

RESTATEMENT AND AMENDMENT OF
RESTRICTIVE COVENANTS FOR
HIGHLANDS SUBDIVISION,
ST. TAMMANY PARISH, LOUISIANA

STATE OF LOUISIANA
PARISH OF ST. TAMMANY

BE IT KNOWN, that on this 25th day of August, 1998;

BEFORE ME, RICHARD L. MULLER, a Notary Public, duly commissioned and qualified in and for the State of Louisiana, Parish of St. Tammany, therein residing, personally came and appeared:

HIGHLAND LAKES DEVELOPMENT CORPORATION, whose Tax Identification Number is 72-1411051, a Louisiana corporation herein represented by Christopher R. Jean, President, being duly authorized by resolution of the Board of Directors of said corporation dated May 9, 1998, a certified copy of which is on file as original Instrument No. 1094860 of the official records of the Clerk of Court of St. Tammany Parish, the permanent mailing address of the corporation being 100 Logan Drive, Pearl River, LA 70452;

(hereinafter "Declarant");

who declared unto me, Notary, under oath, that Declarant is the owner of 95 lots lying and being situated in Highlands Subdivision, Sections 3, 4, 9 and 10, Township 5 South, Range 11 East, St. Tammany Parish, Louisiana, more specifically described in accordance with the subdivision plan of Jeron R. Fitzmorris, Registered Land Surveyor, dated October 14, 1983, last revised April 25, 1986, recorded in Map File No. 925-A, of the Clerk of Court of St. Tammany Parish, Louisiana, and with the resubdivision plan by Jeron R. Fitzmorris, Registered Land Surveyor, dated May 23, 1994, recorded in Map File No. 1226 of the Clerk of Court of St. Tammany Parish, Louisiana, plus the Lakes, Dams and Spillway Property adjoining the said Highlands Subdivision, all as more specifically described on the survey by Jeron R. Fitzmorris, Registered Land Surveyor, dated March 30, 1998, Drawing No. 7953, copy of which is attached to and made part of a cash sale dated March 31, 1998, by Lee Road Development Company to Highland Lakes Development Corporation, recorded in the conveyance records of St. Tammany Parish as Conveyance Instrument No. 1089070. Said Lots, Lakes, Dams and Spillway Property were acquired by Declarant, and more specifically described in said cash sale.

Highlands Subdivision is subject to Restrictive Covenants that were imposed upon the property by prior owners and developers, as follows:

- (A) Restrictions for Highlands Subdivision set forth on the official subdivision plan of Jeron R. Fitzmorris, Registered Land Surveyor, dated October 14, 1983, last revised April 25, 1986, recorded in Map File No. 925-A of the Clerk of Court of St. Tammany Parish, Louisiana, and the resubdivision plan by Jeron R. Fitzmorris, Registered Land Surveyor, dated May 23, 1994, recorded in Map File No. 1226 of the Clerk of Court of St. Tammany Parish, Louisiana, and the resubdivision plan by Jeron R. Fitzmorris, Registered Land Surveyor, dated May 31, 1994, recorded in Map File No. 1226 of the Clerk of Court of St. Tammany Parish, Louisiana (hereinafter collectively referred to as the "Subdivision Plat").

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(B) Restrictive Covenants for the Highlands Subdivision dated October 18, 1983, recorded in COB 1126, folio 472, Instrument No. 874409; Amendment to Restrictive Covenants Highlands Subdivision, dated December 7, 1995, recorded at COB and MOB Instrument No. 977432; further amended by Amendment to Restrictive Covenants Highlands Subdivision, dated June 26, 1997, recorded as Instrument No. 1052280.

(C) Article IV of the Act of Correction between McWilliams and Lee Road Development Company filed in the conveyance records of St. Tammany Parish on July 26, 1993 as Original Instrument No. 866934, and Article IV of the Act of Correction Among McWilliams, Carden and Lee Road Development Company filed May 20, 1994 in the conveyance records of St. Tammany Parish as Original Instrument No. 906882.

The foregoing restrictive covenants and amendments thereto are applicable to the following described property:

1. The 370.8+ acres, subdivided into 126 lots, streets, and servitudes depicted on the Subdivision Plat.
2. The Lakes, Dams and Spillway Property more specifically described on the survey by Jeron R. Fitzmorris, Registered Land Surveyor, dated March 30, 1998, Drawing No. 7953, recorded in Extra Map File No. 2915 of the Clerk of Court of St. Tammany Parish, Louisiana (the "Lakes Survey"), and in the Cash Sale by Lee Road Development Company to Highland Lakes Development Corporation dated March 31, 1998, recorded in the conveyance records of St. Tammany Parish as Original Instrument No. 1089070 (sometimes collectively referred to as the "Lakes").

3. A portion of the property belonging to the Estate of W. K. McWilliams, Jr. and his widow, Eleonora P. McWilliams (the "McWilliams Property") located north of and adjacent to the Lakes described and situated within the following boundaries: The southern boundary of the McWilliams Property is co-terminous with the northern boundary of the Lakes. The northern boundary of the McWilliams Property is a line 500 feet distant from and parallel to the northern boundary of the Lakes. (The description of the McWilliams Property affected by restrictive covenants is more specifically set forth in the Act of Correction between McWilliams and Lee Road Development Company filed July 26, 1993, as Instrument No. 866934 in the conveyance records of St. Tammany Parish, and the Act of Correction Among McWilliams, Carden and Lee Road Development Company filed of record May 20, 1994, in the conveyance records of St. Tammany Parish as Instrument No. 906882, and surveys attached thereto.

(The properties described in Paragraphs 1, 2, and 3 above are hereinafter collectively referred to as the "Restricted Property".)

Declarant is the owner of a majority of the Lots as that term is defined in the Restrictive Covenants dated October 18, 1993 (the "Initial Restrictive Covenants") and as such is authorized pursuant to Article X of said Initial Restrictive Covenants to modify, terminate, or waive the restrictive covenants, in whole or in part. Declarant desires to consolidate the restrictive covenants identified in Paragraphs A, B, and C above and to amend them to be less burdensome on the Owners of Lots in Highlands Subdivision. Accordingly, Declarant declares that the Restricted Property is and shall be held, conveyed, hypothecated, or encumbered, sold, leased, rented, used, occupied, and improved subject to the provisions of this act (the "Restrictive Covenants"), all of which are declared and agreed to be in aid of a plan for improvement of the Restricted Property and its surroundings, and shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable

by the Declarant, its successors and assigns, and any person acquiring or owning an interest in any portion of the Restricted Property and improvements located thereon.

