

APPENDIX E1

Declaration of Exceptions,
Reservations, Covenants,
Restrictions and
Conditions for the Lost
Lake Resort and
Development

**DECLARATION OF EXCEPTIONS, RESERVATIONS, COVENANTS, RESTRICTIONS AND
CONDITIONS FOR THE LOST LAKE RESORT AND DEVELOPMENT**

WHEREAS, Lost Lake Property Owners Association, Inc., a Texas corporation (the "Declarant"), acquired certain property within a tract of land in Sullivan County, New York, which property is described in Exhibit "A" of a Warranty Deed recorded in Book _____ Page _____ of the Deed Records of Sullivan County, New York, (the "Development").

WHEREAS, Declarations of the Property have been recorded in Sullivan County on _____, 20__ in Book _____ at page _____.

WHEREAS, pursuant to Article ___ paragraph _____ of the Declaration of Exceptions, Reservations, Covenants, Restrictions and Conditions for Lost Lake Development (the "Declaration") the power and authority to amend the Declarations were retained by the Declarant thereof and its successors and assigns.

WHEREAS, Declarant, as holder of the Declarant rights, now desires to set forth this Declaration of Exceptions, Reservations, Covenants, Restrictions and Conditions for Lost Lake Development;

THEREFORE, THIS DECLARATION, is made the ____ day of _____, 20__, and provides as follows:

RECITALS

A. Declarant desires to develop the Property as a residential community with recreational facilities to be known as the "Lost Lake Resort and Development." In furtherance thereof Declarant has and will cause one or more plats of subdivided portions of the Property to be recorded in the Plat Records of Sullivan County (each subdivided lot of any such plat as well as subdivided lots of previously recorded plats in the Property hereinafter referred to as a "Lot," whether improved or unimproved). Residential dwellings within the Property will be of different styles, including detached residences, condominiums, homes with one or more common walls, patio homes or other types of homes; all of which shall be developed and maintained as part of a residential development of high quality, architectural design and condition. The Property will contain such roads, common areas, green belts, trails, lakes, ponds, parks, tennis courts, swimming pools, club houses, recreational centers and other similar facilities as (i) Declarant shall, in its sole discretion and expense, determine appropriate or (ii) the Association, at its sole discretion and expense, shall construct or create (the "Common Areas"). The Property may also contain recreational facilities such as golf courses, pro-shops, hotels, restaurants and other similar facilities as Developer, in its sole discretion and expense, deems desirable or appropriate (the "Recreational Facilities"). Each owner of a Lot ("Owner") and immediate family (minor children and adult children actually residing with an Owner) is entitled to all rights, privileges and uses of the Common Areas at no cost, provided all fees and dues payable to the Association (as hereinafter described) are current, and to use of the Recreational Facilities upon such terms and conditions as are set forth by Developer from time to time. The Declarant reserves the right at any time and from time to time to convert lots into common areas and convey the same to the Association (as hereinafter defined) as the Declarant, in its sole and absolute discretion deems such action desirable, appropriate and in the best interest of the Development.

B. Declarant desires to assure high quality standards for the enjoyment of the Property, and to promote the recreational interest, health, safety, and social welfare of each Owner. To provide for the preservation, enhancement, and maintenance of the Property and the improvements thereon, Declarant desires to subject the Property to the covenants, conditions, restrictions, easements, charges and liens of this Declaration, each and all of which is and are for the benefit of the Property and each Owner.

C. To provide for the efficient preservation of the Property, Developer incorporated the Lost Lake Property Owners Association, Inc. ("the Association"), a New York non-profit association, to maintain the Common Areas in the Property. The Association has the power and duty to administer and enforce the easements, covenants, conditions, restrictions, and limitations hereinafter set forth and to collect and disburse the assessments hereinafter created.

DECLARATION

NOW, THEREFORE, Declarant hereby declares that the Property, and such additional property as may be added hereto by Declarant by supplement hereto, shall be held, sold, and conveyed subject to the following amended and restated reservations, covenants, restrictions and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having any right, title, or interest in the Property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof; provided, however, that Declarant reserves the continuing, unqualified and exclusive right to alter, modify or amend any of this Declaration when in its sole opinion it is proper and necessary to do so.

