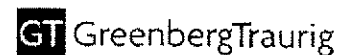


AFTER RECORDING RETURN TO:



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ARBORS OF FAIR OAKS
DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS

Counties of Bexar and Comal

Declarant: SF FAIR OAKS DEVELOPMENT, LLC, a Texas limited liability company

AFTER RECORDING RETURN TO:

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Austin, Texas 78701
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ARBORS OF FAIR OAKS

FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

*A Residential Community in
Bexar County and Comal County, Texas*

Declarant: SF FAIR OAKS DEVELOPMENT, LLC, a Texas limited liability company

Cross Reference to that certain Declaration of Covenants, Conditions and Restrictions for Arbors of Fair Oaks, recorded under Document No. 20160256086 in the Official Public Records of Bexar County, Texas, and under Document No. 201606049204 in the Official Public Records of Comal County, Texas, as amended.

ARBORS OF FAIR OAKS

FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This First Amendment to Declaration of Covenants, Conditions and Restrictions (this "**Amendment**") is made and executed by **SF FAIR OAKS DEVELOPMENT, LLC**, a Texas limited liability company ("**Declarant**"), and is as follows:

RECITALS

A. Declarant previously recorded that certain Declaration of Covenants, Conditions and Restrictions for Arbors of Fair Oaks, recorded as Document No. 20160256086 in the Official Public Records of Bexar County, Texas and under Document No. 201606049204 in the Official Public Records of Comal County, Texas (the "**Declaration**").

B. Pursuant to *Section 9.03* of the Declaration, the Declaration may be amended by Declarant acting alone.

C. Declarant desires to amend the Declaration as set forth hereinbelow.

NOW, THEREFORE, Declarant hereby amends and modifies the Declaration as follows:

1. Payments to Fair Oaks Ranch Association. *Section 6.15* of the Declaration is hereby deleted in its entirety and is replaced with the following:

6.15 Payments to Fair Oaks Ranch Homeowners Association, Inc. All Owners, by acquiring property encumbered by these Restrictions, shall become and remain mandatory members of Fair Oaks Ranch Homeowners Association, Inc. ("**FORHA**") in addition to all obligations owed by Owners to the Association. As such, all Owners and Residents of the Property shall comply with the Articles of Incorporation and Bylaws of FORHA (the "**FORHA Dedicatory Documents**"). All Owners agree to accept such membership and to perform and be bound by the obligations and terms applicable to being a mandatory member of FORHA in accordance with the FORHA Dedicatory Documents including, without limitation, the obligation to pay fees, dues, and assessments at the same but not higher rate as such fees and assessments are levied on other mandatory members of FORHA who own property in or about Fair Oaks Ranch, Texas. As Mandatory members of FORHA, the Owners and Residents shall enjoy the same access and easement rights in and to the common areas administered by FORHA to the same extent as all other mandatory members of FORHA who own property in or about Fair Oaks Ranch, Texas. As such, FORHA shall and hereby enjoys a lien on any of the Property of the Owners to secure payment of annual assessments or any special assessments that might be hereafter imposed, including any applicable late fees and attorney's fees (the "**FORHA Lien**"). It is expressly agreed and acknowledged that the terms and conditions of the FORHA Dedicatory Documents, including assessments, charges, and liens shall run with the land and be binding on all parties having any right, title, or interest in property covered by this Declaration, and their respective heirs, successors and assigns; provided however, that the FORHA Lien shall be subordinate to the following: (i) tax liens and governmental assessment liens; (ii) all sums

secured by a Recorded first mortgage lien or Recorded first deed of trust lien of record, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot in question, and (iii) as otherwise required by Applicable Law; provided however, that in the case of subparagraphs *ii – iii* above, such Mortgage was Recorded before the delinquent Assessment was due. If there is any conflict between the provisions of the Restrictions and the FORHA documents, the Restrictions will govern.

2. **Shared Amenities Easement.** *Section 10.06* of the Declaration is hereby deleted in its entirety.

3. **Miscellaneous.** Any capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Declaration. Unless expressly amended by this Amendment, all other terms and provisions of the Declaration remain in full force and effect as written, and are hereby ratified and confirmed.

[SIGNATURE PAGE TO FOLLOW]

EXECUTED to be effective as of the date this Instrument is Recorded.

DECLARANT:

SF FAIR OAKS DEVELOPMENT, LLC,

a Texas limited liability company
BY ITS G.P., CAPITOL REALTY ADVISORS, INC
BY ITS DIRECTOR/MANAGER C.A. ELDER

By: *C.A. Elder*

Printed Name: C.A. ELDER

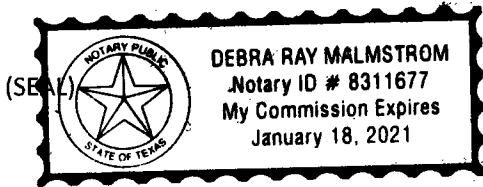
Title: DIRECTOR/MANAGER

THE STATE OF TEXAS §

§

COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 19th day of MARCH, 2018, by C.A. Elder, Director/Manager of SF FAIR OAKS DEVELOPMENT, LLC, a Texas limited liability company, on behalf of such limited liability company.



Debra Ray Malmstrom
Notary Public Signature

Doc# 20180050848
Pages 5
03/19/2018 3:48PM
e-Filed & e-Recorded in the
Official Public Records of
BEXAR COUNTY
GERARD C. RICKHOFF
COUNTY CLERK
Fees \$38.00

STATE OF TEXAS
COUNTY OF BEXAR
This is to Certify that this document
was e-FILED and e-RECORDED in the Official
Public Records of Bexar County, Texas
on this date and time stamped thereon.
03/19/2018 3:48PM
COUNTY CLERK, BEXAR COUNTY TEXAS



Gerard C. Rickhoff

ARBORS OF FAIR OAKS

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 DEFINITIONS	2
ARTICLE 2 GENERAL AND USE RESTRICTIONS	6
2.01 General	7
2.02 Conceptual Plans	7
2.03 Use Restrictions	8
2.04 Provision of Benefits and Services to Service Areas	9
2.05 Designation of Special Common Areas	10
2.06 Rentals	10
2.07 Subdividing	10
2.08 Hazardous Activities	10
2.09 Insurance Rates	11
2.10 Mining and Drilling	11
2.11 Noise	11
2.12 Animals - Household Pets	11
2.13 Rubbish and Debris	12
2.14 Trash Containers	12
2.15 Drainage	12
2.16 Maintenance	12
2.17 Street Landscape Area-Owner's Obligation to Maintain Landscaping	13
2.18 Antennas	13
2.19 Signs	14
2.20 Flags	15
2.21 Tanks	16
2.22 Temporary Structures	16
2.23 Outside Storage Buildings	17
2.24 Unsightly Articles; Vehicles	17
2.25 Mobile Homes, Travel Trailers and Recreational Vehicles	17
2.26 Basketball Goals; Permanent and Portable	17
2.27 Compliance with Restrictions	18
2.28 Liability of Owners for Damage to Common Area or Special Common Area	18
2.29 No Warranty of Enforceability	18
2.30 Party Wall	18
2.31 Playscapes and Sports Courts	20
2.32 Decorations and Lighting	20
2.33 Water Quality Facilities, Drainage Facilities and Drainage Ponds	20
2.34 Creeks and Streams	20
2.35 Model Home	21

2.36	Removal of Soil and Trees	21
2.37	Limited or Restricted Driveway Parking	21
ARTICLE 3 CONSTRUCTION RESTRICTIONS.....		21
3.01	Approval for Construction.....	21
3.02	Garages.....	21
3.03	Walls, Fences and Hedges	21
3.04	Building Restrictions.....	22
3.05	Construction Activities	22
3.06	Roofing	22
3.07	Swimming Pools	22
3.08	Compliance with Setbacks	23
3.09	Solar Energy Device	23
3.10	Rainwater Harvesting Systems.....	24
3.11	Xeriscaping	25
3.12	Standby Electric Generators.....	26
3.13	Sidewalks.....	27
3.14	Underground Utility Lines	27
3.15	Construction in Place.....	28
3.16	Unfinished Structures.....	28
ARTICLE 4 ARBORS OF FAIR OAKS RESIDENTIAL COMMUNITY, INC.		28
4.01	Organization	28
4.02	Membership	28
4.03	Governance	30
4.04	Voting Rights	30
4.05	Powers.....	31
4.06	Acceptance of Common Area and Special Common Area	34
4.07	Indemnification	34
4.08	Insurance	34
4.09	Bulk Rate Contracts.....	35
4.10	Community Systems.....	35
4.11	Protection of Declarant's Interests	35
4.12	Administration of Common Area and the Special Common Area	36
4.13	Maintenance Provided by Association.....	36
4.14	Merger.....	36
ARTICLE 5 INSURANCE.....		37
5.01	Insurance.....	37
5.02	Restoration.....	37
5.03	Mechanic's and Materialmen's Lien	38

ARTICLE 6 COVENANT FOR ASSESSMENTS.....	38
6.01 Assessments.....	38
6.02 Maintenance Fund.....	38
6.03 Regular Assessments.....	38
6.04 Special Assessments.....	39
6.05 Special Common Area Assessments.....	39
6.06 Service Area Assessments.....	39
6.07 Individual Assessments.....	40
6.08 Working Capital Assessment.....	40
6.09 Amount of Assessment.....	41
6.10 Late Charges.....	41
6.11 Owner’s Personal Obligation; Interest.....	41
6.12 Assessment Lien and Foreclosure.....	42
6.13 Exempt Property.....	43
6.14 Fines and Damages Assessment.....	43
6.15 Payments to Fair Oaks Ranch Association.....	44
ARTICLE 7 ARCHITECTURAL CONTROL COMMITTEE.....	44
7.01 Construction of Improvements.....	44
7.02 Architectural Control Committee.....	45
ARTICLE 8 MORTGAGE PROVISIONS.....	47
8.01 Notice of Action.....	47
8.02 Examination of Books.....	48
8.03 Taxes, Assessments and Charges.....	48
ARTICLE 9 GENERAL PROVISIONS.....	48
9.01 Term.....	48
9.02 Eminent Domain.....	48
9.03 Amendment.....	49
9.04 Enforcement.....	49
9.05 Higher Authority.....	49
9.06 Severability.....	49
9.07 Conflicts.....	50
9.08 Gender.....	50
9.09 Acceptance by Grantees.....	50
9.10 Damage and Destruction.....	50
9.11 No Partition.....	51
9.12 Notices.....	51
9.13 View Impairment.....	51
9.14 Safety and Security.....	52

ARTICLE 10 EASEMENTS	52
10.01 Right of Ingress and Egress.....	52
10.02 Reserved Easements	53
10.03 Improvements, Roadway and Utility Easements	53
10.04 Subdivision Entry and Fencing Easement.....	53
10.05 Landscape and Monument Sign Easement	54
10.06 Shared Amenities Easement	54
10.07 Development Agreement.....	54
ARTICLE 11 DEVELOPMENT RIGHTS	54
11.01 Development by Declarant	54
11.02 Special Declarant Rights	55
11.03 Addition of Land	55
11.04 Withdrawal of Land	55
11.05 Notice of Plat Recordation	56
11.06 Assignment of Declarant's Rights.....	56

ARBORS OF FAIR OAKS
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Counties of Bexar and Comal

This Declaration of Covenants, Conditions and Restrictions (the "**Declaration**") for Arbors of Fair Oaks is made by **SF FAIR OAKS DEVELOPMENT, LLC**, a Texas limited liability company (the "**Declarant**"), and is as follows:

RECITALS:

A. This Declaration is Recorded with respect to that certain real property located in the Counties of Bexar and Comal, Texas, as more particularly described and depicted on Exhibit "A", attached hereto and incorporated herein by reference (the "**Property**"). Declarant is the owner of the Property.

B. Portions of other real property may be made subject to this Declaration upon the Recording of one or more Notices of Addition of Land pursuant to *Section 11.03* below. Upon Recordation, the land described in any Notice of Addition of Land shall thereafter constitute the Property and shall be governed by and fully subject to this Declaration and the jurisdiction of the Association.

C. Declarant desires to create the Arbors of Fair Oaks planned community pursuant to a uniform plan for the development, improvement and sale of the Property. The development and improvement of the Property may be accomplished by successors and assigns of Declarant, and Declarant is not in any manner agreeing to or obligating itself to undertake development activities with respect to the Property.

D. Declarant, as owner of the Property has executed this Declaration for the purpose of evidencing its consent to the terms and provisions hereof and by Recording this Declaration, hereby serves notice that the Property will be subjected to the terms and conditions set forth herein.

NOW, THEREFORE, it is hereby declared that: (i) the Property and those portions of any other real property as and when made part of the Property and subject to this Declaration by the Recordation of a Notice of Addition of Land will be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which will run with the Property and will be binding upon all parties having right, title, or interest in or to the Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each Owner thereof; and (ii) each contract or deed conveying any portion of the Property will conclusively be held to have been executed, delivered, and accepted subject to this Declaration and the following covenants, conditions, easements and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed.

This Declaration may use notes (text set apart in boxes) to illustrate concepts and assist the reader. If there is a conflict between any note and the text of the Declaration, the text will control.

**ARTICLE 1
DEFINITIONS**

Unless the context otherwise specifies or requires, the following words and phrases when used in this Declaration will have the meanings hereinafter specified:

"Applicable Law" means the statutes and public laws and ordinances in effect at the time a provision of the Restrictions is applied, and pertaining to the subject matter of the Restriction provision, including but not limited to, all ordinances and any other applicable building codes, zoning restrictions and permits or other applicable regulations. Statutes and ordinances specifically referenced in the Restrictions are "Applicable Law" on the date of the Restrictions, and are not intended to apply to the Property if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

"Architectural Control Committee" or "ACC" means the committee created pursuant to this Declaration to review and approve or deny plans for the construction, placement, modification, alteration or remodeling of any Improvements on a Lot. As provided in *Article 7* below, Declarant acts as the ACC and the ACC is not a committee of the Association until Declarant has assigned its right to appoint and remove all ACC members to the Association in a Recorded written instrument.

"Assessment" or "Assessments" means all assessments imposed by the Association under this Declaration.