ARTICLE I

Definitions. The following words, when used in this Act shall have the following meanings:

- (a) "Act" shall mean this instrument.
- (b) "Assessment" or "Assessments" shall mean sums assessed by the Association.
- (c) "Association" shall mean and refer to The Highlands Homeowners Association of St. Tammany, Inc. and its successors and assigns.
- (d) "Board" shall mean the Board of Directors of the Association.
- (e) "Committee" shall mean the Environmental and Architectural Control Committee described in Article VII.
- (f) "Common Areas" shall mean and refer to all immovable property now or hereafter acquired or otherwise available for use by the Association for the benefit, use, and enjoyment of its members. The only Common Areas as of the date of this Act are the roads and streets, boat ramps (launches), the water well located on Lot 21, serving the Lakes, various servitudes, and the entrance, neutral ground constituting a portion of the Property.
- (g) "Community Facilities" shall mean the Common Areas and the Lakes, Dams and Spillway Property.
- (h) "Dams" shall mean and refer to the dams constructed to form the Lakes as shown on the survey by Jeron R. Fitzmorris, Registered Land Surveyor, dated March 30, 1998, Drawing No. 7953, recorded in Extra Map File No. 2915.
- (i) "Declarant" shall mean and refer to Highland Lakes Development Corporation.
- (j) "Developer" shall mean Lee Road Development Company, the original developer of the Highlands Subdivision.
- (k) "Dwelling" shall mean and refer to any completed building or portion of a completed building situated upon the Property and designed and intended for use and occupancy as a residence by a single family.
- (l) "Governmental Authority" shall mean any public, state, parish or municipal agency, authority or utility.
- (m) "Highlands" shall mean and refer to the Highlands Subdivision.
- (n) "Lakes" shall mean and refer to the lakes as shown on the Lakes Survey.
- (o) "Lakes Survey" shall mean the survey by Jeron R. Fitzmorris, Registered Land Surveyor, dated March 30, 1998, Drawing No. 7953, recorded in Extra Map File No. 2915 of the Clerk of Court of St. Tammany Parish, Louisiana.
- (p) "Lot" or "Lots" shall mean and refer to all legal lots of record resulting from the subdivision of the Property.
- (q) "Management Agent" shall mean the person, firm, or corporation chosen by the Association to manage its affairs.

(r) "McWilliams Property shall mean a portion of the property belonging to the Estate of W. K. McWilliams, Jr. and his widow, Elleonora P. McWilliams located north of and adjacent to the Lakes. described and situated within the following boundaries: The southern boundary of the McWilliams Property is co-terminous with the northern boundary of the Lakes. The northern boundary of the McWilliams Property is a line 500 feet distant from and parallel to the northern boundary of the Lakes. (The description of the McWilliams Property affected by restrictive covenants is more specifically set forth in the Act of Correction between McWilliams and Lee Road Development Company filed July 26, 1993, as Instrument No. 866934 in the conveyance records of St. Tammany Parish, and the Act of Correction Among McWilliams, Carden and Lee Road Development Company filed of record May 20, 1994, in the conveyance records of St. Tammany Parish as Instrument No. 906882, and the surveys attached thereto.)

(s) "Member" or "Members" shall mean and refer to every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof who is a member of the Association.

(t) "Owner" or "Owners" shall mean and refer to the record owner or owners, whether one or more persons or entities, of the fee simple title to any Lot or parcel of land situated on the Property.

(u) "Plans" shall mean plans and specifications.

(v) "Property" shall mean and refer to all or any portion of the immovable property described in the preamble to this Act as Restricted Property.

(w) "Review Fee" shall mean and refer to the fee charged by the Committee to review plans.

(x) "Rules and Regulations" shall mean and refer to the regulations promulgated and published from time to time by the Committee or the Association regarding the form and content of Plans for construction of improvements on Lots.

(y) "Spillway Property" shall mean the property adjoining the Dams which divert the flow of water around the dams during periods of high water, as shown on the Lakes Survey.

(z) "Subdivision Plat" shall mean the official subdivision plan of Jeron R. Fitzmorris, Registered Land Surveyor, dated October 14, 1983, last revised April 25, 1986, recorded in Map File No. 925-A of the Clerk of Court of St. Tammany Parish, Louisiana, and the resubdivision plan by Jeron R. Fitzmorris, Registered Land Surveyor, dated May 23, 1994, recorded in Map File No. 1226 of the Clerk of Court of St. Tammany Parish, Louisiana, and the resubdivision plan by Jeron R. Fitzmorris, Registered Land Surveyor, dated May 31, 1994, recorded in Map File No. 1226 of the Clerk of Court of St. Tammany Parish, Louisiana.

ARTICLE II

Property subject to this Act. The immovable property which is, and shall be held, conveyed, hypothecated or encumbered, sold, leased, rented, used, occupied, and improved subject to this Act is the Property.

ARTICLE III

Membership. Every Owner, including the Declarant, shall be a member of the Highlands Homeowners Association of St. Tammany, Inc., a Louisiana non-profit corporation. The Owner of each Lot shall be entitled to one vote and only one vote shall be permitted for each Lot. It shall be the responsibility of the Owner, where

the Owner consists of more than one person or entity to timely agree upon how its vote shall be cast. Failure to timely agree shall constitute an irrevocable proxy for the Board to exercise the vote of such Owner upon the issue at hand. At such time as any Owner discontinues ownership of any Lot, he or it shall cease to be a Member.