I. PROPERTY OWNERS ASSOCIATION

(1) Each and every Owner (whether such ownership of a Lot or part thereof is acquired by sale, gift, foreclosure, execution, devise, inheritance or in any other way) shall become a member of the Association and membership in the Association shall be appurtenant to and may not be separated from ownership of a Lot. The purposes, rights, privileges and responsibilities of the Association and the Owners are set forth (without limitation to the following) in the Articles of Incorporation and Bylaws of the Association and in this Declaration.

(2) The Association shall have the right and authority to: (i) issue rules and regulations applicable to the Common Areas; (ii) issue rules and regulations concerning the appearance of Lots including without limitation, all matters relating to landscaping, sculptures, statues, or other items of personal property which may be located thereon; (iii) own, operate and/or maintain central water and central sewer systems, (vi) collect maintenance fees, late charges, interest (at the highest permitted lawful rate) and all other costs and expenses permitted by law; (v) implement a process involving lien rights and remedies to better secure the appropriate observance of these restrictive covenants and the rules and regulations of the Association; (vi) permit the usage of Lots or any portion of the Property for streets, parking areas, uses normally associated with the customary development of a residential subdivision and uses herein mandated, or directed or encouraged by government authorities having jurisdiction over the Property; and (vii) exercise such other rights properly granted it under, and in accordance with, the Articles of Incorporation and Bylaws of the Association or by applicable law.

(3) The Association shall maintain the Common Areas including, without limitation, implementing and maintaining proper erosion and sediment control measures and post-construction storm water control facilities in accordance with plans submitted by Declarant and approved by county and state governmental authorities.

II. ARCHITECTURAL CONTROL COMMITTEE

(1) Declarant has established (i) design and construction standards for all construction, improvements and landscaping in the Property, including minimal requirements for aesthetic compatibility of the landscaping and the external design and color scheme of all residential dwellings in the Property and (ii) uniform procedures for the receipt of permit applications, permit issuance and inspection by the Association. An Owner will be required to obtain a copy of these standards before beginning any construction or improvement on a Lot and shall be required to deliver a copy thereto to his or her architect, designer and/or contractor. Each Owner shall comply with these standards in addition to all requirements of any applicable State, County, Township or municipal construction codes and standards.

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

(3) No improvement or structure of any nature shall be erected, placed or altered on any Lot until (i) construction plans and specifications and a plot plan (showing the location of such improvements on the Lot) have been submitted to and approved by the Committee and (ii) an approved E&S PC Plan (as described in Art III (42) of this Declaration), if required by applicable governmental authority. In addition, the Committee may require an Owner to provide evidence of financial ability to complete the proposed improvements.

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

(5) If the Committee fails to approve or reject an application for proposed improvements within forty-five (45) days after actual receipt of the application by the Committee, then Committee approval shall be presumed, and the applicant shall be deemed to have fully complied with this Article II.

III. RESTRICTIONS

(1) All single-family residential dwellings constructed on a Lot, and all Hospitality structures within Lost Lake, are required to meet the minimum criteria for the first level of certification as set forth by applicable LEED (Leadership in Energy and Environmental Design) Guidelines (e.g. LEED for Homes, LEED New Construction), or the NAHB (National Association of Home Builder's) Green Building Program Specifications.

(2) A Lot shall not be owned by more than (i) two married couples, (ii) one married couple and two single persons, or (iii) four single persons, or by an entity that has more than four owners, shareholders, partners, or beneficiaries, the effect of which would be to give the benefits of ownership of a Lot to more than four persons; provided, however, that an entity having more than four owners, shareholders, partners or beneficiaries may own a Lot if it irrevocably designates to the Association in writing the four persons who will be Owners of the Lot for purposes of this Declaration. Until such entity designates the persons to be Owners of its Lot, no one may exercise any privileges of ownership associated with such Lot.

(3) All Lots shall be used for single-family residential purposes only and no other structures or uses shall be permitted except on such Lots as have been, or may be, designated by the Declarant for use as multi-family dwellings, Recreational Facilities, Common Areas, roads or commercial areas or as may otherwise be required for the development of the Property. Declarant reserves unto itself and its assignees the continuing and unqualified sole and exclusive right to develop, build and market multi-dwelling residences for sale as condominiums or on a Fractional Time Period Ownership basis.

