delivered to the Association Members, the Association Board shall call a Community Meeting to present the budget and to answer any questions. After presentation, the budget shall be deemed approved unless the percentage required to transact business is present and the budget is rejected by a majority of the Association Members. If the budget is rejected, the Association Board shall approve a new budget within ten (10) days and send a copy to each Association Member.

8.5. Effect of Failure to Prepare or Adopt Budget. The Association Board's failure or delay in preparing or adopting the annual budget for a fiscal year, or conducting the review of the budget as set forth hereinabove, shall not operate to release an Association Member of his obligation to pay General Assessments whenever the amount thereof is finally determined. In the absence of an annual budget, each

Association Member shall continue to pay the assessment at the rate established for the previous fiscal period until notified otherwise.

8.6. Capital Improvements. A substantial capital improvement to the Commons approved by the Association Board shall be approved by a majority of the Association's Class A members. If so approved, the Association Board shall determine whether it shall be paid from General Assessments or by Special Assessment. A capital improvement shall be considered substantial if the cost to the Association of the improvement is more than six (6%) percent of the Association's annual budget, or if, when added to other capital improvements for the fiscal year in question, totals more than ten (10%) percent of the Association's annual budget. Notwithstanding the foregoing, a repair or replacement of existing capital improvements shall not be considered a capital improvement. Approval of the Design Review Board is required for capital improvements. This paragraph shall not limit the right of Declarant to make improvements to the Commons.

8.7. Neighborhood Improvement. Any Neighborhood or Neighborhoods may, by two-thirds (2/3) vote of the Association Members owning Lots within that Neighborhood, or those Neighborhoods, and approval of the Association Board, vote to assess themselves for capital improvements to the Commons which will primarily benefit that Neighborhood or Neighborhoods. An assessment so approved shall be assessed to Owners of Lots within that Neighborhood or Neighborhoods as an Individual Lot Assessment. If more than one Neighborhood is to vote, the Association Board shall determine whether approval and assessment is to be by neighborhood or by the combined group of Neighborhoods. If a group of Lots smaller than an entire Neighborhood wishes to be assessed for capital improvements, all of those being assessed must agree to the assessment.

8.8. Accounts. Reserves shall be kept separate from other Association funds, either in a single account for all reserves or separated by purpose. Other sums collected by the Association Board with respect to Assessments and charges of all types may be commingled in a single fund.

ARTICLE 9: The Institute

The Institute is responsible for the encouragement and promotion of the arts and cultural events within Waterside . While Declarant will control the Institute during the development stage, the Owners will become responsible for the continuation of the community through their participation in the Institute.

9.1. Duties. The Institute is responsible for the encouragement and promotion of the arts and cultural events within Waterside and may take such actions as are consistent with that purpose. This power and authority is to be liberally construed in favor of authorizing actions by the Institute.

If requested by at least ten (10%) percent of the Institute Members, a meeting of the Institute Members may be called and any action taken pursuant to this Article may be repealed by majority vote of the Institute Members.

9.2. Contracts. The Institute may contract with Declarant or any other party for the performance of all or any portion of the management of the Institute and to take such actions as are approved by the Institute Board. The cost of the contract shall be included within the Institute Assessment, as determined by the Institute Board. The terms and conditions of all such contracts as are entered into pursuant hereto shall be at the discretion of the Institute Board.

9.3. Membership. Every Owner shall be a member of the Institute. Membership shall be appurtenant to and may not be separated from title to any Lot.

9.4. Voting Rights. The Institute shall have two classes of voting membership:

Class A: Class A members shall be all Owners of Lots in Waterside, with the exception of Declarant, for so long as Declarant remains a Class B member of the Institute. Class A members shall be entitled to one vote for each Lot owned in Waterside . When more than one person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Corporations, limited liability companies, partnerships and other entities shall notify the Institute of the natural person who shall be considered a member of the Institute for the purpose of exercising its vote; such entities shall provide such evidence of appointment and authority as the Board of Directors of the Institute may require.

Class B: There shall be one (1) Class B member of the Institute and that shall be Declarant. As a Class B Member, Declarant shall be entitled to six (6) votes for each Lot owned in Waterside. Class B memberships shall cease and be converted to Class A membership no earlier than five (5) years after the date of recordation of this Declaration with the Clerk of Court, except with the express written consent of Declarant, but thereafter such Class B membership shall terminate ninety (90) days after the first to occur of the following:

- (a) Ninety (90) days after the date as of which the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, but only if a site plan proposing the annexation or inclusion into Waterside, as a new phase of development of Declarant's Property or of additional property eligible for annexation and inclusion into Waterside pursuant to the Declaration, is not offered to the Planning Commission for Calcasieu Parish within said ninety (90) day period, and which site plan if and when approved will add sufficient additional Lots to those Lots that will then be owned by Declarant, so that Declarant will then, following the approval of such proposed site plan, and the filing of a Supplemental Declaration, still own a majority of the Lots in Waterside;
- (b) Twenty-five (25) years after the recording of the Declaration shall have elapsed; or
- (c) The date as of which the Class B members elect in writing to become a Class A members.

In no event, however, shall Class B membership terminate earlier than five (5) years from the date of the recordation of the Declaration, unless it terminates pursuant to the Class B member's election to become a Class A member.

9.5. Board of Directors.

i. Initial Composition. The Institute Board shall initially consist of at three (3) persons, each of whom shall be appointed by Declarant. When at least one hundred (100) Lots have been conveyed to Owners other than Declarant and while Declarant remains a Class B members of the Institute, the Class A membership of the Institute shall be entitled to vote and elect one (1) member of the Board of Directors of the Institute, and the remaining members of the Board of Directors of the Institute shall be selected by the Class B member of the Institute.

ii. After Class B Termination. Upon termination of the Class B memberships of the Institute, the Institute Board shall be elected as provided in the Institute By-Laws.

iii. Compensation. Directors of the Institute shall receive no compensation for their services unless expressly provided for in resolutions adopted by the members of the Institute, but may be reimbursed for expenses when approved by the Institute Board.

9.6. Additional Provisions. Additional provisions concerning the operation of the Institute and the Institute Board are contained in the Institute Articles and the Institute By-Laws.

9.7. Notice of Status as Member. With the exception of those Owners who acquire title to a Lot from Declarant, each Owner shall, upon acquiring title to a Lot, immediately (a) give written notice to the Institute at its registered office that he/she/it has acquired ownership of a Lot, and (b) shall include with such notice a copy of the instrument pursuant to which such Owner acquired title to a Lot. The Institute Board and the Institute shall be entitled to rely on its records for the purpose of determining the identity and address of Institute Members, as of the date any notice is to be given or any decision is to be made. There is no obligation on the part of the Institute to check the records of the Clerk of Court at any time for the purpose of determining the identities of the Owners of Lots. Although the Institute may, on occasion check the records of the Clerk of Court for the purpose of identifying Owners of Lots, such action shall not be considered as creating any obligation on the part of the Institute to check the records of the Clerk of Court at any time thereafter for the purpose of determining the identities of the Owners of Lots. The records of the Institute, for the purpose of identifying members entitled to notice of any meeting of Institute Members, shall consist of (i) the instruments pursuant to which Declarant initially transferred title to Lots, and (ii) those notices given to the Institute pursuant to the requirements of this Declaration.

9.8. Effective Date of Ownership for Purposes of Notice. Notice of any meeting of Institute Members shall be considered as having been duly and properly given, if given to those persons entitled to notice based on the records of Institute, as of the date any notice is given of said meeting.

ARTICLE 10: Institute Budget

To fulfill its obligation to maintain, encourage and promote the arts and cultural events within Waterside, the Institute Board is responsible for the fiscal management of the Institute.

10.1. Fiscal Year. The fiscal year of the Institute shall begin January 1 of each year and end on December 31 of that year, unless the Institute Board selects a different fiscal year.

10.2. Budget Items. The budget for the Institute shall estimate total expenses to be incurred by the Institute in carrying out its responsibilities. These expenses shall include, without limitation, the cost of wages, materials, insurance premiums, services, supplies and other expenses for the rendering of all services required by this Declaration or properly approved in accordance with this Declaration. The budget may also include reasonable amounts, as determined by the Institute Board, for working capital for the Institute and for reserves. Fees for professional management of the Institute, accounting services, legal counsel and other professional services may also be included in the budget.

10.3. Reserves. The Institute may build up and maintain reserves for working capital, contingencies and replacement, which shall be included in the budget and collected as part of the annual Institute Assessment. Extraordinary expenses not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except in the event of an emergency, reserves accumulated for one purpose may not be expended for any other purpose unless approved by a majority vote of the Institute Members. If there is an excess of reserves at the end of the fiscal year and the Institute Board so determines, the excess may be returned on a prorata basis to all members of the Institute as of the date of such decision to refund such excess of reserves, who are current in payment of all assessments due the Institute, or may be used to reduce the following year's assessments; the Institute may rely on its records in determining the names and addresses of Institute Members as of the date of any refund of excess reserves.

10.4. Preparation and Approval of Annual Budget.

5. Initial Budget. Declarant shall determine the budget for the fiscal year in which a Lot is first conveyed to an Owner other than Declarant.

6. Subsequent Years. Beginning with the year in which a Lot is first conveyed to an Owner other than Declarant and each year thereafter, at least one month before the end of the fiscal year, the Institute Board shall, by majority vote, adopt a budget for the coming year and set the annual Institute Assessments at a level sufficient to meet the budget. At least two weeks before the fiscal year to which the budget applies, the Institute Board shall send to each Institute Member a copy of the budget in reasonably itemized form, which shall include the amount of Institute Assessments payable by each Institute Member.