ARTICLE IV

Members' Right of Enjoyment. Every Member shall have a right to use and enjoyment in and to the Community Facilities, and such right to use and enjoyment shall be appurtenant to and shall pass with the title to every Lot subject to the following:

(a) The right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Community Facilities in a manner designed to promote the enjoyment and welfare of the Members and in aid thereof to mortgage the Common Areas; and

(b) The right of the Association, with the consent of fifty-one percent (51%) of the members voting at a meeting of the Association called for that purpose, to levy reasonable admission and other fees for the use of any Community Facilities by the Members and their guests; and

(c) The right of the Association to take such steps as are reasonable and necessary to protect the Common Areas against mortgage default and/or foreclosures, provided, always, however, that such steps are in conformity with the other provisions of this Act; and

(d) The right of the Association to limit the number of guests of Members to the use of any Community Facilities which are developed; and

(e) During any period of time that a Member fails to pay any Assessment that is due or during any period of time that a Member violates any of the published rules and regulations of the Association, such Member's right to vote and to use the Community Facilities shall be automatically suspended, except for rights to the use of streets, roadways and parking areas, (which shall not be subject to suspension for any reason); and

(f) The right of the Association to dedicate or transfer all or any part of the Common Areas to any Governmental Authority for purposes consistent with the purposes of this Act and subject to such conditions as may be agreed to by the Members; provided, however, that no such dedication or transfer or determination as to the purposes or as to the conditions thereof, shall be effective unless an instrument signed by members having fifty-one percent (51%) or more of the votes in the Association has been recorded agreeing to such dedication, transfer, purpose, or conditions; and

(g) The right of the Association, acting by and through its Board, to grant rights-of-way and/or servitudes for any public utility purpose to any Governmental Authority, Public Utility, or the Declarant for the purpose of the installation and/or maintenance of such utilities as may be necessary to serve any of the Community Facilities or to serve any other portion of the Restricted Property hereinabove identified; provided, however, that no such servitudes and/or rights-of-way shall be permanently inconsistent with the enjoyment of the Community Facilities by the Members.

ARTICLE V.

Section 1. Annual Assessments and Carrying Charges. Each Owner, whether or not it shall be so expressed in the act of sale, contract to sell or other conveyance, shall be deemed to covenant

and agree to pay the Association, in advance, and monthly, an Assessment equal to one-twelfth (1/12) of the Member's proportionate share of the sum required by the Association, as estimated by its Board, to meet annual expenses, including, but in no way limited to the following:

(a) the cost of all operating expenses of the Community Facilities and services furnished, including charges by the Association for facilities and services furnished by it; and

(b) the cost of necessary management and administration, including fees paid to any Management Agent; and

(c) the amount of all taxes and assessments levied against the Association or upon any Community Facilities for which the Association is otherwise required to pay, if any; and

(d) the cost of fire and extended liability insurance on the Community Facilities and the cost of such other insurance as the Association may effect; and

(e) the cost of security guard service, mosquito spraying, garbage and trash collection and/or other utilities and services which may be provided by the Association; and

(f) the cost of maintaining, replacing, repairing and landscaping the Community Facilities (including, without limitation, the cost of maintaining, repairing, and replacing The Lakes, the streets, roadways and open areas) and such equipment as the Board shall determine to be necessary and proper; and

(g) the cost of funding all reserves established by the Association, including, when appropriate, a general operating reserve and/or a reserve for replacements.

The Board shall determine the amount of the Assessment annually, but may do so at more frequent intervals should circumstances so require. Upon resolution of the Board, installments of annual Assessments may be levied and collected on a quarterly, semi-annual or annual basis rather than on the monthly basis for which provision is made hereinabove. Any Member may prepay one or more installments of any annual Assessment levied by the Association without premium or penalty.

The Board shall make reasonable efforts to fix the amount of the Assessment against each Lot for each Assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner upon reasonable notice to the Board. Written notice of the Assessment shall thereupon be sent to the Members. The omission of the Board, before the expiration of any Assessment period, to fix Assessments hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this article, or a release of any installment thereof, for that or any subsequent Assessment period, but the Assessment fixed for the preceding period shall continue until a new Assessment is fixed. No Member may exempt himself from liability for Assessments by a waiver of the use or enjoyment of any of the Community Facilities or abandonment of any Lot belonging to him.

Section 2. Special Assessments. In addition to the annual Assessments authorized by this article, the Association may levy in any Assessment year a special Assessment or Assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of described capital improvement located upon the common areas or Community Facilities, including the necessary fixtures and personal property related thereto, or for

such other purpose as the Board may consider appropriate, provided that any such Assessment shall have the assent of a majority of the Members who are present at a special meeting called for the purpose of considering the special Assessment. A meeting of the Members shall be duly called for this purpose, written notice of which shall be sent to all Members at least ten (10) days, but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting. Fifty-one percent (51%) of the Members shall constitute a quorum for the meeting.

Section 3. Reserve for Replacements. The Association may establish and maintain a reserve fund, for repairs and replacements, by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board. Such fund shall be conclusively deemed to be a common expense of the Association and shall be deposited with a bank or other financial institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacing of the Community Facilities, major repairs to any streets or roadways developed as a part of Highlands, equipment replacement, and for operating contingencies of a nonrecurring nature. The proportionate interest of any Member in any reserve for replacements shall be considered an appurtenance of his lot and shall not be separately withdrawn, assigned, or transferred or otherwise separated from the lot to which it appertains and shall be deemed to be transferred with such lot.

Section 4. Non-Payment of Assessment. Any Assessment, or installment thereof, levied pursuant to this Act, which is not paid on the date when due shall be delinquent. The personal obligation of the Member to pay the Assessment shall remain his personal obligation and a suit to recover a money judgment for non-payment of any Assessment, or installment thereof, levied pursuant to this Act which is not paid within ten days after it is due shall bear interest at a rate not to exceed the higher of twelve percent (12%) per annum or the highest lawful rate under the laws of the State of Louisiana.

Section 5. Action to Collect Assessment. In addition to all other remedies available to it in law or equity, the Association may file suit against the Member personally obligated to pay the Assessment or, any installment thereof that is not paid timely when due, for the amount of the Assessment, interest, costs, and reasonable attorney fees.

Section 6. Assessment Liens. The unpaid portion of any Assessments shall be secured by a lien upon the Lot or Lots owned by the Member owing such unpaid portion, after filing of record the claim of lien by the Association in the office of the Clerk of Court and Ex-Officio Recorder of Mortgages for the Parish of St. Tammany. The Association shall not, however, record such a claim of lien until the Assessment is unpaid for not less than thirty (30) days after it is assessed. At least seven (7) days prior to filing such a claim of lien, the Association shall provide written notice to the delinquent Member setting forth the amount of the delinquent Assessments, the date such Assessments became delinquent, and a statement indicating the Association's intent to file a claim of lien upon the Member's Lot or Lots. Said lien shall also secure the payment of interest on said Assessments which shall be at a rate equal to the higher of twelve percent (12%) per annum or the highest lawful rate from date of Assessment until paid, and reasonable attorney fees in favor of the Association.

Section 7. Assessment Certificate. The Association shall upon demand at any reasonable time furnish to any Member liable for any Assessment levied pursuant to this Act a certificate in writing signed by an officer of the Association, setting forth whether the

Assessment is paid or unpaid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid. A charge not to exceed Thirty (\$30.00) Dollars may be levied in advance by the Association for each certificate so requested.

