

DECLARATION OF EASEMENTS, COVENANTS,
CONDITIONS, RESTRICTIONS, AND OWNERS'
ASSOCIATION FOR HERITAGE OAKS SUBDIVISION PHASE I

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
NOTARY PUBLIC
2005 JUN 27 PM 3:26
WITNESSES BELOW

This Declaration (the "Declaration") made and published as of this 27th day of June, 2005, by New South Land Development Company, LLC, a Mississippi Limited Liability Company, (the "Developer"), with respect to that certain real property located in Pearl River County, Mississippi and more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property").

WITNESSETH

WHEREAS, the Property is owned by the Developer; and

WHEREAS, it is to the benefit, interest, and advantage of Developer and each and every person or other entity hereinafter acquiring any portion of the Property that certain covenants, conditions, restrictions, assessments, and liens governing and regulating the use and occupancy of the Property be established, fixed, set forth, and declared to be covenants running with the land.

NOW THEREFORE, in consideration of the premises, Developer, with any and all persons, firms, corporations, or other entities hereafter acquiring all or any of the Property declare that any previous restrictions, recorded or unrecorded, shall be of no further force or effect, and that the Property shall be hereinafter subjected to the following restrictions, covenants, conditions, assessments, and liens (collectively, the "Restrictions") relating to the use and occupancy thereof and relating to the use, occupancy, and maintenance of such portions of the same as at present or in the future shall be designated as common areas or easements, said Restrictions to be construed as covenants running with the land which shall be binding on all parties having or acquiring any right, title, or interest in or to the Property or any part hereof and which shall inure to the benefit of each owner thereof.

ARTICLE I - DEFINITIONS

Section 1.1 "Declaration" shall mean and refer to this Declaration of Restrictive Covenants, running with the land, and applicable to the Property that is recorded in the Office of the Chancery Clerk of Pearl River County, Mississippi, and designated as Heritage Oaks Subdivision Phase I, along with any Supplementary Declarations that may be recorded upon the creation of Additional Phases.

Section 1.2 "Supplementary Declaration(s)" shall mean the one or more supplementary declarations that may be recorded from time to time to create Additional Phases or to amend this Declaration as expressly permitted hereunder.

Section 1.3 "By-Laws" means the By-Laws and Operating Agreement of Heritage Oaks Property Owners Association, Inc. as incorporated herein by reference, and as may be amended

from time to time. All provisions contained in the body of this Declaration dealing with the administration and maintenance of the Property shall be deemed to be a part of the By-Laws.

Section 1.4 "Association" shall mean Heritage Oaks Property Owners Association, Inc., a Mississippi Nonprofit Corporation, and its successors and assigns, which shall be established upon the sale of fifty (50) percent of the lots in Phase I of Heritage Oaks Development.

Section 1.5 "Board" means the Board of Directors of the Association.

Section 1.6 "Person" shall mean and refer to a natural person, as well as a corporation, partnership, firm, association, trust, or other legal entity.

Section 1.7 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.8 "Occupant" shall mean and refer to any person or persons in possession of a Lot or improvement other than an Owner.

Section 1.9 "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 1.10 "Declarant" shall mean and refer to the Developer, its successors and/or assigns.

Section 1.11 "Successor Declarant" shall mean and refer to any person (including any affiliate of the original owners) who shall acquire the right to construct Additional Phases on all or any portion of the Properties adjacent to and able to be included in the general development of Heritage Oaks Subdivision.

Section 1.12 "Property" shall mean and refer to that certain real property described on Exhibit "A", which is the Official Map or Plat of Heritage Oaks Subdivision Phase I filed in the Office of the Chancery Clerk of Pearl River County, Mississippi.

Section 1.13 "Properties" shall mean and refer to any and all of that certain real property now or which may hereafter be brought within the Project.

Section 1.14 As used in this Declaration and Covenants, the terms "Project," "Development," and "Subdivision" shall have the same meaning and shall mean the development known as Heritage Oaks Subdivision Phase I being developed by Developer in Pearl River County, Mississippi.

Section 1.15 "Phase I" shall mean and refer to the Property initially subject to the Declaration, which contains the Lots, rights-of-way and Common Areas as may be shown on the Plat of Phase I.

Section 1.16 "Additional Phases" shall mean the additional acreage that may be added to the development in one or more Phases at the sole discretion of the Declarant, together with the Common Areas, to be more fully shown on the Plat or supplements, additions, and amendment(s) thereto to be filed in connection therewith.

Section 1.17 "Plat" means the plat of the property recorded in County Plat ~~Book~~ ^{Slide B-24-B-27} at Page _____ in the Office of the Chancery Clerk of Pearl River County, Mississippi, showing the number of each Lot, any particular restrictions applicable to such Lot and expressing its location and other data necessary for identification

Section 1.18 "Lot" shall mean and refer to any plot of land designated as an approved building site on a Plat.

Section 1.19 "Utility Easements" shall mean the easements established in Article X, or which are as otherwise designated or shown on Plat.

Section 1.20 "Common Area" or "Common Areas" shall mean and refer to any and all real property owned by the Association, and such other property to which the Association may hold legal title, whether in fee or for a term of years, for the non-exclusive use, benefit, and enjoyment of the members of the Association, subject to the provisions hereof and the provisions of the By-Laws of the Association, and such other property as shall become the responsibility of the Association, through easements or otherwise. The Common Area shall include but not be limited to, any recreational areas, Utility Easements, and other easements or rights-of-way which may be constructed initially by the Declarant or thereafter by a Successor Declarant or by the Association.

Section 1.21 "Residential I Lot" shall mean a Lot to be used for single family residential purposes and upon which a free standing house is or shall be located in the Property and designated as Lot No. 39 through Lot No. 152, inclusive, on the plat of Phase I.

Section 1.22 "Residential I Owner" shall mean and refer to the Owner of a Residential I Lot.

Section 1.23 "Residential II Lot" shall mean a Lot to be used for single family residential purposes and upon which a free standing house is or shall be located in the Property and designated as Lot Number 1 through Lot Number 38, inclusive, on the plat of Phase I.

Section 1.24 "Residential II Owner" shall mean and refer to the Owner of a Residential II Lot.

Section 1.25 "ARC" shall mean the Architectural Review Committee established pursuant to Section 3.1 of this Declaration.

Section 1.26 "Maintenance Agreements" shall mean any agreement with the City of Picayune, Pearl River County, Mississippi or other governmental entities whereby the Declarant and/or the Association are responsible for maintaining any property and/or improvements within the Project, whether or not located within the right-of-way of a public road.

Section 1.27 "Assessment" shall mean any and all assessments, dues, fees, special assessments, or other charges imposed by the Declarant and/or the Association upon any Lot and/or Owner in Heritage Oaks Subdivision Phase I.

ARTICLE II

PROPERTIES SUBJECT TO THIS DECLARATION

Section 2.1 - Initial Properties Subject To Declaration. Heritage Oaks Subdivision Phase I consists of one hundred fourteen (114) Residential I Lots and thirty-eight (38) Residential II Lots, and this Property shall be held, transferred, sold, conveyed, and occupied subject to this Declaration and Restrictive Covenants, running with the land and contained herein.

Section 2.2 - Additional Phases.

(a) (i) Developer hereby explicitly reserves for itself and any Successor Developer the option, right, power, privilege, and authority (but shall be under no obligation), in its sole discretion, without the consent, joinder, or approval of the Association, the Board, any Owner, any person having a contractual right to purchase a Lot, any mortgagee or beneficiary of any mortgage or deed of trust on any Lot, or any other person, to from time to time to add additional phases to the Development, and thereby to bring the Properties within the jurisdiction of the Association. This right to expand the Project may be terminated only upon the filing by Developer of an amendment to this Declaration terminating said option and right. In the exercise of its option and right to subject additional properties to this Declaration, Developer may and shall have the right, in its sole discretion, to add any or all portions of the Properties at any time, at different times, in any order, without limitation.

(ii) The Common Areas initially covered by this Declaration shall inure to the benefit of the Owners of Lots contained in Heritage Oaks Subdivision Phase I and to the benefit of the Owners of any Lots which may be added in Additional Phases. The Common Area allocable to the Owners of any Lots in any Additional Phases shall inure to the benefit of the Owners of Lots recorded in earlier Phases, each to enjoy the Common Areas of the other and to have and to hold the same as if each Additional Lot had been developed and subjected to this Declaration simultaneously. It being the intention of the Declarant, that upon the addition of

Additional Phases, all Lot Owners shall have the use and benefit of the Common Areas in all Phases of Heritage Oaks Subdivision.

(b) The right to add Additional Phases provided for herein shall include, but shall not be limited to, the right to construct or renovate additional Lots and improvements thereon and to develop additional Common Areas and to submit such land and improvements to this Declaration, thereby subjecting the same to all of the terms, conditions, and provisions of this Declaration as if the same had been a part of the Property on the date hereof.

(c) Declarant makes no assurances that any Additional Phase will be added to the Project created by this Declaration. It is understood that in addition to the Property known as Heritage Oaks Subdivision Phase I, the Declarant owns other real property adjacent thereto, and that Property shall only become subject to the Declarations and Restrictive Covenants if the Declarant decides to specifically include all or part of the Property into Additional Phases of Heritage Oaks Subdivision. The property not included in platted phases of Heritage Oaks Subdivision may be developed, improved or utilized by the Declarant in whatever manner the Declarant chooses. As to the remaining area, Declarant shall have, and does hereby reserve for itself and any future owners of such property, the right to construct any improvements it desires on said property and to use and operate said property in any manner it deems desirable, without restriction, it not being the intent of this Article to in any way restrict Declarant's right to use, convey, lease, encumber, or otherwise deal with all or any portion of the area included in the Properties not subject to this Declaration and Restrictive Covenants for Heritage Oaks Phase I. This Declaration shall not be deemed in any way to place any encumbrance, restriction or limitation of any kind on the adjacent Properties owned by the Developer and/or his successors and assigns, and not contained in Phase I.