7. Approval. If Institute Assessments are to be increased to greater than 125% of the previous year's Institute Assessment, and at least 10% of the Institute Members request review within thirty (30) days after the budget is delivered to the Institute Members, the Institute Board shall call a Community Meeting to present the budget and to answer any questions. After presentation, the budget shall be deemed approved unless the percentage required to transact business is present and the budget is rejected by a majority of the Institute Members. If the budget is rejected, the Institute Board shall approve a new budget within ten (10) days and send a copy to each Institute Member.

10.5 Effect of Failure to Prepare or Adopt Budget. The Institute Board's failure or delay in preparing or adopting the annual budget for any fiscal year, or review of the budget, shall not waive or release an Institute Member's obligation to pay Institute Assessments whenever the amount of such assessments is finally determined. In the absence of an annual Institute budget, each Institute Member shall continue to pay the assessment at the rate established for the previous fiscal period until notified otherwise.

10.6 Accounts. Reserves shall be kept separate from other Institute funds, either in a single account for all reserves or separated by purpose. All other sums collected by the Institute Board with respect to Assessments and charges of all types may be commingled in a single fund.

10.7 Approval by Association Board. Notwithstanding any language herein to the contrary, the annual budget must be approved by the Association Board before it shall be submitted to the Institute Members.

ARTICLE 11: Covenants for Maintenance; Assessments

The cost of fulfilling the Association's financial obligations is divided equitably among the Association Members by means of Assessments. To assure the Association of a reliable source of funds and to protect those Members who contribute their equitable share, assessments are mandatory and are secured both by a lien on the Lot and the Member's personal liability.

11.1. Obligation for Assessments. Declarant, for each Lot owned within Waterside , hereby covenants, and each Owner of a Lot, by acceptance of title, whether or not it shall be so expressed in the transfer instrument, is deemed to covenant and agree to pay to the Association the following (to be collectively referred to as "Assessments"):

- (a) General Assessments for expenses included in the Association's budget and for such other purposes as are provided in this Declaration,
- (b) Special Assessments for the purposes provided in this Declaration,
- (c) Neighborhood Assessments for the purposes provided in this Declaration, and
- (d) Individual Lot Assessments for the purposes provided in this Declaration,

together with interest at the rate of twelve (12%) from that date which is ten (10) days after each payment of an Assessment is due, and costs of collection, if any, including a reasonable attorney's fee, whether or not suit is brought or otherwise filed. Upon default in the payment of one or more installments, the Association Board may accelerate the

entire balance of such Assessments, which shall be declared immediately due and payable in full.

11.2. Obligation for Assessments. Declarant, for each Lot owned within Waterside, from time to time, hereby covenants, and each Owner of a Lot, by acceptance of title, whether or not it shall be so expressed in the transfer instrument, is deemed to covenant and agree to pay to the Association, together with interest at the rate of twelve (12%) from that date which is ten (10) days after each payment of an Assessment is due, and the costs of collection, if any, including a reasonable attorney's fee, whether or not suit is brought or otherwise filed. Upon default in the payment of any one or more installments, the Association Board may accelerate the entire balance of such Assessments, which shall be declared immediately due and payable in full.

11.3. Equitable Division of Assessment. General Assessments and Special Assessments shall be assessed equally among all Lots, except as may be varied by the Association Board, based on the use being made of the Lot. If an Owner combines two (2) Lots or parts of Lots, with appropriate approval to so combine said Lots, and uses them as a single Lot, the Association and the Institute may, but is not required to, assess them as a single Lot in accordance with regulations consistently applied. If and in the event the Association and/or the Institute agrees to assess two (2) Lots, or parts of Lots, as a single Lot as authorized under this Section, the Owner of such Lots, or portions of Lots, shall have only one (1) vote with respect to said Lots or parts of Lots, as an Association Member and/or Institute Member. The Association and the Institute are not required to make the same decision on any requests submitted to them pursuant to this Section.

11.4. General Assessments.

A. Establishment by Association Board. The Association Board shall set the date or dates General Assessments become due and may provide for collection and payment of assessments annually or in monthly, quarterly or semiannual installments.

B. Date of Commencement. The General Assessments shall begin on the day of conveyance of the first Lot to an Owner other than Declarant. The Initial Assessment on a Lot subject to assessment may be collected at the time title is conveyed to the Owner. During the initial year of ownership, each Owner shall be responsible for the prorata share of the annual General or Special Assessment charged to each Lot, prorated to the day of closing.

C. Discretion of Association Board. When determining the General Assessment due from each Lot Owner, the Association Board may, in its sole discretion, but is not obligated to, distinguish between Lots on which Dwellings or other Buildings have not been constructed, Lots on which Buildings have been constructed, Lots on which Buildings have been constructed and Lots on which Buildings are in the process of being constructed.

D. Initial General Assessment. As of the effective date of this Declaration, the General Assessment due from the Owner of each Lot on which no Buildings have been constructed and on which no construction is taking place is \$20.00 per month, payable in advance for each calendar quarter, and such amount may be collected and received by the Association Board without first establishing a budget. The General Assessment may be hereafter modified without amending this Declaration.

11.5. Special Assessment. In addition to the General Assessment, the Association Board may levy in any fiscal year a Special Assessment applicable to that year and not more than the next four succeeding years as follows:

A. Capital Improvements. A substantial capital improvement which has been approved by either the Association Board or, if required by this Declaration, by the Association Members, may be paid by Special Assessment.

B. Emergency Assessment. By a two-thirds (2/3) vote, the Association Board may impose a Special Assessment for any unusual or emergency maintenance or

repair or other expense which this Declaration or the law requires the Association to pay (including but not limited to, after depletion of reserves, any unexpected expenditures not provided by the budget or unanticipated increases in the amounts budgeted).

C. Discretion of Association Board. When determining the Special Assessment due from each Lot Owner, the Association Board may, in its sole discretion, but is not obligated to, distinguish between Lots on which Buildings have not been constructed, Lots on which Buildings have been constructed and Lots on which Buildings are in the process of being constructed.

11.6. Institute Assessments.

A. Establishment by Institute Board. The Institute Board shall set the date or dates Institute Assessments become due and may provide for collection and payment of assessments annually or in monthly, quarterly or semiannual installments.

B. Date of Commencement. The annual Institute Assessments shall begin on the day of conveyance of the first Lot to an Owner other than Declarant. The initial Assessment on any Lot shall be collected at the time title is conveyed to the Owner. During the initial year of ownership, each Owner shall be responsible for the prorata share of the annual Institute Assessment charged to each Lot, prorated to the month of closing.

C. Collection. The Association shall, if requested by the Institute, collect the Institute Assessment from each Owner at the time of collection of the annual General Assessments, and shall give to the Institute all funds collected in its behalf within fifteen (15) days of collection. The Institute shall have authority to enforce collection of Institute Assessments in the same manner as the Association may enforce collection of General and Special Assessments.

D. The annual amount of the Institute Assessment shall not exceed one hundred dollars (\$100.00) or ten (10%) percent of the annual General Assessment set by the Association Board, whichever is greater. When determining the Institute Assessment due from each Lot Owner, the Institute Board may, in its sole discretion, but is not obligated to, distinguish between Lots on which Buildings have not been constructed, Lots on which Buildings have been constructed and Lots on which Buildings are in the process of being constructed.

E. Initial General Assessment. The Initial Institute Assessment due from the Owner of each Lot on which no Buildings have been constructed and on which no construction is taking place is \$5.00 per month, payable in advance for each calendar quarter, and such amount may be collected and received by the Institute Board without first establishing a budget. The Institute Assessment may be hereafter modified without amending this Declaration.

11.7. Neighborhood Assessment. The Association Board may levy Neighborhood Assessments for expenses approved in accordance with the terms of this Declaration.

11.8. Individual Lot Assessments. The Association Board may levy at any time an Individual Lot Assessment against a particular Lot for the purpose of defraying, in whole or in part, the cost of any special services to that Lot or any other charges designated in this Declaration as an Individual Lot Assessment.

11.9. Capital Contribution Assessment. At the closing and transfer of title of each Lot to the first Owner other than Declarant, the Owner shall contribute an amount equal to two months' Assessments (which shall include at least the General Assessment and the Institute Assessment for Lots on which no Buildings have been constructed and on which no Buildings are being constructed) or such greater amount as required by Declarant by contract with the Person to whom they may sell a Lot. This contribution shall be used by the Association and the Institute for the purpose of initial and nonrecurring capital expenses of the Association and the Institute, respectively, and for providing initial working capital for the Association and the Institute, and shall not be considered as a pre-payment of Assessments (including without limitation the General

Assessment and the Institute Assessment).