As a condition to the sale or transfer of title to any Lot in Highlands, each Owner shall obtain an Assessment Certificate from the Association which shall declare that all annual and special Assessments have been paid in full. No request for approval for construction or improvements on a given Lot shall be acted upon, until such time as all Assessments, special Assessments, or installments thereof pertaining to such Lot, plus interest and attorney's fees, have been paid in full.

Section 8. Acceleration of Installments. Upon default in the payment of any one or more monthly installments of any Assessment levied pursuant to this Act, the entire balance of said Assessment may be accelerated at the option of the Board and be declared due and payable in full.

Section 9. Annual Membership Assessment. The initial annual Assessment for each of the Lots is set at Ten (\$10.00) Dollars per month for non-residents of Highlands and Twenty (\$20.00) Dollars per month for Highlands residents. The monthly rate for non-resident Lot Owners will commence upon his/her taking title to the Lot. Monthly rates for residents commences upon the issuance of a certificate of occupancy for the Dwelling.

Section 10. Declarant's Assessment. Declarant shall be subject to the annual membership Assessment; however, it may satisfy its obligations by providing services and improvements to the Community facilities calculated at the fair market value of said services and improvements as determined by the Board.

Section 11. Increase in Assessments.

(a) The annual Assessment for all memberships for which provision is made hereinabove may be increased by the Board, without a vote of the membership, by an amount equal to ten percent (10%) of the maximum annual Assessment for the preceding year.

(b) The annual Assessment for all memberships for which provision is made hereinabove may be increased above that established by the preceding paragraph by the assent of fifty-one (51%) percent of the membership of the Association present at a meeting called for this purpose. A meeting of the Members shall be duly called for this purpose, written notice of which shall be sent to all Members at least ten (10) days in advance of such meeting, which notice shall set forth the purpose of such meeting. Fifty-one (51%) percent of the Association membership will constitute a quorum for such meeting.

Section 12. Commencement of Annual Assessments. The annual Assessment for each membership shall commence on the date of execution of the act of sale for the Lot to which such membership is appurtenant. The first monthly installment of such annual Assessment shall be made for the month during which such act of sale is executed and shall become due and payable on that date. Except as hereinafter provided, the monthly installment of the annual Assessment for any Lot for any month after the first month shall become due and payable on the first day of each successive month.

ARTICLE VI

Servitudes for Utilities and Related Purposes. The Association is authorized and empowered to grant (and shall from time to time grant) such licenses, servitudes and/or rights-of-way for sewer lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities as may be

considered necessary and appropriate by the Board for the orderly maintenance, preservation, and enjoyment of the Community Facilities or for the preservation of the health, safety, convenience and/or welfare of the Owners of the Lots.

Any and all streets, walkways, roadways, sidewalks, and other Common Areas which are owned by the Association shall be subject to non-exclusive servitudes of ingress and egress for the benefit of all Members and the Declarant, their respective children, personal representatives, and assigns and all other persons or other parties claiming under any of them.

ARTICLE VII

Section 1. Environmental and Architectural Control Committee. Except for any improvements to the Community Facilities accomplished by the Declarant and except for purposes of proper maintenance and repair, no building, fence, wall or other improvements or structures shall be commenced, directed, placed, moved, altered or maintained upon the Property, nor shall any exterior addition to or change (including any change of color) or other alteration thereupon be made until the complete Plans, showing the location, nature, shape, height, material, color, type of construction, and/or any other proposed form of change (including, without limitation, any other information specified by the Board or by the Committee) shall have been submitted to and approved in writing as to safety, harmony of external design, color, and location in relation to surrounding structures and topography and conformity with the design concept for the Property and Community Facilities by the Board or by the Committee.

Subject to the same limitations for which provision is made hereinabove, no Member or Owner shall install, build, alter or plant any lighting, shades, screens, awnings, patio covers, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, walls or make any change or otherwise alter (including any alteration in color) in any manner whatsoever, the exterior of any improvements construction upon any lot or upon any of the Community Facilities within the community or to combine or otherwise join two or more dwellings, or to partition the same after combination, or to remove or alter any windows or exterior doors of any dwelling, or to make any change or alteration within any dwelling which will alter the structural integrity of the building or otherwise affect the Property, interest or welfare of any other Owner, materially increase the cost of operating or insuring any Community Facilities, or impair any servitude, until the complete Plans, showing the location, nature, shape, height, materials, color, type of construction and/or any other proposed form of change (including without limitation any other information specified by the Board or by the Committee) shall have been submitted to and approved in writing as to safety, harmony of external design, color and location in relation to surrounding structures and topography and conformity with the design concept for the Property by the Board or by any committee designated by it.

Section 2. Environmental and Architectural Control Committee - Operation. The Committee shall be composed of three (3) or more natural persons designated from time to time by the Board and such persons shall serve at the pleasure of the Board. In the event the Board fails to appoint a Committee, then the Board shall constitute the Committee. The affirmative vote of a majority of the members of the Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this article.

Section 3. Approvals, etc. Upon approval by the Committee of any Plans submitted pursuant to the provisions of this article, a copy of such Plans, as approved, shall be deposited among the permanent

records of the Committee and a copy of such Plans bearing such approval, in writing, shall be returned to the applicant who submitted the same. In the event the Committee fails to approve or disapprove any Plans which may be submitted to it pursuant to the provisions of this article within fifteen (15) days after such Plans (and all other materials and information required by the Committee) have been submitted to it in writing, then approval will be considered to have been given by the Committee and this article will be deemed to have been the subject of full compliance.

Section 4. Limitations. Construction or alterations in accordance with Plans approved by the Committee pursuant to the provisions of this article shall be commenced within six (6) months following the date upon which the same are approved by the Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this article), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the Plans by the Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this article shall again be required. There shall be no deviations from Plans approved by the Committee. Approval of any particular Plans or design shall not be construed as a waiver of the right of the Committee to disapprove such Plans, or any elements or features thereof, in the event such Plans are subsequently submitted for use in any other instance.

