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**Declaration of Covenants, Conditions, Restrictions,
and Easements, of the Flatwater Lake Development,
located in Douglas County, Nebraska**

This Declaration of Covenants, Conditions, Restrictions, and Easements of the Flatwater Lake Development, a subdivision, located in Douglas County, Nebraska (the "Declaration") is made by Flatwater Lake, LLC, a Nebraska limited liability company (the "Declarant");

PRELIMINARY STATEMENT

The Declarant is the current "Owner" of that certain real property, to generally be known as the Flatwater Lake Development (the "Subdivision"), located within Douglas County, Nebraska and described as follows:

See Exhibit A attached hereto and incorporated herein.

This Subdivision is, or will be, divided into residential lots, row home lots or units, and outlots as identified in the Subdivision's plat(s), filed from time to time, and certain other adjacent parcels which intend to become part of the Subdivision. Subject to the restrictions in Article VI, Paragraph 3 of this Declaration, the Subdivision and property subject to these Declarations, may be expanded, reduced or otherwise modified in size by the Declarant from time to time under such terms and conditions established by the Declarant, without consent or approval of any other Owner, Lot Owner, or the Flatwater Lake Association, Inc. (the "Association"). Such expansion(s) may be affected from time to time by Declarant's recordation with the Register of Deeds of Douglas County, Nebraska, an amended Declaration of Covenants, Conditions, Restrictions and Easements or other similar agreement, executed and acknowledged, setting forth the identity of the additional residential lots and detailing such changes or modifications to this Declaration, including adjustments of the common Areas as determined appropriate by the Declarant (hereinafter the "Subsequent Phase Declaration"). Upon the recording of any Subsequent Phase Declaration which expands the residential lots included in the Association, the additional lots identified in the Subsequent Phase Declaration shall, unless otherwise provided in the Subsequent Phase Declaration, be considered to be and shall be included in the "Lots" for purposes of this Declaration, and the Lot Owners of the additional residential lots may be Members of the Association with all rights, privileges and obligations accorded or accruing to Members of the Association. Any Lot Owner, other than the Declarant, wishing to

alter, modify, or otherwise divide lot boundaries must obtain the prior written approval of the Association and the Declarant.

The current and future Owners of the property within the areas described in Exhibit A desire to provide for the preservation of the values and amenities of the Subdivision, as well as for the maintenance of the character and residential integrity of the Subdivision. After the filing and acceptance of this Declaration, from time to time, the Declarant may convey the portions of the common areas to the Association; provided, however, that the Declarant shall have an easement to alter, amend, reshape or otherwise redefine the common areas for the period of Declarant Control set forth in Article VI, Paragraph 3 of this Declaration.

The Owners hereby declare that each Lot shall be held, sold, distributed, and conveyed subject to the following covenants, conditions, restrictions, and easements (collectively, the "Covenants" or the "Declaration"), all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Lots, and the enjoyment of the residents of the Lots. These Covenants shall run with such Lots and shall be binding upon all parties having or acquiring any title or interest in each Lot, or any part thereof. For purposes of this Declaration, the term "Owner" of a Lot means and refers to the record Owner, whether one or more persons or entities, of fee simple title to a Lot, but excluding however those parties having any interest any of such Lots merely as a lessee or as security for the performance of an obligation (such as a contract seller, the trustee or beneficiary of a deed of trust or a mortgagee). In order to manage the lake and common facilities within the Subdivision, the Declarant will cause incorporation of the Flatwater Lake Homeowners Association, Inc., a Nebraska Nonprofit Corporation (the "Association"). Furthermore, the Declarant reserves the right to provide up to seventy (70) boat slips or similar structures to be installed in the lake or common facilities and these structures shall be designated and assigned to certain units within the row home properties (hereinafter simply referred to as "Row Home Units"). The so designated Row Home Units shall each be deemed an Owner of a Lot for the purposes of this Declaration. Each Lot, including all of the Row Home Units, shall be subject to all of the following conditions and other terms as stated herein and as may be adopted in the future by the Declarant or the Association as allowed herein:

ARTICLE I

Restrictions and Covenants

1. Each Lot shall be used exclusively for single-family lakeside residential use of the Lot Owner, unless a variance or other permitted use is previously approved by the Declarant. Except for the Row Home Lot, no multi-family, shared usage agreements, rental or lease arrangements or other types of residential use arrangements are permitted without obtaining a variance from the Declarant or the Association. Notwithstanding the foregoing, it shall be permissible to enter into a one year rental agreement for any Lot or Row Home Unit with prior approval of the Declarant or the Association. VRBO or other short term rentals are prohibited. If Declarant has failed to assign or name a successor to their rights as Declarant, and in the event of the dissolution of Declarant, the Association's Board of Directors (the "Board") shall have the right to issue variances under this subsection. The design of all residences shall be approved by the Declarant and Association's Design Review Board (the "DRB"). The approval period is likely to last at least ten (10) business days; therefore, designs should be presented to the DRB as early as possible.

2. All improvements within the Subdivision shall be approved by the DRB. An improvement includes, but is not limited to, a building, driveway, patio, patio enclosure, fence, dock, retaining wall, seawall, landscaping or other external improvement, above or below the ground. Owners desiring to erect improvements shall deliver plans to the DRB. The DRB shall have absolute discretion to waive, alter, or modify the restrictions and guidelines in these covenants. Construction of all residences must be started within eighteen (18) months of the date that the Lot was originally purchased from the Declarant. The Declarant retains the sole and exclusive right to grant written extensions of this time-to-build restriction. Once construction starts on a Lot, the construction process should be completed within eighteen (18) months. If a Lot Owner fails to construct their residence within the approved time-to-build restriction, the Association shall have the right to suspend said Lot Owner's access to the lake and other common areas until the Lot Owner has substantially completed construction of their residence.
3. The DRB shall review and approve or disapprove the plans based upon whether the submitted documents conform to the general design parameters, as described in Section 11 of this Article (the "General Design Parameters"). The DRB shall have the exclusive right, in its sole discretion, to approve or reject any such building plans. The DRB may delegate preliminary review and approval to an architect or engineer, but final approval authority shall at all times rest with the DRB. The DRB shall make a good faith attempt to reach a decision within ten (10) business days. Construction of the residence shall not commence unless, and until, written approval of the building plans for such residence have first been obtained from the DRB and the Lot Owner' has fulfilled all governmental requirements to pull a building permit. The DRB may order removal of any improvements commenced without prior DRB approval at the Owner's sole cost and expense.
4. Prior to the construction of any residence or subsequent addition to any residence on any Lot, a set of building plans for said residence shall be submitted by the Lot Owner to the DRB in an easily readable electronic format for written approval. Plans are required to show the site plan depicting all improvements, floor plans declaring associated square footage, elevations showing all four sides, and exterior materials. Plans shall also include any alterations of the site topography and must include erosion control measures, which will contain the erosion of soil from the Lot onto the beachfront area or abutting properties. Use of railroad ties for erosion control is not permitted. The Lot Owner will be responsible for installing and maintaining a sidewalk on their Lot.
5. ***Damage to roads by trucks and equipment used in construction is the responsibility of the Lot owner.*** To minimize damage to the road, we are requiring that all construction vehicles and equipment shall have a suitable staging area provided by each Lot Owner on the Lot Owner's property. Notwithstanding the foregoing, the Lot Owner shall indemnify and hold harmless the Association and/or Declarant ("Indemnatee") for any and all damages to the Indemnatee's property, or for any costs or expenses caused by Lot

Owner, the Lot Owner's contractors, agents, or others constructing the Lot Owner's residence or for any construction-related activities commenced on the Lot Owner's behalf.