"Assessment Unit" has the meaning set forth in *Section 6.09(b)*.

"Association" means **ARBORS OF FAIR OAKS RESIDENTIAL COMMUNITY, INC.**, a Texas nonprofit corporation, which will be created by Declarant to exercise the authority and assume the powers specified in *Article 4* and elsewhere in this Declaration. The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Declaration, the Certificate, the Bylaws, and Applicable Law.

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

"Bulk Rate Contract" or "Bulk Rate Contracts" means one or more contracts which are entered into by the Association for the provision of utility services or other services of any kind or nature to the Lots. The services provided under Bulk Rate Contracts may include, without limitation, cable television services, telecommunications services, internet access services, "broadband" services, security services, trash pick-up services, propane service, natural gas service, lawn maintenance services, wastewater services, and any other services of any kind or nature which are considered by the Board to be beneficial to all or a portion of the Property. Each Bulk Rate Contract must be approved in advance and in writing by Declarant until expiration or termination of the Development Period.

"Bylaws" means the Bylaws of the Association as adopted and as amended from time to time by a Majority of the Board.

"Certificate" means the Certificate of Formation of the Association, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

“Common Area” means any property and facilities that the Association owns or in which it otherwise holds rights or obligations, including any property or facilities held by Declarant for the benefit of the Association or its Members. Common Area also includes any property that the Association holds under a lease, license, or any easement in favor of the Association. Some Common Area will be solely for the common use and enjoyment of the Owners, while other portions of the Common Area may be for the use and enjoyment of the Owners and members of the public.

“Community Systems” means any and all cable television, telecommunications, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennae, satellite dishes, equipment, materials and installations and fixtures (including those based on, containing and serving future technological advances not now known), if installed by Declarant pursuant to any grant of easement or authority by Declarant within the Property.

“Declarant” means **SF FAIR OAKS DEVELOPMENT, LLC**, a Texas limited liability company, its successors or assigns; provided that any assignment(s) of the rights of **SF FAIR OAKS DEVELOPMENT, LLC**, a Texas limited liability company, as Declarant, must be expressly set forth in writing and Recorded.

Declarant enjoys special rights and privileges to help protect its investment in the Property. These special rights are described in this Declaration. Many of these rights do not terminate until either Declarant: (i) has conveyed all Lots which may be created out of the Property; or (ii) voluntarily terminates these rights by a Recorded written instrument.

“Design Guidelines” means the standards for design, construction, landscaping, and exterior items proposed to be placed on any Lot adopted pursuant to *Section 7.02(c)*, as the same may be amended from time to time. The Design Guidelines may consist of multiple written design guidelines applying to specific portions of the Property. At Declarant’s option, Declarant may adopt or amend from time to time the Design Guidelines for the Property or any portion thereof. Notwithstanding anything in this Declaration to the contrary, Declarant will have no obligation to establish Design Guidelines for the Property or any portion thereof.

“Development Agreement” means that certain Development Agreement Among City of Fair Oaks Ranch, Texas, David and Dianne Owens, and Scott Felder Homes, LLC, recorded as Document No. 20160033611 in the Official Public Records of Bexar County, Texas, as assigned from Scott Felder Homes, LLC to Declarant by that certain Assignment and Assumption of Development Agreement, recorded as Document No. 20160082805 in the Official Public Records of Bexar County, Texas. The Development Agreement may be subject to future modifications or additions from time to time.

“Development Period” means the period of time beginning on the date when this Declaration has been Recorded, and ending twenty-four (24) months after the date that Declarant no longer owns any portion of the Property, unless earlier terminated by a Recorded written instrument executed by Declarant. The Development Period is the period in which Declarant reserves the right to facilitate the development, construction, and marketing of the Property or the right to direct the size, shape and composition of the Property.

“Homebuilder” means an Owner (other than Declarant) who acquires a Lot for the construction of a single family residence for resale to a third-party.

“Improvement” means all physical enhancements and alterations to the Property, the Common Area, or the Special Common Area, including but not limited to grading, clearing, removal of trees, and site work, alteration of drainage flow, and every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, patios, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, patios, decks, walkways, landscaping, mailboxes, poles, signs, antennae, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennae, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

“Lot” means any portion of the Property designated by Declarant in a Recorded written instrument or as shown as a subdivided Lot on a Plat other than Common Area or Special Common Area.

“Majority” means more than half.

“Manager” has the meaning set forth in *Section 4.05(h)*.

“Members” means every person or entity that holds membership privileges in the Association.

“Mortgage” or **“Mortgages”** means any mortgage(s) or deed(s) of trust securing indebtedness and covering any Lot.

“Mortgagee” or **“Mortgagees”** means the holder(s) of any Mortgage(s).

“Notice of Addition of Land” means the Recorded notice executed by Declarant for the purpose of adding all or any portion of real property to the Property for the purpose of subjecting such land to the terms, covenants, conditions, restrictions and obligations of this Declaration and the jurisdiction of the Association for purposes of this Declaration in accordance with *Section 11.03* below.

“Owner” means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot, but does not include the Mortgagee under a Mortgage prior to its acquisition of fee simple interest in such Lot pursuant to foreclosure of the lien of its Mortgage.

“Plat” means a Recorded subdivision plat of any portion of the Property, and any amendments thereto.

“Policy Manual” means the compilation into a singular policy manual of any policies, Rules and Regulations and the Bylaws governing the Association, which may be initially adopted and Recorded by Declarant for the benefit of the Association as part of the initial project documentation. The Rules and Regulations and other policies set forth in the Policy Manual may be amended, from time to time, by Declarant during the Development Period, or the Majority of the Board, with the advance written consent of Declarant during the Development Period. Upon expiration or termination of the Development Period, the Policy Manual may be amended by a Majority of the Board.

“Property” means that certain real property described above in *Recital A* and any additions thereto of real property pursuant to the Recordation of a Notice of Addition of Land or any deletions therefrom as either such may be made pursuant to *Sections 11.03* and *11.04* of this Declaration.

“Record, Recording, Recordation and Recorded” means recorded or to be recorded in the Official Public Records of Bexar County, Texas.

“Resident” means an occupant, resident or tenant of a Lot, regardless of whether the person owns the Lot.

“Restrictions” means the restrictions, covenants, and conditions contained in this Declaration, the Development Agreement, the Design Guidelines, Bylaws, Policy Manual, Rules and Regulations, or in any other rules and regulations promulgated by the Association pursuant to this Declaration, as adopted and amended from time to time. *See Table 1* for a summary of the Restrictions.

“Rules and Regulations” means any instrument, whether containing rules, policies, regulations, resolutions or other similar denominations, which is adopted by the Board for the regulation and management of the use of or activities, and conduct on or within the Property, the Common Area, or the Special Common Area, including any amendments thereto.

“Service Area” means a group of Lots designated as a separate Service Area pursuant to this Declaration for purpose of receiving benefits or services from the Association which are not provided to all Lots. A Service Area may be comprised of more than one type of use or structure and may include noncontiguous Lots. A Lot may be assigned to more than one Service Area. Service Area boundaries may be established and modified as provided in *Section 2.04*.

“Service Area Assessments” means assessments levied against the Lots in a particular Service Area to fund Service Area Expenses, as described in *Section 6.06*.

“Service Area Expenses” means the estimated and actual expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Service Area, which may include a reasonable reserve for capital repairs and replacements.

“Special Common Area” means any interest in real property or improvements which benefits certain Lots or one or more portion(s) of but less than all of the Property, that is designated by Declarant in this Declaration or in any written instrument Recorded by Declarant (which designation will be made in the sole and absolute discretion of Declarant) as Special Common Area for the exclusive use of and/or the obligation to pay Special Common Area Assessments by the Owners of such Lot(s), Condominium Unit(s) or portion(s) of the Property attributable thereto, as further set forth in *Section 2.05*.

“Special Common Area Expenses” means the estimated and actual expenses which the Association incurs or expects to incur to operate, maintain, repair and replace Special Common Area, which may include a reasonable reserve for capital repairs and replacements.

“Special Common Area Assessments” means assessments levied against the Lots as described in *Section 6.05*.

“Solar Energy Device” means a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy. The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.

“Standby Electric Generator” means a device that converts mechanical energy to electrical energy and is (a) powered by natural gas, liquefied petroleum gas, diesel fuel, biodiesel fuel, or hydrogen; (b) fully enclosed in an integral manufacturer-supplied sound attenuating enclosure; (c) connected to the main electrical panel of a residence by a manual or automatic transfer switch; and (d) rated for a generating capacity of not less than seven kilowatts

TABLE 1: RESTRICTIONS	
Declaration (Recorded)	Creates obligations that are binding upon the Association and all present and future owners of Property.
Certificate of Formation (filed and Recorded)	Establishes the Association as a Texas nonprofit corporation by filing with the Secretary of State.
Bylaws (Recorded)	Governs the Association’s internal affairs, such as elections, meetings, etc.
Policy Manual (Recorded)	Sets forth the policies, Rules and Regulations which are enforced by the Association to govern various conduct and activities in and on the Property.
Design Guidelines (if adopted, Recorded)	Governs the design and architectural standards for the construction of Improvements and modifications thereto. Declarant shall have no obligation to adopt the Design Guidelines.
Rules and Regulations (if adopted, Recorded)	Regulates the use of property, activities, and conduct within the Property, the Common Area, or the Special Common Area.
Board Resolutions (adopted by the Board of the Association)	Establishes rules, policies, and procedures for the Property, Owners and Association.
Notice of Addition of Land (Recorded)	Adds additional land to the Property, so such land will be considered part of the Property and subject to the terms of this Declaration and under the jurisdiction of the Association.
Notice of Plat Recordation (Recorded)	Identifies specific residential Lots within a Plat and withdraws any portion of the Property not comprising a residential Lot from the terms and provisions of this Declaration.

**ARTICLE 2
GENERAL AND USE RESTRICTIONS**

All of the Property shall be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

2.01 General.

(a) Conditions and Restrictions. All Lots within the Property will be owned, held, encumbered, leased, used, occupied and enjoyed subject to the Restrictions. Compliance with the Restrictions is mandatory.

Ordinances and requirements imposed by local governmental authorities are applicable to all Lots within the Property. Compliance with the Restrictions is mandatory and is not a substitute for compliance with Applicable Law. Please be advised that the Restrictions do not purport to list or describe each restriction which may be applicable to a Lot located within the Property. Each Owner is advised to review the Plat applicable to their Lot, all Applicable Law, requirements, regulations and encumbrances affecting the use and improvement of their Lot prior to submitting plans to the ACC for approval. Furthermore, approval by the ACC should not be construed by the Owner that any Improvement complies with the terms and provisions of any Applicable Law, requirements, regulations or encumbrances which may affect the Owner's Lot. Certain encumbrances may benefit parties whose interests are not addressed by the ACC. The Association, each Owner, Resident, or other user of any portion of the Property must comply with the Restrictions and Applicable Law, specifically including the Development Agreement, as supplemented, modified or amended from time to time. The Plats include certain building restrictions, and each Owner is advised to review the Plat applicable to their Lot prior to constructing any Improvements on their Lot. Additionally, as specified in the Plat, the maintenance of certain easements, parks, landscape buffers, greenbelts, drainage easements, detention ponds, pathways, and other Improvements within the Property and the Common Area shall be the responsibility of the Association, and pursuant to *Section 4.06*, Declarant has reserved the right to dedicate such parks, landscape buffers, greenbelts, drainage easements, Improvements, Lots, and other real or personal property interests to the Association for operation and maintenance. IN CERTAIN INSTANCES THE DEVELOPMENT AGREEMENT, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, MAY BE MORE OR LESS RESTRICTIVE THAN THE PROVISIONS OF THE RESTRICTIONS OR OTHER APPLICABLE LAW. IN THE EVENT OF A CONFLICT BETWEEN THE DEVELOPMENT AGREEMENT AND THE RESTRICTIONS OR APPLICABLE LAW, THE MOST RESTRICTIVE REQUIREMENT WILL APPLY, EXCEPT IN CIRCUMSTANCES WHERE COMPLIANCE WITH A MORE RESTRICTIVE PROVISION OF THE RESTRICTIONS WOULD RESULT IN A VIOLATION OF THE DEVELOPMENT AGREEMENT, IN WHICH EVENT THE DEVELOPMENT AGREEMENT SHALL APPLY. COMPLIANCE WITH MANDATORY REQUIREMENTS IN THE DEVELOPMENT AGREEMENT WILL NOT RESULT IN THE VIOLATION OF THE RESTRICTIONS OR APPLICABLE LAW.

NOTICE

The Restrictions are subject to change from time to time. By owning or occupying a Lot, you agree to remain in compliance with the Restrictions, as they may change from time to time.

2.02 Conceptual Plans. All master plans, site plans, brochures, illustrations, information and marketing materials relating to the Property, the Common Area, or the Special Common Area (collectively, the "Conceptual Plans") are conceptual in nature and are intended to be used for illustrative purposes only. The land uses and Improvements reflected on the Conceptual Plans are subject to change at any time and from time to time, and it is expressly agreed and understood that land uses within the Property, the Common Area, or the Special Common Area may include uses which are

not shown on the Conceptual Plans. Neither Declarant nor any Homebuilder or other developer of any portion of the Property, the Common Area, or the Special Common Area makes any representation or warranty concerning such land uses and Improvements shown on the Conceptual Plans or otherwise planned for the Property, the Common Area, or the Special Common Area and it is expressly agreed and understood that no Owner will be entitled to rely upon the Conceptual Plans or any statement made by Declarant or any of Declarant's representatives regarding proposed land uses, proposed or planned Improvements in making the decision to purchase any land or Improvements within the Property. Each Owner who acquires a Lot within the Property acknowledges that development of the Property, the Common Area, or the Special Common Area will likely extend over many years, and agrees that the Association will not engage in, or use Association funds to support, protest, challenge, or make any other form of objection to development of the Property, the Common Area, or the Special Common Area or changes in the Conceptual Plans as they may be amended or modified from time to time.