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

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

(6) Each single-family residential dwelling constructed on a Lot abutting or adjacent to golf course fairways or greens shall, except as otherwise specifically set forth in this paragraph (5), contain a minimum of Three Thousand (3,000) square feet of heated/cooled floor space. Each single-family residential dwelling designed as a "Patio Home" Lot on any duly recorded subdivision plat of a portion of the Property or so designated by the Declarant or the Committee because of the size, configuration or location of a Lot shall contain a minimum of One Thousand, Eight

Hundred (1,800) square feet of heated/cooled floor space and have a two-car, garage with at least an 8:12 roof pitch over the entire structure. Each single-family residential dwelling constructed on any other Lot shall contain a minimum of Two Thousand, Four Hundred (2,400) square feet of heated/cooled floor space. All residential dwellings shall have at least a 8:12 roof pitch and have at least a one-car attached garage. Roof colors are limited to darker shades of earth tones and colors and materials must be consistent with the requirements necessary to receive credit through the LEED for Homes or NAHB National Green Building Program certification programs. The minimum square footage in each case shall be exclusive of all porches, patios, carports, garages or breezeways attached to the main dwelling. No residential dwelling or structure on any Lot shall exceed three (3) stories in height above the highest natural ground level abutting such improvements. A "basement" level is permitted so long as the height restriction herein provided is not exceeded. The outside wall of each residential dwelling constructed on a Lot shall consist of not less than forty (40%) percent masonry construction, consisting of brick, ledgerstone, fieldstone or native types of stone veneer. No improvements may cover, in total, more than fifty (50%) percent of a Lot. The applicable square footage requirements of condominiums, multi-family dwellings, hotels and other similar structures, which may be constructed on a Lot, will be set forth in Supplemental Declarations. A Lot Owner shall grade the Lot in a manner which insures proper drainage and remove all debris from the Lot before a certificate of occupancy will be issued by the Committee. Each single family residential dwelling constructed on a Lot shall include an "On Site Infiltration" gutter system for storm water drainage in accordance with the specifications contained in the Architectural Control Committee Builders Packet. Within ninety (90) days of completion of the exterior of a residential dwelling on a Lot, the Lot Owner shall landscape and cover the soil with mulch, grass, vegetation and/or shrubbery of a monetary cost equal to two (2%) of the construction cost of the residential dwelling with the majority of the cost being distributed to the lot frontage. In the event weather conditions prevent completion of the landscaping within the required time period, additional time may be granted by the Committee. Fertilizer and Lawn Chemical Applications for residential areas will be restricted in the form of no Phosphate fertilizer being permitted and no lawn chemical application with a toxicity rating greater than "Caution" as marked on the container.

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

(8) Detached garages, gazebos, swimming pools and other similar structures (except storage buildings) may be constructed on a Lot, subject, however, to (i) the siding, color and roof pitch requirements of Article III, paragraph (5) of this Declaration, (ii) the restrictions of Article III, paragraph (6) of this Declaration, where applicable, and (iii) only if a residential dwelling is located on such Lot or is under construction thereon. Swimming pools must be enclosed by a fence, subject, however, to the restrictions of Article III, paragraph (8) of this Declaration. Storage sheds must be constructed of wood and match the color of the residential dwelling as close as possible. Metal, plastic and vinyl sheds are prohibited. Roof shingles must match the house roof in color and flat roofs are prohibited. Storage buildings must not exceed 8ft. by 10ft. and be no more than 11ft. high. Factory built structures are allowed if they meet these standards. All setbacks must be maintained.

(9) Fences may be constructed on a Lot only upon approval of the Committee, and may not create a safety hazard or create a sight-line hazard at any street intersection and may not be closer to the front Lot line than the front of the residential dwelling. Chain link, cable or wire fences or other similar type fences are prohibited. Privacy fences to enclose personal items are only permitted (i) on the rear portion of a Lot containing a residential dwelling provided the privacy fence is not more than six (6) feet high, encloses an area no greater than two hundred and fifty (250) square feet and attached to the residential dwelling or (ii) with consent of the Committee because a Lot abuts a Recreational Facility other than the golf course or because the fence would unreasonably affect an adjoining property owner's view. All fences erected on Lots that abut a lake or golf course shall be of a uniform design and must be constructed in accordance with the specific standards required by the Committee. All fences shall be completed within two (2) months from the commencement date thereof.