11.10. Effect of Nonpayment of Assessment; Remedies.

a. Personal Obligation. Assessments, together with interest and costs of collection when delinquent, including a reasonable attorney's fee, whether or not suit is brought (collectively, the "Assessment Charge"), shall be the personal obligation of the person or entity who was the Owner of the Lot at the time when the Assessment was levied, and of each subsequent Owner. No Owner may waive or otherwise escape liability for the Assessment Charge by abandonment of the Lot.

b. Creation of Lien. The Assessment Charge shall also be an encumbrance on the land and shall be a continuing lien upon the Lot against which the Assessment Charge is made, which may be enforced upon recording of a claim of lien. This encumbrance and lien, in favor of the Association, shall secure the Assessment Charge which is then due and which may accrue subsequent to the recordation of the claim of lien and prior to the entry of final judgment of foreclosure. A subsequent owner of the Lot shall be deemed to have notice of the Assessment Charge on the land, whether or not a lien has been filed. The Association and the Institute may, in their sole discretion, but without any obligation to do so, notify any Person in whose favor a mortgage or other lien has been granted with respect to any Lot whenever the Association or Institute files a claim of lien with the Clerk of Court.

c. Suit for Payment; Foreclosure of Lien. The Association may bring an action at law against the Owner personally obligated to pay the Assessment Charge(s), or may foreclose the lien in a manner similar to foreclosure of a mortgage lien, or both; with the consent of the Institute, the Association may include with its claim any amounts due to the Institute as Institute Assessments. The Association, acting on behalf of the Owners, shall have the power to bid for an interest in any Lot foreclosed at such foreclosure sale and to acquire, hold, lease, mortgage and convey the Lot.

d. Subordination of the Lien to Mortgages. The lien of the Assessment Charge shall be superior to any mortgage, lien or encumbrance of any Mortgagee.

e. Other Remedies. The Association Board shall have the right to assess fines up to a maximum of \$10.00 per day, and to suspend the voting rights and right to use of the Commons by an Owner for any period during which any Assessment against the said Owner's Lot remains unpaid.

f. Certificate of Payment. The treasurer of the Association, upon request of any Owner, shall furnish a certificate signed by a member of the Association Board stating whether any Assessments are owed by that Owner. Such certificate, when co-signed by the secretary of the Association, may be relied upon by a good faith purchaser or mortgagee as conclusive evidence of payment of any assessment therein stated to have been paid.

Article 12

Use of Individual Lots

The following covenants are designed to protect the quality of life for Owners within Waterside and to set a standard for reasonable cooperation within the community.

12.1. Owner's Responsibility. Each Owner shall keep his Lot in good order and repair and free from debris.

12.2. Permitted Uses.

A. Lots. Lots may not be used for any purpose other than residential. The Design Code may permit the building of two (2) or more Dwellings on a Lot. Other uses, such as certain home occupations which, in the sole discretion of the Design Review Board, do not generate significant traffic, may be permitted by the Design Review Board.

B. Special Use Parcels. The Design Code may describe special restrictive covenants and building restrictions for Special Use Parcels, which may include residential use.

C. Renting. Dwellings may be rented, subject only to reasonable Rules and Regulations, as promulgated by the Association Board, which may be modified from time to time. No Rule or Regulation may limit the length of leases. In any event, no Dwelling shall be rented to any more than one (1) Single Family Unit.

D. Occupancy. In the absence of written approval of the Association Board, all Occupants of a Dwelling must comprise a Single Family Unit. For purposes of this Subpart D, "Occupant" shall mean any Person who stays overnight in a Dwelling for more than seven (7) days (whether or not consecutive) in any one (1) calendar year. "Single Family Unit" shall mean one or more Persons related by blood, adoption or marriage, or not more than two unrelated persons, living and cooking together as a single housekeeping unit.

E. Home Office. If allowed by the applicable zoning and land use ordinances and regulations of the Governmental Authorities with jurisdiction over the Lots, each Lot may have one (1) Home Office that is to be located in an Outbuilding, provided that each of the following conditions is met: (a) no sign, advertisement or notice of any type or nature whatsoever may be erected or displayed on the Lot or on any Building located on the Lot which in any way advertises or provides notice or reference to the business conducted in the Home Office; and (b) the business is not otherwise prohibited by the Rules and Regulations of the Association.

F. Compliance With Law. No use shall be made of, nor any action taken on, any Lot which is a violation of any law, ordinance or regulation applicable to the Lot.

12.3. Prohibited and/or Restricted Uses; Other Obligations. The following, which may be supplemented pursuant to the Rules and Regulations of the Association and the Design Code, constitute prohibited conduct and/or uses within Waterside (including without limitation the Lots and the Commons):

A. Nuisances, Unlawful Use. No nuisance or immoral, improper, offensive or unlawful use shall be permitted to exist or operate on any Lot or Commons. All laws, building codes, orders, rules, regulations or requirements of any Governmental Agency having jurisdiction shall be complied with, by and at the sole expense of the Owner or the Association, as appropriate.

B. Insurance. Nothing shall be done or kept on any Lot or the Commons which will increase the rate of, or result in cancellation of, insurance for Waterside or any other Lot, or the contents thereof, without the prior written consent of the Association. This prohibition shall not prohibit the usual and customary activities associated with residential use of a single family Dwelling.

C. Soliciting. No soliciting will be allowed at any time within Waterside .

D. Time Sharing. No time-share ownership of Lots is permitted without Declarant's approval. For this purpose, the term "time-share ownership" shall mean a method of ownership of an interest in a Lot under which the exclusive right of use, possession or occupancy of the Lot circulates among the various owners on a periodically reoccurring basis over a scheduled period of time. Leasing a Building or ownership of a Lot by a corporation, partnership or other entity, or by not more than four individuals or married couples, shall not be considered time-share ownership.

E. Half-way Houses. No Dwelling or other Improvement on a Lot shall at any time be used as a Half-Way House under supervision of a Supervising Agency. For the purposes of this Subpart E, the term "Supervising Agency" shall mean a Governmental Authority including without limitation thereto the Sheriff of Calcasieu Parish, the police department for the City of Lake Charles, the Louisiana Department of Corrections, the United States Department of Justice and the United States Marshal's Service. For the

purposes of this Subpart E, the term "Half-Way House" shall mean a place where persons who have been imprisoned or incarcerated for crimes (whether felonies or misdemeanors), or confined for drug or alcohol rehabilitation, are continued under some form of supervision for the primary purpose of aiding said persons in readjusting to society following their imprisonment, incarceration, hospitalization or other form of confinement.

F. Miscellaneous Prohibitions and Rules. Except for the activities of Declarant in connection with development of Phase I or Subsequent Phases, and the activities of the grantees in connection with the construction, installation, repair, alteration and maintenance of water, sewer, drainage, natural gas, electrical, telephone and communications, and cable television lines and facilities within the utility and drainage servitudes hereinabove established, the following restrictions shall apply to all of immovable property within Waterside.

(1) Animals. The maintenance, keeping, boarding and/or raising of animals (including without limitation, dogs, cats, livestock, birds, poultry, snakes and reptiles) of any kind, regardless of number, shall at all times be in accordance with such rules and regulations as may be adopted by the Association. No animals shall be kept, bred or maintained for commercial purposes. The Association Board shall have the right to prohibit entirely the keeping of certain species of animals within Waterside, where the Board determines that the keeping of such animals within the Subdivision is a significant safety risk. Enclosures for large animals shall be approved by the Design Review Board. The lot shall be contoured with proper drainage in order to ensure that there is no direct runoff of animal waste into the lake or otherwise in such a fashion as creates a nuisance or a health hazard. No large animals shall be permitted to access any water body within the subdivision.

(2) Antennas. No exterior radio, television, satellite or communications antenna, aerial or dish shall be erected or maintained within Waterside without the prior written approval of the Design Review Board; variances should only be granted where it is believed that the antenna, aerial or dish will not be visible from a street or another Lot. No amateur or "ham" radio transmitters shall be operated within Waterside without the prior written approval of the Design Review Board.

(3) Burning or Storage of Trash. No burning of trash and no accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash of any other kind shall be permitted on any Lot; provided, however, that the storage of building materials, equipment and scrap materials and waste generated in connection with Work shall be permitted on a Lot during periods of Work on the Lot if stored neatly.

(4) Construction Requirements; Landscaping Requirements. No Improvements shall be constructed nor landscaping or other Work performed on a Lot except in compliance with this Declaration, the Design Code and the Landscape Code, except for matters as to which a written variance has been granted by the Design Review Board.

(5) Division of Lots. No Lot shall be divided or subdivided and no portion of a Lot other than the entire Lot shall be transferred or conveyed for any purpose, except by Declarant, or with the prior, express, written approval of the Design Review Board. This shall not be construed to prohibit the granting of any servitude and/or right-of-way to Governmental Authority, public utility, or to the Association or Declarant.

(6) Fences and Garden Walls. Any Fence or Garden Wall, the design and construction of which has been approved in accordance with this Declaration, shall be kept neat and attractive and in good repair. Ornamental iron or picket fences shall be painted or otherwise finished in accordance with the Design Code. Fences shall be maintained so as not to detract from the general appearance of Waterside. On a Lot having a portion of any perimeter wall constructed by Declarant upon the Lot, the Owner(s) of such Lot will be responsible for maintaining that portion of the wall which is upon the Lot in good condition and repair. This provision shall not require that the Design Code or the Design Review Board approve any fences or that they approve ornamental or picket fences.

(7) Interferences with Servitudes and Drainage. Except as allowed by the Design Code or as otherwise approved by the Design Review Board, vehicular ingress to and vehicular egress from Lots and Improvements thereon shall be from and to the front of the Lot (i.e., that side which a Dwelling thereon must face as hereafter set forth) and no vehicular access shall be allowed from the sides or rear of any Lot; provided, however, that (a) vehicular ingress and vehicular egress to and from a Garage or Carport on each Alley-Loaded Lot shall only be from the rear of the Lot, except as otherwise provided herein. With respect to each Lot which is bordered on its rear property line by an Alley, there shall be no driveway or parking area constructed or used on that part of any such Lot between the front wall of the Primary Residence and the front property line where the said Lot fronts on a street.

(8) Interferences with Servitudes and Drainage. No Improvements other than driveways, sidewalks, walkways, mailboxes, fences, walls, retaining walls, and gas and water meters, and no other obstruction shall be placed or permitted to remain upon any Lot which may damage or interfere with any servitude for the installation or maintenance of utilities or passage or drain, or obstruct any drainage ditch or channel. Notwithstanding anything contained herein to the contrary, driveways, sidewalks, walkways, mailboxes, fences, walls, retaining walls, and gas and water meters may only be constructed and/or installed on a Lot in accordance with the requirements of the Design Code and in compliance with the provisions of this Declaration.