2.03 Use Restrictions.

(a) **No Commercial Activities.** The Lots shall be used solely for private single family residential purposes. No professional, business, or commercial activity to which the general public is invited shall be conducted on any Lot, except an Owner or Resident may conduct business activities within a residence so long as: (i) such activity complies with all Applicable Law; (ii) the business activity is conducted without the employment of persons other than the residents of the home constructed in the Lot; (iii) the existence or operation of the business activity is not apparent or detectable by sight, *i.e.*, no sign may be erected advertising the business on any Lot, sound, or smell from outside the residence; (iv) the business activity does not involve door-to-door solicitation of residents within the Property; (v) the business does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles parked within the Property which is noticeably greater than that which is typical of residences in which no business activity is being conducted; (vi) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Property as may be determined in the sole discretion of the Board; and (vii) the business does not require the installation of any machinery other than that customary to normal household operations. In addition, for the purpose of obtaining any business or commercial license, neither the residence nor Lot will be considered open to the public. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (viii) such activity is engaged in full or part-time; (ix) such activity is intended to or does generate a profit; or (x) a license is required.

Leasing of a residence shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a Homebuilder.

(b) **Declarant Activities.** Notwithstanding any provision in this Declaration to the contrary, until the expiration or termination of the Development Period. Declarant and/or its licensees may construct and maintain upon portions of the Common Area, the Special Common

Area, any Lot, or portion of the Property owned by Declarant, such facilities and may conduct such activities, which, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of single family residences or other Improvements constructed upon the Lots, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and/or its licensees shall have an easement over and across the Common Area and the Special Common Area for access and use of such facilities at no charge. Declarant and/or its licensees will have an access easement over and across the Common Area and the Special Common Area for the purpose of making, constructing and installing Improvements upon the Common Area and the Special Common Area.

2.04 Provision of Benefits and Services to Service Areas.

(a) Designation by Declarant. Declarant, in any Recorded written notice, may assign Lots to one or more Service Areas (by name or other identifying designation) as it deems appropriate, which Service Areas may be then existing or newly created, and may require that the Association provide benefits or services to such Lots in addition to those which the Association generally provides to the Property. Declarant may unilaterally amend any Recorded written notice to re-designate Service Area boundaries. All costs associated with the provision of services or benefits to a Service Area will be assessed against the Lots within the Service Area as a Service Area Assessment.

(b) Owner Petition. In addition to Service Areas which Declarant may designate, any group of Owners may petition the Board to designate their Lots as a Service Area for the purpose of receiving from the Association: (i) special benefits or services which are not provided to all Lots; or (ii) a higher level of service than the Association otherwise provides. Upon receipt of a petition signed by Owners of a Majority of the Lots within the proposed Service Area, the Board will investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed Service Area of such terms and associated expenses, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge will apply at a uniform rate per Lot among all Service Areas receiving the same service). Notwithstanding the foregoing, until expiration or termination of the Development Period, Declarant shall have the right to withhold its consent for any petition to designate Lots as a Service Area in Declarant's sole and absolute discretion. If approved by the Board, Declarant during the Development Period, and the Owners of at least sixty-seven percent (67%) of the total number of votes held by all Lots within the proposed Service Area, the Association will provide the requested benefits or services on the terms set forth in the proposal or in a manner otherwise acceptable to the Board. The cost and administrative charges associated with such benefits or services will be assessed against the Lots within such Service Area as a Service Area Assessment.

(c) Petition by Owners. The Association may, from time to time, include additional components of Improvements or Lots or remove components of Improvements or Lots from a Service Area; however, unless otherwise approved by Declarant during the Development Period, in no event may the Association at any time remove from any Service Area components of any Improvements or Lots previously designated as a Service Area under this Declaration. During the Development Period, any addition to a Service Area must also be approved by Declarant. After expiration or termination of the Development Period, any addition or removal of

components of Improvements or Lots must be approved by two-thirds (2/3) of the total number of votes held by all Lots within a Service Area. During the Development Period, the Service Area may be modified or amended by Declarant, acting alone. Any modification or amendment to the Service Area must be recorded in the Official Public Records of Bexar County, Texas.

2.05 Designation of Special Common Areas. Until the expiration or termination of the Development Period, Declarant may designate, in the Declaration or in any written instrument Recorded by Declarant (which designation will be made in the sole and absolute discretion of Declarant), any interest in real property or improvements that benefits certain Lot(s) or one or more portion(s) of but less than all of the development as Special Common Area, for the exclusive use of and/or the obligation to pay Special Common Area Assessments by the Owners of such Lot(s) or portion(s) of the Development attributable thereto. Special Common Area is or will be conveyed to the Association or shall be real property or improvements to which the Association will be granted rights or obligations, or otherwise held by Declarant for the benefit of the Association. The recorded instrument designating such Special Common Area will identify the Lot(s) or portion(s) of the Development assigned to such Special Common Area and further indicate whether the Special Common Area designated therein is for the purpose of the exclusive use and the payment of Special Common Area Assessments by the Owner(s) thereof, or only for the purpose of paying Special Common Area Assessments attributable thereto, but not also for exclusive use. By way of illustration and not limitation, Special Common Area might include such things as private drives and roads, entrance facilities and features, monumentation, or signage, walkways or landscaping, which may or may not be exclusively used by the Owners paying the attributable Special Common Area Assessments therefor. All costs associated with maintenance, repair, replacement, and insurance of such Special Common Area will be assessed as a Special Common Area Assessment against the Owners of the Lots and/or Condominium Units to which the Special Common Area is assigned.

2.06 Rentals. Nothing in the Declaration shall prevent the rental of the entire Lot and the Improvements thereon by the Owner thereof for residential purposes. During the term of any such rental, all tenants and occupants, as well as the Owner, shall be subject to all provisions of this Declaration, as amended or supplemented from time to time, and to all provisions of the Restrictions. All such leases shall be in writing and the Owner shall provide the Board with a copy of the lease before the tenant occupies the lease premises. The Owner must provide to its lessee copies of the Restrictions. Notice of any lease, together with such additional information as may be required by the Board, will be remitted to the Association by the Owner on or before the expiration of ten (10) days after the effective date of the lease.

2.07 Subdividing. No Lot shall be further divided or subdivided, nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior written approval of the ACC; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot and convey any easements or other interests less than the whole, all without the approval of the ACC. Public utility and drainage easements are exempt from this provision.

2.08 Hazardous Activities. No activities may be conducted on or within the Property, the Common Area, or the Special Common Area, and no Improvements may be constructed on or within any portion of the Property which, in the opinion of the Board, are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or fireworks may be

discharged upon any portion of the Property, the Common Area, or the Special Common Area unless discharged in conjunction with an event approved in advance by the Board and no open fires may be lighted or permitted except within safe and well-designed fireplaces or in contained barbecue units while attended and in use for cooking purposes. No portion of the Property, the Common Area, or the Special Common Area, may be used for the takeoff, storage, or landing of aircraft (including, without limitation, helicopters) except for medical emergencies.

2.09 Insurance Rates. Nothing shall be done or kept on the Property which would increase the rate of casualty or liability insurance or cause the cancellation of any such insurance on the Common Area or Special Common Area, or the Improvements located thereon, without the prior written approval of the Board.

2.10 Mining and Drilling. Except for the Third Party Oil, Gas and Mineral Interests defined below, no portion of the Property, the Common Area, or the Special Common Area may be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth. This provision will not be construed to prevent the excavation of rocks, stones, sand, gravel, aggregate, or earth or the storage of such material for use as fill provided that such activities are conducted in conjunction with the construction of Improvements and/or the development of the Property, the Common Area, or the Special Common Area by Declarant. Furthermore, this provision will not be interpreted to prevent the drilling of water wells by Declarant or otherwise approved in advance by the ACC which are required to provide water to all or any portion of the Property. All water wells must also be approved in advance by the ACC and any applicable regulatory authority. This *Section 2.10* shall not apply to minerals, resources and groundwater, or some portion thereof or some interest therein, that may have been conveyed or reserved by third parties prior to Declarant's ownership of the Property (the "**Third Party Oil, Gas and Mineral Interests**"). No representation or warranty, express or implied, is made as to the ownership of the minerals, resources and groundwater or any portion thereof or any interest therein.

2.11 Noise. No exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security or public safety purposes) shall be located, used or placed on any of the Property, the Common Area, or the Special Common Area such that it becomes or will become clearly audible at the property line of adjoining property owners. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Property, the Common Area, or the Special Common Area so as to be offensive or detrimental to any other portion of the Property or to the Residents.

2.12 Animals - Household Pets. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, horses, cattle, sheep, goats or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept, maintained or cared for on the Property (as used in this paragraph, the term "domestic household pet" shall not mean or include non-traditional pets such as pot-bellied pigs, miniature horses, chickens, pigeons, exotic snakes or lizards, ferrets, monkeys, or other exotic animals). Each Owner shall be allowed to keep no more than two (2) dogs, two (2) cats, or two (2) other domestic household pets. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on any portion of the Property other than on the Lot of its Owner unless confined to a leash. No animal may be stabled, maintained, kept, cared for or boarded for hire or remuneration on the Property and no kennels or breeding operation will be allowed. No animal shall be allowed to run at

large and all animals shall be kept within enclosed areas which must be clean, sanitary and reasonably free of refuse, insects and waste at all times. Such enclosed area shall be constructed in accordance with plans approved by the ACC, shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof, and shall be screened so as not to be visible from any other portion of the Property. If the Board determines, in its sole discretion, that a pet becomes a source of unreasonable annoyance to others, or the owner of the pet fails or refuses to comply with these restrictions, the Owner, upon written notice, may be required to remove the pet from the Property.

2.13 Rubbish and Debris. As determined by the Board, no rubbish or debris of any kind shall be placed or permitted to accumulate upon or within the Property, the Common Area, or the Special Common Area and no odors shall be permitted to arise therefrom so as to render all or any portion of the Property, the Common Area, or the Special Common Area unsanitary, unsightly, offensive or detrimental to any other property or to its Residents. Refuse, garbage, and trash shall be kept at all times in covered containers and such containers shall be kept within enclosed structures or appropriately screened from view, except for the 24-hour period beginning at 8:00 p.m. on the day before a scheduled trash pick-up and ending at 8:00 p.m. on the day of a scheduled trash pick-up. In the event the Owner shall fail or refuse to keep, or cause to be kept such Owner's property or any Improvements thereon free from rubbish or debris of any kind, and such failure or refusal shall continue for fifteen (15) days after delivery of written notice thereof, then the Association may enter upon such property and remove or correct the same at the expense of the Owner and such entry shall not be deemed to trespass.

2.14 Trash Containers. Trash containers and recycling bins must be stored in one of the following locations:

- (i) inside the garage of the single-family residence constructed on the Lot;
- or
- (ii) behind the single-family residence, retaining wall, or fence constructed on the Lot in such a manner that the trash container and recycling bin is not visible from any street, alley, or adjacent Lot.

The Board shall have the right to specify additional locations on each Owner's Lot in which trash containers or recycling bins must be stored.

2.15 Drainage. No structure, fences, walls, or other obstructions that impede drainage shall be placed within the limits of the drainage easements shown on the Plat. No landscaping or other modifications which alter the cross-sections of the drainage easements as approved, shall be allowed.

2.16 Maintenance. The Owners of each Lot shall jointly and severally have the duty and responsibility, at their sole cost and expense, to keep their Lot and all Improvements thereon in good condition and repair and in a well-maintained, safe, clean and attractive condition at all times. The Board, in its sole discretion, shall determine whether a violation of the maintenance obligations set forth in this *Section 2.16* has occurred. Such maintenance includes, but is not limited to the following, which shall be performed in a timely manner, as determined by the Board, in its sole discretion:

- (i) Prompt removal of all litter, trash, refuse, and wastes.
- (ii) Lawn mowing.
- (iii) Tree and shrub pruning.
- (iv) Watering of lawn and landscaping.
- (v) Keeping exterior lighting and mechanical facilities in working order.
- (vi) Keeping lawn and garden areas alive, free of weeds, and attractive.
- (vii) Keeping planting beds free of turf grass.
- (viii) Keeping sidewalks and driveways in good repair.
- (ix) Complying with Applicable Law.
- (x) Repainting of Improvements.
- (xi) Repair of exterior damage, and wear and tear to Improvements.

2.17 Street Landscape Area-Owner's Obligation to Maintain Landscaping. Each Owner will be responsible, at such Owner's sole cost and expense, for maintaining mowing, replacing, pruning, and irrigating the landscaping between the boundary of such Owner's Lot and the curb of any adjacent right-of-way, street or alley (the "ST Landscape Area") unless the responsibility for maintaining the ST Landscape Area is performed by the Association.

2.18 Antennas. Antennas shall only be permitted within the Property subject to the requirements set forth below:

(a) Prohibited Antennas; Permitted Antennas. Except as expressly provided below, no exterior radio or television antennae or aerial or satellite dish or disc shall be erected, maintained or placed on a Lot without the prior written approval of the ACC; provided, however, that:

(i) an antenna designed to receive direct broadcast services, including direct-to-home satellite services, that is twenty-four inches (24") or less in diameter; or

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multichannel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is twenty-four inches (24") or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television or radio broadcast signals;

(collectively, (i) through (iii) are referred to herein as the "**Permitted Antennas**") will be permitted subject to reasonable requirements as to location and screening as may be set forth in rules adopted by the ACC, consistent with Applicable Law, in order to minimize obtrusiveness as viewed from streets and adjacent property. Declarant and/or the Association will have the right, but not the obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or any portion of the Property.

(b) **Location of Permitted Antennas.** A Permitted Antenna may be installed solely on the Owner's Lot and shall not encroach upon any street, Common Area, Special Common Area, or any other portion of the Property. A Permitted Antenna shall be installed in a location on the Lot from which an acceptable quality signal can be obtained and where least visible from the street and the Property, Common Area, Special Common Area, other than the Lot. In order of preference, the locations of a Permitted Antenna which will be considered least visible by the ACC are as follows:

(i) attached to the back of the principal single-family residence constructed on the Lot, with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Lots and the street; then

(ii) attached to the side of the principal single-family residence constructed on the Lot, with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Lots and the street.

The ACC may, from time to time, modify, amend, or supplement the rules regarding installation and placement of Permitted Antennas.

