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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

**FOR
THE SEVEN HILLS RANCH**

AND

**FOR
THE 7H RANCH PROPERTY OWNERS ASSOCIATION**

THE STATE OF TEXAS §
 §
COUNTY OF COMAL §

KNOW ALL MEN BY THESE PRESENTS:

PREFACE

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE SEVEN HILLS RANCH is made on the date hereinafter set forth by CANHAM RANCH, LTD., a Texas Limited Partnership ("Declarant"), for the purposes herein set forth below in respect of the following-described real property in Comal County, Texas, known as the SEVEN HILLS RANCH, and being more fully described as follows:

Lots 1 through 79, Block 1, Lots 1 through 24, Block 2, Lots 1 through 52, Block 3, and Lot 1, Block 4 the CANHAM RANCH SUBDIVISION, UNIT NO. 1, Comal County, Texas, according to plat thereof recorded in Volume 14, Pages 246, *et seq.*, Deed and Plat Records of Comal County, Texas, and all appurtenances related thereto.

The name SEVEN HILLS RANCH is intended to be used for marketing and identification purposes; for the purpose of subdivision platting, the plat retains the name of the Declarant.

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DEFINITIONS

The following words when used in this Declaration (unless the context shall prohibit) shall have the following meanings.

a. "Architectural Control Committee" or "ACC" shall mean and refer to the architectural control committee for the Subdivision created hereinafter by Declarant.

b. "Architectural Design Guidelines" or "ADG" shall mean that document entitled Architectural Design Guidelines which may be promulgated by the Architectural Control Committee for Subdivision. The ADG is subject to amendment from time to time and may include landscaping and other requirements and details not strictly related to architectural matters or features. Each prospective Owner should obtain a copy of the ADG prior to contracting for the purchase of a Lot and each Owner and prospective Builder should obtain a copy of the ADG prior to contracting for the construction of any improvements on a Lot and prior to the start of such construction.

c. "Articles of Incorporation" shall mean the Articles of Incorporation of the Association with the Texas Secretary of State, and any duly filed amendments thereto.

d. "Association" shall mean and refer to the 7H Ranch Property Owners Association, a Texas non-profit corporation, its successors and assigns.

e. "Board of Directors" shall mean and refer to the governing body of the Association, the election and procedures of which shall be as set forth in the Articles of Incorporation and By-Laws of the Association.

f. "Builder" shall mean each person or entity contractor which contracts or undertakes to construct a residence or other improvements on a Lot or to make renovations to improvements on a Lot, whether or not such persons are Owners.

g. "By-Laws" shall mean the by-laws of the Association as amended from time to time.

h. "Common Area" shall mean and refer to all property and improvements leased, owned, or maintained by the Association for the use and benefit of the Members of the Association. These will include the private streets, mail and parking area within the Subdivision, entry gate, boulevards, entry walls and signage, perimeter fence, irrigation systems, landscaping, and other areas and items. The initial Common Area will be Lot 1, Block 4, the Roadway Lot, as shown on the Subdivision Plat.

i. "Declarant" shall mean and refer to Canham Ranch, Ltd., a Texas limited partnership, and its successors or assigns who are designated as such in writing by Declarant, provided such writing shall specifically indicate the intention of Declarant to

assign all or part of its rights or powers hereunder to such assignee. Accordingly, "Declarant" shall mean and include the Association to the extent, if any, Canham Ranch, Ltd. shall make an assignment or partial assignment in the manner described above, to the Association of any of its rights, powers herein created or retained.

j. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for the Subdivision and any amendments, annexations and supplements hereto made in accordance with the terms hereof.

k. "Living Unit" shall mean and refer to a single family residence and its attached or detached garage situated on a Lot.

l. "Lot" shall mean and refer to any of the plots of land numbered Lots 1 through 79, Block 1, Lots 1 through 24, Block 2, Lots 1 through 52, Block 3, and Lot 1, Block 4, inclusive, Canham Ranch Subdivision Unit 1, Comal County, Texas, as shown on the Subdivision Plat, and any additional lots made subject of this Declaration.

m. "Member" shall mean and refer to all those Owners who are members of the Association as provided herein and in the Articles of Incorporation.

n. "Outstanding Votes" shall mean the total number of votes that could be cast on any matter if all Members voted all of their votes.

o. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to or undivided interest in any Lot or portion of a Lot, within the Subdivision, excluding however those having interest merely as security for the performance of an obligation.

p. "Required Plans" shall have the meaning assigned under Article III.

q. "Roadway Lot" shall mean Lot 1, Block 4.

r. "Single Family" shall mean and refer to a group related by blood, adoption, or marriage or a number of unrelated roommates equal to the number of bedrooms in a living unit.

s. "Security Deposit" shall have the meaning assigned in Section 3.10.

t. "Subdivision" shall mean and refer to the real property known as the Seven Hills Ranch being the real property above-described in the Preface and being the real property subdivided by the Subdivision Plat, and any additions thereto made subject of this Declaration.

u. "Subdivision Plat" shall mean and refer to the map or plat of Canham Ranch Subdivision Unit 1, filed for record in Volume 14, Pages 246, *et seq.*, Deed and Plat Records of Comal County, Texas, and any amendment thereof upon filing of same for record in the Deed and Plat Records of Comal County, Texas.

v. "Modified Restriction Lots" mean Lots 78 and 79, in Block 1, and the Water System Lots, and the Roadway Lot.

w. "Water Retention Drainage Easement" shall mean the variable width drainage easements running generally through portions of the 100-year flood plain within the Subdivision.

x. "Water System Lots" shall mean Lots 37 and 69, both in Block 1, and Lot 2 in Block 2.

RECITALS

A. Declarant has created a residential community within the Subdivision with designated single-family residential Lots for the benefit of the present and future Owners.

B. Declarant desires to ensure the preservation of values and amenities within the Subdivision.

C. To further preserve the values and amenities in the Subdivision, Declarant has incorporated the 7H Ranch Property Owners Association under the laws of the State of Texas as a non-profit corporation for the purposes of maintaining and administering the Common Area and administering and enforcing this Declaration and collecting and disbursing the assessments and charges hereinafter created.

NOW, THEREFORE, Declarant declares that the Subdivision is and shall be held, transferred, sold, conveyed, occupied, and enjoyed subject to this Declaration, which shall be deemed as running with the land, on the following terms, to wit:

ARTICLE I

PURPOSE

1.1 Stated Purpose. The Subdivision is encumbered by this Declaration for the following reasons: to ensure the best and highest use and most appropriate development of the Subdivision; to protect Lot Owners against improper use of surrounding Lots; to preserve so far as practicable the natural beauty of the Subdivision; to guard against the erection of poorly designed or proportioned structures of improper or unsuitable materials; to encourage and secure the erection of attractive improvements on each Lot with appropriate locations; to secure and maintain proper setbacks from streets and adequate

free space; and, in general, to provide for development of the highest quality to enhance the value of investment made by owners of Lots.