(9) Landscaping. Landscaping is required on any Lot on which improvements have been constructed but no grass, trees, shrubs, hedges or other plants shall be planted or allowed to grow on any Lot except in compliance with the Landscape Code and in compliance with the requirements of this Declaration.

(10) Maintenance. No Lot (whether or not any Dwelling or other Buildings have been constructed thereon), and no Dwelling or other Building or other Improvements, shall be permitted to fall into disrepair and each such Lot, and such Dwellings and other Buildings and other Improvements, lawns and other landscaped areas, shall be kept neat and maintained in good condition and repair, consistent with the requirements of the Design Code, the Landscape Code and Rules and Regulations of the Association. Each Owner shall keep neat and maintain in good condition and repair that portion of any Street right-of-way servitude (i.e., that portion of the right-of-way between the edge of the Street curb and the Owner's boundary line(s)) that is immediately adjacent to (whether in front of or alongside) the Owner's Lot. The opinion of the Design Review Board as to the acceptability of such conditions shall be final; the Design Review Board may delegate, in its sole discretion, its authority under this provision.

(11) Mineral and Mining Activity. No Lot shall be used for the purpose of boring, mining, quarrying, exploring for, producing or removing oil or other hydrocarbons, minerals, gravel or earth except in the case of soil borings in connection with soil analysis for foundation design, provided, however, that offsite exploration for or production of oil, gas or other minerals lying beneath the surface of a Lot through directional or horizontal drilling methods or otherwise shall be allowed if such directional or horizontal drilling does not penetrate or otherwise disturb any portion of the earth within 500 feet of the surface of any Lot.

(12) Movable Structures and Outbuildings. No structure of any type, Dwelling, Building or otherwise, shall be moved on to any Lot in Waterside except as may be expressly approved by the Design Review Board. No structure of a temporary character and no trailer, tent, shack, barn, pen, stable, coop, cage, storage building or shed shall be erected, used or maintained on any Lot at any time without the express, prior, written approval of the Design Review Board; provided, however, the foregoing restriction shall not prohibit the use and maintenance of those temporary structures necessary during the performance of any Work thereon. No such structures, trailers or the like shall be utilized for residential purposes and all such structures, trailers or the like shall be removed from the Lot promptly following the completion of the Work. During art festivals, craft fairs, block parties and other special events, the Association Board may approve the use of tents, trailers and other temporary buildings on the Commons or elsewhere within Waterside.

(13) Noise. No exterior speakers, horns, whistles, bells or other sound transmitting, generating or amplifying devices other than security devices used exclusively for security purposes shall be located, used or placed on any Lot in such manner that the sound emitted therefrom may be heard on any other Lot. No noise shall be permitted upon any Lot that may be a nuisance to any other Owner or resident.

(14) Noxious, Hazardous or Offensive Activity. No noxious odors shall issue or emanate from any Lot. No noxious, hazardous or offensive trade or activity shall be carried on upon any Lot or within any Dwelling situated upon the Property or at any other place within Waterside , nor shall anything be done therein or thereon which may be or become unsafe or hazardous or an annoyance or nuisance to the other Owners or residents of Waterside .

(15) Pipes, Cables and Lines. Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, telephone line, electrical line or cable, television cable or similar transmission line, or the like shall be installed, placed or maintained above the surface of any Lot except where approved by the Design Review Board as reasonably necessary for connection to a Dwelling or Building or for access for repair or maintenance. The Rules and Regulations of the Association may prescribe rules relative to hoses that are authorized for normal lawn maintenance.

(16) Sewerage Disposal Systems. Sewage disposal systems shall be approved prior to installation by the Design Review Board. Such systems may be required to include discharge of effluent through a sprinkler system or drained into a wetlands in such a manner as is approved by the Design Review Board. In the event a community sewer disposal system is available, every lot having access to said system shall provide a sewer disposal system which ties into the system.

(17) Incinerators. No incinerator shall be kept or maintained on any Lot.

(18) Vehicles and Other Equipment. Vehicles, including commercial vehicles, pick up trucks, trailers, tractor trailers, campers, motor homes, recreational vehicles, camp trucks, boats, boat trailers and other machinery or equipment of whatever kind or character shall only be stored, kept and maintained in accordance with this Declaration, the Design Code and such rules and regulations with regard thereto as may be adopted by the Association. No repair, maintenance or restoration of automobiles or other vehicles (except in the event of a bona fide emergency) shall be carried out on any Lot or at any location within Waterside unless and except to the extent such repair, maintenance or restoration can be accomplished inside an enclosed Garage with all doors to the said Garage closed. This restriction shall not apply to vehicles, trailers, boats, machinery, equipment or the like stored and kept on a Lot within an enclosed Garage.

(19) Vending Machines. No vending machines shall be kept, stored, operated or otherwise located anywhere within Waterside . For the purpose of this provision "vending machines" shall include any machines of any nature that are used for the sale of food items, soft drinks, or articles of any nature by the insertion of coins or paper money into said machines, or by the use of any kind of credit or debit card. The Association Board may adopt rules and regulations granting an exception to this provision, or may grant exceptions on a case by case basis, with respect to a vending machine that will be located inside a Dwelling.

(20) Use of Alleys During Construction. Notwithstanding anything to the contrary herein, construction related activities and construction traffic on, to, from or for the benefit of any Alley-Loaded Lot shall only be from the front or Street side of the Lot, including but not limited to the delivery of materials and equipment. The owner of a Lot which is used in violation of this paragraph and the Lot in question shall be liable through the assessment process for damages caused by said violation.

(21) Garages. An Owner of an Alley-Loaded Lot shall cause the foundation for the Garage or Carport that is to be constructed on the Lot to be poured contemporaneously with the pouring of the foundation for any Dwelling or other

Buildings and/or Improvements on the Lot except with the prior consent of the Design Review Board to a different scheduling. The Garage or Carport shall face and be accessed through the Alley.

(22) Garden Walls. The cost for constructing any garden wall shall be borne as follows:

(a) Voluntary Garden Walls. If an Owner of a Lot is permitted, but not required, to construct a Garden Wall, and such Owner elects to construct a Garden Wall, then the Owner who elects to so construct a Garden Wall shall bear the full cost of such construction, unless the Lot is adjacent to another Lot and the adjacent Lot Owner agrees to bear a portion of the cost of construction. The adjacent Lot Owner shall not have any obligation, however, to agree to pay for any portion of the cost of construction of the Garden Wall. Regardless of who pays the cost of construction of a Garden Wall, the cost of maintenance of the Garden Wall shall be divided equally between the Owners of the Lots between which the Garden Wall is constructed. The cost of maintaining any Garden Wall constructed within the confines of the boundary of a Lot that is not bounded by another Lot shall be borne in full by the Owner of the Lot upon which the Garden Wall is constructed. Each Owner, by executing a cash sale, deed or other instrument pursuant to which such Owner acquired title to a Lot, acknowledges and agrees to the obligations set forth herein with respect to the cost of construction of any Garden Wall and the maintenance of same. Notwithstanding the foregoing, Declarant shall not be required to share in the cost of maintaining any Garden Wall; all such costs are to be paid by the Owner of any Lot who has purchased the Lot from Declarant.

(b) Mandatory Garden Walls. If a Garden Wall is required to be constructed on the boundary of a Lot that is not bounded by another Lot along that boundary, then the Owner shall bear the full cost of construction of the Garden Wall, as well as the maintenance of same. If the Design Code requires that a Garden Wall be constructed along the boundary between two (2) adjacent Lots, then the first of the Owners of the said Lots to construct a Dwelling, Building or other Improvements on his/her Lot shall be required to construct the Garden Wall, at his/her cost and expense; the adjacent Lot Owner shall, in such cases, be offered the opportunity to pay fifty (50%) percent of the actual cost of same. Notwithstanding the foregoing, the Owner so constructing a Garden Wall, or his/her successors or assigns in the event the Owner that constructed the Garden Wall no longer owns the Lot in question, shall be entitled to reimbursement from the then Owner of the adjacent Lot when plans for the construction of a Dwelling, Building or their Improvements on the adjacent Lot are presented for approval, such amount of reimbursement owed to the Owner who constructed the said Garden Wall being hereby fixed at \$75.00 per linear foot effective as of the date of recordation of this Declaration, subject to escalation at a rate of one-quarter (.25%) percent per month hereafter, regardless of the actual cost of construction of the said Garden Wall. Regardless of how the cost of construction of a Garden Wall is determined or divided, the cost of maintenance of the Garden Wall shall be divided equally between the Owners of the Lots between which the Garden Wall is constructed. Each Owner, by executing a cash sale, deed or other instrument pursuant to which such Owner acquired title to a Lot, acknowledges and agrees to the obligations set forth herein with respect to the cost of construction of any Garden Wall and the maintenance of same. The obligation to share costs of construction and maintenance of a Garden Wall apply only to that portion of a Garden Wall which is constructed as a common wall along a boundary between two (2) lots. Notwithstanding the foregoing, Declarant shall not be required to share in the cost of maintaining any Garden Wall, all such costs to be paid by the owner of any Lot who has purchased the Lot from Declarant.

12.4. Pets. Subject to the provisions of this Declaration, and such Rules and Regulations of the Association Board, pets may be kept by an Owner on his Lot, but only if such pets do not cause a disturbance or annoyance within Waterside. Each Owner shall be strictly responsible to immediately collect and properly dispose of the waste and litter of his pets. The Rules and Regulations of the Association relative to pets may regulate the number and size of pets, prohibit the keeping of animals other than customary household pets which are not expressly prohibited by this Declaration, designate specific areas within the Commons where pets may be walked, prohibit pets

on other areas, require pets to be on a leash, and restrict the rights of tenants to keep pets. The Association Board shall have the right to order any Association Member or other resident of Waterside whose pet is considered, in the sole discretion of the Association Board, to be dangerous or a nuisance, to remove such pet from Waterside, and the Association Board shall have the sole and exclusive authority to determine, after notice to such Association Member or resident and affording such person an opportunity for a hearing before the Association Board, whether or not any pet is dangerous or a nuisance.