Satellite dishes twenty-four inches (24") or less in diameter, e.g., DirecTV or Dish satellite dishes, are permitted; HOWEVER, you are required to comply with the rules regarding installation and placement. These Rules and Regulations may be modified by the ACC from time to time. Please contact the ACC for the current rules regarding installation and placement.

2.19 Signs. Except for those permitted signs as set forth below or otherwise permitted by Applicable Law, no sign of any kind may be displayed to the public view on any Lot without the prior written approval of the ACC.

(a) **Expressly Permitted.** Signs which are expressly permitted pursuant to the Design Guidelines or Rules and Regulations may be displayed on a Lot.

(b) **Sales and Marketing.** Signs which are part of Declarant's or a Homebuilder's overall marketing, sale, or construction plans or activities for the Property shall be permitted on any Lot.

(c) **School Spirit.** One (1) temporary school "spirit" sign may be placed on any Lot so long as the sign: (i) is professionally made; (ii) is limited to maximum face area of five square feet (e.g., 2' x 2.5') on each visible side; (iii) is mounted on a single or frame post if free standing;

(iv) does not exceed four feet (4') in height from finished grade at the location where the sign is located; and (v) is removed within five (5) business days following the athletic season for which the sign relates.

(d) For Sale. One (1) temporary "For Sale" sign placed on any Lot so long as the sign: (i) is professionally made; (ii) is limited to a maximum face area of five square feet (e.g., 2' x 2.5') on each visible side; (iii) is mounted on a single or frame post if free standing; (iv) does not exceed four feet (4') in height from finished grade at the location where the sign is located; (v) is removed within two (2) business days following the sale of the Lot; provided, however, that "For Lease" and "For Rent" signs are expressly prohibited.

(e) Elections. Political signs may be displayed on any Lot provided that: (i) the sign is erected no earlier than the 90th day before the date of the election to which the sign relates; (ii) the sign is removed no later than the 10th day after the date of the election to which the sign relates; (iii) the sign is ground-mounted; (iv) only one sign may be erected for each candidate or ballot item; and (v) signs which include any of the components or characteristics described in Section 202.009(c) of the Texas Property Code are strictly prohibited.

(f) Religious Items. A religious item may be displayed on the entry door or door frame of a residence (which may not extend beyond the outer edge of the door frame) provided that the size of the item(s), individually or in combination with other religious items on the entry door or door frame of the residence, does not exceed twenty-five square inches (e.g., 5" x 5").

(g) Permits. Permits may be displayed on any Lot as may be required by: (i) legal proceedings; or (ii) a governmental entity.

(h) No Solicitation. A "no soliciting" and "security warning" sign may be displayed on or near the front door to a residence, provided that the sign does not exceed twenty-five square inches (e.g., 5" x 5").

2.20 Flags. Owners are permitted to display certain flags on the Owner's Lot, as further set forth below.

(a) Approval Requirements. An Owner is permitted to display the flag of the United States of America, the flag of the State of Texas, an official or replica flag of any branch of the United States Military, or one (1) flag with official insignia of a college or university ("Permitted Flag") and is permitted to install a flagpole no more than five feet (5') in length affixed to the front of a residence near the principal entry or affixed to the rear of a residence ("Permitted Flagpole"). Only two (2) permitted Flagpoles are allowed per residence. A Permitted Flag or Permitted Flagpole need not be approved in advance by the ACC. Approval by the ACC is required prior to installing vertical freestanding flagpoles installed in the front or back yard area of any Lot ("Freestanding Flagpole").

(b) Installation and Display. Unless otherwise approved in advance and in writing by the ACC, Permitted Flags, Permitted Flagpoles and Freestanding Flagpoles, installed in accordance with the Flagpole Application, must comply with the following:

(i) No more than one (1) Freestanding Flagpole OR no more than two (2) Permitted Flagpoles are permitted per Lot, on which only Permitted Flags may be displayed;

(ii) Any Permitted Flagpole must be no longer than five feet (5') in length and any Freestanding Flagpole must be no more than twenty feet (20') in height;

(iii) Any Permitted Flag displayed on any flagpole may not be more than three feet in height by five feet in width (3'x5');

(iv) The flag of the United States of America must be displayed in accordance with 4 U.S.C. Sections 5-10 and the flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code;

(v) The display of a Permitted Flag, or the location and construction of a Permitted Flagpole or Freestanding Flagpole must comply with all Applicable Law, easements and setbacks of record;

(vi) Each Permitted Flagpole and Freestanding Flagpole must be constructed of permanent, long-lasting materials, with a finish appropriate to the materials used in the construction thereof and harmonious with the residence;

(vii) Any Permitted Flag, Permitted Flagpole, and Freestanding Flagpole must be maintained in good condition and any deteriorated Permitted Flag or deteriorated or structurally unsafe Permitted Flagpole or Freestanding Flagpole must be repaired, replaced or removed;

(viii) A Permitted Flag may be illuminated by no more than one (1) halogen landscaping light of low beam intensity which shall not be aimed towards or directly affect any neighboring Lot; and

(ix) Any external halyard of a Permitted Flagpole or Freestanding Flagpole must be secured so as to reduce or eliminate noise from flapping against the metal of the Permitted Flagpole or Freestanding Flagpole.

2.21 Tanks. The ACC must approve any tank used or proposed in connection with a residence, including tanks for storage of fuel, water, oil, or liquid petroleum gas (LPG), and including swimming pool filter tanks. No elevated tanks of any kind may be erected, placed or permitted on any Lot without the advance written approval of the ACC. All permitted tanks must be screened from view in accordance with a screening plan approved in advance by the ACC. This provision will not apply to a tank used to operate a standard residential gas grill.

2.22 Temporary Structures. No tent, shack, or other temporary building, improvement, or structure shall be placed upon the Property without the prior written approval of the ACC; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for Declarant, Homebuilders, architects, and foremen during actual construction may be maintained with the prior approval of Declarant (unless placed by Declarant), approval to include the nature, size, duration, and location of such structure.

2.23 Outside Storage Buildings. Outside storage buildings located in a fenced rear yard of a Lot are allowed with the prior written approval of the ACC. All outside storage buildings shall comply with the requirements set forth in the Design Guidelines. No storage building may be used for habitation.

2.24 Unightly Articles; Vehicles. No article deemed to be unsightly by the ACC shall be permitted to remain on any Lot so as to be visible from adjoining property or public or private thoroughfares. As used in the preceding sentence, the term "article" shall be broadly construed, and shall include vehicles or any other item or thing present on the Lot. Without limiting the generality of the foregoing, trailers, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, and garden maintenance equipment shall be kept at all times, except when in actual use in enclosed structures or screened from view and no repair or maintenance work shall be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. Each single-family residential structure constructed within the Property shall have garage space sufficient to house all vehicles to be kept on the Lot. Owners shall not keep more than two (2) automobiles in such manner as to be visible from any other portion of the Property the Common Area, or the Special Common Area for any period in excess of seventy-two (72) hours. Automobiles shall mean cars, pick-up trucks, sport utility vehicles and vans used for the personal transportation of Members and their guests. No automobile or other vehicles may be parked overnight on any roadway within the Property, the Common Area, or the Special Common Area. No racing vehicle or vehicle without a current license tag shall be permitted to remain on any lot or to be parked on any street in the Property. Service areas, storage area, loading area, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view from public or private thoroughfares and adjacent properties and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view from public or private thoroughfares and adjacent properties.

2.25 Mobile Homes, Travel Trailers and Recreational Vehicles. No mobile homes shall be parked or placed on any Lot at any time, and no travel trailers or recreational vehicles shall be parked on or near any Lot so as to be visible from adjoining property or public or private thoroughfares for more than forty-eight (48) hours. Notwithstanding the foregoing, trucks, vans, commercial vehicles and vehicles with commercial writings on their exteriors shall be allowed temporarily on the Common Area or Special Common Area during normal business hours for the purpose of serving any Lot, Common Area, or Special Common Area; provided, however, no such vehicle shall remain on the Common Area, or Special Common Area overnight or for any purposes unless prior written consent of the Board is first obtained.

2.26 Basketball Goals; Permanent and Portable. Permanent basketball goals are permitted in the front of the residence on a Lot provided the basketball goal is located a minimum of twenty feet (20') from the street curb. The basketball goal backboard must be perpendicular to the street and mounted on a black metal pole permanently installed in the ground. Neither permanent nor portable basketball goals are permitted in any street right of way. Portable basketball goals are permitted on a Lot, but must be stored in the rear of the Lot or inside a garage from sundown to sunrise. Basketball goals must be properly maintained and painted, with the net in good repair. All basketball goals, whether permanent or portable, must be approved by the ACC prior to being placed on any Lot.

2.27 Compliance with Restrictions. Each Owner, his or her family, Residents of a Lot, tenants, and the guests, invitees, and licensees of the preceding shall comply strictly with the provisions of the Restrictions as the same may be amended from time to time. Failure to comply with any of the Restrictions shall constitute a violation of the Restrictions and may result in a fine against the Owner in accordance with *Section 6.14* of this Declaration, and shall give rise to a cause of action to recover sums due for damages or injunctive relief, or both, maintainable by Declarant, the Board on behalf of the Association, the ACC, or by an aggrieved Owner. Without limiting any rights or powers of the Association, the Board may (but shall not be obligated to) remedy or attempt to remedy any violation of any of the provisions of Restrictions, and the Owner whose violation has been so remedied shall be personally liable to the Association for all costs and expenses of effecting (or attempting to effect) such remedy. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1½%) per month) shall be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot shall be secured by the liens reserved in this Declaration for Assessments and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). EACH SUCH OWNER SHALL RELEASE AND HOLD HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 2.27 (INCLUDING ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

2.28 Liability of Owners for Damage to Common Area or Special Common Area. No Owner shall in any way alter, modify, add to or otherwise perform any work upon the Common Area or Special Common Area without the prior written approval of the Board and Declarant during the Development Period. Each Owner shall be liable to the Association for any and all damages to: (i) the Common Area or Special Common Area and any Improvements constructed thereon; or (ii) any Improvements constructed on any Lot, the maintenance of which has been assumed by the Association, which damages were caused by the neglect, misuse or negligence of such Owner or Owner's family, or by any tenant or other Resident of such Owner's Lot, or any guest or invitee of such Owner or Resident. The full cost of all repairs of such damage shall be an Individual Assessment against such Owner's Lot, secured by a lien against such Owner's Lot and collectable in the same manner as provided in *Section 6.12* of this Declaration.

2.29 No Warranty of Enforceability. Declarant makes no warranty or representation as to the present or future validity or enforceability of the Restrictions. Any Owner acquiring a Lot in reliance on one or more of the Restrictions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

2.30 Party Wall. A fence or wall located on or near the dividing line between two (2) Lots and intended to benefit both Lots constitutes a "Party Wall" and, to the extent not inconsistent with the

provisions of this *Section 2.30*, is subject to the general rules of law regarding party walls and liability for property damage due to negligence, willful acts, or omissions and are subject to the following.

(a) Encroachments & Easement. If the Party Wall is on one Lot due to an error in construction, the Party Wall is nevertheless deemed to be on the dividing line for purposes of this *Section 2.30*. Each Lot sharing a Party Wall is subject to an easement for the existence and continuance of any encroachment by the Party Wall as a result of construction, repair, shifting, settlement, or movement in any portion of the Party Wall, so that the encroachment may remain undisturbed as long as the Party Wall stands. Each Lot is subject to a reciprocal easement for the maintenance, repair, replacement, or reconstruction of the Party Wall.

(b) Right to Repair. If the Party Wall is damaged or destroyed from any cause, the Owner of either Lot may repair or rebuild the Party Wall to its previous condition, and the Owners of both Lots, their successors and assigns, have the right to the full use of the repaired or rebuilt Party Wall. No Party Wall may be constructed, repaired, or rebuilt without the advance written approval of the ACC in accordance with *Article 7* of this Declaration.

(c) Maintenance Costs. The Owners of the adjoining Lots share equally the costs of repair, reconstruction, or replacement of the Party Wall, subject to the right of one Owner to call for larger contribution from the other under any rule of law regarding liability for negligence or willful acts or omissions. If an Owner is responsible for damage to or destruction of the Party Wall, that Owner will bear the entire cost of repair, reconstruction, or replacement. If an Owner fails or refuses to pay his share of costs of repair or replacement of the Party Wall, the Owner advancing monies has a right to file a claim of lien for the monies advanced in the Official Public Records of Bexar County, Texas, and has the right to foreclose the lien as if it were a mechanic's lien. The right of an Owner to require contribution from another Owner under this *Section 2.30* is appurtenant to the Lot and passes to the Owner's successors in title.

(d) Alterations. The Owner of a Lot sharing a Party Wall may not cut openings in the Party Wall or alter or change the Party Wall in any manner that affects the use, condition, or appearance of the Party Wall to the adjoining Lot. The Party Wall will always remain in the same location as when erected unless otherwise approved by the Owner of each Lot sharing the Party Wall and the ACC.

(e) Dispute Resolution. In the event of any dispute arising concerning a Party Wall, or under the provisions of this *Section 2.30* (the "Dispute"), the parties shall submit the Dispute to mediation. Should the parties be unable to agree on a mediator within ten (10) days after written request therefore by the Board, the Board shall appoint a mediator. If the Dispute is not resolved by mediation, the Dispute shall be resolved by binding arbitration. Either party may initiate the arbitration. Should the parties be unable to agree on an arbitrator within ten (10) days after written request therefore by the Board, the Board shall appoint an arbitrator. The decision of the arbitrator shall be binding upon the parties and shall be in lieu of any right of legal action that either party may have against the other. In the event an Owner fails to properly and on a timely basis (both standards to be determined by the Board in the Board's sole and absolute discretion) implement the decision of the mediator or arbitrator, as applicable, the Board may implement said mediator's or arbitrator's decision, as applicable. If the Board implements the mediator's or arbitrator's decision on behalf of an Owner, the Owner

otherwise responsible therefor will be personally liable to the Association for the cost of obtaining the all costs and expenses incurred by the Association in conjunction therewith. If such Owner fails to pay such costs and expenses upon demand by the Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1½%) per month) will be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot hereunder will be secured by the liens reserved in the Declaration for Assessments and may be collected by any means provided in the Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s).