1.2 Preface, Definitions and Recitals The Preface, Definitions and Recitals are part of this Declaration.

1.3 Reference for Modified Restriction Lots. Article XXIX, below, exempts the Modified Restriction Lots from significant portions of this Declaration. Article XXIX controls over potential conflicting provisions of this Declaration.

ARTICLE II

USE

2.1 Single Family Use. Except for the Modified Restriction Lots, all Lots in the Subdivision shall be used for single family residential purposes only; no Owner shall occupy or use his Lot or any improvements constructed thereon, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the Owner, his family, guests and tenants.

2.2 Construction Period Storage. No building material of any kind shall be placed or stored upon any Lot until the Owner thereof is ready to commence improvements, and then the material shall be placed inside the building setback lines and the property lines of the Lot upon which the improvements are erected and shall not be placed on the street or between the curb and property line. The Owner is responsible and shall pay the Association for any damage to the Subdivision streets or other Common Areas caused by construction on the Owner's Lot or activities related to such construction, including damage by the Owner's Builder.

2.3 Construction/Sales Buildings. Declarant may erect and maintain temporary sales structures, or trailers, and advertising signs so long as Declarant owns any Lots. A Builder may erect one or more model homes; each model home must be on a Lot owned by the Builder. For each model home, the Builder may erect one tasteful sign subject to ACC approval for the model home on the Lot; such sign must be removed on sale of the model home. The Builder's model home and sign are subject to this Declaration and approval of the ACC. A Builder may use one model home as a sales office, but shall have no more than one office at a time.

ARTICLE III

ARCHITECTURAL CONTROL COMMITTEE

3.1 The ACC. There is hereby created the Architectural Control Committee, initially composed of J.W. Wood, Anna Marie Wood and Tom S. Taylor to serve until their successors are named. A majority of the ACC may act for the ACC and no notice of any of its meetings shall be required. Subject to the terms hereinafter set forth, Declarant shall have the right to remove or add members to the ACC and fill vacancies in the committee membership and Declarant may assign such rights to the Association. The sale of the last Lot owned by Declarant within the Subdivision shall be deemed to be an assignment to the Association of Declarant's powers with respect to ACC membership, at which time (but not until then) the Board of Directors shall have the right and duty to appoint the members of the ACC. Committee members shall not be entitled to compensation for their services rendered in such capacity.

3.2 Scope. No building, fence, wall, outbuilding or other structure or improvement shall be erected, altered, added onto, placed or repaired on any Lot in the Subdivision until the complete plans including site plans, grading plans, floor plans depicting room sizes and layouts, exterior elevations, any other plans or information deemed necessary by the ACC for the performance of its function ("Required Plans"), are submitted and approved in writing by the ACC as to the conformity and harmony of design with existing structures in the Subdivision, the location with respect to topography, existing trees, finished elevation, and apparent conformity with the requirements of this Declaration. In addition, the Owner shall submit the identity of the individual or company intended to perform the work and projected commencement and completion dates. The ACC shall have the power to employ professional consultants to assist it in discharging its duties and may create and impose reasonable fees for processing of applications. The Security Deposit together with any fee required under Section 3.12, below, must be submitted with the Required Plans.

3.3 Review of Required Plans. Within thirty (30) days after the Owner has submitted to the ACC the Required Plans, the Security Deposit, any required fee under Section 3.12, below, and written notice that the Owner desires to obtain ACC approval, the ACC shall notify Owner in writing whether the Required Plans are approved or disapproved. If plans and specifications are not sufficiently complete or are otherwise inadequate, the ACC may: [a] disapprove them as being inadequate or [b] give the Owner a period of thirty (30) days to submit additional or corrective materials, or [c] may approve them in part, conditionally or unconditionally, and disapprove the balance. In the event complete Required Plans submitted by the Owner have not been approved or disapproved within thirty (30) days after the Revised Plans and any (if any) additional or corrective material is submitted, the plans so submitted will be deemed to have been approved but a deemed approval shall not permit a violation of any of the terms of this Declaration nor

extend to any deviation from or alteration to the plans actually submitted nor to any matter requiring a written variance.

3.4 Interpretation. The ACC shall have the express authority to perform fact finding functions hereunder and shall have the power to construe and interpret any covenant herein that may be vague, indefinite, uncertain or capable of more than one interpretation. The goal of the ACC is to encourage the construction of dwellings of good architectural design, quality and proper size compatible with Declarant's conceptual plan for the Subdivision. Dwellings should be planned and designed with particular attention to the design and aesthetic appearance of the exterior and the use of such materials, which, in the sole judgement of the ACC, create an attractive and harmonious blend with existing and proposed dwellings in the immediate area and the natural surroundings. The ACC may disapprove the construction or design of a home on purely aesthetic grounds where, in its sole judgement, such disapproval is required to protect the continuity of design or values of the neighborhood and of other homeowners or to preserve the serenity and natural beauty of any surroundings. Members of the ACC and their representatives shall not be liable to any person subject to or possessing or claiming the benefits of this Declaration for any damage or injury to property or for damage or loss arising out of their acts hereunder. The ACC's evaluation of Required Plans is solely to determine compliance with the terms of this Declaration and the aesthetics or the proposed improvements and the ACC disclaims any responsibility to determine compliance with any applicable building code or other standard for construction. No member of the ACC shall be liable to any Owner for any claims, causes of action or damages arising out of the grant or denial of any variance to an Owner. No individual member of the ACC shall have any personal liability to any Owner or any other person for the acts or omissions of the ACC if such acts or omissions were committed in good faith and without malice.

3.5 Variations. Any time ACC approval is called for in this Declaration, such approval must be given, if at all, in writing and in advance. The Architectural Control Committee shall have the right, but not the obligation, to grant variances and waivers relative to deviations and infractions of the Declaration or to correct or avoid hardships to Owners, or to accommodate other unique, attractive, advanced and/or harmonious building materials, or for other reasons believed by the ACC to be valid. Upon submission of a written request for same, the ACC may, from time to time, in its sole discretion, permit an Owner to construct, erect or install a dwelling which is in variance from the covenants, restrictions or architectural standards which are provided in this Declaration. In any case, however, the dwelling with such variances must, in the ACC's sole discretion, blend effectively with the general architectural style and design of the neighborhood and must not detrimentally affect the integrity of the Subdivision or be incompatible with the natural surroundings. All requests for variances shall be in writing, shall be specifically indicated to be a request for variance, and shall indicate with specificity the particular standard sought to be varied and the nature of the variance requested. All requests for variances shall be deemed to be disapproved if the ACC has not expressly and in writing approved such request within thirty (30) days of the submission of such request. Each request for

a variance submitted hereunder shall be reviewed independently of similar requests; the grant of a variance to any one Owner shall not constitute a waiver of the ACC's right to deny a variance to another Owner.