12.5. Signs. No sign, advertisement or notice of any type or nature whatsoever (including "For Sale" or "For Rent" signs) shall be erected or displayed upon any Lot (including placement on a Dwelling, other Building, in the yard or in any window) or upon the Commons, unless specifically permitted by the Design Code or elsewhere in this Declaration. Notwithstanding any language to the contrary herein, Declarant shall, however, be permitted to post and display advertising signs (including "For Sale" signs) within Waterside so long as Declarant have any property for sale in the normal course of business.

12.6. Garage Doors; Openings. Except as may be expressly allowed by the Design Code (e.g., as to the Lot which is not bordered by an "Alley") or as otherwise expressly allowed by the Design Review Board, the doors through which vehicles enter a Garage may not face a Street.

12.7. Automobiles.

A. Parking. Automobiles may be parked only in the Garage or Carport of a Lot, in unassigned parking areas as created by Declarant or in other parts of Waterside which may be specifically designated in writing by the Association Board. Parking within Waterside shall be in accordance with the Rules and Regulations of the Association which may allow parking along Streets for special functions, such as small parties.

B. Good Repair. Only automobiles bearing current license and registration tags, as required by state law from time to time, may be parked in Waterside.

C. Garage Doors. Garage doors shall be kept closed except when automobiles are entering or leaving the Garage.

D. Visibility at Street Intersections. No automobile shall be parked so as to create an obstruction to visibility at a Street intersection.

12.8. Attractiveness and Safety of Lots. The Design Code, the Landscape Code and the Association, through its adoption of the Rules and Regulations, may regulate placement and maintenance of garbage and trash containers, and other matters affecting the attractiveness or safety of Lots.

12.9. Rules and Regulations of the Association. The Association Board may from time to time adopt Rules and Regulations or amend previously adopted Rules and Regulations governing and regulating (a) the operation, use, maintenance, condition, attractiveness, maintenance, and control of, as well as conduct on and within, the Lots, the Commons and any facilities or services made available to the Owners, and (b) any other matters as to which this Declaration authorizes the adoption of Rules and Regulations by the Association Board. This right shall include without limitation the right to approve rental agents, design professionals, contractors and subcontractors who do business within Waterside. The Rules and Regulations of the Association shall take effect immediately upon approval by the Association Board, or at a later date selected by the Association Board. If requested by at least 10% of the Association Members, a Community Meeting may be called and any Rule or Regulation adopted by the Association Board may be repealed by majority vote of the Association Members. A copy of the Rules and Regulations of the Association shall be kept in the registered office of the Association and available for review during its normal business hours on each Monday through Friday, except for holidays. Upon acquisition of a Lot, each Owner does, through that acquisition subject to this Declaration, agree and acknowledge that said Owner has

received a copy of the Rules and Regulations of the Association as of that date. As additions, deletions or modifications are adopted with respect to the Rules and Regulations adopted pursuant to this Section. Copies of such additions, deletions or modifications shall be mailed to each Association Member at the last known address for said member as shown in the records of the Association. Additional copies of the Rules and Regulations of the Association Board shall be provided to any Association Member upon payment by said Association Member for the cost of reproducing same which is hereby set at \$.50 per page.

12.10. Enforcement.

A. Owner's Responsibility. Each Owner, his family members, guests and tenants shall conform to and abide by the covenants contained in this Declaration and the Rules and Regulations of the Association. Each Owner shall be responsible for assuring such compliance, and a violation by a family member, guest or tenant may be considered to be a violation by the Owner.

B. Covenants Committee. The Association Board may establish a Covenants Committee to hear complaints of violations of the Covenants set forth in this Declaration or the Rules and Regulations of the Association. Members of the Association Board may serve on the Covenants Committee.

C. Notice, Hearing and Fines. An Owner who is believed to be in violation of this Declaration or the Rules and Regulations of the Association shall be given notice and an opportunity to be heard. After such hearing, the Covenants Committee shall have the right to assess fines, up to a maximum of \$50 for a single violation or \$10 per day for a continuing violation (to be adjusted according to increases in the cost of living) and may restrict the Owner's use of the Commons for up to sixty (60) days or until remedied, whichever is longer. The primary goal, however, of the Covenants Committee is not to punish but to conciliate and resolve problems. The Covenants Committee may suggest or approve dispute resolution agreements and withhold the requirement of paying a fine if the agreement is honored. Fines shall be charged against an Owner's Lot as an Individual Lot Assessment.

D. Tenant Violations. If a tenant is believed to be in violation of the covenants set forth in this Declaration or the Rules and Regulations of the Association, the Covenants Committee shall notify the Owner and tenant and provide an opportunity for hearing. If the Covenants Committee determines after notice and opportunity for hearing that a tenant has violated the covenants set forth in this Declaration or the Rules and Regulations of the Association, the Covenants Committee may assess fines against the Owner as provided in paragraph C of this Section. In addition, if the tenant materially violates the covenants set forth in this Declaration or the Rules and Regulations of the Association more than once in any one-year period, the Association, by a two-thirds (2/3) vote of the Association Board, shall have the right to evict the tenant. Each Owner, by acceptance of a deed, irrevocably appoints the Association as its agent and attorney-in-fact in such an eviction action. All costs and attorneys fees related to such action shall be charged to the Owner as an Individual Lot Assessment. Any Owner whose tenant or tenants (whether under one lease or different leases) violate the covenants set forth in this Declaration or the Rules and Regulations of the Association three (3) times in any one (1) year period may be prohibited from further leasing of his Lot for a period of up to one year.

E. Corrective Action for Lot Maintenance. If the Board or the Covenants Committee determines after notice and hearing that a Owner has failed to maintain the Lot (including the yard and any Garden Wall, Fence, Building, garden structure or other structure) in a clean, attractive and safe manner, in accordance with the provisions of this Declaration, the Design Code and applicable Rules and Regulations of the Association, the Board or Committee shall notify the Owner of its findings and may assess fines as provided in this Section. If the violation continues for ten days after notice to the Owner of the findings, the Association, by a two-thirds (2/3) vote of the Association Board, shall have the right without liability to enter upon such Lot to correct, repair, restore, paint and maintain such Lot and to have a objectionable items removed from the Lot. The Board may reduce or eliminate the time for notice if it believes the

condition creates a hazard. All costs related to such action shall be assessed to the Owner as an Individual Lot Assessment.

F. Pets. After notice and hearing, the Covenants Committee may require that an Owner or the tenant of an Owner permanently remove from Waterside any pet which violates this Declaration, the Rules and Regulations of the Association or creates disturbances or annoyances to the reasonable displeasure of other Owners.

G. Additional Remedies. All remedies listed in this section are non-exclusive and may be applied cumulatively. The Association shall also have the right to bring suit to enforce the covenants and Rules and Regulations of the Association.

ARTICLE 13

Insurance

Insurance is essential to protect the interests of the various Owners and to assure that funds will be available for rebuilding after a casualty. However, because insurance costs may increase significantly or new types of coverage made available, this Article gives some flexibility to the Association Board to select insurance coverage that is reasonable for the conditions that exist at that time.

13.1. Review of Coverage. The Association Board shall review limits of coverage for each type of insurance at least once each year.

13.2. Casualty Insurance. The Association Board may obtain and, if additional Commons with significant insurable improvements are added to Waterside, shall be required to obtain and maintain, casualty insurance on the Commons for fire damage. Endorsements for extended coverage, vandalism, malicious mischief, flood and windstorm should be obtained where available at reasonable cost. Coverage shall be in an amount not less than necessary to comply with the coinsurance percentage stipulated in the policy, but in any event not less than 80% of the insurable value (based upon replacement) of the improvements constructed on the Commons.

13.3. Public Liability. The Association Board may obtain public liability insurance in such limits as the Association Board may from time to time determine, insuring against any liability arising out of, or incident to, the ownership and use of the Commons and any water access located on or adjoining Waterside. Whenever practicable, such insurance should be issued on a comprehensive liability basis and should contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association, the Association Board or other Owners.

13.4. Director Liability Insurance. The Association Board may obtain liability insurance insuring against personal loss for actions taken by members of the Association Board and advisory members in the performance of their duties. Such insurance shall be of the type and amount determined by the Association Board in its discretion.

13.5. Other Coverage. The Association Board shall obtain and maintain workman's compensation insurance if and to the extent necessary to meet the requirements of law, and such other insurance as the Association Board may determine or as may be requested from time to time by a majority vote of the Members.

13.6. Lot Coverage. Each Owner shall obtain casualty insurance for improvements on his/her/its Lot, naming the Association as an additional insured. Coverage shall be in an amount not less than necessary to comply with the co-insurance percentage stipulated in the policy, but in any event not less than 80% of the insurable value (based upon replacement) of the improvements constructed on the Lot. Each Owner by accepting title to a Lot in Waterside agrees that each policy of casualty insurance insuring the Lot and any improvements thereon shall contain a waiver of all subrogation rights as against the Association. If requested by the Association, an Owner shall provide evidence of such insurance to the Association.