2.31 Playscapes and Sports Courts. Playscapes and sport courts are permissible at the sole discretion of the ACC. All playscapes and sport courts must comply with the requirements set forth in the Design Guidelines.

2.32 Decorations and Lighting. Unless otherwise permitted by *Section 2.19(f)*, no decorative appurtenances such as sculptures, birdbaths and birdhouses, fountains, or other decorative embellishments shall be placed on the residence or on the front yard or on any other portion of a Lot which is visible from any street, unless such specific items have been approved in writing by the ACC. Customary decorations for holidays or special occasions are permitted without approval by the ACC. All decorations erected within the public view for holidays or special occasions must be erected in a manner which does not create any hazard, nuisance or inconvenience for any Owner or resident of a Lot as determined solely by the ACC. All decorations must be maintained in a neat and attractive manner and must not be displayed for any aggregate time period exceeding thirty (30) days from the date of the applicable holiday or special occasion and in any event, must be completely removed from public view within ten (10) days after the holiday or event for which they were originally erected. Outside lighting fixtures shall be placed so as to illuminate only the yard of the applicable Lot and so as not to affect or reflect into surrounding residences or yards. No mercury vapor, sodium or halogen light shall be installed on any Lot which is visible from any street unless otherwise approved by the ACC.

2.33 Water Quality Facilities, Drainage Facilities and Drainage Ponds. The Property may include, now or in the future, one or more water quality facilities, sedimentation, drainage and detention facilities, or ponds which serve all or a portion of the Property and are inspected, maintained and administered by the Association in accordance with Applicable Law. Access to these facilities and ponds is limited to persons engaged by the Association to periodically maintain such facilities. Each Owner is advised that the water quality facilities, sedimentation, drainage and detention facilities and ponds are an active utility feature integral to the proper operation of the Property and may periodically hold standing water. Each Owner is advised that entry into the water quality facilities, sedimentation, drainage and detention facilities or ponds may result in injury and is a violation of the Rules and Regulations or Applicable Law.

2.34 Creeks and Streams. The Property may include, now or in the future, one or more creeks or streams which cross the Property and may periodically result in rising floodwaters or hold standing water. Each Owner is advised that entry into the creeks and streams may result in injury and is a violation of the Rules and Regulations or other Applicable Law.

2.35 Model Home. Declarant may construct, or the ACC may approve, a model home constructed on a Lot with exterior finishes, fencing and other components that do not conform to the requirements imposed on other single-family residences within the Property. Declarant's construction, or approval by the ACC, of a model home which differs from the requirements imposed on other single-family residences within the Property shall in no event constitute a waiver of the terms and provisions of the Restrictions.

2.36 Removal of Soil and Trees. The digging and removal of soil from any Lot by any party other than Declarant is expressly prohibited except as necessary in conjunction with the landscaping or construction of Improvements upon a Lot in accordance with plans and specifications approved by the ACC in accordance with *Article 7* of this Declaration. Unless otherwise approved in writing by the ACC, no tree shall be removed from a Lot except by Declarant unless otherwise approved in advance and in writing by the ACC

2.37 Limited or Restricted Driveway Parking. The Association reserves the right to adopt parking rules and regulations within the Property and on any street adjacent thereto. As a result of the required design of the project, driveways constructed on a Lot may not be able to accommodate the parking of vehicles. No vehicle may be parked on a driveway constructed on a Lot unless in the event of an emergency. "Parked" as used herein shall be defined as a vehicle left unattended for more than thirty (30) consecutive minutes. "Emergency" for purposes herein shall mean an event which jeopardizes life or property. No vehicle may be parked on a driveway constructed on a Lot if the vehicle, when parked, would obstruct or otherwise block ingress and egress to and from sidewalks adjacent to the driveway, i.e., no portion of the vehicle may extend over a line extended from the rear of one sidewalk adjacent to the driveway to the rear of the other sidewalk adjacent to the driveway. This provision will not apply to Declarant or its designee during the Development Period.

ARTICLE 3 CONSTRUCTION RESTRICTIONS

3.01 Approval for Construction. Unless prosecuted by Declarant, no Improvements shall hereafter be placed, maintained, erected, or constructed upon any Lot without the prior written approval of the ACC in accordance with *Article 7* of this Declaration.

3.02 Garages. Each residence constructed upon a Lot shall have a private garage for not less than two (2) automobiles. The location, orientation and opening of each garage to be located on a Lot shall be approved in advance of construction by the ACC. No garage may be permanently enclosed or otherwise used for habitation.

3.03 Walls, Fences and Hedges. The construction of walls, fences and hedges shall be subject to the prior written consent of the ACC. The ACC may, in its discretion, prohibit the construction of any proposed fence, or specify the material of which any proposed fence must be constructed, or require that any proposed fence be partially screened by vegetation. No fence shall be permitted within any ST Landscape Area. All fences shall be constructed according to the Design Guidelines adopted by the ACC. The design, materials and specifications of such fencing shall be approved by the ACC.

(a) **Wall, Fence and Hedge Maintenance.** Wall, fence and hedge maintenance shall be the responsibility of the Owner and all damage shall be repaired within thirty (30) days of

written notification by the Association. It shall be a violation of this Declaration to maintain a fence in such a manner as to allow (1) any portion of a wall, fence or hedge to lean so that its axis is more than five (5) degrees out of perpendicular alignment with its base; (2) missing, loose, or damaged stone or wood rails in the wall, fence or hedge; and (3) symbols, writings, and other graffiti on the wall, fence or hedge.

3.04 Building Restrictions. All building materials must be approved in advance by the ACC. All projections from a residence or other structure, including but not limited to chimney flues, vents, gutters, downspouts, utility boxes, porches, railings and exterior stairways must, unless otherwise approved by the ACC, match the color of the surface from which they project. No highly reflective finishes (other than glass, which may not be mirrored) shall be used on exterior surfaces (other than surfaces of hardware fixtures), including, without limitation, the exterior surfaces of any Improvements.

3.05 Construction Activities. The Restrictions will not be construed or applied so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Declarant or a Homebuilder) upon or within the Property. Specifically, no such construction activities will be deemed to constitute a nuisance or a violation of the Restrictions by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event that construction upon any Lot does not conform to usual practices in the area as determined by the ACC in its sole and reasonable judgment, the ACC will have the authority to seek an injunction to stop such construction. In addition, if during the course of construction upon any Lot there is excessive accumulation of debris of any kind which would render the Lot or any portion thereof unsanitary, unsightly, offensive, or detrimental to it or any other portion of the Property, then the ACC may contract for or cause such debris to be removed, and the Owner of the Lot will be liable for all reasonable expenses incurred in connection therewith.

3.06 Roofing. The roofs of all buildings must comply with the requirements set forth in the Design Guidelines. In addition, roofs of buildings may be constructed with "Energy Efficiency Roofing" with the advance written approval of the ACC. For the purpose of this *Section 3.06*, "Energy Efficiency Roofing" means shingles that are designed primarily to: (a) be wind and hail resistant; (b) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (c) provide solar generation capabilities. The ACC will not prohibit an Owner from installing Energy Efficient Roofing provided that the Energy Efficient Roofing shingles: (i) resemble the shingles used or otherwise authorized for use within the community; (ii) are more durable than, and are of equal or superior quality to, the shingles used or otherwise authorized for use within the community; and (iii) match the aesthetics of adjacent property. An Owner who desires to install Energy Efficient Roofing will be required to comply with the architectural review and approval procedures set forth the Restrictions. In conjunction with any such approval process, the Owner should submit information which will enable the ACC to confirm the criteria set forth in this *Section 3.06*. Any other type of roofing material shall be permitted only with the advance written approval of the ACC.

3.07 Swimming Pools. Any swimming pool constructed on a Lot must be enclosed with a fence or other enclosure device completely surrounding the swimming pool which, at a minimum, satisfies all Applicable Law and be approved in advance by the ACC. Nothing in this *Section 3.07* is intended or shall be construed to limit or affect an Owner's obligation to comply with any Applicable

Law concerning swimming pool enclosure requirements. Unless otherwise approved in advance by the ACC, above-ground or temporary swimming pools are not permitted on a Lot.

3.08 Compliance with Setbacks. No residence or any other permanent structure or Improvement may be constructed on any Lot nearer to a street than the minimum building setback lines shown on the Plat or as required by Applicable Law, and no building shall be located on any utility easements. The ACC may require additional setbacks in conjunction with the review and approval of proposed Improvements in accordance with *Article 7* of the Declaration.

3.09 Solar Energy Device. Solar Energy Devices may be installed with the advance written approval of the ACC, subject to the following provisions:

(a) Application. To obtain approval of a Solar Energy Device, the Owner shall provide Declarant or the ACC with the following information: (i) the proposed installation location of the Solar Energy Device; and (ii) a description of the Solar Energy Device, including the dimensions, manufacturer, and photograph or other accurate depiction (the "**Solar Application**"). A Solar Application may only be submitted by an Owner unless the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Solar Application. The Solar Application shall be submitted in accordance with the provisions of *Article 7* of the Declaration.

(b) Approval Process. Declarant or the ACC will review the Solar Application in accordance with the terms and provisions of *Article 7* of the Declaration. Declarant or the ACC will approve a Solar Energy Device if the Solar Application complies with *Section 3.09(c)* below **UNLESS** Declarant or the ACC makes a written determination that placement of the Solar Energy Device, despite compliance with *Section 3.09(c)*, will create a condition that substantially interferes with the use and enjoyment of the property within the Property by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. Declarant's or the ACC's right to make a written determination in accordance with the foregoing sentence is negated if all Owners of Lots immediately adjacent to the Owner/applicant provide written approval of the proposed placement. Any proposal to install a Solar Energy Device on Common Area or Special Common Area or property owned or maintained by the Association must be approved in advance and in writing by the Board, and the Board need not adhere to this *Section 3.09* when considering any such request.

(c) Approval Conditions. Unless otherwise approved in advance and in writing by Declarant or the ACC, each Solar Application and each Solar Energy Device to be installed in accordance therewith must comply with the following:

(i) The Solar Energy Device must be located on the roof of the residence located on the Owner's Lot, entirely within a fenced area of the Owner's Lot, or entirely within a fenced patio located on the Owner's Lot. If the Solar Energy Device will be located on the roof of the residence, Declarant or the ACC may designate the location for placement unless the location proposed by the Owner increases the estimated annual energy production of the Solar Energy Device, as determined by using a publicly available modeling tool provided by the National Renewable Energy Laboratory, by more than ten (10%) percent above the energy production of the Solar Energy Device if

installed in the location designated by Declarant or the ACC. If the Owner desires to contest the alternate location proposed by Declarant or the ACC, the Owner should submit information to Declarant or the ACC which demonstrates that the Owner's proposed location meets the foregoing criteria. If the Solar Energy Device will be located in the fenced area of the Owner's Lot or patio, no portion of the Solar Energy Device may extend above the fence line.

(ii) If the Solar Energy Device is mounted on the roof of the principal residence located on the Owner's Lot, then: (A) the Solar Energy Device may not extend higher than or beyond the roofline; (B) the Solar Energy Device must conform to the slope of the roof and the top edge of the Solar Device must be parallel to the roofline; (C) the frame, support brackets, or visible piping or wiring associated with the Solar Energy Device must be silver, bronze or black.

3.10 Rainwater Harvesting Systems. Rain barrels or rainwater harvesting systems (a "**Rainwater Harvesting System**") may be installed with the advance written approval of the ACC, subject to the following provisions:

(a) **Application.** To obtain ACC approval of a Rainwater Harvesting System, the Owner shall provide the ACC with the following information: (i) the proposed installation location of the Rainwater Harvesting System; and (ii) a description of the Rainwater Harvesting System, including the color, dimensions, manufacturer, and photograph or other accurate depiction (the "**Rain System Application**"). A Rain System Application may only be submitted by an Owner unless the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Rain System Application.

(b) **Approval Process.** The decision of the ACC will be made in accordance with *Article 7* of this Declaration. Any proposal to install a Rainwater Harvesting System on Common Area or Special Common Area must be approved in advance and in writing by the Board, and the Board need not adhere to this *Section 3.10* when considering any such request.

(c) **Approval Conditions.** Unless otherwise approved in advance and in writing by the ACC, each Rain System Application and each Rainwater Harvesting System to be installed in accordance therewith must comply with the following:

(i) The Rainwater Harvesting System must be consistent with the color scheme of the residence constructed on the Owner's Lot, as reasonably determined by the ACC.

(ii) The Rainwater Harvesting System does not include any language or other content that is not typically displayed on such a device.

(iii) The Rainwater Harvesting System is in no event located between the front of the residence constructed on the Owner's Lot and any adjoining or adjacent street.

(iv) There is sufficient area on the Owner's Lot to install the Rainwater Harvesting System, as reasonably determined by the ACC. See *Section 3.10(d)* for additional guidance.

(d) Guidelines. If the Rainwater Harvesting System will be installed on or within the side yard of a Lot, or would otherwise be visible from a street, Common Area, Special Common Area, or another Owner's Lot, the ACC may regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System. Accordingly, when submitting a Rain System Application, the application should describe methods proposed by the Owner to shield the Rainwater Harvesting System from the view of any street, Common Area, Special Common Area, or another Owner's Lot. When reviewing a Rain System Application for a Rainwater Harvesting System that will be installed on or within the side yard of a Lot, or would otherwise be visible from a street, Common Area, the Special Common Area, or another Owner's Lot, any additional regulations imposed by the ACC to regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System, may not prohibit the economic installation of the Rainwater Harvesting System, as reasonably determined by the ACC.