(d) Any Additional Phases added pursuant to this Declaration shall be submitted to and become bound by this Declaration, with respect to Common Areas, upon the recording of any Supplementary Declaration subjecting such property to the provisions of this Declaration. Any and all such additional Declarations shall be binding upon the Board, the Association, all Lot Owners, all holders of mortgages or deeds of trust encumbering Lots, any person having a contractual right to purchase a Lot and every other person having an interest in the Property or any one or more Lots.

(e) The Developer and any Successor Developer shall have the rights described in this Article II, exercisable without approval of the Association or any Owner, Occupant or other Person. The Developer or such Successor Developer shall have the voting rights as specified in the By-Laws of the Association.

(f) Declarant hopes to construct a golf course/clubhouse and other amenities on separate property near the development. The construction of the golf course and other amenities is not guaranteed or promised. In addition to other contingencies, the construction of the golf course and other amenities is contingent upon obtaining permission and permits from all applicable federal, state and local governmental agencies and departments. If the golf course and other

amenities are constructed in the future, it will be a separate and distinct legal entity from the Heritage Oaks Development. Membership in the club and the use of the golf course (other than as a guest) will be contingent upon an individual being accepted for membership in the club. Lot owners are not guaranteed membership in the club or use of the golf course solely by virtue of their ownership of a lot in the Heritage Oaks Development. Membership in the club and use of the golf course will include individuals who are not Lot owners in Heritage Oaks Development. If accepted for membership in the club, there will be separate fees and charges and dues for membership in the club and/or use of the golf facilities. Being a member of the Association does not constitute membership in the club nor entitle one to use the golf course or other facilities of the club.

(g) Notwithstanding anything to the contrary set forth in any other provision of this Declaration, no amendment or modification of this Declaration which amends, modifies, or in any way changes or affects the rights of the Declarant provided by this Article may be made or shall be effective without the express prior written consent of the Declarant to such amendment or modification.

Section 2.3 - Supplementary Declarations. The additions herein authorized shall be made by filing of record one or more Supplementary Declarations in respect to the creation of Additional Phases or the addition of other Properties and shall extend the jurisdiction of the Association to such property and thereby subject such addition to assessment, dues, costs, and liens for its just share of the Association's expenses, and shall also require the filing of such additional plats as are required for such sections in the Office of the Chancery Clerk of Pearl River County, Mississippi. Each Supplementary Declaration must subject the added property or additional lots to the covenants, conditions, and restrictions contained herein, with respect to the Association.

Section 2.4 - Association Rights. The Association, Owner, Occupant, or any other Person may not assert as a reason to object to an Additional Phase or to the development plan for such phase the fact that existing Association Common Areas and other facilities will be additionally burdened by the property to be added by the Additional Phase or that the type of improvement, type of use, or size of Lot in any future phase differs from that of the initial construction in or uses of the Property in Phase I, or any subsequent Phase, it being acknowledged that the Developer intends there to be a wide variety of residential and commercial buildings in terms of style, size, uses, and square footage within the Heritage Oaks Development, including but not limited to single family, condominiums, golf course buildings, and other commercial uses. The Developer reserves the right to modify any preliminary plan or Plat to reconfigure Lots, create additional amenities and revise the location of the Utility Easements or Common Areas.

ARTICLE III
ARCHITECTURAL CONTROL

Section 3.1 - Initial Control By Developer.

(a) The ARC shall have exclusive jurisdiction over all construction, modification, addition, or alteration of any improvements located on any portion of the Properties to the extent such property is annexed into the Project. Until one hundred (100%) percent of the Properties have been developed and conveyed to purchasers in the normal course of development and sale (provided such property is annexed to the Project), the Developer retains the right to appoint all members of the ARC which shall consist of at least three (3), but no more than five (5) persons. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Developer.

(b) One member of the ARC shall be a licensed design professional, such as an architect, engineer, urban planner, etc., who is familiar with the development and design of mixed use developments similar to the Project. One member of the ARC shall be a member of the development company, and one member of the ARC shall be a property owner.

Section 3.2 - Appointment Right of Board. At such time as Developer divests itself of all Lots within the Properties or surrenders its right to appoint members of the ARC: (i) the right of approval of plans for further construction, reconstruction, remodeling, alterations, and additions; and (ii) all rights herein reserved by the Developer shall thereafter vest exclusively in the ARC as appointed by the Board, or if no committee is appointed, then the Association and the Board.

Section 3.3 - Approval of Construction and Submission Requests.

(a) No building or other structure shall be erected, altered, or permitted to remain on any Lot other than improvements which have been approved by the ARC. All buildings and structures shall comply with any specific site requirements for the Lot set forth on the Plat, including but not limited to the location of the improvements, driveways, and easements. References to "structures" in this Article shall include all buildings (including garages), outbuildings, fences, walls, basketball goals, antennae and microwave and other receivers and transmitters (including those currently called "satellite dishes"), gazebos, docks, piers, boat houses, swimming pools, and pool houses.

(b) (i) No construction, reconstruction, remodeling, alteration, or addition of or to any structure, building, fence, wall, drive, or improvement of any nature shall be constructed without obtaining prior written approval of the ARC, or its successors, as to the location, plans, and specifications therefor. As a prerequisite to consideration for approval and prior to the commencement of the contemplated work, three (3) complete sets of building plans and specifications shall be submitted showing (1) the location of improvements on the Lot; (2) the grade elevation (including rear, front, and side elevations); (3) the type of exterior material and

roof material (including delivery of samples thereof); and (4) the color of paint or stain to be applied to the exterior surfaces and the color of the roof material (including delivery of samples thereof); (5) the location and size of the driveway (which shall be of sealed exposed aggregate concrete, brick, or cobblestone surface construction, or other materials approved by the ARC. Driveways must be a minimum of 16 feet wide with a maximum 24 foot flare, and shall include, at a minimum, a contrasting border of 8 inches width (brick or decorative concrete) along each side and across expansion joints (no wooden expansion joint materials will be allowed). The initial three feet from the garage entrance and the initial three feet from the street entrance shall be constructed of the same material as the borders and expansion joints. Expansion joints may be spaced evenly along the length of the driveway, provided however, that the maximum length between expansion joints shall be no more than 20 feet. Driveway plans must be submitted to the ARC for approval prior to construction.

(ii) In addition, a landscape plan shall be submitted to the ARC for its approval in writing, which plan shall show the trees, shrubs, and other plantings. The landscaping plan and landscaping as completed, shall provide for landscaping across the entire front of the structure. The plans and landscaping design will minimize the number and type of trees removed from a Lot; removal of trees of twelve (12) inches in diameter or greater shall be shown on the plans and landscaping design with such removal subject to approval by the ARC.

(iii) Each Lot Owner shall comply with the provisions of the master drainage plan as shown on the plat.

(c) Approval shall be based upon, among other things, accuracy of site dimensions, harmony of external design with neighboring structures, and uses; upon relation of topography, grade and finished ground elevation of the Lot being approved to that of neighboring Lots; upon proper facing of main elevations with respect to nearby streets; and upon conformity of the plans and specifications to a traditional architectural theme as contemplated by the Declarant. The ARC shall be the sole arbiter of such plans and may withhold its approval for any reasons, including purely aesthetic reasons. It is expressly acknowledged that construction undertaken by the Developer or the Association shall be conclusively deemed to comply with the foregoing. Upon giving approval, construction shall be started and prosecuted to completion promptly and in strict conformity with such plans.

(d) If prior to designing structures, landscaping, or other improvements, there is any question that a particular design may not be acceptable to the ARC, the Lot Owner or builder may consult with the ARC concerning appropriate plans and specifications.

(e) The ARC, Developer, the Association and the individual members thereof shall not be liable for any act or omissions in performing or purporting to perform the functions delegated hereunder. After the receipt of the required documents, if the ARC, or its successors, fails to indicate its approval or disapproval within twenty-four (24) days, approval of the ARC will not be required and the related covenants set out herein shall be deemed to have been fully satisfied. Approval or disapproval by the ARC shall not be deemed to constitute any warranty or

representation by it including, without limitation, any warranty or representation as to fitness, design, or adequacy of the proposed construction or compliance with applicable statutes, codes, and regulations.

Section 3.4 - Security Deposits and Application Fees.

(a) At the time plans and specifications are submitted to the ARC for construction of any improvements on any Lot and before the commencement of construction, the Owner shall be required to furnish the ARC a fee to review proposed plans and specifications on each Lot and a security deposit to insure compliance with this Declaration as follows:

| <u>Lot Type</u> | <u>Application Fee</u> | <u>Security Deposit</u> |
|-----------------|------------------------|-------------------------|
| Residential I | \$150.00 | \$ 1,000.00 |
| Residential II | \$150.00 | \$ 1,000.00 |

The ARC shall have the authority to increase, modify, or amend the Application Fee from time to time in its reasonable discretion. The ARC may also establish fee schedules for one or multiple submissions of plans and specifications in such amounts as it determines.

(b) The ARC or Association shall retain the security deposit until the improvements are completed, all trash and debris are removed and the Lot is clean and orderly, and all landscaping is completed. If, in the sole judgment of the ARC, the Lot, improvements, and Common Areas are not properly repaired or cleaned after construction is completed, the ARC or the Association may have the Lot, improvements, and Common Areas repaired or cleaned and apply the proceeds of the security deposit to the cost of repairing or cleaning, and refund any remaining balance to the Lot Owner.

(c) The ARC shall waive the requirements of this section for any improvements constructed by the Declarant or any affiliate of Declarant.