6. The Lot Owner must pay a \$1,500.00 design review fee ("Review Fee") to the Declarant prior to commencing the design review. The Lot Owner will also be required to pay a utility facility fee of \$2,400 at closing on all initial Lot purchases to the Declarant.
7. No part of any residence, accessory building, or any other temporary or permanent structure of any kind may be erected or maintained on any of the Lots nearer to the front Lot line than 20 feet, nor nearer to the rear Lot line than 25 feet, nor nearer to the side Lot line than 5 feet. Provided, however, that the DRB shall, as it deems appropriate in its sole discretion, have the power to change any building line on any Lot upon written request of the Owner. The first 10 feet of the rear Lot line or from the waters' edge, whichever is greater, shall be maintained in the existing conditions, including topography. ***Each Owner shall grant an easement to all other Lot owners and guests allowing said persons to pass across the first 10 feet of the beachfront back from the waterline.*** The purpose of this easement is to allow for pedestrian traffic similar to a sidewalk in a residential neighborhood. Each Lot Owner is strongly encouraged to maintain a portion of their shoreline in native plant material (deep rooted water grasses) to minimize shoreline erosion. This will also help promote the growth of other aquatic plants at the water's edge which will further minimize shoreline erosion. It will also provide habitat for other aquatic life.
8. Retaining walls or seawalls are only allowed at Flatwater Lake if approved by the DRB. Seawalls should be of a Redi-Rock, Large Boulders or Stone Strong, or PVC seawall's with high-quality approved decking, no small concrete blocking or similar materials is permitted.
9. Each Lot Owner is responsible for all sediment and erosion control on their Lot. Material (dirt or sand) shall not be allowed to wash into the lake. Each Lot Owner shall direct all drainage on their Lot to the lake or street. Unless waived by the DRB, all down spouts and other storm water collection points must be piped to the lake to minimize erosion via an at least 8 or 12 inch high quality non-corrugated smooth interior drainage pipe on each side of a Lot. Lot Owners are encouraged to work with neighboring homeowners to share drainage solutions on common lot lines and shall cooperate with neighboring homeowners and the Association in the event any repairs or other similar improvement efforts require reasonable access on boundary lines. Any proposed joint or shared draining solutions must still be approved by the DRB prior to construction.

10. Exterior Materials/Design Style.

Materials required/permitted on the exterior surface of all residences:

Masonry

Unless a waiver is provided by the DRB, the front façade of all residences are required to be finished with a minimum of ten percent (10%) brick or stone (cultured or natural), established as a percent of the total exterior wall surface of the residence. The masonry must be present on the front street

Stucco/EIFS

Shall be permitted in combination with the minimum requirements for masonry.

Cement Board or High Quality Vinyl Board Siding

Shall be permitted in combination with the minimum requirements for masonry and trim.

Windows/Doors

Windows and doors must be of aluminum clad or vinyl construction. Windows are to be organized with regulating lines to form well-proportioned compositions.

Roofs

The roof of each residence may incorporate a pitch as dictated by the style of the home, utilizing heavy composite asphalt (min. 30 yr warranty), concrete, clay tile or galvalume metal standing seam.

Garages & Accessory Buildings

Garages and accessory buildings must be finished in materials of a similar quality and complementary to the residence, as approved by the DRB. Traditional Morton buildings, for example, would not be approved.

11. All residences must have a minimum first floor square footage of at least 1,600 square feet for ranch style designs, and at least 1,800 square feet for a 1.5 or 2 story house designs.
12. The landscape plan must include \$2,500 worth of trees and shrubs and be submitted to the DRB for approval. Only lawn sod as opposed to natural seeding shall be permitted.
13. No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed, or permitted to remain on any Lot except one sign per Lot, consisting of not more than three square feet, advertising a Lot or home as "For Sale."
14. Repair of any boats, automobiles, motorcycles, trucks, or other vehicles between 8:00 p.m. and 6:00 a.m. shall be prohibited. Broken down vehicles, boats, etc., shall not be visibly stored, parked, or abandoned on any Lot.