3.6 Discretion; Written Decisions. The ACC's decision with respect to any requested action is discretionary. Any request for action by the ACC should allow sufficient time for ACC's review. The ACC is not bound except by its written decisions.

3.7 Decisions Final. All decisions of the ACC shall be final and binding, and there shall not be revisions of any action of the ACC except by procedure for injunctive relief when such action is patently arbitrary and capricious.

3.8 Violations. In the event of construction of improvements or threatened construction of improvements in violation of this Declaration, any Owner, the Association, Declarant or the ACC may seek to enjoin such construction or seek other relief against the Owner or Builder responsible therefor provided that each such offending party shall first be given written notice of the perceived violation and the opportunity to remedy the violation prior to the filing of suit.

3.9 Duration. The Architectural Control Committee shall remain duly constituted and shall continue to function for the entire duration of this Declaration, including any extensions thereof.

3.10 Builders. As to any Lot, it is a condition precedent to approval of the Required Plans, that the Owner shall deposit, or cause the Builder to deposit, with the ACC, a security deposit ("Security Deposit") in the amount of \$2,000.00. For the purposes of this paragraph the term "Damage" means any physical damage to any portion of the Common Area, or any other portion of the Subdivision (other than the Lot for which the Security Deposit was made), or any breach of this Declaration made in connection with the construction of such single-family dwelling. In the event of any Damage by the Owner, the Builder, or those working by, through or under the Owner or the Builder (including artisans, suppliers, materialmen, subcontractors and laborers), then (except in the event of an emergency), the ACC will attempt to notify the Owner or the Builder and request that the Damage be repaired to the satisfaction of the ACC within ten (10) days following such notice. If the Damage is not timely corrected, or if in the sole opinion of the ACC an emergency condition exists requiring immediate repair or correction of the Damage, the ACC may use so much of the Security Deposit as it deems appropriate to correct the Damage. The Owner shall (or shall cause the Builder to) [a] pay any excess over the Security Deposit required to repair the Damage and [b] replenish the Security Deposit to the full amount required by this Section, both within five (5) days after written request by the ACC; if the Owner fails to so act, the Owner and Builder shall at once halt construction until such default is cured. Upon final completion of construction and repair or correction of all Damage, in the sole and absolute discretion of the ACC, the ACC will return the balance, if any, of the Security Deposit to the Owner (or, at the direction of the Owner, to

the Builder). The Owner and the Builder will have the burden of establishing that (a) either no Damage exists or that such Damage has been corrected as required by this paragraph, and (b) all construction is completed according to the Required Plans of this Declaration. The Owner shall provide, or cause the Builder to provide, for all single-family construction and all other major construction on any Lot, a portable toilet and a trash dumpster (of a size suitable for such construction), which shall be in, and maintained in, good, clean and neat condition at all times. The Builder shall clear the Lot of all debris, including excavated materials, immediately following construction of the improvements and again immediately following installation of septic system.

3.11 Commencement; Competition. All construction must commence sixty (60) days after approval or deemed approval of the Required Plans, and must be completed within six (6) months after commencement and in accordance with the Required Plans. Failure to commence construction within thirty (30) days of approval or deemed approval of the Required Plans constitutes deemed disapproval of the Required Plans and at such point construction may not commence without approval of the ACC, which may be conditioned on reinstigation of the Required Plan approval process.

3.12 Fee. The ACC may impose a non-refundable fee, not to exceed \$500.00, to offset costs and expenses of the approval of Required Plans. If construction is not commenced within thirty (30) days of approval of the Required Plans, or if corrective materials or additional materials requested by the ACC are not received within thirty (30) days after request, or if for any other reason Required Plans are disapproved or deemed disapproved, the ACC may charge such fee each time the review process is reinstigated.

ARTICLE IV

RESTRICTIONS ON LOTS

Single-Family Residence. All Lots within the Subdivision (other than the Modified Restriction Lots) are hereby restricted exclusively to single-family residential use. No structures shall be erected, placed or maintained on any restricted Lot other than a newly constructed single-family residence and allowed outbuildings. Not more than one single-family residence may be erected on a Lot.

ARTICLE V

OUTBUILDING REQUIREMENTS

Outbuildings conforming to this Declaration are allowed in addition to the single-family residence. Outbuildings are (only): detached garage, storage building, gazebo, spa, guesthouse, poolhouse, servants' quarters, greenhouse or children's playhouse. Every outbuilding shall be compatible with the dwelling to which it is appurtenant and must

conform to the design and material composition of the main residence (including roof); compatible masonry must be used for habitable outbuildings. All outbuildings shall be subject to approval of the ACC. In no instance shall an outbuilding exceed one (1) story in height other than a detached garage. No outbuilding may exceed 1,000 square feet.

ARTICLE VI

BUILDING MATERIALS

6.1 Walls. The exterior walls of all main residential buildings shall be constructed with masonry, rock, stucco, brick or masonry veneer for at least 80% of the total exterior wall area (at each story or level); the exterior walls of all other buildings shall be at least 50% masonry (other than any, if any, approved temporary buildings). "Hardyboard" is permitted, but is not included as a part of masonry. Window and door openings shall be included as masonry. Any portion of all chimneys visible from any street shall be 100% masonry to match the primary masonry on the main structure. Wall materials used on all Lots shall be restricted to those types and colors approved by the ACC.

6.2 Roofs. The surface of all roofs of principal and secondary structures including outbuildings shall be slate, stone, concrete tile, clay tile, or other tile of a ceramic nature; or they may be composition or dimensional shingles of 25-year or more warranty; or they may be of metal of a style, design and appearance approved by the ACC. All flat or built-up roofs and wood-shingle roofs are strictly prohibited.

ARTICLE VII

FENCES

7.1 Heights and Materials. No chain link or barbed wire fence shall be erected on any Lot, other than small dog runs or the like not visible from the street. Wood, wrought-iron, and masonry are normally considered acceptable materials. Fences erected behind the front wall line of the residential building may not exceed eight feet (8') in height. Fences erected forward of the front wall line of the residential building may not exceed five feet (5') in height. All fencing materials and style must be approved by the ACC.

7.2 Corner Lots. No fence, wall or hedge or shrub planting which exceeds three and one-half feet (3-1/2') or otherwise obstructs sight lines shall be placed or permitted to remain on any corner Lot within the triangular area as formed by the extension of a line connecting streets at fifty feet (50') from the corner.

7.3 Subdivision Fence. The Subdivision boundary fencing existing as of the filing of this Declaration, as the same may be repaired or rebuilt, may not be removed except on direction of the Board of Directors. As between the Owner of a Lot adjacent to the

Subdivision boundary, and the Association, the Owner shall be responsible for keeping the boundary fencing in good repair.