(10) (a.) No improvements shall be constructed on a Lot within thirty feet (30') of the front lot lines, within thirty feet (30') of the rear lot lines and within ten feet (10') of the side lot lines or otherwise required by applicable zoning regulations. No improvements shall be constructed on a Lot that abuts a lake within forty (40') feet of the high water line, as determined by the Association, irrespective of the location of the rear lot line. Subject to the restrictions

contained in paragraph 8 above, fences may be constructed on the lot lines. No improvements shall be constructed within ten (10') feet of any power lines on any Lot.

(11) Any improvement (other than fences) commenced upon a Lot shall be completed, as to exterior finish and appearance, within twelve (12) months from the commencement date thereof.

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

(13) Driveways shall be required on all improved Lots. Driveways shall be properly feathered to meet the subdivision road. On Lots designated as "Patio Home" Lots, the width of the driveways shall be not less than seventeen (17') feet. On all other Lots, the width of the driveway shall be not less than twelve (12') feet. Culverts for driveways on Lots are required.

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

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

(16) An Owner of a Lot abutting or adjacent to a lake shall not place any deck, dock or beach area on such Lot without the written approval of the Committee.

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

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

(19) Fuel stored for residential heating and cooling shall be stored above ground and shall be properly designed and constructed to minimize the possibility of leaks or releases of fuel into the environment. All storage tanks shall be properly screened so as not to be visible from roads, Recreational Facilities or Common Areas.

(20) Central mail receipt facilities shall be installed by the U.S. Post Office or the Association of such size, color and design as the Post Office and/or Association, as may be applicable, deems appropriate. No mailboxes are permitted on any Lot.

(21) No noxious or offensive activity shall be conducted or engaged in which is or may become a nuisance to other Owners. Without limiting the general ability of the foregoing provision, devices emitting excessive noise, noisy or smoky vehicles, and devices which interfere with television or radio reception of any Owner shall be considered offensive activities.

(22) All residential dwellings and other improvements on a Lot shall be kept properly painted and maintained, and all Lots shall be kept clean and in a neat and orderly condition and free of rubbish, debris or unsightly growth including grass over six (6) inches high. No trash or refuse shall be allowed to accumulate and remain on any lot. Trash shall be kept only in sanitary containers located in appropriate areas screened or concealed from public view. Firewood must be neatly stacked and no more than two (2) cords of wood may be stored on a Lot. Clothes lines are permitted only if enclosed by a privacy fence constructed in accordance with the requirements of Article III, Paragraph (8) of this Declaration. A written ten (10) day notice will be given to the Owner if any Lot is not properly maintained. The Declarant, the Declarant's successors and assigns, and/or the Association and their agents and representatives shall have the right to enter upon any Lot which fails to comply with this covenant for the purpose of cleaning, maintaining, restoring or repairing the Lot, the cost of which shall be billed to the Owner and which shall become a lien on the Lot if

unpaid for more than thirty (30) days. If the exterior of the dwelling or other improvements or the landscape fails to meet with the approval of the Committee, a written ten (10) day notice will be given to the Lot Owner. At the end of the ten (10) day period, if satisfactory arrangements to correct the deficiencies to the dwelling, other improvements and/or the landscaping have not been made with the Committee, corrective work will be contracted by the Declarant and/or the Association and billed to the Lot Owner. If said bill is not paid within thirty (30) days, a lien may be filed against the Lot. Neither the Declarant, the Association nor any agency, employee or contractor thereof shall be liable (except for willful and gross negligence), for any damage which may result from any such cleaning, maintenance, restoration or repair.

Under extreme circumstances, that is circumstances under which the condition of the Lot and/or any residential dwelling or other improvements thereon pose a hazard to human health and safety and/or a residential dwelling is abandoned and/or deteriorated and/or uninhabitable and unsightly as reasonably determined by the Committee, the Owner of said Lot and improvements will be given, upon expiration of the initial ten (10) day notice, an additional fifteen (15) day written notice to make arrangements satisfactory to the Committee to correct the dangerous conditions existing on said Lot. In the event the Owner fails to correct the conditions or fails to make arrangements to correct the conditions to the satisfaction of the Committee, the Declarant, and their agents, successors, and assigns shall have the right to enter upon the Lot which fails to comply with this covenant for the purpose of correcting or repairing the dangerous condition which exists upon the Lot or demolishing any such improvements thereon as the Declarant or the Committee, in its sole discretion, deems appropriate, the cost of which shall be billed to the Lot Owner and will become a lien on the Lot if unpaid for more than 30 days. Neither the Committee, the Declarant, the Association, nor any agent, employee or contractor thereof shall be liable for any damage or other claims which may result from or are associated with any such repairing, maintenance or demolition.