Section 3.5 - Variances.

(a) Anything contained in this Article III, or elsewhere in this Declaration to the contrary notwithstanding, the ARC, Developer or the Association, as the case may be, are hereby authorized and empowered, at their sole and absolute discretion, to make and permit reasonable variances, modifications, and deviations from any of the requirements of this Declaration relating to the type, kind, quantity or quality of the building materials to be used in the construction of any building or improvement on any Lot and of the size and location of any such building or improvement when, in their sole and final judgment, such modifications and deviations in such improvements will be in harmony with existing structures and will not materially detract from the aesthetic appearance of the Properties and the improvements as a whole; provided, however, such variances, modifications, and deviations must remain within all applicable ordinances and regulations established by the appropriate governmental bodies governing construction in Heritage Oaks Subdivision.

(b) The ARC may require the submission to it of such documents and items, including as examples, but without limitation, written requests for and description of the variances requested, plans, specifications, plot plans, and samples of material(s) as it shall deem appropriate in connection with its consideration of a request for a variance. If the ARC shall approve such request for a variance, it shall evidence such approval, and grant its permission for such variance, only by written instrument, addressed to the Owner of the Lot(s) relative to which such variance has been requested, describing the applicable restrictive covenant(s) and the particular variance requested, expressing its decision to permit the variance, describing (when applicable) the conditions on which the variance has been approved (including as examples, but without limitation, the type of alternate materials to be permitted, and alternate fence height approved or specifying the location, plans, and specifications applicable to an approved outbuilding), and signed by the ARC. Any request for a variance shall be deemed to have been disapproved for the purposes hereof in the event of either: (1) written notice of disapproval from the ARC or (2) failure by the ARC to respond to the request for variance within the twenty-four (24) day period set forth above. In the event the ARC or any successor to the authority thereof shall not then be functioning, no variances from the covenants herein contained shall be permitted, it being the intention of Declarant that no variances be available except at the discretion of the ARC or the Association.

Section 3.6 - Enforcement.

(a) The Developer and/or the Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction the decisions of the ARC or other committees established pursuant to Article III.

(b) If any person shall commence construction prior to: (i) payment of the Application Fee; (ii) posting of the Security Deposit; (iii) approval of construction plans and specifications; and (iv) approval of the placement of improvements upon the Lot as required by Section 3.3, the Developer, Board, or ARC may seek an injunction against further construction and/or a mandatory injunction requiring the demolition and removal of non-conforming construction. Upon violation of this provision, the Owner of the Lot affected shall be liable to the Developer, the ARC, and the Association for all court costs and attorney's fees.

Section 3.7 - Amendment. This Article may not be amended without the Developer's written consent so long as the Developer owns any portion of the Properties.

ARTICLE IV
ARCHITECTURAL, MAINTENANCE, AND USE
RESTRICTIONS FOR RESIDENTIAL LOTS.

Section 4.1 - Use. Residential I Lots and Residential II Lots shall be used for private single family residential purposes. No structure shall be erected, placed, altered, or permitted to remain on any Residential I Lot or Residential II Lot except for single family dwellings designated for the occupancy of one (1) family (including any domestic servants living on the

Residential I Lot or Residential II Lot); provided, however, such structure may be used for the purposes specifically provided in Section 4.18.

Section 4.2 - Residential Contractors. All general contractors, construction managers, and other parties constructing a structure on any Lot must be licensed by the Mississippi State Board of Contractors and must be approved as a builder in the development. Any such party desiring to obtain approval to construct a residence must complete and submit to the ARC an American Institute of Architects Qualification of Builder Form together with all required supportive data. As minimum threshold requirements, the general contractor constructing a structure on any such Lot shall have been in the construction business for a period of one (1) year and must have supervised the construction of or built a minimum of six (6) homes. The general contractor must furnish the ARC and Developer with evidence of general liability insurance which shall include a waiver of subrogation in favor of Developer and which names Developer as an additional insured and which shall have minimum limits of \$300,000.00. The general contractor must also furnish the ARC and Developer with evidence of workers' compensation insurance which shall include a waiver of subrogation in favor of Developer and which shall have minimum limits of \$100,000.00 or statutory requirements, whichever is greater. Developer shall be named as an additional insured on said insurance policy and a waiver of subrogation clause shall be included in said policy in favor of Developer. Declarant imposes this requirement to maintain a high quality of construction within the Property, and reserves the right to waive these standards of experience.

Section 4.3 - Structural Compliance.

(a) All structures shall be built in substantial compliance with the plans and specifications therefor, approved as provided in Article III. The minimum square footage for any structure, except as herein set forth, shall be as follows: for Residential I Lots - 1,900 square foot living area; for Residential II Lots -2,400 square foot living area. Finished basement areas, sun porches, garages, open porches, and attic space shall not be included in computing living areas.

(b) The exterior building material of all structures shall extend to the ground level and shall be brick, stone, brick veneer, stone veneer, stucco (which must be conventional Portland cement type stucco), or a combination of same. The ARC recognizes that the appearance of other exterior building materials (such as wood siding) may be attractive and innovative and reserves the right to approve in writing the use of other exterior building materials, provided that no vinyl siding may be used or placed on any residence on Residential I Lots, except as may be approved by the ARC. For Residential II Lots, vinyl siding may not be used or placed on any residence for any purpose other than as soffit and fascia, and its use as such is subject to the approval of the ARC.

(c) The openings or doors for vehicular entrances to any garage located on a Lot shall not face the front Lot line, unless approved in writing by the ARC. All Lots shall have at least two (2) outside parking places unless otherwise approved in writing by Declarant and/or ARC.

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Detached garages may be allowed as approved in writing by the ARC. Garages, as structures, are subject to prior plan approval under Article III.

(d) Within thirty (30) days from the final completion of construction, the Lot Owner shall grade, sod, straw, and landscape the Lot. The ARC, in its sole discretion, may extend a grace period for this work to allow for weather conditions, provided the Lot Owner has made a good faith effort to satisfy this requirement.

(e) The roof of any structure (including any garage) shall be constructed or covered with approved roofing systems selected by the ARC, including cement slates, metal shingles, 30 year architectural asphalt shingles, steel shingles, and rubber slates. Any other type of roofing material shall be permitted only in the discretion of the ARC. No metal corrugated roofing and no painted metal roofing will be allowed. The minimum roof pitch shall be 8-12.

(f) No fence or wall of any nature may be extended toward the front or side street property line beyond the front or side wall of a residence. All fencing shall be of masonry, stucco, stone, decorative wrought iron and/or vinyl construction. Wood, chain link, or woven wire fences are not permitted. All fences and walls must be approved by the ARC. The ARC may provide sample designs for fences. The Developer may impose additional permit and fee requirements upon the construction of a fence which is not constructed during the initial construction phase of the dwelling.

(g) Swimming pools must be approved by the ARC and the exterior edge of the deck shall be no nearer than five (5) feet to any lot line and must be located to the rear, side, or enclosed within the main dwelling. All swimming pools shall be fenced for safety and screened from view, as approved by the ARC. No above-ground swimming pool shall be erected or placed on any Lot.

(h) Exterior spot/flood lights shall not be permitted on front or side elevations and, on rear elevations, shall be positioned so as not to shine in any window.

(i) All decking on the exterior of a residence must be approved by the ARC. If space underneath any decking will be utilized for storage space, this space must be concealed by additional screening or masonry materials and approved by the ARC.

(j) All exterior portions of fireplaces must be approved by the ARC. All exposed metal piping will be required to be shielded with materials that will be resistant to weathering and will allow cleaning of any residue material caused by burning unseasoned or low quality materials in fireplaces.

(k) The Developer may impose additional or different requirements upon an Additional Phase of Lots in the documents annexing the Additional Phase or on the Plat for that Additional Phase.

Section 4.4 - Limitation on Time to Construct. All residential construction shall be completed within 180 days of the commencement of construction. The ARC reserves the right to extend the time limits as long as it is evident that work is progressing. The Association shall have the right to impose fines and assessments against the property in the event of non-compliance with this or any other provision of these covenants.

Section 4.5 - Setback Restrictions.

(a) To provide for uniformity and proper utilization of the building area within the Lots, no building or structure, or any part hereof, shall be located on any Lot nearer than twenty-five (25) foot on the front line, nearer than eight (8) foot on any side lines, or nearer than ten (10) foot on the rear line or nearer than the minimum building setback lines required by the City of Picayune or Pearl River County, Mississippi, or as may be shown on the Plat for the Lots. For purposes of determining compliance with this requirement, porches, patios, wing walls, eaves, and steps extending beyond the outside wall of a structure shall be considered as a part thereof. No encroachment upon any utility easements reserved on the Plat shall be authorized or permitted.

(b) No parking areas shall be located within the setback areas unless approved by the ARC in writing.

Section 4.6 - Re-subdivision of Lots.

(a) No Lot shall be re-subdivided, nor shall any improvements be erected or placed on any such re-subdivided Lot, unless such re-subdivision is approved by the Developer or the ARC, as the case may be, as well as any governmental authority having jurisdiction.

(b) Declarant reserves the right, but not the obligation, to re-subdivide the Lots by recorded plat or in any other lawful manner, and such Lots, as re-platted, shall be subject to this Declaration as if such Lots were originally included herein.

Section 4.7 - Mail and Paper Boxes. Mailboxes and paper holders shall be in the type and made by the manufacturer required by the ARC, and shall be installed in accordance with design drawings furnished by the ARC. All mailboxes and paper holders shall be installed by the Lot Owner prior to occupancy of the residence.

Section 4.8 - Storage Tanks and Refuse Disposal.