ARTICLE VIII

DRIVEWAYS

All driveways in the Subdivision shall be surfaced with concrete or brick pavers to a distance of no less than 15 feet back from the front property line. The remainder of the driveway may be concrete, asphalt or such pavers. Driveways must be a minimum width of twelve feet (12') at all points. Location, design and any decorative surface must be approved by the ACC. The driveway turnout shall be constructed in such manner as to provide an attractive, five foot (5') transitional radius from the street into the driveway entrance. Driveways must be shown on the Required Plans submitted for approval by the ACC. Where driveways cross bar ditches, a sufficient culvert pipe shall be placed under the driveway in the ditch for drainage purposes and being of a sufficient diameter necessary to not impede the flow of storm water. It is the responsibility of the Owner or Builder to consult with the project engineers for appropriate sizing of culvert pipe. Culvert pipe shall be constructed and installed as per Comal County standards.

ARTICLE IX

TEMPORARY STRUCTURES

Except as specifically herein permitted, no structure of a temporary character shall be used on any Lot at any time for storage or as a residence, either temporarily or permanently. No prefabricated dwelling or building previously constructed elsewhere may be placed or maintained on any Lot unless such structure is approved by the Architectural Control Committee to be used for the purposes stipulated by the Owner in writing. All structures of a temporary character must be approved by the Architectural Control Committee. No temporary structure shall be allowed at all until the Living Unit has been constructed.

ARTICLE X

SIGNS

No signs, banners, or pennants of any kind shall be displayed to the public view on any single-family residential Lot except [a] one (1) professional sign of not more than fifteen (15) square feet advertising the property for sale, or [b] political signs advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than 90 days in advance of the election to which they pertain and are removed within 15 days after the election,

or [c] signs used by the Developer or original home Builder to advertise the property during the construction and sales period. Signs advertising subcontractors or suppliers are specifically prohibited. A "for sale" sign permitted under [a] or [c] may state only the name and phone number of the seller and/or their agent. For rent, for lease, distressed, foreclosures and bankruptcy references are specifically prohibited. The ACC shall have control over all verbiage on all signs. Except for signs adhering to the standards of this Article, all signs within the Subdivision shall be subject to the prior written approval of the ACC.

ARTICLE XI

MAINTENANCE

All yards and lawns and other portions of Lots that are landscaped or cleared shall be kept neat and well maintained and all grass, weeds, and vegetation on each Lot shall be kept mowed at regular intervals. Trees, shrubs, vines and plants which die shall be promptly removed from each Lot and replacements of equal quality or value promptly installed. If any portion of a Lot is left strictly in its natural condition, the requirements of this paragraph may be waived by the ACC if such portion is not an eyesore. Any brush or debris burning must be in compliance with applicable laws including logging-in of the proposed burn with applicable government authorities.

ARTICLE XII

VEHICLES

12.1 Vehicles Prohibited from View. No trailer, motor home, tent, boat, recreational vehicle, travel trailer, any truck larger than a one (1) ton pick-up, or wrecked, junked or wholly inoperable vehicle shall be kept, parked, stored or maintained on any portion of the front yard area of a Lot nor shall be kept, parked, stored or maintained on other portions of the Lot, unless in an enclosed structure or in a screened area which prevents the view thereof from any other Lots or from any dwelling units and streets. Intermittent overnight parking of trailer, motor home, tent, boat, recreational vehicle or travel trailer for a period of time not to exceed five (5) days in any calendar month will be permitted. No dismantling or assembling of an auto, trailer, any truck or any other machinery or equipment shall be permitted in any driveway or yard adjacent to a street. The ACC shall have the absolute authority to determine from time to time whether a vehicle and/or accessory is operable and adequately screened from public view. Upon an adverse determination by said ACC, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this paragraph. No camper, recreational vehicles, or similar vehicles shall at any time be connected to utilities situated within a Lot.

12.2 No Vehicles on Easement. No vehicles, trailers, implements or apparatus may be driven or parked on any easement.

ARTICLE XIII

NUISANCES

13.1 Activities. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

13.2 No Impairment of Adjoining Improvements. No Owner or occupant shall perform any work that will impair the structural soundness or integrity of another Living Unit or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other Living Units or their Owners or residents.

13.3 Lighting. No exterior lighting of any sort shall be installed or maintained on a Lot where the light source is offensive or a nuisance to neighboring property (reasonable security or landscape, or tennis court lighting is permitted with the approval of the ACC.)

13.4 Noise. No horns, whistles, bells or other alarm devices (except security devices such as entry door and patio intercoms used exclusively to protect the Lot and improvements situated thereon) and/or entertainment devices and sound systems are allowed if the noise level becomes offensive (any noise that can be clearly heard on an adjoining Lot is deemed offensive, without limitation of other potentially offensive noises) and shall not be placed or used upon any Lot.

13.5 Firearms; Hunting. The discharge of any firearm, including pellet guns, within the Subdivision or on adjacent lands owned in whole or in part by Declarant is strictly prohibited and each Owner shall ensure that his guests and family members do not violate such prohibition. Additionally, there is prohibited the use of any bow and arrow, slingshot, or other launching or catapulting device except strictly within the confines of a Lot and not involving the hunting or killing of any animal. The discharge of a BB gun is permitted subject to the provisions on noise, so long as the projectile does not leave the Lot.

ARTICLE XIV

GARBAGE AND REFUSE DISPOSAL

14.1 Trash and Garbage or Other Waste. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant Lot, park, street, right of way, or drainage

area in the Subdivision. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble, or debris shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage and rubbish and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal but shall be removed from view before the following day. The street side container for the garbage, trash and rubbish shall be in a form and design as approved by the ACC.

14.2 Removal by Declarant or Association. Declarant or Association may also, at its option, remove any excess building materials or building refuse situated on a Lot in violation of this covenant. The Owner of any Lot shall be obligated to reimburse Declarant or Association for the cost of such maintenance or removal upon demand.

ARTICLE XV

PETS

15.1 Types. No large cats (such as lions or tigers), livestock, swine, poultry or dangerous animals of any type that may pose a safety or health threat to the community shall be raised, bred or kept on any Lot. Subject to the foregoing, house cats, dogs (except pit bulls and other dangerous breeds), or other generally recognized household pets of a reasonable number may be kept provided that they are not kept, or maintained for any commercial purposes and provided further that no more than a total of six (6) adult animals may be kept on a single Lot. No horses, cows, goats, sheep, llamas or exotic animals shall be kept on any Lot. No commercial breeding or sale of animals shall be done on any Lot. Adult animals for the purpose of these covenants shall mean and refer to animals six months or older.