13.7. Repair and Reconstruction after Fire or Other Casualty.

A. Commons. If fire or other casualty damages or destroys any of the improvements on the Commons, the Association Board shall arrange for and supervise the prompt repair and restoration of the improvements ("Redevelopment"). The Association Board shall obtain funds for such reconstruction first from the insurance proceeds, then from reserves for the repair and replacement of such improvements, and then from any Special Assessments that may be necessary after exhausting insurance and reserves.

B. Lot Improvements. If fire or other casualty damages or destroys a Building or any other improvements on a Lot, the Owner of that Lot shall immediately proceed to rebuild and restore the improvements to the condition existing immediately prior to such damage or destruction, unless other plans are approved by the Design Review Board. In doing so, the Owner shall comply with the provisions of this Declaration. If the Owner fails to clean and secure a Lot within 30 days after a casualty, the Association may remove debris, raze or remove portions of damaged structures and perform any other clean up the Association deems necessary to make the Lot safe and attractive. The cost of such clean-up shall be assessed to the Lot Owner as an Individual Lot Assessment.

ARTICLE 14 Amendment and Termination

Property Owners should be able to rely on the Declaration and the general principles it states. Amendment should not be easy. However, the Declaration must change over time, just as land uses will inevitably change over time. New solutions will be proposed from time to time to make the Association operate more efficiently or to adjust to these changing conditions. Where clearly to the community's benefit, these new provisions should be incorporated into the Declaration.

14.1. Amendment.

A. By Members. Except as stated elsewhere in this Declaration, including without limitation, this Section, this Declaration may be amended at any time by the affirmative vote of two-thirds of the Association Members; such amendment shall be evidenced by an instrument signed by the president or vice-president and secretary of the Association, certifying approval in writing by two-thirds (2/3) of the total votes. Rights reserved to Declarant may not be amended without the specific consent of Declarant. A Supplemental Declaration may, without approval of the Association Members, add, modify or otherwise supplement provisions of this Declaration, as originally filed or as same may be subsequently amended, which will effectively (1) change (whether through increasing, lessening or otherwise) restrictions on use which would otherwise be applicable to property added to Waterside pursuant to a Supplemental Declaration, but such changes shall only relate to and affect the Lots and other property added to Waterside pursuant to the Supplemental Declaration, and (2) change (whether through increasing, lessening or otherwise) building restrictions and/or other covenants, which would otherwise be applicable to property added to Waterside pursuant to a Supplemental Declaration, in the Design Code and in the Landscape Code, but such changes shall only relate to and affect the Lots and other property added to Waterside pursuant to the Supplemental Declaration. Notwithstanding any inference herein to the contrary, no Supplemental Declaration shall be deemed to have modified any provisions of this Declaration applicable to Lots included within Waterside prior to the filing of said Supplemental Declaration unless the said Supplemental Declaration expressly states such intention and unless the Supplemental Declaration also qualifies as an amendment to this Declaration pursuant to this Subpart A, or the following Subpart B.

B. By Declarant. Notwithstanding anything to the contrary in this Declaration, Declarant specifically reserves and has the absolute and unconditional right, so long as it is a Class B Member, to amend this Declaration without the consent or joinder of any party (i) to conform to the requirements of the Federal Home Loan Mortgage Corporation, Veterans Administration, Federal National Mortgage Association or any other generally recognized institution involved in the guarantee or purchase and sale of home loan mortgages, (ii) to conform to the requirements of institutional mortgage

lenders or title insurance companies; or (iii) to clarify the Declaration's provisions or correct errors.

C. Limitation. Whenever action described in this Declaration requires approval of greater than two-thirds (2/3) of the total votes of the Association Members, amendment of that provision shall require the same percentage vote as would be required to accomplish that action directly.

D. Recording. An amendment to this Declaration shall take effect upon recording in the public records.

E. Effective Date of Amendments. Notwithstanding anything herein to the contrary, no amendment or modification of this Declaration shall affect or bear on the construction of Dwellings and other Buildings within Waterside to the extent that such Dwellings or other Buildings have been constructed prior to the adoption of such modification or other amendment, but such modifications and amendments shall be effective with respect to any alterations or other additions to Dwellings and other Buildings constructed after the date of such amendments or modifications to this Declaration. Amendments and modifications to this Declaration shall be effective with respect to any conduct within Waterside, or use of Lots, occurring after the date of such amendment or modification including without limitation thereto any similar or identical conduct or use that occurred prior to such amendment or modification, and whether or not such conduct or use is continuing at the time of such amendment or modification.

F. Supplemental Declarations and Amendments to Design Code. Notwithstanding anything herein to the contrary, (i) Declarant and the Association shall have the right to make Supplemental Declarations without the consent of any Association Members, (ii) the Design Review Board shall have the right to amend and modify the Design Code without the consent of Association Members, (iii) the Association Board shall have the right to adopt and have filed amendments to this Declaration which contain modifications of the Design Code adopted by the Design Review Board, and (iv) the rights of Declarant and the Association set forth in Subpart B of this Section, and in this Subpart F, may not be withdrawn or otherwise modified without the consent of Declarant and the Association Board.

14.2. Duration; Termination. The covenants and restrictions contained in this Declaration shall run with and bind Waterside and shall inure to the benefit of and be enforceable by Declarant, the Association, and Owners of property within Waterside, their respective legal representatives, heirs, successors or assigns for twenty years, and shall be automatically extended for each succeeding ten year period unless an instrument signed by Owners representing 90% of the votes of the Association Members shall have been recorded, agreeing to terminate the Declaration as of a specified date. This Declaration may also be terminated in any of the following ways:

A. Unanimous Consent. The Declaration may be terminated at any time by the consent in writing of all Owners.

B. Dedication of Commons. The Declaration may be terminated by consent in writing by Association Members representing two-thirds (2/3) of the votes in the Association, if the Commons have been accepted for dedication or taken by eminent domain by the appropriate unit of local government (except that Alleys or footpaths between two Lots may be divided evenly between the adjacent Lot Owners).

14.3. Rerecording. Unless this Declaration is terminated, the Association shall record this Declaration or other notice of its terms at intervals, if any, necessary under Louisiana law to preserve its effect.

14.4. Condemnation. If all or part of the Commons is taken or condemned by any authority having the power of eminent domain, all compensation and damages shall be paid to the Association. The Association Board shall have the right to act on behalf of the Association with respect to the negotiation and litigation of the taking or condemnation affecting such property.

ARTICLE 15

The Foundation

The Foundation is created for the purpose of promoting and contributing to such various causes, events, programs and works as may lawfully be the subject of the efforts and contributions of a charitable, nonprofit corporation under Section 501 (c)(3) of the Internal Revenue Code.

15.1 Purpose of the Foundation. The Foundation is formed for the purpose of promoting and participating in such charitable, cultural and social endeavors as are permitted by the Internal Revenue Code provisions regarding nonprofit corporations. The Foundation shall have the authority to undertake action consistent with that purpose. This power of authority is to be liberally construed in favor of authorizing action by the Foundation.

15.2 Contracts. The Foundation may contract with Declarant or any other party for the performance of all or any portion of the management of the Foundation and to take such actions as are approved by the Foundation Board.

15.3 Membership. Members of the Foundation shall initially consist of the following persons, to wit: Charles W. Reeves, Jr., John Chaddick Thielen and William D. Blake.

15.4 Board of Directors. Initial Composition. The initial Foundation Board shall consist of the following three (3) individuals, to wit: Charles W. Reeves, Jr., John Chaddick Thielen and William D. Blake.

15.5 Fiscal Year. The fiscal year of the Foundation shall begin on January 1st of each year and end on December 31st of that year, unless the Foundation Board selects a different fiscal year.

15.6 Funding of the Foundation. Arrozal, L.L.C. shall fund the Foundation by deducting from each sale of property within Waterside a sum equal to ½ of 1% of the purchase price for the property sold and contributing said sum to the Foundation. Arrozal, L.L.C., its successors and assigns, shall have the right to exempt from this contribution obligation any property within Waterside of its choosing and shall further have the right to unilaterally amend this Declaration for the purpose of eliminating the assessment obligation contained herein.

ARTICLE 16

General Provisions

16.1. Sales Offices. Notwithstanding any language in this Declaration to the contrary, as long as Declarant or any nominee of Declarant owns any immovable property in Waterside, Declarant or its nominees shall have the right and privilege to maintain general and sales offices in and about Waterside, including model homes, and to have their employees present on the premises to show property within Waterside, use the Commons and, without limitation, to do any and all other things necessary or appropriate by them to sell or lease lots, homes, or other property, all without charge or contribution to the Association except that Declarant will owe Assessments just as any other owner; provided, however, that such activities shall be carried on in such a manner as will not unreasonably interfere with enjoyment of the Lot(s).

16.2. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform and consistent plan for the development and operation of Waterside as a community and as a TND. The italicized portions at the beginning of each Article are intended to state the purposes for the provisions that follow and may be used as an aid to interpretation. However, if the italicized portion conflicts with the operative provision, the operative provision shall govern. The captions of the various articles and provisions in this Declaration are for convenience only and in no way define, limit, or describe the scope of this Declaration, or the intent of any provision hereof. All references to particular Sections or Articles shall, except as otherwise expressly stated, be deemed to be references to those particular Sections or Articles of this Declaration.