(a) No exposed above-ground tanks, including liquid petroleum tanks or receptacles shall be permitted for the storage of fuel, water, or any other substance. Incinerators for garbage, trash, or other refuse shall not be used or permitted to be erected or placed on any Lot.

(b) All trash cans shall be kept inside garage or out of sight until twenty-four (24) hours prior to pick-up date. Trash cans must be of acceptable type being a dark plastic-type can with

matching lid. No bright colored cans or aluminum cans will be allowed for pick-up use. Removal of emptied cans should be as soon after pick-up as possible, but no later than twenty-four (24) hours after pick-up. All dumpsters, coolers, and garbage cans shall be screened in a manner acceptable to the ARC.

Section 4.9 - Signs and Advertisements. No sign, advertisement, billboard, or advertising structure of any kind shall be erected upon or displayed or otherwise exposed to view on any Lot, Common Areas, or any improvement thereon without the prior written consent of the ARC; provided that this requirement shall not preclude the installation by the Declarant, the ARC, or the Association of signs identifying the Project and the location of any Public Recreational Facility. This requirement shall not preclude the placement by Owners of "For Sale" signs or political signs (provided that they are removed within five days after the election is held) in the front of the Lots of such size, character, and number as shall from time to time be approved by the Declarant or the ARC. The Declarant and the Association shall have the right to remove any such unapproved sign, advertisement, billboard, or structure that is placed on said Lots or Common Areas, and in doing so shall not be subject to any liability for trespass or other tort in connection therewith or arising from such removal. All signs and advertisements shall comply with all local codes and ordinances.

Section 4.10 - Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying, or mining operations shall be permitted on any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any such Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any Lot.

Section 4.11 - Maintenance.

(a) All Lots, together with the exterior of all improvements located thereon, shall be maintained in a neat and attractive condition by their respective Owners or Occupants. Such maintenance shall include, but not be limited to, painting, repairing, replacing, or caring for roofs, gutters, down spouts, building surfaces, patios, decks, walkways, driveways, and other exterior improvements. In no event shall storm water be discharged into the sanitary sewer system. The Owner or Occupant of each Lot shall at all times keep all weeds and grass thereon cut in a sanitary, healthful, and attractive manner, all trees and shrubbery pruned and cut, all diseased, damaged, or dead trees removed and all beddings weeded and maintained.

(b) No Lot shall be used for storage of material or equipment except as incident to construction of improvements thereon as herein permitted. The accumulation of garbage, trash, or rubbish of any kind and the burning (except as permitted by law or during construction of the residence as permitted by the ARC) of any such materials is prohibited.

(c) From and after the purchase of a Lot, it shall be the duty of each Lot Owner to keep the grass on the Lot cut on a weekly or bi-weekly basis, depending upon the growing season, to keep the lot free from weeds and trash, and to keep it otherwise neat and attractive in appearance.

Should any Owner fail to do so, the Declarant, or the Association, may take such action as it deems appropriate, including mowing, in order to make the Lot neat and attractive and the Owner shall, immediately upon demand, reimburse Declarant or the Association for all expenses incurred in so doing, together with interest at the rate provided herein, and Declarant or the Association shall have a lien on that Lot and the improvements thereon to secure the repayment of such amounts. Such lien may be enforced for foreclosure against that Lot Owner and the improvements thereon, as further provided in Section 6.10, but such lien shall be subordinate to any first mortgage or deed of trust thereon.

(d) In the event of default on the part of the Owner or Occupant of any Lot in observing the above requirements and the default continuing after ten (10) days written notice thereof, the Declarant or the Association, subject to approval of its Board of Directors, as the case may be, may enter upon the Lot to repair, maintain, and restore the same, cut, or prune or cause to be cut or pruned, such weeds, grass, trees, and shrubbery and remove or cause to be removed, such garbage, trash and rubbish or do any other thing necessary to secure compliance with these restrictions and to place said Lot in a neat, attractive, healthful, and sanitary condition. In so doing, the Declarant and the Association shall not be subject to any liability for trespass or otherwise. All costs incurred in any such repair, maintenance, restoration, cutting, pruning, or removal shall be charged against the Owner of such Lot as the personal obligation of such Owner and as a lien upon the Lot, enforceable and collectible in the same manner and to the same extent as an Assessment, as further provided in Section 6.10. Any Occupant of such Lot shall be jointly and severally liable with the owner for the payment of such costs.

(e) The Association may contract with one (1) or more landscaping services to provide grass cutting, lawn maintenance, proper care for all trees, shrubbery and other landscaping, and other necessary maintenance services for the Common Areas, provision for which shall be made in the monthly or annual assessments.

Section 4.12. - Nuisances and Unsightly Materials. Each Owner or Occupant shall refrain from any act or use of his Lot which could reasonably cause embarrassment, discomfort, annoyance, or nuisance to others. No noxious, offensive, or illegal activity shall be carried on upon any Lot. Except during the construction period, no Lot shall be used, in whole or in part, for the storage of rubbish of any character whatsoever; nor shall any substance, thing, or material be kept upon any Lot which will emit foul or noxious odors or which will cause any noise that will or might disturb the peace and quiet of the Owners or Occupants of surrounding Lots or property. The foregoing shall not be construed to prohibit the temporary deposits of trash and other debris for pick-up by garbage and trash removal service units.

Section 4.13 - Visual Obstruction at the Intersection of Public Streets. No object or thing which obstructs sight lines at elevations between two (2) feet and six (6) feet above the surface of the streets shall be placed, planted, or permitted to remain on any corner Residential Lot within the triangular area formed by the curb lines of the streets involved and a line running from curb line to curb line at points twenty-five (25) feet from the junction of the street curb

lines. The same limitations shall apply on any Lot within ten (10') feet from the intersection of a street property line with the edge of a driveway.

Section 4.14 - Governmental Restrictions. Each Owner shall observe all governmental building codes, health regulations, zoning restrictions, and other regulations applicable to his Lot. In the event of any conflict between any provision of any such governmental code, regulation, or restriction and any provisions of this Declaration, the more restrictive provision shall apply.

Section 4.15 - Use of Other Structures and Vehicles.

(a) No structure of a temporary character including, without limitation, dog houses and dog runs, shall be permitted on any Lot except temporary tool/sheds or field offices used by (i) a builder who is constructing a residence(s) on a Lot(s), which shall be removed when construction or development is completed, or (ii) Declarant.

(b) No outbuilding, trailer, basement, tent, shack, garage, barn, or structure other than the main residence on a Lot shall at any time be used as a residence, temporarily or permanently, unless otherwise approved in writing pursuant to this Declaration. No pre-fabricated, mobile homes, manufactured or modular buildings are permitted in the Properties.

(c) No trailer, truck, motorcycle, commercial vehicle, camper trailer, camping vehicle, or boat shall be parked or kept on any Lot at any time unless housed in a garage or basement. No automobile which is inoperable shall be habitually or repeatedly parked or kept on any Lot (except in the garage) or on any street in the subdivision. No trailer, boat, truck, or other vehicle, except an automobile, shall be parked on any street in any Lot section for a period in excess of one (1) twenty-four (24) hour period in any calendar year.

(d) No automobile shall be continuously or habitually parked on any street or right-of-way in the Project.

(e) No vehicles of any type shall be permanently or semi-permanently parked on any Lot or in the Common Areas for purposes of accomplishing repairs thereto, or the reconstruction thereof, except as permitted by the Rules and Regulations adopted by the Association.

Section 4.16 - Animals.

(a) No animals, including reptiles, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that dogs, cats, or other household pets (meaning the domestic pets traditionally recognized as household pets in this geographic area) may be kept, provided they are not kept, bred, or maintained for any commercial or breeding purposes. The Board shall have the authority to promulgate rules and regulations for pets.

(b) Dogs must be contained in a fenced back yard and be placed at night in a garage or other enclosed structure if the dog is a noise problem. Dogs may be walked throughout the

Properties provided they are kept on a leash. No aggressive and/or vicious dogs are allowed. The board shall determine whether any dog is such as to create a nuisance.

Section 4.17 - Clothes Lines; Tennis Courts; Antennae and Receivers/ Transmitters; Yard Ornaments.

- (a) No outside clothes lines shall be erected or placed on any Lot.
- (b) No antennas or microwave and other receivers and transmitters (including those currently called "satellite dishes") shall be erected or placed on any Lot unless its design, placement, and screening are approved by the ARC. No satellite dish shall be visible from the street. By granting permission to a Lot Owner to erect a receiver or transmitter, the ARC and the Association shall not be deemed to have waived this restriction as it may apply to other Lots.
- (c) (i) No ornamental yard object, statuary, sculpture, or other similar item shall be placed on any Lot unless its design and placement are approved in writing by the ARC.
 - (ii) Seasonal lighting and displays (for example, Christmas, Halloween, etc.) shall be permitted only during a five (5) week period, which shall consist of three (3) weeks prior to and two (2) weeks after the holiday or event. All lighting and displays shall be subject to such rules and regulations which may be promulgated by the Association.

Section 4.18 - Business; Home Occupations. A new house may be used by a builder thereof as a model home for display or for the builder's own office provided such use terminates within eighteen (18) months from completion of the house or upon such additional period of time as may be expressly agreed to in writing by Declarant.

Section 4.19 - Rules for Common Areas. The Association is authorized to adopt rules for the use of Common Areas and such rules shall be furnished in writing to the Lot Owners.

Section 4.20 - Solar Panels. The use of solar panels on any Lot or residence shall not be permitted without the written approval of the ARC or the Board.

Section 4.21 - HVAC Equipment. Through wall air conditioning and heating units shall not be permitted on any building located on any Lot.

Section 4.22 - Commercial Vehicles. Except for the purpose of delivering construction materials and equipment, tour buses, dump trucks, tractor trailers, and school buses will not be permitted to be parked on the section of the Project designated for Lots at any time. Construction equipment may be parked on a Lot during the construction or any improvements provided it is removed once the need for the equipment has terminated.