15.2 Observe Laws; Dogs Leased. All permitted animals shall be kept in strict accordance with all local laws and ordinances (including leash laws). It shall be the responsibility of the owners of such household pets to prevent the animals from running loose or becoming a nuisance to other residents. All dogs must be leashed if outside the fenced portion of the Lot. Any outside dog must be kept in a fenced enclosure or fenced yard except when walking on a leash.

ARTICLE XVI

OIL AND MINING OPERATIONS

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any 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. No tank used in such operations for the storage of oil or other fluids or gas may be maintained on any Lots above the surface of the ground.

ARTICLE XVII

WATER AND SEPTIC TANKS; GAS TANKS

17.1 Water System. Declarant intends to develop a water system for Subdivision. The system will provide connections for each Lot, to the Lot line. Any connections inside the Lot line are the Owner's responsibility, subject to regulations, as may be imposed by the system or applicable building codes or law. Declarant may transfer ownership of the water system to another operator, including SAWS. Declarant (or his assigns or affiliates) will own the Water System Lots, and may convey them, except as herein otherwise provided. The Water System Lots are initially for use a part of such water system, subject to Declarant's right to convert such Lots.

17.2 No Wells. Except for existing wells on the Water System Lots and Lots 78 and 79, Block 1, no water wells may be operated or drilled on any Lot. No additional water wells may be drilled on the Water System Lots except by Declarant or his successors or assigns as owners of the water system described in Section 17.1.

17.3 Tap Fee The Declarant (or his assigns) may impose a tap fee or similar access charge for the initial connection by a Lot to the water system.

17.4 Use. A Water System Lot may be used, held or conveyed only in connection with the water system provided in Section 17.1 above, or for other utility purposes, unless converted as provided below.

17.5 Conversion. Notwithstanding any contrary provision of the Subdivision Plat, Declarant (or his assigns as the Owner of a Water System Lot) may convert one or more Water System Lots to residential Lots by (i) capping any well and removing any obtrusive equipment (except as permitted by the ACC), and (ii) then filing a notice of such conversion in the Real Property Records of Comal County, Texas. Upon filing such notice, the Lot shall be subject to this Declaration as of such date without exception and may be used for single family residential purposes only in accordance with Section 1.1, above, and this Declaration generally.

17.6 Septic Tanks. There is no common sewer system available to serve the Subdivision Properties and accordingly, all Owners will need to install their own septic tank. Owners are advised that Comal County has established certain regulations related to the location and construction of septic tanks and should consult an engineer or sanitarian prior to purchase of a Lot and prior to start of construction. Owners will be required to place septic tanks in areas that will have the least impact on adjoining Owners. Site plans and specifications for septic tanks shall be prepared by a professional engineer or sanitarian

and such report or recommendations and site plan shall be submitted to the ACC with any request for approval of plans. All site plans must contain a signed statement on the engineer's or sanitarian's letterhead stating that the placement of the Owner's septic tank is such as will have minimal impact on surrounding Lots. *Each Owner is cautioned to review the Subdivision Plat for recharge features; septic systems may not be located in such features and may be subject to set-backs as discussed on the Subdivision Plat.*

17.7 Butane and Propane Tanks. Butane and propane gas tanks and fluid tanks may be placed on a Lot, only if (i) they are properly installed below ground, or installed above ground and completely screened from roadways or adjoining Lots, and (ii) are in compliance with all applicable laws.

ARTICLE XVIII

MICROWAVE, RADIO, TV ANTENNA, AND SOLAR COLLECTORS

18.1 Screening. No radio or television aerial wires or antennas shall be maintained on any portion of any Lot, except those which are fully enclosed or retractable within the structure of the Living Unit and shall not be located on the side of the dwelling nearer than ten feet (10') to the front wall line. No microwave dishes or other antennas, receivers, or transmitters shall be placed on any Lot without being fully enclosed or fully screened from public view, except for satellite dishes of under 24" diameter, mounted on the side or back of a house. Solar apparatus, if erected, must be maintained in such a way that it is screened from public view, installed in a location not visible from the street, and must be approved by the ACC before erection.

18.2 Interference. No electronic broadcasting or receiving equipment or apparatus shall be maintained on any Lot which shall cause interference with the radio or television reception of other Owners.

ARTICLE XIX

GARAGES

19.1 Required Garage. A garage able to accommodate at least two (2) full-sized automobiles must be constructed and maintained as a garage, for each Living Unit. Each garage must open to the side or rear of the Lot except if, in the opinion of the ACC, the topography does not permit such (for a corner Lot, the direction of the street not faced by the Living Unit is a "side" of the Lot). A garage door must be set back 100 feet from the Lot line of the street faced by the Living Unit. Each driveway must accommodate two vehicles in front of the garage doors for off-street parking requirements. Rear detached garages shall be permitted provided they are constructed in compliance with the requirements of these covenants. 50'

19.2 Conversion. No garage shall be permanently enclosed for conversion to any other use, unless an additional two (2) car garage is built on the Lot in conformity with this Declaration. Open car ports are not permitted, unless special design circumstances warrant their use, in which case permission must be obtained in writing from the ACC.

ARTICLE XX

MAXIMUM HEIGHT

No building or structure erected, altered or placed on a Lot shall exceed thirty-five feet (35') in height (measured from the top of the foundation to the topmost part of the roof) nor be more than two and one-half (2 ½) stories in height. The ACC is empowered to grant a variance on this maximum height requirement but all applicable ordinances, regulations, and statutes with respect to the maximum height of buildings and structures shall be complied with.

ARTICLE XXI

MINIMUM AREA

The main residence building of each Living Unit constructed on a Lot shall contain the minimum, contiguous square feet of living (and air conditioned) space set forth below, such square feet being exclusive of open or screened porches, terraces, patios, driveways, carports, garages or outbuildings (whether or not air conditioned); to wit:

- A. Single Story - Two thousand (2,000) square feet
- B. More than One Story - Two thousand, five hundred (2,500) square feet, provided that at least 60% of the air-conditioned square-footage must be on the first floor.

ARTICLE XXII

BUILDING SETBACKS

No building shall be located on any Lot nearer than fifty feet (50') to the front or rear Lot lines nor nearer than fifteen feet (15') to an interior side Lot line, without the prior written approval of the ACC, provided that as to a corner Lot, the set-back from the side street must be at least thirty-five feet (35') from the side street. The angle of the house to the street must be approved by the ACC.

ARTICLE XXIII

UTILITY EASEMENTS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat; additionally, there is reserved to Declarant and its assigns (including utilities and cable companies authorized by the Declarant or Association), a ten foot (10') wide utility easement along each front Lot line. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities. The easement area of each Lot and all improvements in such area, if any, shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. Neither Declarant nor any utility company using the easements herein or referred to shall be liable for any damage done by them or their assigns, agents, employees, contractors, or servants to shrubbery, streets or flowers or other property of the Owners situated on the land covered by said easements. Declarant's rights hereunder may be transferred to the Association by Declarant.