3.11 Xeriscaping. As part of the installation and maintenance of landscaping on an Owner's Lot, an Owner may submit plans for and install drought tolerant landscaping ("Xeriscaping") upon written approval by the ACC. All Owners implementing Xeriscaping shall comply with the following:

(a) Application. Approval by the ACC is required prior to installing Xeriscaping. To obtain the approval of the ACC for Xeriscaping, the Owner shall provide the ACC with the following information: (i) the proposed site location of the Xeriscaping on the Owner's Lot; (ii) a description of the Xeriscaping, including the types of plants, border materials, hardscape materials and photograph or other accurate depiction and (iii) the percentage of yard to be covered with gravel, rocks and cacti (the "Xeriscaping Application"). A Xeriscaping Application may only be submitted by an Owner unless the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Xeriscaping Application. The ACC is not responsible for: (i) errors or omissions in the Xeriscaping Application submitted to the ACC for approval; (ii) supervising installation or construction to confirm compliance with an approved Xeriscaping Application or (iii) the compliance of an approved application with Applicable Law.

(b) Approval Conditions. Unless otherwise approved in advance and in writing by the ACC, each Xeriscaping Application and all Xeriscaping to be installed in accordance therewith must comply with the following:

(i) The Xeriscaping must be aesthetically compatible with other landscaping in the community as reasonably determined by the ACC. For purposes of this *Section 3.11*, "aesthetically compatible" shall mean overall and long-term aesthetic compatibility within the community. For example, an Owner's Lot plan may be denied if the ACC determines that: a) the proposed Xeriscaping would not be harmonious with already established turf and landscaping in the overall community; and/or b) the use of specific turf or plant materials would result in damage to or cause deterioration of the turf or landscaping of an adjacent property owner, resulting in a reduction of aesthetic appeal of the adjacent property Owner's Lot.

(ii) No Owners shall install gravel, rocks or cacti that in the aggregate encompass over ten percent (10%) of such Owner's front yard or ten percent (10%) of such Owner's back yard.

(iii) The Xeriscaping must not attract diseases and insects that are harmful to the existing landscaping on neighboring Lots, as reasonably determined by the ACC.

(c) Process. The decision of the ACC will be made within a reasonable time, or within the time period otherwise required by the principal deed restrictions which govern the review and approval of improvements. A Xeriscaping Application submitted to install Xeriscaping on property owned by the Association or property owned in common by members of the Association will not be approved. Any proposal to install Xeriscaping on property owned by the Association or property owned in common by members of the Association must be approved in advance and in writing by the Board, and the Board need not adhere to the requirements set forth in this *Section 3.11* when considering any such request.

(d) Approval. Each Owner is advised that if the Xeriscaping Application is approved by the ACC, installation of the Xeriscaping must: (i) strictly comply with the Xeriscaping Application; (ii) commence within thirty (30) days of approval; and (iii) be diligently prosecuted to completion. If the Owner fails to cause the Xeriscaping to be installed in accordance with the approved Xeriscaping Application, the ACC may require the Owner to: (i) modify the Xeriscaping Application to accurately reflect the Xeriscaping installed on the Property; or (ii) remove the Xeriscaping and reinstall the Xeriscaping in accordance with the approved Xeriscaping Application. Failure to install Xeriscaping in accordance with the approved Xeriscaping Application or an Owner's failure to comply with the post-approval requirements constitutes a violation of this Declaration and may subject the Owner to fines and penalties. Any requirement imposed by the ACC to resubmit a Xeriscaping Application or remove and relocate Xeriscaping in accordance with the approved Xeriscaping Application shall be at the Owner's sole cost and expense.

3.12 Standby Electric Generators. The installation, operation and maintenance of all Standby Electric Generators must comply with the following:

(a) The installation and maintenance of any Standby Electric Generator must be in compliance with manufacturer's specifications and all Applicable Law;

(b) The installation of all electrical, plumbing and fuel line connections must be performed only by licensed contractors;

(c) The installation of all electrical connections must be performed in accordance with Applicable Law;

(d) The installation of all natural gas, diesel fuel, biodiesel fuel, or hydrogen fuel line connections must be performed in accordance with Applicable Law;

(e) The installation of all liquefied petroleum gas fuel line connections must be performed in accordance with the rules and standards promulgated and adopted by the Railroad Commission of Texas and other Applicable Law;

(f) The installation and maintenance of non-integral Standby Electric Generator fuel tanks must comply with applicable municipal zoning ordinances and other Applicable Law;

(g) All Standby Electric Generators and their electrical lines and fuel lines must be maintained in good condition. In addition, the repairing, replacing and removal of any deteriorated or unsafe component of the Standby Electric Generator, including electrical or fuel lines, is required;

(h) Owners must screen the Standby Electric Generator if it is:

(i) Visible from the street faced by a residence; or

(ii) Located in an unfenced side or rear yard of a residence and is visible either from an adjoining Lot or from adjoining Common Area; or

(iii) Located in a fenced side or rear yard and is visible either from an adjoining Lot or from adjoining Common Area (*i.e.*, through wrought iron or aluminum fencing);

(i) Any periodic testing of the Standby Electric Generator consistent with the manufacturer's recommendation must only be performed during the hours of 9:00 a.m. to 5:00 p.m., Monday through Saturday;

(j) Use of a Standby Electric Generator to generate all or substantially all of the electrical power to a Lot is strictly prohibited, except when utility-generated electrical power is not available or is intermittent due to causes other than nonpayment for utility service;

(k) No Standby Electric Generator shall be located on Common Area; and

(l) No Standby Electric Generator may be installed prior to obtaining written approval pursuant to *Article 7* of the Declaration.

3.13 Sidewalks. A sidewalk shall be constructed, in accordance with Applicable Law, on each Lot, and the plans and specifications for all residential buildings on each Lot shall include plans and specifications for such sidewalk, and the same shall be constructed and completed prior to occupation of the residential building. No other sidewalks shall be placed on any Lot without the approval of the ACC.

3.14 Underground Utility Lines. No utility lines including, but not limited to, wires or other devices for the communication or transmission of telephone or electric current or power, cable television, or any other type of line or wire shall be erected, placed or maintained anywhere in or upon any portion of the Property unless the same shall be contained in conduit or cables installed and maintained underground or concealed in, under or on buildings or other Improvements approved in writing by the ACC; provided, however, that no provision hereof shall be deemed to forbid the erection

of temporary power or telephone structures incident to the construction of buildings or other Improvements which have been previously approved in writing by the ACC; and further provided that this provision shall not apply to utilities installed along the perimeters of the Property. The installation method, including, but not limited to, location, type of installation, equipment, trenching method and other aspects of installation, for both temporary and permanent utilities shall be subject to review and approval by the ACC.

3.15 Construction in Place. All dwellings constructed on the Property shall be built in place on the applicable Lot and the use of prefabricated materials shall be allowed only with the prior written approval of the ACC.

3.16 Unfinished Structures. No structure shall remain unfinished for more than one (1) year after the same has commenced. Construction of residential Improvements shall begin no later than two (2) years after ownership of the Lot has been legally conveyed by Declarant.

**ARTICLE 4
ARBORS OF FAIR OAKS RESIDENTIAL COMMUNITY, INC.**

4.01 Organization. The Association will be a nonprofit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas non-profit corporation. Neither the Certificate nor Bylaws will for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

4.02 Membership.

(a) **Mandatory Membership.** Any person or entity, upon becoming an Owner, will automatically become a Member of the Association. Membership will be appurtenant to and will run with the ownership of the Lot that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot. Within thirty (30) days after acquiring legal title to a Lot, if requested by the Board, an Owner must provide the Association with: (1) a copy of the recorded deed by which the Owner has acquired title to the Lot; (2) the Owner's address, email address, phone number, and driver's license number, if any; (3) any Mortgagee's name and address; and (4) the name, phone number, and email address of any Resident other than the Owner.

**If you acquire a Lot you automatically become a member of the Association.
Membership is Mandatory!**

(b) **Easement of Enjoyment – Common Area.** Every Member will have a right and easement of enjoyment in and to all of the Common Area and an access easement by and through any Common Area, which easements will be appurtenant to and will pass with the title to such Member's Lot, subject to the following restrictions and reservations:

(i) The right of Declarant, or Declarant's designee, to cause such Improvements and features to be constructed upon the Common Area, as determined from time to time by Declarant, in Declarant's sole and absolute discretion;

(ii) The right of the Association to suspend the Member's right to use the Common Area for any period during which any Assessment against such Member's Lot remains past due and for any period during which such member is in violation of any provision of this Declaration;

(iii) The right of Declarant, during the Development Period, and the Board with the advance written approval of Declarant during the Development Period, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for any purpose;

(iv) The right of Declarant, during the Development Period, and the Board, with the advance written approval of Declarant during the Development Period, to grant easements or licenses over and across the Common Area;

(v) With the advance written approval of Declarant during the Development Period, the right of the Board to borrow money for the purpose of improving the Common Area and, in furtherance thereof, mortgage the Common Area;

(vi) The right of Declarant, during the Development Period, and the Board, to promulgate Rules and Regulations regarding the use of the Common Area and any Improvements thereon; and

(vii) The right of the Association to contract for services with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by Declarant.

(c) Easement of Enjoyment – Special Common Area. Each Owner of a Lot which has been assigned use of Special Common Area in a Recorded instrument will have a right and easement of enjoyment in and to all of such Special Common Area for its intended purposes, and an access easement, if applicable, by and through such Special Common Area, which easement will be appurtenant to and will pass with title to such Owner's Lot, subject to *Section 4.02(b)* above, and subject to the following restrictions and reservations:

(i) The right of Declarant or Declarant's designee, during the Development Period, and the Board thereafter, to cause such Improvements and features to be constructed upon the Special Common Area, as determined from time to time by Declarant, in Declarant's sole and absolute discretion;

(ii) The right of Declarant to grant additional Lots use rights in and to Special Common Area in a subsequently filed Recorded instrument;

(iii) The right of the Association to suspend the Member's rights to use the Special Common Area for any period during which any Assessment against such Member's Lot remains past due and for any period during which such Member is in violation of any provision of this Declaration;

(iv) The right of Declarant during the Development Period, and the Board thereafter to grant easements or licenses over and across the Special Common Area or

to dedicate or transfer all or any part of the Special Common Area to any public agency, authority or utility for any purpose;

(v) With the advance written approval of Declarant during the Development Period, the right of the Board to borrow money for the purpose of improving the Special Common Area and, in furtherance thereof, mortgage the Special Common Area;

(vi) The right of Declarant, during the Development Period, and the Board, to promulgate Rules and Regulations regarding the use of the Special Common Area and any Improvements thereon; and

(vii) The right of the Association to contract for services with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by Declarant.

4.03 Governance. As more specifically described in the Bylaws, the Board will consist of at least three (3) persons elected at the annual meeting of the Association, or at a special meeting called for such purpose. Notwithstanding the foregoing provision or any provision in this Declaration to the contrary, Declarant will have the sole right to appoint and remove all members of the Board until the tenth (10th) anniversary of the date this Declaration is Recorded. Not later than the tenth (10th) anniversary of the date this Declaration is Recorded, or sooner as determined by Declarant, the Board shall hold a meeting of Members of the Association for the purpose of electing one-third ($\frac{1}{3}$) of the Board (the "**Initial Member Election Meeting**"), which Board member(s) must be elected by Owners other than Declarant. Declarant shall continue to have the sole right to appoint and remove two-thirds ($\frac{2}{3}$) of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period.

4.04 Voting Rights. The right to cast votes and the number of votes which may be cast for election of members to the Board (except as provided by *Section 4.03*) and on all other matters to be voted on by the Members will be calculated as set forth below.

(a) **Owner Votes.** The Owner of each Lot will have one (1) vote for each Lot so owned.

(b) **Declarant Votes.** In addition to the votes to which Declarant is entitled by reason of *Section 4.04(a)*, for every one (1) vote outstanding in favor of any other person or entity, Declarant will have four (4) additional votes until the expiration or termination of the Development Period.

(c) **Co-Owner Votes.** When more than one person or entity owns a portion of the fee simple interest in any Lot, all such persons or entities will be Members. The vote or votes (or fraction thereof) for such Lot will be exercised by the person so designated in writing to the Secretary of the Association by the Owner of such Lot, and in no event will the vote for such Lot exceed the total votes to which such Lot is otherwise entitled under this *Section 4.04*.

4.05 Powers. The Association will have the powers of a Texas nonprofit corporation. It will further have the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it by Applicable Law or this Declaration. Without in any way limiting the generality of the two preceding sentences, the Board, acting on behalf of the Association, will have the following powers at all times:

(a) Rules and Regulations, Bylaws and Policy Manual. To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, such rules, regulations, policies, Bylaws and Policy Manual, as applicable, which are not in conflict with this Declaration, as it deems proper, covering any and all aspects of the Property, the Common Area or the Special Common Area (including the operation, maintenance and preservation thereof) or the Association. Any Rules and Regulations, policies, the Bylaws and the Policy Manual and any modifications thereto proposed by the Board must be approved in advance and in writing by Declarant until expiration or termination of the Development Period.

(b) Insurance. To obtain and maintain in effect, policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Association's functions.

(c) Records. To keep books and records of the Association's affairs, and to make such books and records, together with current copies of the Restrictions available for inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours.

(d) Assessments. To levy and collect assessments, as provided in *Article 6* below.

(e) Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner or Resident, upon any Lot and into any Improvement thereon for the purpose of enforcing the Restrictions or for the purpose of maintaining or repairing any area, Improvement or other facility to conform to the Restrictions. The expense incurred by the Association in connection with the entry upon any Lot and the maintenance and repair work conducted thereon or therein will be a personal obligation of the Owner of the Lot so entered, will be deemed an Individual Assessment against such Lot, will be secured by a lien upon such Lot, and will be enforced in the same manner and to the same extent as provided in *Article 6* hereof for Assessments. The Association will have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Restrictions. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Restrictions; provided, however, that the Board will never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The Association may not alter or demolish any Improvements on any Lot other than Common Area or Special Common Area in enforcing these Restrictions before a judicial order authorizing such action has been obtained by the Association, or before the written consent of the Owner(s) of the affected Lot(s) has been obtained. **EACH SUCH OWNER AND RESIDENT WILL RELEASE AND HOLD HARMLESS THE**

ASSOCIATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 4.05(e) (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

(f) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association.