Section 4.23 - Leasing.

(a) No Lot and improvements thereon within the property shall be rented for transient or hotel purposes or in any event for a period of less than one (1) month. Any completed residence can be leased if the lease is at least on a month to month basis. Garage apartments are permitted. No other portion of any Lot (other than the entire Lot) shall be leased for any period.

(b) Any Owner who shall lease a Lot or the improvements thereon shall do so in writing and promptly following the execution of any such lease, forward a confirmed copy thereof to the Board of Directors. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the Lot shall be subject and subordinate in all respects to the provisions of this Declaration and to such By-Laws, rules, and regulations relating to the use of the Common Areas, or other "house rules" as the Board may from time to time promulgate.

(c) The provisions of this subsection shall apply to any institutional mortgagee of any Lot who comes into possession of the Lot as a result of a foreclosure sale or other judicial sale as a result of any proceeding in lieu of foreclosure.

Section 4.24 - Hobbies and Activities. The pursuit of any inherently dangerous activity or hobby, including, without limitation, the shooting of firearms, fireworks, or pyrotechnic devices of any type or size, the riding of off-road vehicles and recreational vehicles and other such activities shall not be pursued or undertaken on any part of any Lot or upon the Common Areas without the prior written consent of the Association.

Section 4.25 - Playground Equipment. All playground equipment visible from the street, including but not limited to, swing sets, seesaws, playhouses, and/or climbing apparatuses, must be constructed of wood. No plastic frame or metal frame playground equipment is allowed. All such equipment shall be maintained in good condition, located behind the residences, and screened from the street view as may be required by the ARC. The ARC and/or the Association may promulgate additional rules and regulations regarding the type of playground equipment and screening used on the individual Lots.

ARTICLE V
OWNERS' ASSOCIATION

Section 5.1 - Membership. The Owners of each Lot of land within the Property shall, by accepting a deed therefor, agree to become a Member of the Association, which shall be formed upon the sale of fifty percent (50%) of the Lots of Phase I, and shall become subject to the jurisdiction of the Association, upon its formation, and the terms and conditions of this Declaration and the By-Laws of the Association, as amended from time to time. Owners, with the exception of the Declarant, shall be entitled to cast one vote for each Lot owned. When more than one person holds an interest in a Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine among themselves, but in no event, with the exception

of the Declarant, shall more than one vote be cast with respect to any Lot. The Declarant shall be entitled to cast five votes for each Lot owned.

Section 5.2 - Subsequent Sale of Property. The Owner of each Lot shall notify the Declarant and/or the Association, in writing, upon the sale of the Lot Owner's property to another individual and shall advise the Declarant or the Association of the names, addresses, and telephone numbers of the new property owners. The Owner shall be responsible for the payment of all assessments, dues, fees, and other charges incurred to the time of sale and the subsequent Owner becomes a member of the Association and the Association receives the above information on the new property owner.

ARTICLE VI
ASSESSMENTS

Section 6.1 - Creation of the Lien and Personal Obligation of Assessments.

(a) Each Lot Owner, by acceptance of a deed for a Lot, hereby covenants and agrees to pay the Heritage Oaks Property Owners Association: (i) annual assessments, dues, fees, and/or other charges, and (ii) special assessments for capital improvements. The payment of assessments, dues, fees, and/or other charges shall be paid by the Lot Owner, and there is hereby created a lien against the Lot to secure the payment of such assessments, dues, fees, and/or other charges, together with interest, costs, and reasonable attorney fees, should such sums not be paid when they become due as set out in the By-Laws of the Association.

(b) Each assessment, including dues, fees, and/or other charges, together with interest, costs, and reasonable attorney fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall pass to his successors in title, except as provided in Section 6.9.

Section 6.2 - Purpose of Assessments. It is anticipated that the Association shall have the responsibility to maintain the Property Improvements and/or Common Areas, located within the Development. Therefore, it is to the benefit of the Declarant, Owners, Occupants, and any other person using any portion of the Property that procedures are in place to maintain the Property, rights-of-way and other Common Areas. Assessments may be imposed to:

(a) provide, maintain, repair, and replace (where necessary and to the extent not dedicated to and accepted and maintained by public authority), the Common areas, including but not limited to parking areas, Utility Easements, street lighting, other lighting, landscaped areas, walkways, paving, curbing, striping, signage or other roadbed maintenance, slopes, banks, ditches, detention structures, and sidewalks serving the Project, including the costs of repairs, replacements, and additions, the cost of labor, equipment, materials, management and supervision for these items;

(b) maintain insurance on the Utility Easements, and other Common Areas for the Association as required by this Declaration, the Maintenance Agreements, or as determined by the Board;

(c) pay all costs associated with maintaining the Association's status as a Mississippi Nonprofit Corporation, bookkeeping, accounting, office expenses, and other ordinary and customary costs to operate a business;

(d) pay the fees of any management agent the Association may employ to manage the affairs of the Association;

(e) pay such other reasonable and necessary expenses of the Association required or reasonably related to the carrying out of the rights, duties, and responsibilities of the Association;

(f) promote the recreation, health, safety, and welfare of the Owners; and

(g) such other purposes which are approved by a majority of the Board.

Section 6.3 - Annual Assessment, Capital Reserve Account and Working Capital Account.

(a) (i) Assessments shall be charged for each Lot which has been conveyed to an Owner. The initial assessment shall be paid by the Owner at the time the Owner purchases the Lot from the Declarant. Subsequent assessments shall commence January 1st of the following year, and shall be paid on an annual basis due on January 1st of each year in the amount set by the Board as provided in Section 6.7.

(ii) No Owner shall be exempt from the payment of assessments by the waiver or non-use of the Common Area or by the abandonment of his Lot.

(b) The Association shall collect an Initial Assessment in an amount equal to Two Hundred Fifty Dollars (\$250.00) at the time of closing of the sale by Declarant to a Purchaser of a Lot. These funds shall be maintained in the working capital account for the use and benefit of the Association to insure that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. The one (1) year Initial Assessment shall be a separate assessment and shall not be considered as advance payment of the regular assessment.

(c) (i) The Declarant will be subject to paying the annual assessment on all Lots still owned by the Declarant in Phase I after January 1, 2007. At Declarant's option, this fee may be prorated and paid monthly to the Association.

(ii) Except for: (A) its obligation to complete the initial construction of any Common Area; (B) its responsibilities under any Maintenance Agreement; and (C) its

responsibilities as an Owner as provided herein, Developer shall not have any responsibility for the maintenance, repair, or replacement of any part of the Common Areas after the date this Declaration is recorded; provided, however, in the event Declarant expends any of its own funds for the repair, replacement, or maintenance of any of the Common Areas or Limited Common Areas, Declarant shall be entitled to a credit for such sums against any common expenses Declarant might be required to pay by virtue of being an Owner.

(iii) Declarant will not be obligated to pay any operating fund deficiencies that are due to non-payment of assessments by Owners other than the Declarant and nothing contained in this paragraph shall be deemed to relieve or release any Owner from the obligation of that Owner to pay that Owner's share of the assessments for common expenses.

(iv) Declarant may make "in kind" contribution of materials and substances or a combination of services or materials with Declarant or other entities for the payment of some portion of the deficit. All "in kind" contributions of services and materials shall be valued at the reasonable market value of such service or materials.

Section 6.4 - Maximum Increase to Annual Assessments.

(b) The Board shall fix the annual assessment, pursuant to the By-Laws of the Association.

(a) From and after January 1, 2006, the maximum annual assessment may not be increased each year by more than ten (10%) percent above the assessment for the previous year unless approved by majority of the votes cast by those Members voting, calculated in the manner established in the By-Laws of the Association.

Section 6.5 - Special Assessments for Capital Improvements.

(a) In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of the Utility Easements, or other Common Areas, including improvements, drains, pipes, ditches, slopes, detention structures, banks, fixtures, and personal property related thereto to the extent such cost exceeds the replacement reserves for those items. Any such assessment shall be approved by the Members of the Association in the manner established in the By-Laws of the Association.

Section 6.6 - Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized by this Article shall be sent to all Members as established in the By-Laws of the Association.

Section 6.7 - Date of Commencement of Annual Assessments; Due Dates.

(a) The assessments provided for herein shall commence as provided in Section 6.3. Thereafter, the Board shall fix the amount and due dates of the annual assessment against each Lot pursuant to the By-Laws of the Association.

(b) The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specific Lot have been paid. A properly executed certificate of the Association as to the status of the assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 6.8 - Effect of Nonpayment of Assessments; Remedies of the Association.

Any assessment, dues, fees, and/or other charges not paid within thirty (30) days after the due date shall bear interest from the due date at the lower of: (1) the rate of eighteen (18%) percent per annum, or (2) the maximum rate allowed by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot, as provided in Section 6.10. Interest, costs, and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment, dues, fees, and/or other charges. No Owner may waive or otherwise escape liability for the assessment, dues, fees, and/or other charges provided for herein by non-use of the Common Areas or abandonment of the Lot.

Section 6.9 - Subordination of the Lien to Mortgages. The lien of the assessments, dues, fees, and/or other charges, provided for herein shall be subordinate to the lien of any first mortgage or home equity mortgage. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer or any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments, dues, fees, and/or other charges, as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments, dues, fees, and/or other charges, thereafter becoming due or from the lien thereof.