(23) Each Lot shall have proper trash receptacles with lids or covers. All trash receptacles shall be kept inside or shall be kept in outdoor areas screened from view from roads, Recreational Facilities and Common Areas and shall be of such construction so as to prevent intrusion by animals.

(24) No farm animals will be allowed within the Property. Three (3) household pets shall be permitted, provided they are not kept, bred or maintained for commercial purposes. When out-of-doors, pets must be either (i) fenced in, (ii) kept in a humane enclosure, approved by the Committee, or (iii) kept on a leash. No pet shall be kept within the Property which creates a public nuisance and any such pet determined by the Association to be such a nuisance shall be removed therefrom within five (5) days of the date the owner thereof is notified in writing of that decision.

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

(26) No camping shall be permitted on any Lot.

(27) General Contractor's signs and residential "For Sale" signs shall be permitted on improved Lots provided they are: (i) professionally prepared, (ii) not larger than 24" by 36" in size, (iii) staked to the ground, and (iv) in compliance with all rules and regulations of the Association as may from time-to-time be promulgated for issuance of a sign permit (a "Permit"). No sign of any kind may be posted (i) on a Lot prior to the issuance of a Permit, (ii) anywhere other than on the Lot described in the Permit, or (iii) on a Lot without a residence (or a residence under construction). A sign permitted by the Committee may remain on a Lot for a period of six (6) months from the date of issuance of the Permit. The Association shall have the right to remove any sign on any Lot if no Permit has been issued or if an issued Permit has expired. The Association may also issue rules and regulations limiting the number of Permits issued by the Committee at any time and from time-to-time to preserve the non-commercialization of the residential sections of the Subdivision. Lot owners who desire to sell their Lots and are unable to obtain a Permit may post a notice of the availability of a Lot for sale on the designated bulletin board at the Subdivision entry.

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

(29) Hunting within the Property is prohibited.

(30) Fishing on any lakes within the Property is permitted only from an Owner's Lot, a boat, or from Common Areas adjacent to such lakes. Fishing is prohibited within thirty (30) yards of any public beach or designated swimming area, or from any other Owner's Lot without such Owner's consent.

(31) Boats shall be permitted on lakes in the Property; provided, however, no (i) gasoline-powered engines of any kind or (ii) electric motors in excess of ten (10) horsepower may be attached to any boat on such lakes.

(32) Parking on the streets within the Property by Owners or their guests and invitees is prohibited (other than occasional periods of less than four hours). All vehicles must be parked in a garage or on the driveway of a Lot; provided, however, that, neither the driveway, nor front or back yards of Lots shall be used (i) to park or store (temporarily or permanently) trucks, damaged, wrecked or inoperable cars, buses, machinery, equipment, trailers, airplanes, boats, recreational vehicles nor (ii) to store lumber, supplies or other materials. Recreational vehicles may, however, be stored in a completely enclosed garage which complies with the provisions of Article III paragraph (7) of this Declaration. This covenant does not preclude an Owner from performing minor repairs upon such vehicles owned by him or her and located in his or her driveway for not more than two (2) consecutive days, nor shall this covenant preclude the temporary parking of such vehicles on any such Lot by invited guests and visitors of an Owner for periods not exceeding two (2) days.

(33) No newspaper boxes or receptacles may be located or constructed on any Lot.

(34) All posted traffic signs within the Property must be obeyed. Violations of any posted traffic signs will subject violators to such fines as the Association shall prescribe.

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

(36) No construction activity other than work performed on the inside of a closed- in residential dwelling is permitted between the hours of 7PM and 7AM.

(37) No above-ground pools larger than six (6') feet in diameter are permitted on any Lot.

(38) No exterior radio or television antenna, satellite dish or other receiver or transmitting device or any similar exterior structure or apparatus may be erected or maintained on any Lot without approval of the Committee.

(39) No tree with a diameter in excess of three (3") inches, as measured two (2') feet above ground level may be removed from any Lot within twenty (20') feet of the front and rear lot lines and ten (10') feet of the side lot lines without consent of the Committee; provided, that such consent shall not be withheld for removal of trees necessarily required for the construction of a residential dwelling on a Lot.