(g) Conveyances. To grant and convey to any person or entity the real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way or mortgages, out of, in, on, over, or under any Common Area or Special Common Area for the purpose of constructing, erecting, operating or maintaining the following:

- (i) Parks, parkways or other recreational facilities or structures;
- (ii) Roads, streets, sidewalks, signs, street lights, walks, driveways, trails and paths;
- (iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (iv) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or
- (v) Any similar Improvements or facilities.

Nothing set forth above, however, will be construed to permit use or occupancy of any Improvement or other facility in a way that would violate applicable use and occupancy restrictions imposed by the Restrictions or by Applicable Law. In addition, until expiration or termination of the Development Period, any grant or conveyance under this Section 4.05(g) must be approved in advance and in writing by Declarant. In addition, the Association is (with the advance written approval of Declarant during the Development Period) and Declarant are expressly authorized and permitted to convey easements over and across Common Area or Special Common Area for the benefit of property not otherwise subject to the terms and provisions of this Declaration.

(h) Manager. To retain and pay for the services of a person or firm (the "**Manager**"), which may include Declarant or any affiliate of Declarant, to manage and operate the Association, including its property, to the extent deemed advisable by the Board. Personnel may be employed directly by the Association or may be furnished by the Manager. To the extent permitted by Applicable Law, the Board may delegate any other duties, powers and functions to the Manager. In addition, the Board may adopt transfer fees, resale certificate fees

or any other fees associated with the provision of management services to the Association or its Members. **THE MEMBERS HEREBY RELEASE THE ASSOCIATION AND THE MEMBERS OF THE BOARD AND COMMITTEE MEMBERS FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

(i) Property Services. To pay for water, sewer, garbage removal, street lights, landscaping, gardening and all other utilities, services, repair and maintenance for any portion of the Property, Common Area, Special Common Area, private or public recreational facilities, easements, roads, roadways, rights-of-ways, signs, parks, parkways, median strips, sidewalks, paths, trails, ponds, and lakes.

(j) Other Services and Properties. To obtain and pay for any other property, services, permits or other governmental approvals, and to pay any other taxes or assessments that the Association or the Board is required or permitted to secure or to pay for pursuant to Applicable Law or under the terms of the Restrictions or as determined by the Board.

(k) Construction on Common Area and Special Common Area. To construct new Improvements or additions to any property owned, leased, or licensed by the Association, including but not limited to the Common Area and the Special Common Area, subject to the approval of the Board and Declarant until expiration or termination of the Development Period.

(l) Contracts. To enter into Bulk Rate Contracts or other contracts or licenses with Declarant or any third party on such terms and provisions as the Board will determine, to operate and maintain any Common Area, Special Common Area, Improvement, or other property, or to provide any service, including but not limited to cable, utility, or telecommunication services, or perform any function on behalf of Declarant, the Board, the Association, or the Members. During the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by Declarant.

(m) Property Ownership. To acquire, own and dispose of all manner of real and personal property, including habitat, whether by grant, lease, easement, gift or otherwise. During the Development Period, all acquisitions and dispositions of the Association hereunder must be approved in advance and in writing by Declarant.

(n) Allocation of Votes. To determine votes when permitted pursuant to *Section 4.04* above.

(o) Authority with Respect to the Restrictions. To do any act, thing or deed that is necessary or desirable, in the judgment of the Board, to implement, administer or enforce any of the Restrictions. Any decision by the Board to delay or defer the exercise of the power and authority granted by this *Section 4.05(o)* will not subsequently in any way limit, impair or affect ability of the Board to exercise such power and authority.

(p) Membership Privileges. To establish Rules and Regulations governing and limiting the use of the Common Area, Special Common Area, and any Improvements thereon. All Rules and Regulations governing and limiting the use of the Common Area, Special Common

Area, and any Improvements thereon must be approved in advance and in writing by Declarant during the Development Period.

4.06 Acceptance of Common Area and Special Common Area. The Association may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Declarant and its assignees reserve the right, from time to time and at any time, to designate by written and Recorded instrument portions of the property being held by Declarant for the benefit of the Association. Upon the filing of such designation, the portion of the property identified therein will be considered Common Area or Special Common Area for the purpose of this Declaration. Declarant and its assignees may transfer or convey to the Association interests in real or personal property within or for the benefit of the Property or the general public, and the Association will accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. In addition, Declarant may reserve from any such property easements for the benefit of Declarant, any third party, and/or property not otherwise subject to the terms and provisions of this Declaration. Such property will be accepted by the Association and thereafter will be maintained as Common Area or Special Common Area, as applicable, by the Association for the benefit of the Property and/or the general public subject to any restrictions set forth in the deed or other instrument transferring or assigning such property to the Association. Upon Declarant's written request, the Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Association for no payment to the extent conveyed in error or needed to make minor adjustments in property lines, as determined in the sole and absolute discretion of Declarant. Pursuant to the Plat, the Association shall be responsible for mowing and otherwise maintaining all private parks, landscape buffers, open space, greenbelts and drainage easements within the subdivision.

4.07 Indemnification. To the fullest extent permitted by Applicable Law but without duplication (and subject to) any rights or benefits arising under the Certificate or Bylaws of the Association, the Association will indemnify any person who was, or is, a party, or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is, or was, a director, officer, committee member, employee, servant or agent of the Association against expenses, including attorneys' fees, reasonably incurred by such person in connection with such action, suit or proceeding if it is found and determined by the Board or a court of competent jurisdiction that he or she: (1) acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Association; or (2) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of *nolo contendere* or its equivalent, will not of itself create a presumption that the person did not act in good faith or in a manner which was reasonably believed to be in, or not opposed to, the best interests of the Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

4.08 Insurance. The Board may purchase and cause to be maintained, at the expense of the Association, insurance on behalf of any person who is acting as a director, officer, committee member, employee, servant or agent of the Association against any liability asserted against or incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability or otherwise.

4.09 Bulk Rate Contracts. Without limitation on the generality of the Association powers set out in *Section 4.05* hereinabove (except that during the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by Declarant), the Association will have the power to enter into Bulk Rate Contracts at any time and from time to time. The Association may enter into Bulk Rate Contracts with any service providers chosen by the Board (including Declarant, and/or any entities in which Declarant, or the owners or partners of Declarant are owners or participants, directly or indirectly). The Bulk Rate Contracts may be entered into on such terms and provisions as the Board may determine in its sole and absolute discretion. The Association may, at its option and election, add the charges payable by such Owner under such Bulk Rate Contract to the Assessments (Regular, Special, Service Area, Special Common Area, or Individual, as the case may be) against such Owner's Lot. In this regard, it is agreed and understood that, if any Owner fails to pay any charges due by such Owner under the terms of any Bulk Rate Contract, then the Association will be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Declaration with respect to the failure by such Owner to pay Assessments, including without limitation the right to foreclose the lien against such Owner's Lot which is reserved under the terms and provisions of this Declaration. In addition, in the event of nonpayment by any Owner of any charges due under any Bulk Rate Contract and after the lapse of at least twelve (12) days since such charges were due, the Association may, upon five (5) days' prior written notice to such Owner (which may run concurrently with such 12 day period), in addition to all other rights and remedies available pursuant to Applicable Law, terminate, in such manner as the Board deems appropriate, any utility service or other service provided at the cost of the Association and not paid for by such Owner (or the Resident of such Owner's Lot) directly to the applicable service or utility provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of termination, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner (or the Resident of such Owner's Lot) can make arrangements for payment of the bill and for re-connection or re-institution of service. No utility or cable television service will be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services.

4.10 Community Systems. The Association is specifically authorized to provide, or to enter into contracts with other persons or entities to provide Community Systems. Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the Community Systems as the Board determines appropriate. Each Owner acknowledges that interruptions in cable television and other Community Systems and services will occur from time to time. Declarant and the Association, or any of their respective successors or assigns shall not be liable for, and no Community System or service user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Community Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control. In addition, until expiration or termination of the Development Period, any contracts entered pursuant to this *Section 4.10* must be approved in advance and in writing by Declarant.

4.11 Protection of Declarant's Interests. Despite any assumption of control of the Board by Owners other than Declarant, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Declarant, or which would be detrimental to the sale of Lots or any other portion of the Property owned by Declarant. Declarant shall be entitled to determine, in its sole and absolute discretion, whether any such action discriminates or is detrimental to Declarant. The Board will be required to continue the same level and quality of

maintenance, operations and services as that provided immediately prior to assumption of control of the Board by Owners other than Declarant until the expiration or termination of the Development Period.

4.12 Administration of Common Area and the Special Common Area. The administration of the Common Area or the Special Common Area by the Association shall be in accordance with the provisions of Applicable Law and the Restrictions, and of any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Area or the Special Common Area or by any title insurance company selected by Declarant to insure title to any portion of the Common Area. Declarant and/or its assignees may construct and maintain upon portions of the Common Area or the Special Common Area such facilities and may conduct such activities which, in Declarant's sole opinion, may be required, convenient, or incidental to the construction or sale of Improvements on the Property, including, but not limited to, business offices, signs, model homes, and sales offices. Declarant and its assignees shall have an easement over and across the Common Area or the Special Common Area for access and shall have the right to use such facilities and to conduct such activities at no charge.

4.13 Maintenance Provided by Association. The Association shall not be liable for injury or damage to person or property caused by the elements or by the Owner or Resident of any Lot or any other person or resulting from any utility, rain, snow or ice which may leak or flow from any portion of Common Area, Special Common Area, or Service Area, or from any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder. The Association shall not be liable to any Owner or Resident of any Lot for loss or damage, by theft or otherwise, of any property, which may be stored in or upon any of the Common Area, Special Common Area, or Service Area or any Lot. The Association shall not be liable to any Owner or Resident, for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this Declaration. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or for inconvenience or discomfort arising from the making of repairs or Improvements which are the responsibility of the Association or from any action taken by the Association to comply with any law ordinance or with any order or directive of any municipal or other governmental authority.

4.14 Merger. Merger or consolidation of the Association with another association must be evidenced by an amendment to this Declaration. The amendment must be approved by at least two-thirds of the votes of Members present in person or by proxy at the meeting at which the action to merge or consolidate with another association is submitted for a vote. On merger or consolidation of the Association with another association, the property, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to the merger. The surviving or consolidated association may administer the provisions of the Restrictions within the Property, together with the covenants and restrictions established on any other property under its jurisdiction. No merger or consolidation, however, will effect a revocation, change, or addition to the covenants established by this Declaration within the Property.

**ARTICLE 5
INSURANCE**

5.01 Insurance. Each Owner will be required to purchase and maintain commercially standard insurance on the Improvements located upon such Owner's Lot. The Association will not be required to maintain insurance on the Improvements constructed upon any Lot. The Association may, however, obtain such insurance as it may deem necessary, including but not limited to such policies of liability and property damage insurance as the Board, in its discretion, may deem necessary. Insurance premiums for such policies will be a common expense to be included in the Assessments levied by the Association. The acquisition of insurance by the Association will be without prejudice to the right and obligation of any Owner to obtain additional individual insurance. During the Development Period, Declarant reserves the right to satisfy the insurance obligations of the Association with a master insurance program controlled by Declarant.

ARE YOU COVERED?

The Association will not provide insurance which covers an Owner's Lot or any Improvements or personal property located on a Lot.

5.02 Restoration. In the event of any fire or other casualty, unless otherwise approved by the ACC, the Owner will promptly (i) repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof, or (ii) in the case of substantial or total damage or destruction of any Improvement, remove all such damaged Improvements and debris from the Property within thirty (30) days after the occurrence of such damage. Such repair, restoration or replacement will be commenced and completed in a good and workmanlike manner using exterior materials substantially similar to those originally used in the structures damaged or destroyed. To the extent that the Owner fails to commence such repair, restoration or replacement of substantial or total damage or destruction within one hundred and twenty (120) days after the occurrence of such damage or destruction, and thereafter prosecute the same to completion, or if the Owner does not clean up any debris resulting from any damage within thirty (30) days after the occurrence of such damage, the Association may commence, complete or effect such repair, restoration, removal, replacement or clean-up, and such Owner will be personally liable to the Association for the cost of such work; provided, however, that if the Owner is prohibited or delayed by Applicable Law from commencing such repair, restoration, replacement or clean-up, the rights of the Association under this provision will not arise until the expiration of thirty (30) days after such prohibition or delay is removed. If the Owner fails to pay such cost upon demand by the Association, the cost thereof (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, than at the rate of one and one-half percent (1½%) per month) will be added to the Assessment chargeable to the Owner's Lot. Any such amounts added to the Assessments chargeable against a Lot will be secured by the liens reserved in the Declaration for Assessments and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot. **EACH SUCH OWNER WILL RELEASE AND HOLD HARMLESS THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 5.02, EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR COST OF ACTION ARISING BY REASON OF THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED**

HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.

5.03 Mechanic's and Materialmen's Lien. Each Owner whose structure is repaired, restored, replaced or cleaned up by the Association pursuant to the rights granted under this *Article 5*, hereby grants to the Association an express mechanic's and materialmen's lien for the reasonable cost of such repair, restoration, or replacement of the damaged or destroyed Improvement to the extent that the cost of such repair, restoration or replacement exceeds any insurance proceeds allocable to such repair, restoration or replacement and delivered to the Association. Upon request by the Board, and before the commencement of any reconstruction, repair, restoration or replacement, such Owner will execute all documents sufficient to effectuate such mechanic's and materialmen's lien in favor of the Association.

ARTICLE 6 COVENANT FOR ASSESSMENTS

6.01 Assessments.

(a) Established by the Board. Assessments established by the Board pursuant to the provisions of this *Article 6* will be levied against each Lot in amounts determined pursuant to *Section 6.09* below. The total amount of Assessments will be determined by the Board pursuant to *Sections 6.03* through *6.08*.

(b) Personal Obligation; Lien. Each Assessment, together with such interest thereon and costs of collection as hereinafter provided, will be the personal obligation of the Owner of the Lot against which the Assessment is levied and will be secured by a lien hereby granted and conveyed by Declarant to the Association against each such Lot and all Improvements thereon (such lien, with respect to any Lot not in existence on the date hereof, will be deemed granted and conveyed at the time that such Lot is created). The Association may enforce payment of such Assessments in accordance with the provisions of this Article.