15. No incinerator or trash burner shall be permitted on any Lot. No standard refuse totes, garbage or trash cans or similar containers shall be permitted in the front of the lot, except for pickup purposes. No garden, lawn, or maintenance equipment of any kind whatsoever shall be stored or permitted to remain outside of any dwelling, except when in actual use. No garbage, refuse, rubbish, or cutting shall be dumped on any street, road, Lot, outlot, or common area.
16. Exterior LED lighting installed on any Lot shall either be indirect or of such a controlled focus and intensity as not to disturb other Lot owners or those using the lake at night. Each residence shall have appropriately lighted street addresses displayed on the home's exterior.
17. No stable or other shelter for any animal, livestock, fowl, or poultry shall be erected, altered, placed, or permitted to remain on any Lot, except for a modest doghouse. No dog runs or kennels may be constructed or installed on any Lot without the written permission of the DRB.
18. No invasive grasses, weeds, or other vegetation will be grown or otherwise permitted to commence or continue on any Lot so as to constitute an actual or potential public nuisance, create a hazard or undesirable proliferation, or detract from a neat and trim appearance. No dangerous, diseased, or otherwise objectionable shrubs or trees will be maintained on any Lot so as to constitute an actual or potential public nuisance, create a hazard or undesirable proliferation, or detract from a neat and trim appearance. Vacant Lots, outlets, and common areas shall not be used for dumping of earth or any waste materials, unless designated by Declarant, and invasive grasses, weeds, or similar vegetation must be controlled on vacant Lots and shall not be allowed to reach a height in excess of twelve (12) inches.
19. No structure of a temporary character, carport, trailer, or outbuilding shall be erected upon or used on any Lot at any time, either temporarily or permanently. A temporary job trailer will be allowed during construction of the Lot Owner's home.
20. The Declarant grants each waterfront Lot owner a revocable easement to install a dock in the lake in front of their respective Lot, after dock plans are approved by the DRB. Docks shall not extend more than 25 feet of the waters' edge or 30 feet from the rear lot line unless a waiver is granted by the DRB (in some cases, where a potential conflict exists, the DRB may require shorter docks). The DRB encourages Lot Owners to build joint docks on the common lot line. The Row Home Unit Owners shall have a dock area designated by the Declarant. Following installation and construction of the Row Home Unit Owner dock area, relocation of such dock facilities shall only be accomplished by (1) approval of the Declarant, or (2) by approval from the majority of the Row Home Unit Owners of a new location selected by the Association's Board. The easement for all dock facilities and access may be revoked by the Association or the Declarant for repeated violations of the Association's Rules and Regulations as explained therein. All

docks shall be of the floating style and shall be made of galvanized steel, wood or heavy duty plastic materials. All weather damaged docks should be repaired as soon as possible, early each spring for all winter related damage is expected.

21. All persons and their watercraft and motorized vehicles using the lake and other common facilities must comply with the Association's Rules and Regulations, known as the Rules and Regulations of the Flatwater Lake Subdivision (the "Rules and Regulations"), as may be amended from time to time. Additionally, all watercraft operating on the lake must comply with applicable laws, regulations, and ordinances, including, but not limited to, the rules of the Nebraska Boating Guide. **EXTREME CAUTION MUST BE USED UNDER THE BRIDGE AND IN ALL NARROW AREAS AT THE LAKE.**
22. Watercraft speeding on the lake is prohibited. The Association may establish the speed limit on the lake as set forth in the Rules and Regulations. All watercraft operating on the lake must comply with all applicable laws, regulations, ordinances, and the Association's Rules and Regulations, which may be amended from time to time.
23. All Owners and any other person or entity using or entering the Subdivision shall be responsible for taking reasonable steps to ensure the safety of all Members and guests. Any condition or obstruction within the Subdivision that may pose a risk of safety to the Owners or their guests shall be reported to Declarant and the Association's Board immediately. Furthermore, each Owner shall take reasonable steps to warn or otherwise abate the condition or obstruction until the Board has had time to address the situation.
24. The Board shall have the authority to adopt and enforce rules and regulations that are in the best interests of the Owners, even though not explicitly set forth herein. No Owner shall face any discipline under a new rule or regulation until such rule or regulation has been adopted by a majority of the Board, and the Owner has been informed of such a new rule or regulation.
25. No motor vehicles may be parked or stored outside on any Lot, except vehicles driven on a regular basis by the occupants of the dwelling located on such Lot or their guests. No grading or excavating equipment, tractors or semi-tractors/trailers shall be stored, parked, kept, or maintained in any yards, driveways, or streets. However, this shall not apply to trucks, tractors, or commercial vehicles that are necessary for the construction of residential dwellings or other Improvements during the period of construction.
26. Use of the lake and common facilities by the Lot Owners and their guests, agents, or invitees, is permitted as a revocable privilege. However, Declarant or the Association may revoke this privilege as to specific Owners or any other person or entity for violations of the Covenants or Rules and Regulations, as provided in these documents and as circumstances necessitate.