ARTICLE XXIV

ACCESS AND MAINTENANCE EASEMENTS

24.1 Access. There is hereby created a right of ingress and egress across, over, and under the Subdivision for the sole purpose of installing, replacing, and maintaining all facilities for utilities, including, but not limited to, water, sewer, telephone, cable TV, electricity, gas, and appurtenances thereto.

24.2 Maintenance. In the event that the Owner fails to maintain the Lot as required herein or in the event of emergency, the Declarant and the Association shall have the right but not the obligation to enter upon the Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Subdivision. Entry upon the Lot as provided herein shall not be deemed a trespass, and the Declarant and the Association shall not be liable for any damage so created unless such damage is caused by the Declarant's or Association's (respective) willful misconduct or gross negligence.

ARTICLE XXV

LOT CONSOLIDATION AND SUBDIVISION

25.1 Consolidation. Any Owner owning two (2) or more adjoining Lots or portions of two or more such Lots may, with the prior approval of the ACC, consolidate such Lots or portions thereof into a single building site for the purpose of construction one (1)

residence and such other improvements as are permitted herein as if the site were one Lot. The Lots shall meet all lawful requirements of any applicable statute, ordinance or regulation. The Owner shall, at his cost, cause the Lots to be replatted as one Lot prior to commencing construction. Properly consolidated Lots will be assessed as one Lot. An approval of such consolidation by the ACC shall (unless specifically provided otherwise by the ACC) be deemed to waive any side yard line easements or set backs created by this Declaration to the extent such side yard easements or set backs would no longer be at the side of a consolidated Lot.

25.2 Subdivision. No subdivision of any Lot is permitted except as provided in this paragraph. Subdivision of a Lot is permitted only when one or more Owners, owning Lot(s) adjacent to a Lot ("Subject Lot"), and the Owner of the Subject Lot, mutually desire to subdivide the Subject Lot to enlarge the adjoining Lot(s) in compliance with the foregoing paragraph on consolidation. No Owners shall subdivide any Lot without the prior written approval of the ACC, and full compliance by such Owners at their expense with all platting ordinances and statutes of the local governing agencies. In any event, no Lot shall be used as a site for a residence unless it is 1 acre or larger in size and complies with all applicable laws, and may be serviced by its own septic system, and complies in all other respects with this Declaration. The ACC shall have the right to disapprove the subdivision of any Lot. The Subdivision Plat may further restrict or prohibit certain re-subdivision. The subdivided portion of a former Lot will be deemed a Lot, and assessed separately as a Lot, unless consolidated as provided in Section 25.1, above.

ARTICLE XXVI

ENFORCEMENT

If the Owner of any Lot, or his heirs, executors, administrators, successors, assigns or tenants, shall violate or attempt to violate any of the restrictions and covenants set forth in this Declaration, it shall be lawful for Declarant, the Association or any Owner subject to this Declaration, to prosecute any proceedings against the person or persons violating or attempting to violate any such restrictions and covenants. The failure of any Owner or tenant to comply with any restriction or covenant will result in irreparable damage to Declarant, the Association, and other Owners of Lots in the Subdivision; thus the breach of any provision of this Declaration may not only give rise to an action for damages at law, but also may be enjoined or may be subject to an action for specific performance in equity in any court of competent jurisdiction. The bond required shall be no greater than \$500.00. In the event an action is instituted to enforce the terms hereof or prohibit violations hereof, and the party bringing such action prevails, then in addition to any other remedy herein provided or provided by law, such party shall be entitled to recover court costs and reasonable attorney's fees. The Architectural Control Committee, Association, and/or Declarant shall not be charged with any affirmative duty to police, control or enforce the terms of this Declaration and these duties shall be born by and be the responsibility of Lot Owners.

ARTICLE XXVII

SECURITY

Although security may in the future be provided by the Association, neither Declarant nor the Association now provide security, and each Owner must provide their own security for their home and property. Declarant, at Declarant's expense either during or after development of the Subdivision, will install one or more controlled access entry gates for the Subdivision, which facilities will thereafter be the Association's responsibility to maintain. See Section 39.2, below, dealing with Declarant's sales period. Declarant hereby reserves the right of entry to the Lots for the purposes of construction of such improvements.

ARTICLE XXVIII

ATHLETIC FACILITIES

Tennis-court lighting and fencing shall be allowed only with the approval of the ACC. Basketball goals, or backboards, or any other similar sporting equipment of either a permanent or temporary nature shall not be placed within thirty feet (30') from the front property line of any Lot or the side Lot lines of corner Lots in the Subdivision without the prior written consent of the ACC.

ARTICLE XXIX

MODIFIED RESTRICTION LOTS

A. The Modified Restriction Lots are exempt from the following Articles or Sections:

ARTICLE II; Sections 3.3, 3.10, 3.11, 3.12; and ARTICLES IV through XXII, and XXXII.

B. The Water System Lots may be used as provided in Article XVII. Upon conversion as provided in Article XVII, the Water System Lot so converted shall no longer be a Modified Restriction Lot.

C. Notwithstanding any contrary interpretation of the Subdivision Plat, Lots 78 and 79, Block 1, may be used for purposes currently permitted under City of San Antonio zoning classifications B-1 and B-2, except those Lots may not be used for:

Taverns or bars (but restaurants servicing alcohol are acceptable), motor vehicle dealers or repair shops, sexually oriented businesses, any use that is against applicable laws or ordinances.

D. The Roadway Lot is further excepted from any other provisions of this Declaration inconsistent with its use as a Common Area and road.

E. Lot 78, Block 1, may retain any existing improvements and may be rebuilt or repaired in conformity with existing improvements.

F. It is Declarant's specific intention to continue to own the Modified Restriction Lots (any contrary interpretation of the Subdivision Plat notwithstanding); these Lots have not been dedicated to the Association or Owners, or dedicated to the public, or otherwise conveyed as of the time of recordation of this Declaration. The Declarant retains all rights and entitlements of ownership with respect to such Lots, except as otherwise provided by this Declaration, to include the right to convey any of these Lots hereafter. Any reference in the Subdivision Plat to a reservation of use with respect to these Lots shall be interpreted in accordance with the foregoing. The Declarant may alter the use of any Modified Restriction Lot except as provided otherwise herein or by applicable law.

G. Until such time as Declarant may convey a Modified Restriction Lot, the Association shall maintain each Modified Restriction Lot.

ARTICLE XXX

MEMBERS

Every person or entity who is a record Owner of a fee or undivided interest in any Lot which is subject to the jurisdiction of and to assessment by the Association shall be and shall be deemed to be a Member of the Association, provided, however, that any person or entity holding an interest in any such Lot or Lots merely as security for the performance of an obligation, shall not be a Member. Membership and termination are further governed by the Articles of Incorporation and By-Laws.