Section 6.10 - Enforcement of Lien. By acceptance and retention of title of any Lot within the boundaries of Heritage Oaks Subdivision Phase I, each Owner, his estate, devisees, heirs and assigns covenant and agree that the Heritage Owners Property Owners Association shall have a lien upon the subject Lot second only to, (1) liens for taxes; and (2) any duly recorded mortgage, to secure the payment of the aforementioned assessments, dues, fees and charges, including court costs and reasonable attorney fees incurred in connection with collection of the same. It being agreed and understood that this covenant and agreement shall be in addition to and shall not be affected by such contract, security agreements and applications as such Owners, their heirs or assigns may enter into with the Association.

(a) A mortgagee assuming possession of property in Heritage Oaks Subdivision through foreclosure, deed in lieu of foreclosure or otherwise, shall be responsible for all assessments, dues, fees and/or other charges that may be imposed by the Association.

(b) Property of a Lot Owner passing title under a Last Will and Testament or by the laws of descent and distribution shall at all times remain subject to these Restrictions, Covenants and Conditions; however no dues and/or assessments shall be charged during the dormancy/vacancy, pendency of probate proceedings or, for one (1) year after the date of the death of the Owner, whichever shall be least.

ARTICLE VII
ROADWAYS

Section 7.1 - Public Roadways. The streets and roadways in Phase I are public roadways, and fall under the protection of the Picayune Police Department and/or the Pearl River County Sheriff's Department. The Property is not a gated development and will not have entry guards or other security provided by the Developer. The Declarant is not and will not provide Security Services, guards or patrols for the Property. The roads and medians shall be dedicated by the Developer to the City of Picayune, Mississippi.

ARTICLE VIII
EASEMENTS

Section 8.1 - Utility, Drainage, Slopes, and Storm Water Easements.

(a) The Declarant establishes, dedicates, reserves, and creates a perpetual, mutual, reciprocal, and non-exclusive easement, license, right and privilege of passage and use, both pedestrian and vehicular, for purposes of ingress and egress in, to, upon, and over any Roadways, Common Areas, streets, rights-of-way, and sidewalks, for the installation and maintenance of utilities, including but not limited to water, sewer, electricity, gas, telephone, cable, optic fiber, computer lines, and drainage facilities. These easements are for the benefit of the Declarant, the Association, and any utility company providing utility services at the Project which easements are: (i) as shown on the Plat; (ii) within the rights-of-way of any Roadways; (iii) within the area described in any separate recorded easement agreement; (iv) within the Common Areas; or (v) as they may be shown on subsequent Plats of any portion of the Property. Within these easements, no structures, planting or any other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements (the "Utility Easements").

(b) The applicable utility company, shall be responsible for maintaining, repairing, or replacing any Utility Easements, structures, and facilities related thereon located on the Owners's Lot.

(c) Neither Declarant, any governmental entity, nor any utility company using the Utility Easement shall be liable for any damage done by either of them or their successors or assigns, or by their agents, employees, or servants to shrubbery, trees, flowers, or improvements of the Owner located on the land within or affected by Utility Easements. A right of pedestrian access

by way of a driveway or open lawn area shall also be granted on each Lot, from the front Lot line to the rear Lot line to any utility company having an installation in the easement or a service line providing utility services to the Lot. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or public utility company is responsible.

Section 8.2 - Easement for Maintenance of Common Areas. It is intended that the Declarant and/or Association will engage such independent contractors as may be necessary or appropriate to provide means of ingress and egress, for landscaping, irrigation systems, drainage, detention ponds, ditches, sidewalks, bus stops or other waiting or rest areas, lighting, or similar facilities for the joint use by, and benefit of, the Owners and users of the Lots; as well as for the maintenance and repair of the Common Areas. To this end, the Owner of each Lot hereby grants a non-exclusive easement, co-extensive with the terms of this Declaration, to the Declarant, the Board, and the Association, and their employees, for the improvement, maintenance, repair, and replacement of Common Areas.

Section 8.3 - Rights Retained by Declarant. The Declarant reserves the right to amend any Plat to: (1) grant necessary road, utility, and drainage easements; (2) provide for the orderly development of the Properties; (3) subdivide, resubdivide, or revise any Lot(s) shown on the Plat (provided that the Owner of the Lot(s) consents to such resubdivision or revision);

Section 8.4 - Association's Right of Entry. An authorized representative of the Association shall be entitled to reasonable access to the individual Lots as may be required in connection with the preservation of property of an individual Lot or in the event of an emergency or in connection with the maintenance of, repairs, or replacements with the Common Area, or any equipment, facilities, or fixtures affecting or serving other Lots or the Common Area or to make any alteration required by a governmental authority.

Section 8.5 - Emergency. There is hereby reserved, without further assent or permit, a general easement to all policemen, firemen, ambulance personnel, and all similar persons to enter upon the Project or any portion thereof which is made subject to this Declaration in the performance of their respective duties.

ARTICLE IX
COMMON AREA

Section 9.1 - Owners' Easement of Use and Enjoyment.

(a) Every Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the provisions of the Plat, this Declaration and the rules and regulations of the Association. The right of enjoyment is subject to the following provisions:

(i) The right of the Association to limit the use of the Common Area (excluding the Utility Easements servicing the Lots) to Owners or Occupants of the Lots, their families, and their guests.

(ii) The right of the Association to borrow money for the purpose of improving the Common Area or for constructing, repairing, or improving any facilities located or to be located thereon, and to give as security for the repayment of any such loan a mortgage conveying all or a part of the Common Area.

(iii) The right of the Association to suspend the voting rights and the right to use the Common Area (excluding the Utility Easements servicing a Lot), for any period during which any assessment against a Lot remains unpaid, and for a period of time for any infraction of its rules and regulations.

(iv) The right of the Association to dedicate or transfer any or part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association and such agency, authority, or utility.

(b) Owners may delegate their rights of enjoyment to the Common Areas to the members of their immediate families or their tenants or contract purchasers who reside on the Lot. Membership in the Association may not be conveyed separately from ownership of a Lot.

(c) The Association may dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the Members; provided, however, except as provided in Article VIII as to the Easements, and this Article IX that no such dedication or transfer shall be effective unless at least three-fourths (3/4) of the votes of the Members, calculated as provided in the By-Laws of the Association, agree to such dedication or transfer and signify their agreement by a signed and recorded written document; and provided further this paragraph shall not preclude the Board or the Association from granting easements for the installation and maintenance of electrical, telephone, cable vision, water and sewerage, utilities, and drainage facilities upon, over, under, and across the Common Areas without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Project. The Declarant shall also have the right to cause the Association to swap property, if necessary to cure any set-back or other building regulations violation, provided that the total amount of Common Area shall not be diminished and such transfer is done in accordance with all applicable regulations.

Section 9.2 - Limitation on Use. The right to use the Common Area provided for herein shall be subject to and governed by the provisions of this Declaration, the By-Laws, and the Rules and Regulations from time to time adopted and approved by the Association, or to the extent applicable local ordinances, as to any Common Area. In addition, the Declarant, or the Association shall have the authority to lease, grant concessions or grant easements with respect to parts of the Common Elements, subject to the provisions of this Declaration. All income derived by the Association from leases, concessions, or other sources shall be held and used for the

benefit of the members of the Association, pursuant to such rules, resolutions, and regulations as the Board may adopt or prescribe.

ARTICLE X
CONSTRUCTION PROVISIONS

Section 10.1 - Utilities. Prior to the start of any construction, the Owner or contractor shall arrange to have the water and electric power necessary for the construction metered into the Lot. No temporary utility service may cross any public roads for any reason.

Section 10.2 - Dumpsters. A dumpster, or other adequate trash/debris receptacle must be placed on Lot prior to the start of any construction and remain on site until the construction is completed.

Section 10.3 - Drainage and Erosion Control.

(a) Drainage of each Lot shall conform to the general drainage plans, as shown on the Plats. Each Lot shall be graded and landscaped so as to direct drainage down the side Lot lines, away from adjacent Lots, as approved by the ARC. No storm water drains, roof down spout or ground water shall be introduced into the sanitary sewerage system.

(b) The Owner shall comply with all codes and zoning restrictions promulgated by the governmental bodies having jurisdiction over such matters in the City of Picayune and/or Pearl River County, Mississippi. Use of hay bales or silt screens must be erected prior to the commencement of grading as soil erosion barricades to minimize siltation. Mud or debris on any public roads caused by new construction or otherwise affecting any public roads and Utility Easements will be the responsibility of the Owner causing such to occur and must be cleaned each day.

Section 10.4 - Construction Entrance. Gravel must be installed on the Lot driveway as soon as the drive is cut in. A construction entrance must be maintained throughout construction in full compliance with the regulations of the governmental bodies having jurisdiction over such matters and the rules and regulations of the Declarant.

Section 10.5 - Restroom. Portable restroom facilities must be installed at the construction site at the time construction is begun and kept on the Lot until construction is completed.

Section 10.6 - Clean Up. The Owner or contractor shall ensure that a cleanup of the job site and surrounding area is completed each day. Failure to do so may result in the Association completing the work, the cost of which will be charged to the Owner of the Lot and subject to the enforcement provisions of this Declaration or the By-Laws of the Association.

Section 10.7 - Parking. The Owner or contractor shall ensure that all construction vehicles are parked on the Lot. No vehicles shall be parked in any public roads or on any sidewalk unless the Lot is situated so parking of all vehicles on the Lot is not possible. Parking on any area other than the Lot must be approved by the Declarant or the Board.

Section 10.8 - Fires. Except as permitted by the ARC, no open fires will be allowed on any Lot, unless a fire permit is obtained from the City of Picayune.

Section 10.9 - Concrete, Gravel and Building Material Delivery, Washout of Trucks. There is no wash-out area in the Property. All trucks must be washed out on the Lot. The contractor will insure that no concrete is allowed to wash to any areas adjacent to the Lot. Concrete may be delivered to any Lot only in trucks containing not more than eight (8) yards of concrete or fifteen (15) tons of gravel, dirt, or other building or fill materials in order to limit damage due to excessive weight of trucks.