27. Each Lot Owner is required to carry an umbrella liability policy, as outlined in the Association's Rules and Regulations, naming the Association and its officers and directors as additional insureds.
28. No residences or Lot shall be rented or leased for any consideration whatsoever to any other person, firm, or corporation for a period of less than one (1) year. Additionally, no lot shall be sub-divided or otherwise modified without prior approval from the Declarant.
29. In order to keep a stable ecosystem in the lake, do not dump bait or introduce any foreign fish such as minnows into the lake.
30. In the event of a fire emergency, Lot Owners will allow the fire department access to the lake via their property.
31. Only single family, a one-household, ownership is permitted, no joint ventures, partnerships, or similar multi-entity type ownership structure of a Lot at Flatwater Lake is allowed.

ARTICLE II.

Flatwater Lake Homeowners Association, Inc.

1. The Association has as its purpose the promotion of the health, safety, recreation, welfare and enjoyment of the Subdivision for the benefit of the Lot Owners, residents, and their family. The Association shall have all lawful authority, including, but not limited to, the following:
 - a. To promulgate, enact, amend, and enforce the Rules and Regulations relating to the use and enjoyment of the lake and common facilities. The Rules and Regulations may permit or restrict use of the lake and common facilities by Owners, their families, their guests, and/or by other persons. Guests and other persons may be required to pay a fee or other charge in connection with the use or enjoyment of the lake and common facilities;
 - b. To promulgate, enact, amend and enforce the Rules and Regulations relating to collecting dues for the operation and maintenance of the lake and common facilities;
 - c. To acquire, construct, landscape, improve, equip, maintain, operate, repair, keep up, and replace, if practical, the lake and common facilities for the general use, benefit, and enjoyment of the Owners. The lake and common facilities may include but are not limited to the lake, playgrounds and parks, dedicated and non-dedicated roads, pathways, entry areas, green areas, and signs and entrances for the Subdivision. The Association shall be responsible for the management and maintenance of any Wetland mitigation site established during development of the Subdivision. The lake and common facilities may be situated on property owned or leased by the Association, on private property subject to an easement in favor of the Association, or on public property; and

d. To enforce this Declaration and the Rules and Regulations, with authority to bring the appropriate court action, including an action for a temporary restraining order, preliminary injunction, or permanent injunction enjoining such violations.

2. Membership and Voting. There shall be only one Owner for each Lot. The Owner of each Lot, including the Row Home Units, shall automatically be a member of the Association. Should more than one person hold fee title to a Lot, the co-owners must designate a single voting member, in writing, and provide said designation to the secretary of the Association. Membership shall be appurtenant to ownership of each Lot, and may not be separated from ownership of each Lot.

The Association shall have two classes of voting membership:

Class A. Class A membership shall include all members of the Association except Declarant and any successor in interest. Each Class A member of the Association shall be entitled to all the rights of membership and to one (1) vote for each Lot or Row Home Unit.

Class B. Class B membership shall include only the Declarant and any successor in interest. The class B member shall be entitled to five (5) votes for each Lot of which the Declarant is the record Owner.

No Owner shall be entitled to vote if all dues and assessments levied against the Owner are not fully paid. Furthermore, the Association's Board may suspend a Member's voting privileges for violations of the Association's Rules and Regulations.