Section 5. Rules and Regulations, etc. The Committee or the Association may from time to time adopt and promulgate such Rules and Regulations regarding the form and content of Plans to be submitted for approval and may publish and/or establish such criteria relative to architectural styles or details, lot coverage, building set-backs, minimum square footage of the finished area of improvements, materials, or other matters, as it may consider necessary or appropriate. No such Rules and Regulations shall be construed as a waiver of any provision or requirement of this Act. The Committee may charge and collect a reasonable fee for the examination of any Plans for approval pursuant to the provisions of this article. The decisions of the Committee shall be final except that any Member who is aggrieved by any action or forbearance from action by the Committee (or by any policy, standards or guidelines established by the Committee) may appeal the decision of the Committee to the Board and, upon the request of such Member, shall be entitled to a hearing before the Board. The amendment or revision of the initial Rules and Regulations set forth below at any time hereafter shall not be considered an amendment of this Act, but rather an exercise of the power and authority granted to the Committee or the Board hereunder and shall not require the approval of Members which would be required if this Act were amended or modified.

The initial Rules and Regulations shall consist of the following:

(a) All Plans for construction of single residences, additions, and alterations, including any accessory buildings, boat houses, and fences, shall be submitted to the Committee thirty (30) days prior to the desired construction starting date for approval as to harmony of exterior design, color and location in relation to surrounding structures and topography. Particular attention will be given to elevations to insure that the outside appearance of the construction is compatible with surrounding structures and topography.

(b) The following Plans shall be submitted to the Committee for review and approval:

(1) Complete working drawings showing elevations and plan setting out ground floor or slab elevations in relation to street and property lines for all structures erected, altered,

(6) **OUTBUILDINGS:** No garage, carport, basement, out building, shack,, tent, trailer, or temporary structure placed or maintained on any lot shall at any time be used or occupied as a residence, either temporarily or permanently. No dwelling on any lots shall be occupied while in the course of construction until it shall comply with all the conditions set forth herein. All outbuildings must have the same characteristic style and color of the main building.

(7) **COMMERCIAL USE:** No trade or business shall be conducted upon any lot.

(8) **SEWERAGE SYSTEM:** An individual sewerage disposal system approved by the appropriate governmental regulatory agencies shall be installed for each dwelling, and no dwelling shall be occupied until such system is installed and is in operable condition.

(9) **WATER SYSTEMS:** Domestic water shall be provided only through the community water system owned and/or operated by a utility company approved by the Louisiana Public Service Commission and the Environmental Services Commission of St. Tammany Parish. Fees for hook ups to the community system (tap-in fees), service fees, franchise fees and other fees and charges imposed by the approved utility company shall be in accordance with rates established, approved, and, as applicable, imposed by the aforesaid regulatory agencies.

No dwelling shall be occupied until the water connection has been completed.

(10) **IRRIGATION SYSTEMS:** Water wells for irrigation purposes may be drilled; provided that, such wells shall not be connected to any Dwelling or the Community Water System.

(11) **GROUND REMOVAL:** Except for the purposes of actual construction upon such Lot and for the approved excavation of portions of a Lot or Lots for the purpose of boat slip construction, no sand, gravel, or soil shall be removed from any Lot, provided however, the Declarant, in carrying out the improvement and development of the Property and developer of the McWilliams Property shall have the right to remove or add soil to any Lot owned by it and shall have the right of ingress and egress upon all Lots for the purpose of grading and excavating thereon in connection with the constructing and completing of the street improvements, the installation of public utilities, and doing any and all other things necessary to complete the general plan of improvement.

(12) **CULVERTS:** No culverts for driveways and other drainage purposes shall be installed until their sizes and elevations have been approved by the Committee. If it becomes necessary for the Association to reset a culvert to proper elevation after completion of the installation of said culvert(s), the Owner will be charged with the cost of such work.

(13) **MOBILE HOMES:** Mobile homes will not be permitted to occupy Lots in this subdivision except those temporarily on the premises during construction as approved by the Committee or the Board.

(14) **SERVITUDES:** No construction of any nature shall be permitted within drainage servitudes or street rights-of-way, except for subdivision entry structures and water, sewerage, electrical, gas, cable and/or other such utilities.

(15) **MAINTENANCE:** All building sites must be kept clean and clear of building and other debris.

(16) **SANITATION:** Owner shall apply to the Association

for garbage and trash pick-up, and register for security service.

(17) **DITCHES AND SWALES:** Each Owner shall keep drainage ditches and swales located on his Lot free and unobstructed and in good repair. He shall prevent erosion on his Lot. Swales should not be blocked during construction in order to insure continued adequate drainage.

(18) **FIRES:** No fires on individual Lots shall be left burning after sunset. If Owner must burn undergrowth, construction lumber, etc., the fire must be extinguished by sundown.

(19) **BOAT HOUSES:** Boat houses shall not be constructed out into the Lakes. All such boat houses must be excavated from the Owner's Lot shoreward of the regular shoreline. No boat house may exceed twelve feet (12') in height.

(20) **DOCKS:** Dock shall not extend more than twenty feet (20') into the Lakes.

(21) **RECREATIONAL USAGE:** Each Owner and every member of his immediate family shall be issued, by the Association, a properly signed and current authorization card which must be in the possession of the authorized person using the Lakes. Authorization cards shall be issued by the Committee and may be withdrawn for conduct inconsistent with the safe and courteous use of the Lakes. No guest of any Owner may utilize the Lakes without being accompanied by an authorized Member.

(22) **WATERCRAFT:** Only electric motors shall be allowed to mechanically propel any water craft on the Lakes. No water craft shall be operated so as to create wakes.

(23) **TRESPASS:** No Owner or Member or any guest thereof, shall enter upon the McWilliams Property located on the north side of the Lakes, except in the case of emergencies, or as may otherwise be provided by the developer(s) of the McWilliams Property, who may not discriminate against owners of Lots in Highlands Subdivision.

(24) **VEHICULAR USE OF DAMS:** No owner or Member shall cause or allow any vehicle to cross or be placed upon the Dams, except that Association and Declarant may permit vehicles on the Dams in aid of the maintenance and construction of Community Facilities.

Section 6. Release of Liability. By submitting plans and specifications to the Committee, the party so submitting the plans relieves and releases the Committee and each and every one of its members from any liability or responsibility for failing to discover or point out any deficiencies in said plans and specifications. The Committee does not intend to, nor will it act as the architect or construction supervisor for the applicant, it at all times being the responsibility of the applicant to obtain its own professional assistance. Should applicant and/or a third party file suit or threaten litigation over applicant's project against the Committee or any of its members, then the applicant agrees to hold harmless and indemnify the Committee and each of its members from any liability or responsibility arising out of, or in any way connected with the performance of the Committee's duties as set forth herein, and in the Rules and Regulations promulgated by the Committee.