ARTICLE XXXI

BY-LAWS

Each Owner is hereby bound to the By-Laws of the Association as the same may be adopted and amended in accordance with their terms. The current By-Laws are attached hereto; provided however, with the exception of Article VII, dealing with assessments, the By-Laws may be amended in accordance with their terms. It is optional with the Declarant

and Association to choose to record amendments to the By-Laws (other than Article VII dealing with assessments, which must be recorded to be valid).

ARTICLE XXXII

COVENANTS FOR MAINTENANCE ASSESSMENTS

32.1 General Provisions. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter and in the By-Laws provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time the obligation accrued. No Lot shall be subject to assessment until conveyed by Declarant.

32.2 Incorporation by Reference of By-Laws Provisions. Article VII of the By-Laws currently provides for assessments. The By-Laws may be amended as therein provided. Subject to the right to amend the By-Laws as therein provided, the current provisions of Article VII of the By-Laws are set forth below. Article VII of the By-Laws is incorporated herein as part of the Declaration and such incorporated provision will be deemed amended by (i) a duly adopted amendment to Article VII of the By-Laws, which is (ii) recorded by the Declarant or Association as an amendment to this Declaration as provided under Article XXXIII, Amendments, below.

1. Assessments. All Owners shall be obligated to pay to the Association:

(a) Annual assessments or charges; and

(b) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on each Lot and shall be a continuing lien upon each Lot against which such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot at the time the obligation accrued.

2. Purpose of Assessments. The assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety, and welfare of the

Members, and in particular, for the improvement, maintenance and operation of Common Area devoted to this purpose and related to the use and enjoyment of the Subdivision, by the Members including, specifically, maintenance of common area landscaping, common area sprinkler systems, common area fences, walls, and monuments, and such other property, personal and real, that the Association may acquire or contract to maintain.

3. Basis and Maximum of Annual Assessments. No Lot owned by Declarant shall be subject to assessment. The annual assessment for all Lots, both improved and unimproved, shall be determined by the Board of Directors in the manner provided for herein after determination of current maintenance costs and anticipated needs of the Association during the year for which the assessment is being made, but until January 1, 2006, the annual assessment for any Lot shall not exceed \$295.00. From and after January 1, 2006, the maximum annual assessment for Lots may be increased as provided in Section 5. Improved and unimproved Lots shall be assessed the same, except as provided herein. Assessments will be pro-rated at closing of a sale from Declarant.

4. Special Assessments for Capital Improvements. In addition to the annual assessments provided for in Paragraph 3, the Association may levy, in any assessment year, a special assessment only applicable to that year, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement on or which is a part of the Common Area or the acquisition of property to become part of the Common Area, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Lot Owners at least thirty (30) days in advance and shall set forth the purpose of the meeting.

5. Change in Basis and Maximum of Annual Assessments. For all annual assessments accruing after 2006, the maximum annual assessment may be adjusted by majority vote of the Board of Directors but shall not be increased by more than ten percent (10%) above that of the previous year without a vote of the membership. Any increase in the maximum annual assessment of more than ten percent (10%) above that of the previous year shall require approval of two-thirds (2/3) vote of each class of Members voting at a meeting duly called for such purpose.

6. Quorum for Actions Authorized Under Sections 4 and 5. The quorum required for any action by Members authorized by Sections 4 and 5 hereof shall be as follows:

At the first meeting called, as provided in Sections 4 and 5 hereof, the presence at the meeting of Members, or of proxies, entitled to cast sixty (60%) percent of all Outstanding Votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 4 and 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that such reduced quorum requirement

shall not be applicable to any such subsequent meeting held more than sixty (60) days following the preceding meeting.

7. Date of Commencement of Annual Assessments: The annual assessments provided for herein shall attach and shall be due and payable as to all Lots on the first day of April 2003, or such later date as the Lot is conveyed by Declarant. Thereafter, the annual assessments shall attach and be due and payable on the first day of January of each calendar year. The assessments for each calendar year shall become due and payable as of the date it attaches and shall be collected as the Board of Directors shall determine. The amount of the annual assessment which may be levied on a Lot for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in that year bear to twelve. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

8. Duties of the Board of Directors. Not later than December of each year, the Board of Directors of the Association shall fix the amount of the annual assessment against each Lot for such year and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these By-Laws, if and only if he shall have fully paid all assessments made or levied against him and the Lot or Lots owned by him.

9. Effect of Non-Payment of Assessments; The Liens; Remedies of the Association. If the assessments are not paid on the date when due (being the dates specified in Section 7 hereof) then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof, be a continuing lien on the Lot which shall bind such Lot in the hands of the then Owner, his heirs, devisees, personal representatives, successors, and assigns. If the assessment is not paid within one (1) month after the due date, the assessment shall bear interest from the due date at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the Owner to pay the same or to foreclose the lien against the Lot, and there shall be added to the amount of such assessment all reasonable expenses of collection including the costs of preparing and filing the complaint, reasonable attorney's fees and costs of suit.

10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Lots subject to assessment, provided, however, that such subordination

shall apply only to the assessments which have become due and payable prior to the sale or transfer of such Lot pursuant to a decree of foreclosure, or a conveyance expressly made in lieu of foreclosure. Such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment nor shall this subordination relieve any purchaser of a Lot which has not been the subject of foreclosure or conveyance in lieu of foreclosure from liability for assessments arising prior acceptance of a deed to such Lot.

11. Exempt Property. The charges and liens created herein shall apply only to the Lots (other than Common Areas and Modified Restriction Lots), and the remainder of the Subdivision shall not be subject thereto.

ARTICLE XXXIII

AMENDMENT

This Declaration shall remain in force and effect until January 1, 2024, at which time, and each tenth anniversary thereafter, this Declaration shall be renewed for a period of ten years unless two-thirds (2/3rds) of the Lots shall file a written agreement to abandon same. This Declaration may be amended by written instrument executed by two-thirds (2/3rds) or more of the Outstanding Votes and recorded in the Real Property Records of Comal County, Texas, provided that no amendment prior to January 1, 2012, shall be effective until approved and executed by Declarant (unless prior to such time, Declarant has either assigned such veto power to the Associates or waived it, and in either case, through a recorded declaration to such effect). Notwithstanding the foregoing, Declarant shall have the right to amend this Declaration, without the necessity of joinder by any other Owner of Lots, or any interest therein, for the limited purposes of correcting a clerical error, clarifying an ambiguity, removing any contradiction in the terms hereof, reflecting a duly adopted amendment to the By-Laws, or adding additional units to the Subdivision. Notwithstanding the foregoing provisions of this Article, provisions of Section 32.2, incorporating Article VII of the By-Laws, may be amended by the Declarant or the Association by recording a duly adopted amendment of such By-Law provision.