Section 10.10 - Rights-of-Way and Utility Easements.

(a) Any damage to the Utility Easements or any improvements located thereon caused by an Owner, its employees, contractors, suppliers, or customers shall be a charge to the Owner and shall be paid within thirty (30) days of receipt of invoice specifying the cost of repairing the damage. The Declarant or Association shall be entitled to use the collection methods specified in this Declaration or the By-Laws of the Association to collect for such damages, including, but not limited to, the right to lien the Owner's property.

(b) Each Lot Owner agrees to indemnify and hold harmless the Declarant, the Association, the Board, and all other Lot Owners from any claim, loss, or threat of loss caused by that Owner's construction of improvements on a Lot or the operation of such improvements upon completion of construction, including, but not limited to, court costs and a reasonable attorney's fee.

Section 10.11 - Hours of Construction. No construction, repair, demolition, grading, etc. of a Lot or improvements located thereon shall occur between the hours of 8:00 p.m. and 6:00 a.m., Monday through Saturday and no work shall occur on Sunday except between the hours of 1:00 p.m. and 5:00 p.m.

ARTICLE XI
DAMAGES OR DESTRUCTION

Section 11.1 - Damage or Destruction. In the event of damage or destruction to any structure located on a Lot within the Property, the respective Owner thereof agrees as follows:

(a) In the event of total destruction, the Owner shall promptly clear the Lot of debris and leave the same in a neat and orderly condition. If the Owner elects to rebuild the structure, then within sixty (60) days of any insurance settlement, the Owner must commence to rebuild and

reconstruct the structure. Any such rebuilding and reconstruction shall be accomplished in conformity with the plans and specifications of the original structure so destroyed, subject to any changes or modifications as approved by the ARC, in accordance with Article III hereof.

(b) In the case of partial damage or destruction, the Owner shall, as promptly as an insurance adjustment may be made, cause the damage or destruction to be repaired and restored in a first class condition in accordance with the plans and specifications of the original structure and in conformity with its original exterior painting and decor. Any change or alteration must be approved by the ARC, in accordance with the Article III hereof. In no event shall any damaged structure be left unrepaired and unrestored in excess of the lesser of sixty (60) days from the date of the insurance adjustment or six (6) months from the date of the loss.

(c) If the correction of a maintenance or repair problem incurred on one Lot necessitates construction work or access on another Lot, both Owners shall have an easement on the property of the other for the purpose of this construction. Each party shall contribute to the cost of restoration thereof equally, unless such damage was caused by the fault of an Owner, in which event the Association shall allocate the cost of restoration in proportion to the relative fault of the parties.

ARTICLE XII INSURANCE

Section 12.1 - Casualty Insurance on Insurable Area. The Association shall keep all insurable improvements and fixtures of the Common Areas insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Areas shall be written in the name of, and the proceeds thereof shall be payable to, the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the Property for which the insurance was carried. Premiums for all insurance carried by the Association are common expenses included in the Assessments made by the Association. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

Section 12.2 - Replacement or Repair of Property. In the event of damage to or destruction of any part of the Common Areas, the Association shall repair or replace the same from the insurance proceeds available.

(a) If the damage is to any other portion of the Common Areas and the insurance proceeds are not sufficient to cover the repair or replacement, the Board may: (i) make a Special

Assessment against all Owners to cover the additional cost of repair or replacement and/or (ii) use amounts in the working capital accounts for such repairs or replacements.

Section 12.3 - Liability Insurance. The Board shall also have authority to and shall obtain comprehensive public liability insurance, in such amounts as it deems desirable, officers and directors' fidelity insurance, worker's compensation insurance and other liability insurance as it deems desirable, insuring the Association, its officers, directors, Board, and the Declarant from liability in connection with the Common Areas, including but not limited to Utility Easements. The premiums for such insurance shall be a common expense.

Section 12.4 - Fidelity Bond Coverage. The Association shall also obtain fidelity coverage covering officers, directors, and employees who handle or are responsible for handling the Association's funds. Such coverage shall be in such amounts as the Board, in its best business judgment may determine. The bond shall contain waivers of any defense based upon the exclusion of person serving without compensation. The fidelity coverage policy shall provide that it may not be canceled or substantially modified without at least thirty (30) days' written notice to the Association. The premiums for such insurance shall be a common expense.

Section 12.5 - Other Insurance

(a) (i) The Association shall also obtain such other insurance as it deems reasonably desirable or necessary, in such amounts, from such sources and in such forms as it deems desirable, insuring the Common Areas, each member and officer of the Association, and each member of any committee appointed pursuant to the By-Laws, from liability arising from the fact that said person is or was a director or officer of the Association, or a member of such a committee. The Board may (but shall not be required to) require of those performing any maintenance, repair, or other work on the Property for which the Association is responsible such liability or other insurance, including worker's compensation, as it deems reasonably desirable or necessary given the nature, circumstances, and amount of the work being performed.

(ii) The premiums for such insurance and bonds shall be a common expense.

(b) All insurance obtained by the Association shall provide that there may be named as an insured, on behalf of the Association, the Association's authorized representative who shall have exclusive right to negotiate settlements and to perform such other functions as necessary to accomplish this purpose. The Association, or its authorized representative, shall act as attorney-in-fact for each Owner under each policy obtained by the Board for all purposes and to the extent permitted by law.

Section 12.6 - Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board in order to ascertain whether the coverage contained in the policies is sufficient to provide the coverage required by the provisions of this Declaration or as may be otherwise deemed reasonably desirable or necessary by the Association.

ARTICLE XIII
CONDEMNATION

Section 13.1 - Condemnation

(a) In the event of a taking in condemnation or by eminent domain of a part of the Common Area, the award made for such taking shall be payable to the Board for and on behalf of the Association. If the board in its sole and absolute discretion approves the repair and restoration of such Common Area, the Board shall arrange for the repair and restoration of such Common Area, and the Board shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that the Board does not approve the repair and commence restoration of such Common Area within one hundred twenty (120) days after receipt of the award, the Board shall disburse the net proceeds of such award on a fair and reasonable basis to the mortgagees directly affected by the condemnation and the balance to the Owners directly affected. The decision of the Board as to the fairness and reasonableness shall be binding upon all parties if such decision reasonably relates to the given facts.

(b) If a Lot is acquired by a taking in condemnation or by eminent domain, so as to leave the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Declaration, upon acquisition by the condemning authority, unless the decree provides otherwise, each affected Owner's interest in the Common Area and its common expense liability shall be automatically reallocated by the Association to the remaining Lots in proportion to their respective interests and liabilities before the taking. Any remnant of a Lot remaining shall thereafter be Common Area.

(c) If any Lot or portion thereof, or the Common Area, or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, then the mortgagee of any Lot Owner will be entitled to timely written notice of any such proceeding or proposed acquisition, and no provision of this Declaration will entitle the Owner or other party to priority over such lender with respect to the distribution of the proceeds of any award or settlement as to such Lot.

ARTICLE XIV
GENERAL PROVISIONS

Section 14.1 - Enforcement.

(a) In addition to the rights and remedies contained herein, the Declarant, the Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration or the By-Laws of the Association, including the right to prosecute an action or other proceeding against any default Lot Owner for enforcement of any lien or for damages or injunction or specific performance, or for judgment for payment of money

and collections thereof, or the right to sell the Lot through judicial process, or for any combination of remedies, or for any other relief. All expenses of the Declarant, the Association, or any Owner in connection with any such action or proceedings including court costs and attorney's fees and other fees and expenses and all damages, liquidated or otherwise, together with interest thereon at the lesser of eighteen (18%) percent per annum, or the highest rate then allowed by applicable law, until paid, shall be charged to and assessed against any such defaulting Lot Owner, and shall be added to and deemed part of the assessment to which the Lot in question is subject, and the Declarant or the Association shall have a lien for all of the same, as well as for nonpayment of the assessment to which the Lot in question is subject, upon the Lot of such defaulting Lot Owner and upon all of such Owner's additions and improvements thereto and upon all of such Owner's personal property on the Lot or located elsewhere in the Property, provided, however, that such lien shall be subordinate to the lien of a recorded first mortgage or deed of trust on the interest of such Lot Owners, except for the amount of the proportionate share of the assessment to which the Lot in question is subject which becomes due and payable from and after the date on which the said mortgage or deed of trust owner or holder either takes possession of the Lot, or accepts a conveyance of any interest therein (other than as a security). In the event of any such default by any Lot Owner, the Declarant or the Association shall have the authority to correct such default, and to do whatever may be necessary to such purpose and all expenses in connection therewith shall be charged to and assessed against such defaulting Owner and Lot. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Declarant or the Association.

(b) The violation of any restriction, condition, or regulation adopted by the Association or the breach of any covenant or provision herein contained, shall give the Declarant or the Association the right, in addition to any other rights provided for in this Declaration: (a) to enter (either peaceably or forcibly without liability to such Lot Owner for such entry) upon the portion of a residence thereon, or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Lot Owner, any structure, thing, or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and the Declarant or the Association, or its employees or agents, shall not thereby be deemed guilty of any manner of trespass; or (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or (c) to take possession (either peaceably or forcibly without liability to such Lot Owner for such entry) of such Lot Owner's interest in the Property and to maintain an action for possession of such Lot in the manner provided by law.