ARTICLE VIII

Section 1. Prohibited Uses and Nuisances. Except with the prior written approval of the Committee, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the Community Facilities:

(a) NUISANCES: No noxious or offensive activity shall be carried on upon any Lot or within any dwelling situated upon the Property or Community Facilities, nor shall anything be done therein or thereon which may or become an annoyance or nuisance to the neighborhood or other Members.

(b) ANIMALS: The maintenance, keeping, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number shall be and is hereby prohibited on any Lot or within any dwelling situated upon the Property (except as set forth in Article XIII, Section 2) or on the Community Facilities, except that this shall not prohibit the keeping of dogs, cats and/or caged birds as domestic pets provided they are not kept, bred or maintained for commercial purposes and, provided further, that such domestic pets are not a source of annoyance or nuisance to the neighborhood or other Members. Pets shall be registered, licensed and inoculated as may from time to time be required by law. Any Member who keeps or maintains any pet upon any portion of the Community Facilities shall be deemed to have indemnified and agreed to hold the Association, the Members and the Declarant free and harmless from any loss, claim, or liability of any kind or character whatsoever including attorney fees arising by reason of the keeping of maintaining of such pet upon the Community Facilities. The Board shall have the right to order any Member whose pet is a nuisance, to remove such pet from the Property or Community Facilities and the Board shall have the sole and exclusive authority to determine, after notice to such member and affording such member an opportunity for a hearing before the Board, whether or not any pet is a nuisance.

(c) TRASH: No accumulation or storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, recyclable materials or trash of any other kind shall be permitted on any Lot or Community Facilities; provided, however, that the storage of building materials and equipment shall be permitted during period of new construction, remodeling and/or renovation of any improvements located upon any Lot.

(d) VEHICLES: Except as hereinelsewhere provided, no junk vehicle (i.e., one that is improperly licensed, not licensed, nor registered, or that is in a state of disrepair), commercial vehicle, trailer, truck (except a pick-up truck), camper, recreational vehicle, camp truck, house trailer, boat or other machinery or equipment of any kind or character, except for such equipment and/or machinery as temporarily may be customary and usual in connection with the maintenance of any dwelling or other improvements located upon the Property, and except for such equipment and/or machinery as the Association may require in connection with the maintenance and operation of the Community Facilities shall be kept upon the Property; nor (except for bona fide emergencies) shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon; provided, however, that this restriction shall not apply to vehicles, trailers, boats, machinery, equipment or the like stored and kept within an enclosed storage room or garage or such non-enclosed area screened from the roads as the Committee may approve in writing. The Association may, in the discretion of its Board, provide and maintain a suitable area designated for the parking of such vehicles or the like.

(e) TRASH CONTAINERS: Trash and garbage containers shall not be permitted to remain in public view except on days of trash collection. No incinerator shall be kept or maintained upon any Lot. Garbage, trash, and other refuse shall be placed in covered containers.

(f) SUBDIVISION OF LOTS: No Lot shall be divided or subdivided and no portion of any Lot (other than the entire Lot) shall be transferred or conveyed for any purpose; except in those instances where the Committee and such governmental agencies having

jurisdiction thereafter approve said subdivision or revision in Lot size. No portion of any dwelling (other than the entire dwelling) shall be leased.

(g) UTILITY LINES ON LOTS: Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no water pipe, sewerage pipe, gas pipe, drainage pipe, telephone line, electrical line, or cable, television cable or similar transmission line, or the like, shall be installed or maintained on any Lot above the surface of the ground. Appurtenant equipment for water wells drilled by Owners for irrigation purposes may be above the ground provided it is enclosed or screened from public view to the fullest extent possible.

(h) MINING: No Lot shall be used for the purpose of boring, mining, quarrying, exploring for or removing oil or other hydrocarbons, minerals, gravel, or earth, except to drill a water well for irrigation purposes.

(i) PROHIBITED STRUCTURES AND USES: No structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes dryer, playhouse, shed, or other buildings shall be erected, used or maintained on any Lot at any time; provided, however, the foregoing restriction shall not prohibit the maintenance of those temporary structures, trailers or the like which are necessary during the construction, remodeling and/or renovation of any improvements thereon. No such structures, trailers or the like shall be utilized for dwelling purposes and all such structures, trailers or the like shall be removed from the Lot promptly following the completion of any such improvements.

(j) SIGNS: Entrance signs, directional signs, signs for traffic control or safety, community "theme areas", such promotional sign or signs as may be maintained by the Declarant or the Association, typical yard signs advertising a Lot for sale, for lease, or for trade, may be erected, posted or displayed upon, in or about a Lot, or Community Facilities. Signs larger than a typical real estate yard sign and signs that are illuminated or flashing are otherwise prohibited.

(k) PRESERVATION OF SERVIITUDES: No structure, planting or other material 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 which may change, obstruct, or retard direction or flow of any drainage channels.

(l) ASSOCIATION EMPLOYEES: No Member shall engage or direct any employee of the Association on any private business of the Member during the hours such employee is employed by the Association, nor shall any Member direct, supervise, or in any manner attempt to assert control over any employee of the Association.

(m) MAINTENANCE OF BUILDINGS: No dwelling or other improvements which are located upon the Property shall be permitted to fall into disrepair and all such dwellings and other improvements (including lawn and other landscaped areas) shall be maintained in good condition and repair.

(n) DOCKS AND PIERS: Except as provided for in these Restrictive Covenants and the Rules and Regulations, no wharf, pier, bulkhead, dock, launching facilities, or other structure or obstruction shall be built or maintained upon or into any of the lakes or any stream, pond, river, canal, or other waterway which is part of or adjacent or contiguous to the Property, except those constructed by the Declarant and/or the Association. In no event shall any such structure or obstruction be permitted under circumstances where it creates any threat to safe navigation or to the safe and convenient use of any waterway as a recreational facility.

(o) DRAINAGE: No boat canal shall be constructed upon any Lot, nor shall any dam, channel, or other device be constructed or installed upon any Lot; nor shall any construction be permitted which shall in any way alter or impede the course of natural boundaries of any waterway or which shall involve or result in the removal of water from any waterway. Furthermore, drainage from any Lot shall be directed to the Lakes, if possible. If drainage cannot be directed to the Lakes it shall be directed to a drainage servitude on, or, in the absence of a drainage servitude, to the swale ditch(es) in the front or side of the Lot. Every effort shall be made to eliminate water runoff on to an adjoining Lot.