3. Purposes and Responsibilities. The Association shall have all of the powers conferred upon nonprofit corporations by the Nebraska Nonprofit Corporation Act, and all powers and duties necessary and appropriate to accomplish the purposes and to administer the affairs of the Association. The powers and duties to be exercised by the Board, and upon authorization of the Board by the officers of the Association (the "Officers"), shall include but shall not be limited to the following:
- a. The acquisition, development, maintenance, repair, replacement, operation, and administration of the lake, lake amenities, and any other common facilities, and the enforcement of the Rules and Regulations regulating the lake and common facilities;
 - b. The landscaping, mowing, watering, repair, and replacement of parks and other common facilities property, and improvements on parks, medians, thoroughfares, or other common facilities property within or near the Subdivision;
 - c. The fixing, levying, collecting, abatement, and enforcement of all charges, dues, or assessments;

- d. The expenditure, commitment, and payment of Association funds to accomplish the purposes of the Association, including payment for purchase of insurance covering any common facility against property damage and casualty and purchase of liability insurance coverages for the Association, the Board, and the Members;
- e. The exercise of all of the powers and privileges, and the performance of all of the duties and obligations of the Association as set forth in this Declaration, as the same may be amended from time to time;
- f. The acquisition by purchase or otherwise, holding or disposition of any right, title, or interest in real or personal property, wherever located, in connection with the affairs of the Association;
- g. The deposit, investment, and reinvestment of Association funds in bank accounts, securities, money market funds or accounts, mutual funds, pooled funds, certificates of deposit, or the like;
- h. The employment of professionals and consultants to advise and assist the Officers and the Board in the performance of their duties and responsibilities for the Association. The Board shall have the right to hire a management company to manage and operate all or part of the lake and common facilities and to assist in the collection of dues;
- i. The nomination of such committees as deemed necessary to carry out the purposes of the Association.
- j. General administration and management of the Association, and execution of such documents and doing and performance of such acts as may be necessary or appropriate to accomplish such administration or management;
- k. The doing and performing of such acts, and the execution of such instruments and documents, as may be necessary or appropriate to accomplish the purposes of the Association; and
- l. The exercise of any and all rights assigned to the Association by Declarant including but not limited to the architectural control of the improvements constructed in the Subdivision.
- m. The maintenance of the property line between the Property and the adjacent property, and the Association may take reasonable shoreline protection measures to prevent erosion, prevent trespass into the lake or onto the Property, and to protect against unlicensed use of the lake and the Property. The Association may assess the costs of any such improvement and charge the Owner as provided elsewhere in these Covenants.

4. Imposition of Dues and Assessments. The Association may fix, levy, and charge the Owner of each Lot with dues and assessments under this Declaration as now existing or as revised and amended in the future as permitted herein. Except as otherwise specifically provided, the dues and assessments shall be fixed by the Board and shall be payable at the times and in the manner prescribed by the Board.
5. Abatement of Dues and Assessments. Notwithstanding any other provision of this Declaration, the Board may abate all or part of the dues or assessments due in respect of any Lot, and shall abate all dues and assessments due in respect of any Lot during the period such Lot is owned by the Declarant.
6. Liens and Personal Obligations for Dues and Assessments. The dues and assessments, together with interest thereon, costs and reasonable attorneys' fees, shall be the personal obligation of the Owner of each Lot at the time when the dues or assessments first become due and payable. The dues and assessments, together with interest thereon, costs and reasonable attorneys' fees, shall also be a charge and continuing lien upon the Lot in respect of which the dues and assessments are charged. All successors or assigns of the Owner shall take title subject to the lien for such dues and assessments, and shall be bound to inquire of the Association as to the amount of any unpaid assessments or dues. Failure to pay dues and assessments may result in foreclosure proceedings against the Owner, revocation of all lake and common facilities privileges, and any other legal remedies or punishments allowed by the Association's Rules and Regulations.
7. Purpose of Dues. The dues collected by the Association may be committed and expended to accomplish any of the lawful purposes of the Association.
8. Annual Dues. Unless excess dues have been authorized by the Members in accordance with Section 10 below, the regular annual dues which may become due and payable in any year shall not exceed the greater of:
 - a. Six Hundred and no/100 dollars (\$600.00) per Lot or Row Home Unit per year, or
 - b. One hundred five percent (105%) of the dues charged in the previous calendar year ("Annual Dues").
9. Special Assessments for Extraordinary Costs. In addition to the Annual Dues, the Board may levy special assessments for the purpose of defraying, in whole or in part, the costs of any acquisition, construction, reconstruction, repair, painting, maintenance, improvement, or replacement of the lake improvements and amenities, and of any other common facility, including fixtures and personal property related thereto, access roads, the Wetland mitigation site upon assignment to the Association, and related facilities. The aggregate special assessments in each calendar year shall be limited to One thousand and no/100 dollars (\$1,000.00) per Lot or Row Home Unit. This amount shall increase by 5% each year, regardless of whether an assessment was made the prior year.