16.3. Enforcement of Declaration.

A. Arbitration. At the election of Declarant, and in their sole discretion, any dispute with an Owner or any other party or entity with rights or obligations arising pursuant to this Declaration, involving the rights or obligations of Declarant or any other Person under, or arising from, this Declaration shall be resolved pursuant to arbitration under the rules, and under the auspices, of the American Arbitration Association (the "AAA") subject to the following which shall be deemed modifications of the applicable rules of the AAA, to the extent the rules of the AAA are inconsistent, to-wit: (i) there shall be only one (1) arbitrator and that arbitrator shall be a lawyer licensed to practice in the State of Louisiana, (ii) the arbitration proceeding shall be held in Lafayette, Louisiana, and (iii) to the extent that an expedited process is available under the rules of the AAA, the arbitration shall be expedited. At the election of the Association Board, in its sole discretion, any dispute with an Owner or other party or entity (other than Declarant) involving the rights or obligations of the Association, the Association Board, the Design Review Board or any member of the Association Board, arising under this Declaration shall be resolved pursuant to arbitration under the rules, and under the auspices, of the American Arbitration Association (the "AAA") subject to exceptions numbered (i), (ii) and (iii) of the first sentence of this Section. At the election of the Institute Board, in its sole discretion, any dispute with an Owner or other party or entity (other than Declarant) involving the rights or obligations of the Institute, the Institute Board or any member of the Institute Board, arising under this Declaration, shall be resolved pursuant to arbitration under the Rules and under the auspices of the American Arbitration Association (the "AAA") subject to exceptions numbered (i), (ii) and (iii) of the first sentence of this Section.

B. General Remedies. Claims may be brought in arbitration, or suit may be brought in a court with jurisdiction, against any Person, Persons or entity violating or attempting to violate the provisions of this Declaration, including the provisions of the Design Code, either to restrain violation or to recover damages, and against his, her or its property to enforce any lien created by this Declaration, or to obtain a declaratory judgment. To enforce this Declaration, including the provisions of the Design Code, or any Rules and Regulations of the Association, the Association, Declarant or an Owner may bring an action for damages, specific performance, declaratory judgment or injunction, or any other remedy at law or in equity, subject at all times to the rights of certain parties to insist that such actions be brought by way of arbitration pursuant to the preceding Subpart A of this Section. The Association Board shall be empowered to bring suits on behalf of the Association and on behalf of the Institute.

C. Injunctive Relief. Should the Association Board, the Association, or Declarant elect to bring an action in any court seeking injunctive relief as authorized in this Declaration (including without limitation thereto in the preceding Subpart B), then and in that event: (1) the party seeking injunctive relief (including without limitation thereto a temporary restraining order, a preliminary injunction and a permanent injunction) need not prove irreparable injury or harm, it being acknowledged and agreed that there will be damage, which is not susceptible of a monetary valuation, caused by a breach of the requirements of this Declaration, of the Design Code or of any Rules and Regulations of the Association; and (2) if any party against whom a claim is made in the proceeding seeking injunctive relief has a claim which said party wishes to assert against the party seeking such relief (the "filing party"), then and in that event the filing of the suit seeking injunctive relief shall not be considered a waiver by the said filing party of that party's right, if any, to have the claim against said filing party submitted to arbitration pursuant to this Article.

D. Association's Legal Fees. Any and all costs, including but not limited to reasonable attorneys' fees and court costs, which may be incurred by Declarant, the Association or the Institute in the enforcement of any of the provisions of this Declaration, whether or not a claim is made in arbitration or a suit is brought shall be assessed as an Individual Lot Assessment to the Owner against whom such action was taken.

16.4. Use of Materials or Components. The use of any material or components as indicated within the Design Code or this Declaration shall be solely at the risk of the Owner of a Lot and shall import no liability to the Association, Declarant or their assigns. The materials listed in the Design Code or in this Declaration are not intended to constitute or otherwise create any representations, guarantees, or warranties to any party in relation to the structural integrity or adequacy when used for any component of improvements to be built within Waterside. It shall be the responsibility of the Owner, or other proposer, when considering usage of any material on any project within Waterside to have an independent review and evaluation of the adequacy of any component or element contained herein to assure their acceptability for the intended end uses.

16.5. Written Consents of Members of the Association and/or the Institute in Absence of Meeting. Whenever the vote of the Association Members is required to authorize or constitute action by the Association or the Institute, the consent in writing to such action signed only by those members, of the entity whose authority or other decision is sought, holding that proportion of the membership interest that is required by law, the Articles of Incorporation of the entity in question or this Agreement (whichever provides the applicable voting requirements), to take such action shall be sufficient for the purposes of obtaining such authority or decision, without the necessity for a meeting of the members of that particular entity.

16.6. No Waiver. The waiver by any party of a breach of any provision of this Declaration, the Design Code or the Rules and Regulations of the Association, shall not operate or be construed as a waiver of any subsequent breach of that provision by any party. Failure to enforce any provision of this Declaration, the Design Code or the Rules and Regulations of the Association, shall not be deemed a waiver of the right to do so at any time thereafter and shall not operate or be construed as a waiver of the right to enforce such provision at a later date, even if under identical circumstances and even if involving the same parties.

16.7. Notices. Any notice required to be sent to the Owner shall be deemed to have been properly sent when mailed, postage prepaid, or hand delivered to the Lot and, if different, to the last known address of the person who appears as Owner of the Lot as that address is stated on the records of the Association, at the time of the mailing. The date of mailing shall be deemed to be the date of the giving of notice, except that the date of actual receipt shall be the date of the giving of any notice of change of address.

16.8. Gender and Number. The use of the masculine gender in this Declaration shall be deemed to include the feminine, or neuter, and the singular shall include the plural, wherever the context so requires.

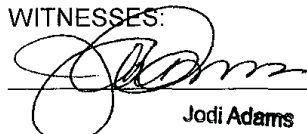
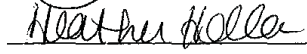
16.9. Law to Govern. This Declaration shall be construed in accordance with the laws of the State of Louisiana.

16.10. Validity. If any one or more of the provisions (or any part thereof) of this Declaration, the Design Code or of the Rules and Regulations of the Association, shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions (or any part thereof) shall not in any way be affected or impaired thereby and the balance of this Declaration, the Design Code and the said Rules and Regulations of the Association shall remain in full force and effect. If any provision, or subpart of a provision, of this Declaration is for any reason and at any time determined to be invalid, illegal or unenforceable (a) it is expressly stated that such determination shall be applicable only to the parties involved in the arbitration or court proceeding in which such determination has been rendered, and then only to the particular facts and circumstances presented to the arbitrator(s) or court; (b) where a provision is determined to be invalid, illegal or unenforceable because it is determined to be excessively broad, the court or arbitrator(s) making that determination are requested and authorized, where reasonably possible, to reform the subject provision by declaring it limited and reduced to make it compatible with applicable law; and (c) the court or arbitrator(s) making that determination are requested and authorized, where reasonably possible, to declare that provision or subpart reformed so as to eliminate only the portion of same which is determined to be invalid, illegal or otherwise unenforceable, so that the balance of said provision is allowed to remain in full force and effect.

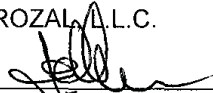
16.11. Owner's Acceptance. By accepting title to any of the Lots or other property included now, or in the future, within Waterside , each Owner agrees that he accepts title to said Lot or other property subject to the terms, provisions and acknowledgments of: (a) this Declaration, (b) the Design Code, (c) any Rules and Regulations of the Association that may be subsequently adopted, from time to time, by the Association or the Association Board, and all modifications thereto, and (d) any future amendments to this Declaration and/or the Design Code adopted pursuant to the terms and provisions of this Declaration.

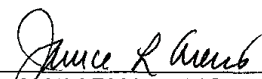
IN WITNESS WHEREOF, the undersigned has executed this Declaration on the day and year first above written, before the undersigned competent witnesses, Jodi Adams and Heather Hollan, and Janice L. Areno, the undersigned Notary Public.

WITNESSES:


Jodi Adams

Heather Hollan

ARROZAL L.L.C.

BY: 
Name: John Chadick Thielen
Authorized Member


NOTARY PUBLIC in and for
Calcasieu Parish, Louisiana
My Commission Expires: _____

JANICE L. ARENO #1400
Notary Public, Calcasieu Parish, LA
My Commission is Issued For Life

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EXHIBIT A

A subdivision of a tract of land lying in Section 26, Township 10 South, Range 8 West, Calcasieu Parish, Louisiana, and being more particularly described as follows:

Commence at the Southwest corner of Section 26, Township 10 South, Range 8 West; thence $N00^{\circ}48'38''E$ 1317.94 feet along the West line of said Section 26 to the South line of the North Half of the Southwest Quarter (S 1/2 of SW 1/4) of said Section 26, said North line also being the center line of the right-of-way for Louisiana State Highway No. 14; thence $N89^{\circ}58'41''E$ 2662.35 feet along the North line of the South Half of the Southwest Quarter (S 1/2 of SW 1/4) of said Section 26, to the point of beginning; thence $N00^{\circ}50'20''E$ 1316.75 feet along the West line of the North Half of the Southeast Quarter (N 1/2 of SE 1/4) of said Section 26; thence $S89^{\circ}59'32''W$ 144.98 feet along the North line of the Southwest Quarter (SW 1/4) of said Section 26; thence $N00^{\circ}50'20''E$ 455.54 feet; thence $N60^{\circ}59'13''E$ 208.66 feet to a point on a curve to the right, said curve having a radius of 360.00 feet, a central angle of $07^{\circ}09'24''$, and a chord which bears $N64^{\circ}33'51''E$ and measures 44.94 feet; thence along said curve a distance of 44.97 feet; thence $N21^{\circ}51'26''W$ 90.00 feet; thence $N18^{\circ}01'13''E$ 226.04 feet; thence $N25^{\circ}01'57''E$ 150.00 feet to a point on a curve to the left, said curve having a radius of 1390.98 feet, a central angle of $24^{\circ}46'41''$, and a chord which bears $S69^{\circ}30'06''E$ and measures 596.87 feet; thence along said curve a distance of 601.54 feet; thence $S64^{\circ}58'03''E$ 120.00 feet; thence $N89^{\circ}58'41''E$ 601.85 feet to a point, said point being on the center line of Lateral L-5A of W-6 (Black Bayou); thence $S18^{\circ}21'14''W$ 632.22 feet along center line of Lateral L-5A of W-6 (Black Bayou); thence $S06^{\circ}42'42''W$ 1303.49 feet along center line of Lateral L-5A of W-6 (Black Bayou); thence $S00^{\circ}50'20''W$ 172.20 feet along the center line of Lateral L-5A of W-6 (Black Bayou) to a point on the South line of the North half of the Southeast Quarter (N 1/2 of SE 1/4) of said Section 26, said South line also being the center line of the right-of-way for Louisiana State Highway No. 14; thence $S89^{\circ}58'07''W$ 1119.62 feet along said South line of the North half of the Southeast Quarter (N 1/2 of SE 1/4) of said Section 26 to the point of beginning, and subject to the right-of-way of Louisiana State Highway No. 14. Containing 61.740 acres, more or less.