(p) GARBAGE AND TRASH: No garbage, trash, or other refuse shall be dumped in any waterway upon or adjacent to the Property, or the Community Facilities.

Section 2. Enforcement - Right to Remove or Correct Violations.
In the event any violations or attempted violation of any of the servitudes, privileges, or restrictions contained in this Act shall occur or be maintained upon any Lot or upon the Community Facilities, or in the event of any other conduct in violation of any of the Rules, provisions and requirements of this Act, then the same shall be considered to have been undertaken without the approval of the Board or the Committee required herein, and, upon written notice from the Board or the Committee, such violation shall be promptly removed or abated. In the event the same is not removed, or the violation is not otherwise terminated or abated, within fifteen (15) days (or such shorter period as may be required in any such notice) after notice of such violation is delivered to the Owner of the Lot upon which such violation exists, or to the Member responsible for such violation if the same shall be committed or attempted on premises other than the Lot owned by such Member, then the Association shall have the right, through its agents and employees (but only after a resolution of the Board or the Committee), to enter upon such Lot or such property upon which the violation is being committed, to take such steps as may be necessary to remove or otherwise terminate or abate such violation and the cost thereof may be assessed against the responsible Owner or Member. When so assessed, a statement for the amount thereof shall be rendered to the Owner or Member, as the case may be, at which time the Assessment shall become due and payable and a binding personal obligation of the Owner of such Lot or Member, as the case may be, in all respects and subject to the same limitations as provided in Article V of this Act. The Association shall have the further right, through its agents, employees or committees, to enter upon and inspect any Lot at any reasonable time for the purpose of ascertaining whether any violation of the provisions of this Act exist on such Lot; and neither the Association nor any agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

ARTICLE IX

Section 1. Management Agent. The Association may employ a Management Agent at a rate of compensation to be established by the Board to perform such duties and services as the Board shall authorize, including, without limitation:

(a) to establish (with the approval of the Board) and provide for the collection of the maintenance Assessments and other Assessments provided for in this Act in a manner consistent with law and the provisions of this Act; and

(b) to provide for the care, upkeep, maintenance and surveillance of the Community Facilities; and

(c) to designate, hire and/or dismiss such personnel as may be required for the good working order, maintenance and efficient operation of the Community Facilities; and

(d) to promulgate (with the approval of the Board) and enforce such rules and regulations and such restrictions or requirements, "house rules" or the like as may be deemed proper respecting the use of the Community Facilities; and

(e) to provide such other services (including accounting services) for the Association as may be consistent with law and the provisions of this Act.

Section 2. Limitation of Liability. Neither the Association nor the Declarant shall be liable for any failure of any services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the Community Facilities or from any wire, pipe, drain, conduit or the like. Neither the Association nor the Declarant shall be liable to any Member for loss or damage, by theft or otherwise, of articles which may be stored upon the Community Facilities. No diminution or abatement of Assessments, as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Community Facilities or from any action taken by the Association or the Declarant to comply with any law or ordinance or with the order or directive of any Governmental Authority.

ARTICLE X

Section 1. Duration - Amendment. Except where permanent servitudes or other permanent rights or interests are herein created, the servitudes, privileges, and restrictions of this Act shall run with and bind any land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Act, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date of recordation of this Act, after which the said servitudes, privileges, and restrictions shall be automatically extended for successive periods of ten (10) years each, unless any instruments signed by the then Owners of a majority of the Lots has been recorded, agreeing to change said servitudes, privileges, and restrictions, in whole or in part. The terms and provisions of this Act, and any of the servitudes, privileges, or restrictions herein contained, may be modified in whole or in part, terminated or waived, prior to or subsequent to the expiration of the thirty (30) year period aforesaid, by an act of modification, termination, or waiver signed by the then Owners of a majority of the Lots and duly recorded with the Clerk of Court and Ex-Officio Recorder of Mortgages and Registrar of Conveyances for St. Tammany Parish, Louisiana; except that no modification, termination, or waiver shall be made of any of the rights, privileges and/or obligations of the Owners of Lots in the Highlands Subdivision without the written approval by Owners owning more than fifty (50%) of the Lots in Highlands Subdivision.

Section 2. Construction and Enforcement. The provisions hereof shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Property. Enforcement of these servitudes, privileges, and restrictions shall be by any legal proceeding against any Owner or Member violating or attempting to violate any servitude, privilege, or restriction, either to restrain or enjoin violation or to recover damages, or both; and the failure or forbearance by the Association or the Owner of any Lot to enforce any servitude, privilege, or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The provisions hereof may be enforced, without limitation, by the Association, the Declarant, or by any Owner of any Lot which becomes subject to the provisions hereof.

There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within servitudes, privileges, or restrictions cannot be adequately remedied exclusively by recovery of damages. The Members and Owners hereby agree that any such violation or attempted violation may be enjoined or abated by means of a prohibitory or mandatory injunction. In the event that the Declarant or the Association obtains an injunction from a court of proper jurisdiction, no bond or other security shall be required in connection therewith, any such requirement in connection therewith being waived.

Section 3. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Lot, any act of sale or contract to sell purporting to effect such transfer shall contain a provision incorporating by reference this Act. However, the failure to so incorporate by reference, shall not in any way impair the enforceability of these provisions in connection with the subsequent ownership of any Lot.

Section 4. Notices. Any notice required to be sent to any Member or Owner under the provisions of the Act shall be deemed to have been properly sent when mailed, by ordinary mail, postage prepaid, to the last known address of the Member or Owner as shown on the records of the Association at the time of such mailing. It shall be the Member's obligation to assure that the Association has his/her current mailing address.

Section 5. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any Community Facility by any Governmental Authority and no Governmental Authority shall have any responsibility or liability for the maintenance or operation of any said Community Facilities until an express dedication has been made.

Section 6. Severability. Invalidation of any one of these servitudes, privileges, or restrictions by judgment, decree, or order shall in no way affect any other provision hereof, each of which shall remain in full force and effect.

Section 7. Captions. The captions contained in this Act are for convenience only and are not part of this Act and are not intended in any way to limit or enlarge the terms and provisions of this act.

ARTICLE XI

Attorney Fees. In the event of the violation of any of the provisions of this Act, the party in breach shall be liable, in addition to all other sums, for reasonable attorney fees incurred by the successful party in enforcing the provisions of this Act.

ARTICLE XII

Section 1. Dams and Lakes - Recreational Use.