10. Excess Dues and Assessments. With the written approval of sixty-seven percent (67%) of the votes of the Association Members, the Board may establish dues and/or assessments in excess of the maximums established in this Declaration.
11. Effect of Nonpayment of Assessments - Remedies of the Association. Any installment of dues or assessments that are not paid when due shall be delinquent. Delinquent dues or assessments shall bear interest from the due date at the rate of twelve percent (12%) per annum, or the maximum rate allowed by law, whichever is lower, compounded annually. The Association may bring an action at law or equity against the Owner personally obligated to pay the same, or foreclose the lien against the Lot, and pursue any other legal or equitable remedy. The Association shall be entitled to recover as a part of the action and shall be indemnified against the interest, costs, and reasonable attorneys' fees incurred by the Association with respect to such action. No Owner may waive or otherwise escape liability of the charge and lien provided for herein by nonuse of the lake or common facilities or abandonment of his Lot. The mortgagee of any Lot shall have the right to cure any delinquency of an Owner by payment of all sums due, together with interest, costs, and fees. The Association shall assign to such mortgagee all of its rights with respect to such lien and right of foreclosure and such mortgagee may thereupon be subrogated to any right of the Association.

ARTICLE III.

Association Rules and Regulations

The Association will establish the initial Rules and Regulations of the Subdivision. At the time an Owner purchases a Lot or Row Home Unit, the Owner shall request the then current Rules and Regulations for the use of the lake, and will acknowledge receipt of such Rules and Regulations by executing the appropriate receipt. All Owners are hereby notified that they, their guests, agents or invitees are bound by the Rules and Regulations established by the Association, as such rules are now stated and hereafter amended from time to time.

ARTICLE IV.

Easements

A perpetual license and easement is hereby reserved to erect and operate, maintain, repair, and renew buried or underground sanitary sewers, storm sewers, roads and common driveways, water and gas mains and cables, lines or conduits and other electric current for light, heat, and power; for all telephone, telegraph, and message services; for the transmission of signals and sounds of all kinds, including signals provided by a cable television system; and for the reception on, over, through, under, and across land abutting boundary lines of the Lots, as platted and recorded.

ARTICLE V.
Property Rights

Each Owner and Co-Owner or the family members of the Owner and Co-Owner residing on the Owner's Lot or in a Row Home Unit, shall have a nonexclusive revocable right and easement to use and enjoy the lake and common facilities in common with other Owners, subject to the following:

- a. The Rules and Regulations of the Association relating to the use and enjoyment of the lake and common facilities. Such rules and regulations shall apply uniformly to all Owners, and shall not authorize exclusive use of any part of the lake and common facilities by any Owner.
- b. The right of the Association or Declarant to suspend the right and easement to the use of the lake and common facilities by an Owner or any other person or entity: (i) during any period in which any dues or assessments against a Lot remain unpaid; (ii) as deemed necessary by the Declarant, or (iii) as further permitted in the Rules and Regulations of the Association.
- c. Rules and Regulations relating to use and enjoyment of the lake and common facilities by invitees and guests of an Owner.
- d. **The Express Representation that neither Declarant, nor any other party including but not limited to Hampton Development Services, Inc., Robert D. Hampton, or any division or affiliate thereof, makes no express or implied warranty and each of them expressly disclaims warranties of any kind that any mining or industrial activities, the construction of the water areas, or placement of stripping dirt and fine sand in or on the Property is suitable for the construction of residences or other improvements or for any other use whatsoever including but not limited to recreational use or that the Property meets or complies with any federal, state, or local regulation, statute, ordinance, or guideline regarding the use of any portion of the Property. Owners expressly release and shall hold Declarant, Hampton Development Services, Inc., Robert D. Hampton, and any division or affiliate of each of them, including any successor and assign of each of them, harmless from any and all claims, actions, judgments, liability and costs arising or of any use or development or attempted use or development of the Property by any person. The hold harmless obligations provided for in this paragraph shall also include an obligation to hold harmless from any and all claims, actions, suits, and costs incurred by Declarant, Hampton Development Services, Inc., Robert D. Hampton, or any division or affiliate or successor of any of them, for any claim, assertion, suit, or action relating to or in any way attendant to personal injuries or damages, arising from or related in any way to any activities permitted as a result of the easements or access granted by these Covenants.**