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Section 26:

Approximately 80 acres of land out of the SE/4 of Section 26, Township 10 South, Range 8 West, Louisiana Meridian, Calcasieu Parish, Louisiana, being a portion of that certain Sale of Land dated July 31, 1935 between Wright Morrow and Stanolind Oil and Gas Company, recorded in Calcasieu Parish, Louisiana, under Clerk's File Number 182,587 and in Conveyance Book 279, page 245 et seq. being more particularly described as follows: All that portion of said SE/4 lying North of the centerline of Louisiana State Highway 14.

Sections 23, 24 and 26:

Approximately 840 acres of land out of Sections 23, 24 and 26, Township 10 South, Range 8 West, Louisiana Meridian, Calcasieu Parish, Louisiana, being a portion of that certain Sale of Land dated July 31, 1935 between Wright Morrow and Stanolind Oil and Gas Company, recorded in Calcasieu Parish, Louisiana, under Clerk's File Number 182,587, Conveyance book 279, page 245 et seq. being more particularly described as follows: The S/2 of said Section 13; that portion of the N/2 of said Section 13 lying westerly of the most southerly Southwest line of 239.65 acres of land described as Tract 8 in that certain General Warranty Deed between Stanolind Oil and Gas Company and the United States of America, dated December 9, 1953, recorded in Calcasieu Parish under Clerk's File Number 573394, Conveyance Book 552, page 232, (said southerly Southwest line calls to be a line parallel to and 1250 feet from the centerline of proposed 10,500 foot runway at the Lake Charles Airport); less and except that portion of 33.58 acres of land, being tract number 6 as described in that certain judgement, Suit of Expropriation between United States of America Vs. 56.20 acres of land in Parish of Calcasieu Harvey Hay, et al, and unknown others, Civil Action Number 3533, dated December 187, 1953, within said Section 13.

The following in said Section 23. The Northwest Quarter of the Northwest Quarter; South Half of the Northwest Quarter; the South Half of the Northeast Quarter; the Southeast Quarter; less and except the following tract: That portion of 428.39 acres of land described as Tract 41 in that certain Suit of Expropriation 1040.30 acres, more or less, Stanolind Oil Gas Company et al, Civil Number 5080, filed in the U. S. District Court Western District of Louisiana, July 1, 1955. The South Half of the North Half of Section 24, including the road commonly known as Tower Road. The North Half of Section 26.

Approximately 535 acres of land out of Sections 13 24, Township 10 South, Range 8 West, Louisiana Meridian, Calcasieu Parish, Louisiana being a portion of that certain Sale of Land dated July 31, 1935 between Wright Morrow and Stanolind Oil and Gas Company, recorded in Calcasieu Parish, Louisiana, under Clerk's File Number 182587 Conveyance Book 279, page 245 et seq. being more particularly described as follows: The South Half of said Section 13; The South Half of said Section 13; That portion of the North Half of said Section 13 lying westerly of the most southerly Southwest line of 239.65 acres of land described as Tract 8 in that certain General Warranty Deed between Stanolind Oil and Gas Company and the United States of America, dated December 9, 1953, recorded in Calcasieu Parish, under Clerk's File Number 573394, Conveyance Book 552, page 232, (Said southerly Southwest line calls to be a line parallel to and 1250 feet from the centerline of proposed 10,500 foot runway at the Lake Charles Airport); less and except that portion 33.58 acres of land, being Tract Number 6 as described in that certain judgement, Suit of Expropriation between United States of America Vs. 56.20 acres of land in Parish of Calcasieu, Harvey Hay, et al, and unknown others, Civil Action Number 3533, dated December 17, 1953, within said Section 13; and less and except 100.337 acres of land being the same land described as Tract 109-A in the Exhibit "A" in that certain Limited Warranty Deed from Amoco Production Company, as Grantor to Chennault International Airport Authority, as Grantee dated December 21, 1998 and recorded in Calcasieu Parish, Louisiana under Clerk's File Number 2432789;

The North Half of the North Half of Section 24.

329.866 acres of land more or less out of Section 24, Township 10 South, Range 8 West, Calcasieu Parish, Louisiana, being the South ½ of Section 24 lying West of the centerline of Highway 397,

Less, save and except there is hereby reserved and retained by Grantor, for itself and its successors and assigns, an easement or right-of-way for ingress and egress over and across the road commonly known as Tower Road, from the West line of Louisiana Highway 397 to the West line of Section 24 for access to and from Grantor's other lands in Sections 23, 24 and 26, Township 10 South, Range 8 West, Calcasieu Parish, Louisiana.

496.474 acres of land more or less out of Section 25, Township 10 South, Range 8 West, Calcasieu Parish, Louisiana being all that portion of Section 25 lying North of the centerline of Louisiana Highway 14, and West of the centerline of Louisiana Highway 397.

**EXCERPTS FROM MINUTES OF A MEETING
OF THE MEMBERS OF ARROZAL, L.L.C.**

RESOLVED by the members of ARROZAL, L.L.C., that John Chaddick Thielen be, and he is hereby authorized, empowered and directed, to execute a Declaration of Covenants, Conditions and Restrictions for Waterside, a subdivision to be developed in Calcasieu Parish, said Declaration to contain such terms and conditions as he, in his discretion, may deem appropriate, which Declaration shall initially cover and affect the following described property, to wit:

EXHIBIT A

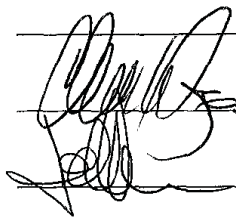
A subdivision of a tract of land lying in Section 26, Township 10 South, Range 8 West, Calcasieu Parish, Louisiana, and being more particularly described as follows:

Commence at the Southwest corner of Section 26, Township 10 South, Range 8 West; thence N00°48'38"E 1317.94 feet along the West line of said Section 26 to the South line of the North Half of the Southwest Quarter (S 1/2 of SW 1/4) of said Section 26, said North line also being the center line of the right-of-way for Louisiana State Highway No. 14; thence N89°58'41"E 2662.35 feet along the North line of the South Half of the Southwest Quarter (S 1/2 of SW 1/4) of said Section 26, to the point of beginning; thence N00°50'20"E 1316.75 feet along the West line of the North Half of the Southeast Quarter (N 1/2 of SE 1/4) of said Section 26; thence S89°59'32"W 144.98 feet along the North line of the Southwest Quarter (SW 1/4) of said Section 26; thence N00°50'20"E 455.54 feet; thence N60°59'13"E 208.66 feet to a point on a curve to the right, said curve having a radius of 360.00 feet, a central angle of 07°09'24", and a chord which bears N64°33'51"E and measures 44.94 feet; thence along said curve a distance of 44.97 feet; thence N21°51'26"W 90.00 feet; thence N18°01'13"E 226.04 feet; thence N25°01'57"E 150.00 feet to a point on a curve to the left, said curve having a radius of 1390.98 feet, a central angle of 24°46'41", and a chord which bears S69°30'06"E and measures 596.87 feet; thence along said curve a distance of 601.54 feet; thence S64°58'03"E 120.00 feet; thence N89°58'41"E 601.85 feet to a point, said point being on the center line of Lateral L-5A of W-6 (Black Bayou); thence S18°21'14"W 632.22 feet along center line of Lateral L-5A of W-6 (Black Bayou); thence S06°42'42"W 1303.49 feet along center line of Lateral L-5A of W-6 (Black Bayou); thence S00°50'20"W 172.20 feet along the center line of Lateral L-5A of W-6 (Black Bayou) to a point on the South line of the North half of the Southeast Quarter (N 1/2 of SE 1/4) of said Section 26, said South line also being the center line of the right-of-way for Louisiana State Highway No. 14; thence S89°58'07"W 1119.62 feet along said South line of the North half of the Southeast Quarter (N 1/2 of SE 1/4) of said Section 26 to the point of beginning, and subject to the right-of-way of Louisiana State Highway No. 14. Containing 61.740 acres, more or less.

CERTIFICATE

WE, the undersigned members of Arrozal, L.L.C., do hereby certify that the above and foregoing is a true and correct copy of Excerpts of Minutes of a Meeting of the members of Arrozal, L.L.C., and that same has not since been revoked or rescinded.

LAKE CHARLES, LOUISIANA, this 31st day of March 2005.



SUBDIVISION PLAT/ SURVEY MAP
VICINITY MAP

FILE# ATTACHED TO 2713760

DATE 04/05/2005 TIME 03:10:53 PM

DESCRIPTION WATERSIDE SUBDIVISION PART
ONE, LOCATED IN SW CORNER OF SEC 26-
T10S-R8W

NOTES: SEE ORIGINAL

CONVEYANCE BOOK 3164 PG 1 SEQ 54