- (a) Declarant is the owner of the Lakes, Dams and Spillway Property as shown on the Lakes Survey; and
- (b) Declarant grants to each Owner the right and privilege to use the Dams and the Lakes for recreational purposes as herein provided; and
- (c) Declarant authorizes the Committee to establish such rules for the recreational use of the Dams and the Lakes by the Owners as the Committee may deem appropriate, with due regard for the safety, enjoyment and well being of the Owners; and
- (d) Declarant will restrict its use of the Dams and the Lakes

and the use thereof by their friends, families and invitees so as not to reduce the values of Lots in the Highlands nor impair the safety, enjoyment, and well being of the Owners; and

(e) In no event shall Declarant be liable for any injury or damage to person or property arising out of its ownership of the Dams, Lakes, and Spillway Property; nor will Declarant be liable or responsible for the construction and maintenance of the Lakes, Dams and Spillways nor for any representations made by the Developer, or others regarding the aesthetics and/or functionality of the Lakes, Dams and Spillways. Maintenance of Lakes, Dams and Spillways is solely the responsibility of the Association.

ARTICLE XIII

MCWILLIAMS PROPERTY RESTRICTIONS

The Estate of W. K. McWilliams, Jr. and his widow, Elleonora P. McWilliams, are the owners of the immovable property which adjoins the northern shore line of the Lakes. A portion of this immovable property has been previously described and defined herein as the McWilliams Property. (See Preamble, paragraph 3 and Article 1, paragraph 5.)

Subject to the other provisions of this Article XIII, all of the provisions of the Restrictive Covenants, without limitation, are applicable to the McWilliams Property.

Section 1. Lot Sizes on McWilliams Property. The owner of the McWilliams Property shall have the right to subdivide the McWilliams Property and such other portions of the property belonging to the Estate of W. K. McWilliams, Jr. and his widow, Elleonora P. McWilliams (a portion of which was obtained from Edna Mae Asseel, wife of/and Charles Thomas Carden) described in the Act of Correction between McWilliams and Lee Road Development filed July 26, 1993 and the Act of Correction Between and Among McWilliams, Carden and Lee Road Development filed May 20, 1994 (the "Remaining McWilliams Property"), as said owner may determine, and in the event of such subdivision the lots and parcels that front on the Lakes shall not be smaller in size than the lots fronting on the south shore of the Lakes in Highlands Subdivision.

Section 2. Agriculture Use Exception. As an exception to these Restrictive Covenants, the McWilliams Property may be used for all agricultural purposes, including agricultural business purposes; provided that, if the McWilliams Property is subdivided into lots and parcels of five (5) acres or less and a sale of such subdivided lots or parcels occurs, then the agricultural exception provided for in this section shall not apply to such lots or parcels that have been sold.

Section 3. Benefits to Owners of McWilliams Property. The owner or owners of the McWilliams Property, or the lots created by subdivision thereof, shall have all the rights, privileges and benefits that are enjoyed by the owners of the lots in the Highlands Subdivision as provided for in these Restrictive Covenants.

Section 4. Exemption from Assessments Relating to Maintenance of Streets and Certain Other Common Areas. The owner or owners of the McWilliams Property, or the lots created by subdivision thereof, shall not be charged or assessed for any costs relating to the streets in the Highlands Subdivision or any other Common Areas or amenities in the Highlands Subdivision or any other costs related to the Highlands Subdivision that principally benefit the owners of the lots in the Highlands Subdivision. Nor shall the owners of Lots in the Highlands Subdivision be charged or assessed for any costs relating to the streets, utilities and other common areas or amenities constructed by the developers of the McWilliams Property and Remaining McWilliams Property to serve those properties, or any

other costs related to the lots or parcels developed on the north shore of the Lakes that principally benefit the owners of the lots or parcels created in the McWilliams Property and Remaining McWilliams Property. However, both the owners of the lots in the Highlands Subdivision and the owners of the lots and parcels created in the McWilliams Property and Remaining McWilliams Property who have the right to use the Lakes shall be charged and assessed for any costs relating to the maintenance of the Lakes, Dams and Spillways and other improvements and amenities that commonly benefit the Highlands Subdivision, the McWilliams Property, and Remaining McWilliams Property; except that, the heirs of the McWilliams Estate and Mrs. Elleonora P. McWilliams are exempt by contract from paying any of the costs or expenses of whatever kind or nature pertaining to the Lakes, Dams and Spillway Property.

Section 5. No Discrimination Against McWilliams Property. No action shall be taken by The Highlands Homeowners Association of St. Tammany, Inc., nor by the Environmental and Architectural Control Committee, nor by any other agency referred to in or created by the Restrictive Covenants which discriminates against the McWilliams Property and the owners thereof as compared with actions of such agencies taken with respect to the Highlands Subdivision and the owners thereof.

Section 6. Limitation of Highlands Restrictive Covenants. Nothing herein shall cause the Highlands Restrictive Covenants to apply to any portion of the Remaining McWilliams Property, unless and until application has been made to the Association by the developer of the Remaining McWilliams Property and seventy-five (75%) percent of the members of the Association present at a meeting called for that purpose, after due notice (14 days) shall approve an amendment to these Restrictive Covenants to include any Remaining McWilliams Property.

Section 7. Restrictions Run With the Land. The Highlands Restrictive Covenants which are imposed in this Article on the McWilliams Property shall be servitudes imposed upon the McWilliams Property which shall run with the land.

ARTICLE XIV

Authority to Grant Variances. The Board shall have the power and authority to grant variances from the strict application of any of these covenants and the Rules and Regulations imposed herein or in accordance herewith, provided that such variances shall not subvert the purpose and principal thereof; and the grant of such variance will, in the opinion of the Board, improve the quality and/or appearance of the project or alleviate practical difficulties or undue hardships. Such variances as may be approved by the Board shall be considered on an individual, case by case basis, and shall not be considered as setting a precedent for future decisions by the Board; nor shall such approval negate any future application of the restrictions so varied with respect to other portions of Property.

THUS DONE AND PASSED in my office at Covington, Louisiana, on the day, month and year first hereinabove written, in the presence of the undersigned competent witnesses, who hereunto sign their names after due reading of the whole.

WITNESSES:

Della J. Steinhauer
Della J. Steinhauer

Jane M. Andrews
Jane M. Andrews

HIGHLAND LAKES DEVELOPMENT
CORPORATION

By: *Christopher R. Jean*
Christopher R. Jean,
President

Richard L. Muller
Richard L. Muller

RICHARD L. MULLER
NOTARY PUBLIC