ARTICLE VI.
General Provisions

1. Except for the authority and powers specifically granted to the Declarant, the Declarant or any Owner of a Lot or Row Home Unit named herein shall have the right to enforce by any proceeding at law or in equity, all covenants, conditions, restrictions, and easements now or hereinafter imposed by the provisions of this Declaration either to prevent or restrain any violation or to recover dues or damages for such violation.
2. FAILURE BY THE DECLARANT OR BY ANY OWNER TO ENFORCE ANY COVENANT, CONDITION, RESTRICTION, OR EASEMENT HEREIN CONTAINED SHALL IN NO EVENT BE DEEMED A WAIVER OF THE RIGHT TO DO SO THEREAFTER.
3. THE COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS OF THIS DECLARATION SHALL RUN WITH AND BIND THE LAND IN PERPETUITY. THIS DECLARATION MAY BE AMENDED BY DECLARANT IN ANY MANNER WHICH IT MAY DETERMINE TO BE NECESSARY IN ITS FULL AND ABSOLUTE DISCRETION FOR ANY REASON FOR FIVE (5) YEARS FROM FILING OF THIS DECLARATION, AND THEREAFTER THE DECLARANT SHALL HAVE THE RIGHT TO AMEND UNTIL ALL LOTS HAVE BEEN SOLD AND THE DECLARANT FILES A STATEMENT EXPRESSING DECLARANT'S ELECTION TO RELINQUISH ALL RIGHTS AS THE DECLARANT, OR FOR A PERIOD OF TWENTY FIVE (25) YEARS FROM THE DATE HEREOF, WHICHEVER FIRST OCCURS (THE PERIOD OF "DECLARANT CONTROL"). FOR PURPOSES OF THIS PARAGRAPH, ALL "LOTS SOLD BY DECLARANT" SHALL NOT INCLUDE LOTS SOLD TO CONTRACTORS FOR FUTURE CONSTRUCTION OF HOMES. THEREAFTER THIS DECLARATION MAY BE AMENDED BY AN INSTRUMENT SIGNED BY THE OWNERS OF NOT LESS THAN SEVENTY-FIVE (75) PERCENT OF THE LOTS COVERED BY THIS DECLARATION.
4. Flatwater Lake, LLC, its successors, or assigns shall have the right to transfer status as Declarant to a successor or assign. Flatwater Lake, LLC, its successors, or assigns may terminate its status as Declarant under this Declaration, at any time, by filing a Notice of Termination of Status as Declarant. If Declarant has not transferred its status as Declarant to a successor, and upon the filing of a Notice of Termination, the Board shall appoint the Association or another entity, association, or individual to serve as Declarant, and such appointee shall thereafter serve as Declarant with the same authority and powers as the original Declarant. Until the Board appoints a successor Declarant, the Association shall automatically accept and serve as the interim Declarant. If the Declarant has not appointed a successor under this Declaration, upon the dissolution of Declarant, the Association shall serve as the Declarant.
5. All affiliates and divisions of the Declarant, Hampton Development Services, Inc., and Robert D. Hampton are intended to be third party beneficiaries of these Covenants and all

Exhibit A
Legal Description