ARTICLE XXXIV

GOVERNMENTAL REQUIREMENTS

34.1 Owner's Acknowledgment. Each Owner is responsible for ascertaining all governmental rules and regulations pertaining to the use of their Lots, especially during the construction period, and ensuring their compliance and the compliance of all contractors and subcontractors working thereon. Approval of Required Plans by the ACC is not a warranty of any nature by the ACC, Declarant or Association that the Required Plans comply, or otherwise.

34.2 Additional Obligations of Builders and Owners. By acceptance of a deed to a Lot, or initiating construction of a residence or improvements to a Lot, each Builder and Owner assumes responsibility for complying with all certifications, permitting, reporting, construction, and procedures required under all applicable governmental rules, regulations, and permits, including, but not limited to those promulgated or issued by the Environmental Protection Agency and related to Storm Water Discharges from Construction Sites (see Federal Register, Volume 57, No. 175, Pages 41176 et seq.). Further, the Owners and Builders acknowledge that the Subdivision lies in the extraterritorial jurisdiction of the City of San Antonio and is subject to all ordinances and regulations related thereto. The foregoing references are made for the benefit of Builders and Owners and do not in way limit the terms and requirements of this covenant and the requirement that all Builders and Owners comply with all governmental regulations, and any plan required by such regulations such as a Storm Water Pollution Prevention Plan, affecting each Lot and construction site with which they are associated, including delivery to Declarant, if required, of a certification of understanding relating to any applicable NPDES permit prior to the start of construction. Each Builder and Owner, by acceptance of a deed to a Lot or undertaking the making of improvements to a Lot, holds harmless and indemnifies Declarant cost, loss, or damage occasioned by the failure to abide by any applicable governmental statute, rule, regulation or permit related to the Subdivision.

34.3 Remedies of Declarant and the Association. By acceptance of a deed to a Lot, each Owner, and Builder agrees that Declarant shall have the right to enter upon any Lot on which one or more conditions or activities prohibited by appropriate governmental authority is maintained, or on which there has been a failure to perform any act required by appropriate governmental authority, for the purpose of curing any such violation, provided that the Owner or Builder has been given five days prior written notice and has failed to remedy the complained of violation within such time, and each such Owner and Builder indemnifies and holds harmless Declarant, its successors and assigns, from all cost and expense of such curative action and any cost or expense of penalty or fine levied by any governmental authority as a result of the act or failure to act of the Owner or builder with respect to his Lot or the Subdivision. The foregoing remedy shall be cumulative of all other remedies for violations of provisions of these covenants. The sale by Declarant of its last Lot shall be deemed to be an assignment to the Association of Declarant's enforcement rights hereunder.

ARTICLE XXXV

GOVERNING LAW

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. ALL ACTS REQUIRED OR PERMITTED TO BE PERFORMED HEREUNDER ARE PERFORMABLE IN COMAL COUNTY, TEXAS AND IT IS AGREED THAT ANY ACTION

BROUGHT TO ENFORCE OR CONSTRUE THE TERMS OF PROVISIONS HEREOF OR TO ENJOIN OR REQUIRE THE PERFORMANCE OF ANY ACT IN CONNECTION HEREWITH SHALL BE BROUGHT IN A COURT OF COMPETENT JURISDICTION SITTING IN COMAL COUNTY, TEXAS. THE PROVISIONS OF CHAPTER 209, TEXAS PROPERTY CODE, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, SHALL GOVERN THE RIGHTS AND REMEDIES OF THE ASSOCIATION AND OWNER. IN THE EVENT OF AN UNINTENDED CONFLICT BETWEEN THIS DECLARATION OR THE BY-LAWS AND APPLICABLE LAW, APPLICABLE LAW SHALL CONTROL AND THIS DECLARATION AND THE BY-LAWS SHALL BE DEEMED AMENDED ACCORDINGLY.

ARTICLE XXXVI

INTERPRETATION

If this Declaration or any word, clause, sentence, paragraph, or other part thereof shall be susceptible or more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration shall govern. In the event of a conflict between the By-Laws and this Declaration, this Declaration controls. The ACC is primarily responsible for the interpretation hereof.

ARTICLE XXXVII

OMISSIONS

If any punctuation, work, clause, sentence, or provision necessary to give meaning, validity, or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, work, clause, sentence or provision shall be supplied by inference.

ARTICLE XXXVIII

GENDER AND GRAMMAR

The singular, whenever used herein, shall be construed to mean the plural, when applicable, and the necessary grammatical changes required to make the provisions here apply either to corporations or individuals, males or females, shall in all cases be assumed as though in each case fully expressed. The headings contained in this Declaration are for reference purpose only and shall not in any way affect the meaning or interpretation of this Declaration.

ARTICLE XXXIX

ADDITIONAL INFORMATION

39.1 Additional Documents. Architectural Design Guidelines (if promulgated) and other documents and information which may affect an Owner, prospective Owner, Builder or contractor for improvements to a Lot are maintained at the offices of Declarant and/or the Association. Each Owner and prospective Owner is advised to obtain and carefully examine each of such documents in addition to this Declaration to determine his rights and obligations.

39.2 Entry Gate. Absent Declarant's written consent to the contrary, the Subdivision entry gates shall be kept open to the public during daylight hours until conveyance of the last Lot in the Subdivision (including any additions thereto) owned by Declarant. This right of entry is to ensure access to Lots by prospective new home purchasers and contractors.

39.3 Dedication of Common Area. The Association may dedicate all or any part of the Common Area to Comal County under such conditions as Comal County may require but such dedication shall require the vote of two-thirds of the Outstanding Votes of the Association. The Roadway Lot may not be dedicated by the Association until and unless conveyed to the Association.

39.4 Additional Units. It is the current intent of Declarant at such time as Declarant may deem appropriate, to add additional units to the Subdivision and to amend this Declaration to include such additional unit or units as subject to this Declaration.

39.5 Water Retention Drainage Easement. The Declarant reserves the right to develop and thereafter maintain, repair, rebuild, reconstruct and/or reconfigure, a water retention drainage easement as shown on the Subdivision Plat. Such activities by the Declarant may include the construction of certain levies, ponds, dams, and embankments and the landscaping thereof. No owner of any Lot included within the water retention drainage easement shall take any action that would in any way impair, destroy, alter or reconfigure any such work done by or on behalf of Declarant or to assigns, with respect to the water retention drainage easement. The Declarant may transfer its rights with respect to the water retention drainage easement to the Association.

39.6 Runoff Easement. There is hereby created an easement across each Lot for runoff surface water from each adjacent Lot.

39.7 Roadway Lot. The Declarant may retain ownership of the Roadway Lot. The Roadway Lot is a Modified Restriction Lot. The Declarant hereby grants a non-exclusive easement in and across the Roadway Lot to the Association for the purpose of ingress and egress to, from and within the Subdivision; provided first, the Association shall be