(40) The lease or rental of an improved Lot shall not be considered to be a violation of this Declaration provided that the lease (i) is for not less than the entire Lot and all the improvements thereon, (ii) is for a term of at least three (3) months, (iii) will not be occupied by more than four persons unless all are members of the same family and (iv) is otherwise in compliance with the Association's rules and regulations. All leases shall be required to be in writing, and, prior to the commencement of any such lease, the Owner shall provide the Association with copies of such lease. The Association may evict tenants upon reasonable notice for a major violation or repeated minor violations of the provisions of the Bylaws, the Association's rules and regulations or this Declaration. Lessors must pay to the Association the then current maintenance fees as a condition of the lease of a Lot. Lessees shall have the right to use the Common Areas only after their application for such privilege is approved by the Association and the Lessor shall have paid the applicable maintenance fees. Any lessee, approved by the Association, shall in all respects be subject to the terms and conditions of this Declaration and the rules and regulations adopted hereunder, including without limitation, payment of all applicable fees.

(41) There is reserved for Declarant, the Association, and their assigns, a ten (10') foot wide utility and drainage easement along the front and rear Lot lines of each Lot and a five (5') foot utility and drainage easement along the side Lot lines of each Lot (unless otherwise designated on a duly recorded subdivision plat of a portion of the

Property) for the installation and maintenance of utilities and drainage facilities. Within these easements, no structure shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change, obstruct or retard the flow of water through drainage channels in such easements. No utility company or other authorized entity using the easements herein referred to shall be liable for any damage done by them or their assigns, agents, employees, or servants to shrubbery, trees, or flowers, or to other property of an Owner situated within any such easement. The easement area of each Lot shall be maintained by the Owner thereof except for those improvements for which a public authority or utility company assumes responsibility.

(42) No Owner may obstruct or retard the flow of water or disturb or alter existing wetlands or swells, streams, creeks, or other waterways on or running across any portion of a Lot without (i) complying with all applicable federal, state and local watershed and erosion – prevention laws, statutes, rules or ordinances and (ii) the prior written consent of the Committee.

(43) No improvement or structure of any nature shall be constructed or alterations made on any Lot until (i) an Erosion and Sediment Pollution Control Plan (“E & S PC Plan”) has been approved by the applicable county conservation district or state environmental protection agency, or (ii) a determination made by the applicable agency that no E & S PC Plan is required for the contemplated improvements or alterations. Each Owner of a Lot shall implement and maintain and be solely responsible for the proper post-construction storm water control facilities on their Lot subsequent to construction of any improvements thereon in accordance with plans submitted by Declarant and approved by county and state governmental agencies.

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

(1) Each Owner shall comply strictly with the provisions of these Covenants and Restrictions, the Declarations, the Bylaws, the Rules and Regulations and the decisions of the Association, adopted pursuant thereto and as the same may be lawfully amended from time to time. Failure and refusal after written notice to comply with any of the same shall be grounds for (i) imposing fines, (ii) suspending voting rights or rights to use Recreational Facilities and Common Areas or (iii) an action to recover sums due for damages or injunctive relief or both, and for reimbursement of all costs and attorney's fees incurred in connection therewith and interest on all of such amounts at the highest lawful rate. Enforcement of these covenants and restrictions may be by any person or persons owning a Lot, by the Association or the Committee (through any of its members) or by the Declarant, against any person or persons violating or attempting to violate any covenant or restriction herein contained.

(2) The Association may levy a charge of \$10.00 per day against any Owner who is determined by the Association to be in violation of any of these restrictive covenants. The Owner shall be notified in writing of the determination of the Association and the nature of the violation and shall be given ten (10) days from date of notification within which to correct such violation(s) or establish to the Committee's satisfaction that no violation exists. If the violation is not corrected within said ten (10) day period, the per day charge shall be assessed against the Owner beginning with the date of notification and shall accrue until such correction.

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

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

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

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

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed on the ____ day of _____, 20__.

Lost Lake Property Owners Association, Inc.:

R. Mike Ward, President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

SWORN TO BEFORE ME AND SUBSCRIBED IN MY PRESENCE this ____ day of _____, 20__, by R. Mike Ward, President of Lost Lake Property Owners Association, Inc., a Texas corporation, for and on behalf of said company.

Notary Public, State of Texas