(c) If any Lot Owner (either by such Owner's own conduct or by the conduct of any other occupant of the Lot) shall violate any of the covenants or restrictions or provisions of this Declaration or the regulations adopted by the Association, and if such default or violation shall continue for ten (10) days after notice to the Lot Owner in writing from the Association or shall occur repeatedly during any ten (10) day period after such written notice or request to cure such violation from the Association, then an action in equity may be filed by the Association against said defaulting Owner for a decree of mandatory injunction against such defaulting Owner or any occupant, or in the alternative, for a decree declaring the termination of said defaulting Owner's right to occupy, use, or control the Lot owned by such Owner on account of said violation, and

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ordering that all the right, title, and interest of said defaulting Owner in the Lot shall belong to the said defaulting Owner (subject to any existing deed of trust or mortgage) at a judicial sale upon such notice and terms as the court shall determine, except that the court shall enjoin and restrain the said defaulting Owner from reacquiring such Owner's interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge court costs, court reporter charges, reasonable attorney's fees, and all other expenses of the proceeding and sale, and all such items shall be taxed against said defaulting Owner in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to said defaulting Owner.

(d) In addition to the other remedies provided for herein, in the event of a default by a Lot Owner in the payment of assessment due from the Lot Owner which default continues for a period of ninety (90) days, the Association shall have the power and authority to place such Lot Owner's name on a list of delinquent Lot Owners, which list may be posted at a place designated by the Association for notices. Failure by the Association, the Board, or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 14.2 - Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 14.3 - Duration and Amendment.

(a) Unless canceled, altered, or amended under the provisions of this Article, the covenants and restrictions of this Declaration shall run with and bind the land, for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

(b) This Declaration may be amended during the first fifty (50) year period by an instrument signed by not less than seventy-five (75%) percent of all of the Owners, and thereafter by an instrument signed by not less than sixty-five (65%) percent of the Owners, provided: (i) that no amendment shall alter any obligation to pay ad valorem taxes or assessments as herein provided, or affect any lien for the payment thereof established herein and (ii) the Declarant must approve any amendment so long as Declarant owns any portion of the Properties. Any amendment must be recorded in the Chancery Clerk's Office of Pearl River County, Mississippi.

(c) Declarant reserves the right to file any amendments that may be necessary to correct clerical or typographical errors in this Declaration, and to make any amendments that may be necessary to conform the Declaration with regulations of the FHLMC, FHA, VA, or other applicable regulations that may be necessary to assure lender approval of the development.

Section 14.4 - Non-Liability of the Directors, Board, and Officers. Neither the Directors, Board, any committee of the Association, the Declarant or any manager of the Association, nor the officers of the Association shall be personally liable to the Owners or any

other party for any mistake in judgment or for any other acts or omissions of any nature whatsoever as such Directors, Board, officers, manager, committee members, or Declarant, except for any acts or omissions found by a court to constitute gross negligence or actual fraud. The Lot Owners shall indemnify and hold harmless each of the Directors, Board, or officers and their respective heirs, executors, administrators, successors, and assigns in accordance with the By-Laws.

Section 14.5 - Board's Determination Binding. In the event of any dispute or disagreement between any Owners relating to the Property, or any questions or interpretation or application of the provisions of the Declaration or By-Laws, the determination thereof by the Board shall be final and binding on each and all such Owners.

Section 14.6 - Notices.

(a) Notices provided for in the Declaration or By-Laws shall be in writing, and shall be addressed to the Declarant, Association, or Board at P. O. Box 758, Picayune, MS 39466, or any Owner, as the case may be, at the Owner's Lot number address, or at such other address as hereinafter provided. The Association or Board may designate a different address or addresses for notices to them, respectively, by giving written notice of such change of address to all Owners. Any Owner may designate a different address for notices to him (other than to his or her Lot) by giving written notice to the Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person upon written acknowledgment of the receipt thereof.

(b) Upon written request to the Board, the holder of any recorded mortgage or deed of trust encumbering any Lot shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners whose Lot is subject to such mortgage or deed of trust.

Section 14.7 - Rights of Declarant to Maintain a Sales Office. Declarant, or any other party designated by Declarant, shall have the right to place on any Lot a sales and/or construction trailer and to establish in any residence or other building completed on any Lot a sales office with appropriate signs, and any such sales or construction trailer or building may continue to be used until the complete sales promotion and sale of all Lots, and all residences constructed on the Properties to be sold, have occurred, notwithstanding any other provision in this Declaration.

Section 14.8 - Books and Records. The books and records of the Association shall, during reasonable business hours, be subject to inspection by any Member upon five (5) days prior notice. The Charter, the By-Laws of the Association, and this Declaration shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

(a) Each Owner, by the acceptance of a deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights, and powers created or reserved by this Declaration. All future Owners and occupants shall be subject to and shall comply with the provisions of this Declaration. Any restrictions or rules in the By-Laws which are more than administrative in nature such as, but not limited to, reservations and future rights of the Declarant, are hereby incorporated into and made a part of this Declaration by reference. All rights, benefits, and privileges of every character hereby imposed shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in said land, and shall inure to the benefit of such grantee in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance or contract for conveyance.

(b) All present and future Owners, tenants, and occupants of a Lot shall be subject to, and shall comply with, the provisions of the By-Laws referred to herein, as they may be amended from time to time. The acceptance of a deed of conveyance, devise or of a lease to a Lot, or the entering into occupancy of any Lot, shall constitute an agreement that the provisions of the said By-Laws and by Rules and Regulations promulgated thereunder, as they may be amended from time to time, are assumed, accepted, and ratified by such Owner, tenant, or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land shall bind any person having at any time any interest or estate in such Lot, as though such provisions were recited and stipulated at length in each and every deed, conveyance, or lease thereof.

(c) The terms and conditions of the Declaration, By-Laws, and Rules and Regulations may be incorporated by reference in, and become part of, the agreement between any first mortgagee and any present or future Owner who enters into such an agreement with a first mortgagee. When so incorporated, any default in the terms and conditions of the Declaration, By-Laws, and Rules and Regulations may be considered as a default by the first mortgagee, whereupon said first mortgagee, after exercising its option to declare a default, shall then have all of the rights and privileges arising as a result of a default under its agreement with said Owner.

Section 14.10 - Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants, or rights created by this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the United States, George W. Bush.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal, this 27th day of June, 2005.

New South Land Development Company, LLC,

Declarant

By:

Huey Stockstill, Member

Dexter Malley, Jr., Owner of Lot 26
Heritage Oaks Subdivision, Phase I

Alicia Malley, Owner of Lot 26
Heritage Oaks Subdivision, Phase I

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

Personally appeared before me, the undersigned authority in and for the said County and State, on this, the 27th day of June, 2005, within my jurisdiction, the within named Huey Stockstill who acknowledged that he is a Member of New South Land Development Company, LLC, and that in said representative capacity he executed the above and foregoing instrument, after first having been duly authorized so to do.

Elizabeth B. Copstead
Notary Public

My Commission Expires:

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES JAN. 30, 2007
BONDED THRU STEGALL NOTARY SERVICE
STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

Personally appeared before me, the undersigned authority in and for the said County and State, on this, the 27th day of June, 2005, within my jurisdiction, the within named Dexter Malley, Jr. and wife, Alicia Malley, who acknowledged that they executed the above and foregoing instrument.

Elizabeth B. Copstead
Notary Public

MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES JAN. 30, 2007
BONDED THRU STEGALL NOTARY SERVICE

HERITAGE OAKS SUBDIVISION, PHASE I

A parcel of land situated in and being a part of the Southeast 1/4 of Section 22, the Southwest 1/4 of Section 23, and the Northwest 1/4 of Section 26, all in Township 6 South, Range 17 West, City of Picayune, Pearl River County, Mississippi, and being more particularly described as follows: Commencing at a railroad spike marking the North corner common to said Sections 22 and 23, run Southerly along section line South 00 degrees 10 minutes 00 seconds West 2,653.9 feet to an iron rod, then run South 00 degrees 01 minutes 30 seconds West 35.0 feet to an iron rod, thence run North 89 degrees 59 minutes 40 seconds West 117.57 feet to a concrete marker at the intersection with the Eastern margin of South Haugh Road, then run Southerly along said margin South 17 degrees 49 minutes 22 seconds West 107.44 feet to a concrete marker for the Point of Beginning (P.O.B.); from this Point of Beginning, leave said Eastern margin and run South 78 degrees 24 minutes 33 seconds East 605.44 feet to concrete marker, then run South 59 degrees 07 minutes 01 seconds East 373.39 feet to concrete marker, then run South 65 degrees 49 minutes 34 seconds East 618.99 feet to concrete marker, then run South 18 degrees 26 minutes 50 seconds East 1,918.68 feet to concrete marker, then run South 09 degrees 52 minutes 00 seconds East 136.96 feet to concrete marker at the intersection with the North margin of a proposed Phase 2 future boulevard of Heritage Oaks Subdivision, Phase I, then run along said North margin West 1,455.43 feet to concrete marker, then leaving said North margin run along the common boundary with Friendship Park North 1,762.65 feet to concrete marker, then run North 18 degrees 21 minutes 31 seconds West 141.53 feet to concrete marker, then run North 44 degrees 09 minutes 13 seconds West 229.15 feet to concrete marker, then run North 00 degrees 05 minutes 00 seconds East 35.97 feet to concrete marker, then run North 89 degrees 55 minutes 29 seconds West 167.10 feet to concrete marker, then continue North 89 degrees 55 minutes 29 seconds West 418.38 feet to an iron rod located on the Eastern margin of South Haugh Road, then run Northerly along said Eastern margin North 17 degrees 49 minutes 22 seconds East 445.04 feet to the Point of Beginning; parcel contains 61.95 acres, more or less.

INDEX: SE 1/4, SECTION 22, SW 1/4, SECTION 23, AND NW 1/4, SECTION 26, ALL IN TOWNSHIP 6 SOUTH, RANGE 17 WEST, CITY OF PICAYUNE, PEARL RIVER COUNTY, MISSISSIPPI

EXHIBIT "A"

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