(c) Declarant Subsidy. Declarant may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots for any fiscal year by the payment of a subsidy to the Association. Any subsidy paid to the Association by Declarant may be treated as a contribution or a loan, in Declarant's sole and absolute discretion. The payment of a subsidy in any given year will not obligate Declarant to continue payment of a subsidy to the Association in future years.

6.02 Maintenance Fund. The Board will establish a maintenance fund into which will be deposited all monies paid to the Association and from which disbursements will be made in performing the functions of the Association under this Declaration. The funds of the Association may be used for any purpose authorized by the Restrictions and Applicable Law.

6.03 Regular Assessments. Prior to the beginning of each fiscal year, the Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Association (the "Regular Assessments") which sets forth: (i) an estimate of the expenses to be incurred by the Association during such year in performing its functions and exercising its powers under the

Restrictions, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing street and other lighting, the cost of administering and enforcing the Restrictions; and (ii) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, and giving due consideration to any expected income and any surplus from the prior year's fund; and which (iii) excludes the operation, maintenance, repair and management costs and expenses associated with any Service Area and Special Common Area. Regular Assessments sufficient to pay such estimated net expenses will then be levied at the level of Assessments set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any Assessment by any Owner, the Association may at any time, and from time to time, levy further Assessments in the same manner. All such Regular Assessments will be due and payable to the Association annually on or before the first day of the month, or in such other manner as the Board may designate in its sole and absolute discretion.

6.04 Special Assessments. In addition to the Regular Assessments provided for above, the Board may levy special assessments (the "**Special Assessments**") whenever in the Board's opinion such Special Assessments are necessary to enable the Board to carry out the functions of the Association under the Restrictions. The amount of any Special Assessments will be at the sole discretion of the Board. In addition to the Special Assessments authorized above, the Association may, in any fiscal year, levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or Special Common Area. Any Special Assessment levied by the Association for the purpose of defraying, in whole or in part, costs of any construction, reconstruction, repair or replacement of capital improvement upon the Common Area will be levied against all Owners based on Assessment Units. Any Special Assessments levied by the Association for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Special Common Area will be levied against all Owners who have been assigned the obligation to pay Special Common Area Assessments and will be allocated among such Owners based on Assessment Units.

6.05 Special Common Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget covering the estimated expenses to be incurred by the Association to operate, maintain, repair, or manage any Special Common Area. The budget will be an estimate of the amount needed to operate, maintain, repair and manage such Special Common Area including a reasonable provision for contingencies and an appropriate replacement reserve, and will give due consideration to any expected income and surplus from the prior year's fund. The level of assessments levied to pay for expenses associated with a Special Common Area (the "**Special Common Area Assessments**") will be set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including non-payment of any individual Special Common Area Assessment, the Association may at any time, and from time to time, levy further Special Common Area Assessments in the same manner as aforesaid. All such Special Common Area Assessments will be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

6.06 Service Area Assessments. Prior to the beginning of each fiscal year, the Board will prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses to be

incurred by the Association in the coming year which may include a reasonable provision for contingencies and an appropriate replacement reserve. The total amount of assessments levied to pay for Service Area Expenses for each Service Area (the "Service Area Assessments") will be allocated either: (a) equally; (b) based on Assessment Units; or (c) based on the benefit received among all Lots within the benefited Service Area, as determined in the absolute discretion of the Board, and will be levied as a Service Area Assessment. All amounts that the Association collects as Service Area Assessments will be expended solely for the benefit of the Service Area for which they were collected and will be accounted for separately from the Association's general funds.

6.07 Individual Assessments. In addition to any other Assessments, the Board may levy an individual assessment (the "Individual Assessment") against an Owner and the Owner's Lot. Individual Assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent Assessments; reimbursement for costs incurred in bringing an Owner or the Owner's Lot into compliance with the Declaration; fines for violations of the Restrictions; transfer-related fees and resale certificate fees; fees for estoppel letters and project documents; insurance deductibles; reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner's guests, invitees or Residents of the Owner's Lot; common expenses that benefit fewer than all of the Lots, which may be assessed according to benefit received; fees or charges levied against the Association on a per-Lot basis; and "pass through" expenses for services to Lots provided through the Association and which are paid by each Lot according to the benefit received.

6.08 Working Capital Assessment. Each Owner (other than Declarant) of a Lot will pay a one-time working capital assessment (the "Working Capital Assessment") to the Association in such amount as may be determined by Declarant from time to time during the Development Period, and thereafter the Board, in its sole and absolute discretion. Such Working Capital Assessment need not be uniform among all Lots, and Declarant or the Board, as applicable, is expressly authorized to levy Working Capital Assessments of varying amounts depending on the size, use and general character of the Lots then being made subject to such levy. The Association may use the working capital to discharge operating expenses. The levy of any Working Capital Assessment will be effective only upon the Recordation of a written notice, signed by Declarant during the Development Period, and thereafter the Board, setting forth the amount of the Working Capital Assessment and the Lots to which it applies.

Notwithstanding the foregoing provision, the following transfers will not be subject to the Working Capital Assessment: (a) foreclosure of a deed of trust lien, tax lien, or the Association's assessment lien; (b) transfer to, from, or by the Association; (c) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent. Additionally, an Owner who is a Homebuilder or acquires a Lot for the purpose of resale to a Homebuilder (a "Development Owner") will not be subject to the Working Capital Assessment; provided, however, the Working Capital Assessment will be payable by any Owner who acquires a Lot from a Homebuilder or Development Owner for residential living purposes or by any Owner who: (y) acquires a Lot and is not in the business of constructing single-family residences for resale to a third party; or (z) who acquires the Lot for any purpose other than constructing a single-family residence thereon for resale to a third party. In the event of any dispute regarding the application of the Working Capital Assessment to a particular Owner, Declarant's during the Development Period, and thereafter the Board's, determination regarding the application of the exemption will be binding and conclusive without regard to any contrary interpretation of this *Section 6.08*. The Working Capital Assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 6* and will not be considered an advance

payment of such Assessments. The Working Capital Assessment hereunder will be due and payable by the transferee to the Association immediately upon each transfer of title to the Lot, including upon transfer of title from one Owner of such Lot to any subsequent purchaser or transferee thereof. Declarant during the Development Period, and thereafter the Board, will have the power to waive the payment of any Working Capital Assessment attributable to a Lot (or all Lots) by the Recordation of a waiver notice, which waiver may be temporary or permanent.

6.09 Amount of Assessment.

(a) Assessments to be Levied. The Board shall levy Assessments against each "Assessment Unit" (as defined in *Section 6.09(b)* below). Unless otherwise provided in this Declaration, Assessments levied pursuant to *Section 6.03* and *Section 6.04* shall be levied uniformly against each Assessment Unit allocated to a Lot. Special Common Area Assessments levied pursuant to *Section 6.05* will be levied uniformly against each Assessment Unit allocated to a Lot that has been assigned the obligation to pay Special Common Area Assessments for specified Special Common Area. Service Area Assessments levied pursuant to *Section 6.06* will be levied either: (i) equally; (ii) based on Assessment Units allocated to the Lots within the Service Area; or (iii) based on the benefit received among all Lots within the Service Area to which such Service Area Assessment relates.

(b) Assessment Unit. Each Lot shall constitute one "Assessment Unit" unless otherwise provided in *Section 6.09(c)* and *Section 6.09(d)*.

(c) Assessment Exemption. Notwithstanding anything in this Declaration to the contrary, no Assessments shall be levied upon Lots owned by Declarant.

(d) Other Exemptions. Declarant may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Property or any Lot from any Assessments levied or charged pursuant to this *Article 6*; or (ii) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Property. Declarant or the Board may also exempt any portion of the Property which is dedicated and accepted by public authority from Assessments.

6.10 Late Charges. If any Assessment is not paid by the due date applicable thereto, the Owner responsible for the payment may be required by the Board, at the Board's election at any time and from time to time, to pay a late charge in such amount as the Board may designate, and the late charge (and any reasonable handling costs) will be levied as an Individual Assessment against the Lot owned by such Owner, collectible in the manner as provided for collection of Assessments, including foreclosure of the lien against such Lot; provided, however, such charge will never exceed the maximum charge permitted under Applicable Law.

6.11 Owner's Personal Obligation; Interest. Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot against which are levied such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, in addition to the late charge referred to in the preceding paragraph, the Owner of the Lot will be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date therefor (or if there is no such highest rate, then at the rate of one and one half percent (1½ %) per

month), together with all late charges, costs and expenses of collection, including reasonable attorney's fees. Such amounts will be levied as an Individual Assessment against the Lot owned by such Owner.

6.12 Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this Article is, together with late charges as provided in *Section 6.10* and interest as provided in *Section 6.11* hereof and all costs of collection, including attorney's fees as herein provided, secured by the continuing Assessment lien granted to the Association pursuant to *Section 6.01(b)* above, and will bind each Lot in the hands of the Owner thereof, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien will be superior to all other liens and charges against such Lot, except only for: (a) tax liens and governmental assessment liens; (b) all sums secured by a Recorded first mortgage lien or Recorded first deed of trust lien of record, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot in question; (c) home equity loans or home equity lines of credit which are secured by a Recorded second mortgage lien or Recorded second deed of trust lien of record; or (d) as otherwise required by Applicable Law; provided that, in the case of subparagraphs (b), (c), and (d) above, such Mortgage was Recorded before the delinquent Assessment was due. The Association will have the power to subordinate the aforesaid Assessment lien to any other lien. Such power will be entirely discretionary with the Board, and such subordination shall be signed by an authorized officer, agent or attorney of the Association. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice may be signed by one of the authorized officers, agents, or attorneys of the Association and will be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot subject to this Declaration, will be deemed conclusively to have granted a power of sale to the Association to secure and enforce the Assessment lien granted hereunder. The Assessment liens and rights to foreclosure thereof will be in addition to and not in substitution of any other rights and remedies the Association may have by law and under this Declaration, including the rights of the Association to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding, such Owner will be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association will have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Association will report to said Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same are due. The lien hereunder will not be affected by the sale or transfer of any Lot; except, however, that in the event of foreclosure of any lien superior to the Assessment lien, the lien for any Assessments that were due and payable before the foreclosure sale will be extinguished, provided that past-due Assessments will be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this *Section 6.12*, the Association will upon the request of the Owner, and at such Owner's cost, execute a release of lien relating to any lien for which written notice has been Recorded as provided above, except in circumstances in which the Association has already foreclosed such lien. Such release will be signed by an authorized officer, agent, or attorney of the Association. In addition to the lien hereby retained, in the event of nonpayment by any Owner of any Assessment and after the lapse of at least twelve (12) days since such payment was due, the Association may, upon five (5) days' prior written

notice (which may run concurrently with such twelve (12) day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility or cable service provided through the Association and not paid for directly by an Owner or Resident to the utility or service provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner or the Owner's tenant can make arrangements for payment of the bill and for reconnection of service. Utility or cable service will not be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot will not relieve the Owner of such Lot or such Owner's transferee from liability for any Assessments thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot and on the date of such conveyance Assessments against the Lot remain unpaid, or said Owner owes other sums or fees under this Declaration to the Association, the Owner will pay such amounts to the Association out of the sales price of the Lot, and such sums will be paid in preference to any other charges against the Lot other than liens superior to the Assessment lien and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot which are due and unpaid. The Owner conveying such Lot will remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the expenses associated with updating the Association's records upon the transfer of a Lot to a third party; provided, however, that no transfer fee will be due upon the transfer of a Lot from Declarant to a third party.

Yes, the Association can foreclose on your Lot!
If you fail to pay assessments to the Association, you may lose title to your Lot if the Association forecloses its assessment lien.

6.13 Exempt Property. The following areas will be exempt from the Assessments provided for in this Article:

- (a) All area dedicated and accepted by public authority;
- (b) The Common Area and the Special Common Area; and
- (c) Any portion of the Property owned by Declarant.

6.14 Fines and Damages Assessment.

(a) **Board Assessment.** The Board may assess fines against an Owner for violations of the Restrictions which have been committed by an Owner, a Resident, or an Owner's or Resident's guests, agents or invitees pursuant to any fine and enforcement policy adopted by the Board. Any fine and/or charge levied in accordance with this Section 6.14 will be considered an Individual Assessment pursuant to this Declaration. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner. The Board may assess damage charges against an Owner for pecuniary loss to the Association from property damage or destruction of Common Area, Special Common Area, or any facilities caused by the Owner, Resident, or their guests, agents, or invitees. The Manager will have authority to send

notices to alleged violators, informing them of their violations and asking them to comply with the Rules and Regulations and/or informing them of potential or probable fines or damage assessments. The Board may, from time to time, adopt a schedule of fines.

(b) Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot is, together with interest as provided in *Section 6.11* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 6.01(b)* of this Declaration. Unless otherwise provided in this *Section 6.14*, the fine and/or damage charge will be considered an Assessment for the purpose of this Article and will be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to this *Article 6*.

6.15 Payments to Fair Oaks Ranch Association. Certain property adjacent to or located within proximity to the Property (more commonly known as "Fair Oaks Ranch") may share certain facilities and amenities, including but not limited to trails and open spaces (the "Shared Amenities") with the Association. Fair Oaks Ranch is subject to that certain Restrictions – Fair Oaks Ranch Bexar County Unit II, recorded under Volume 7927, Page 644 of the Official Public Records of Bexar County, Texas, as amended and supplemented (collectively, the "Fair Oaks Ranch Declaration"), the terms and conditions of which are administered by the Fair Oaks Ranch Homeowners Association, Inc., a Texas nonprofit corporation (the "Fair Oaks Ranch Association"). Upon written agreement between the Association and the Fair Oaks Ranch Association setting forth the terms and conditions of the use of any identified Shared Amenities (the "Cost Sharing Agreement"), the Association shall pay an annual sum to the Fair Oaks Ranch Association as further set forth therein. Each Owner, by accepting an interest in or title to a Lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to pay any fee to the Association which is allocated as an Assessment under this *Section 6.15* for the purpose of meeting the Association's payment obligations to the Fair Oaks Ranch Association under the Cost Sharing Agreement, which fee may be levied and secured by the continuing lien on the Lot and may be charged and enforced in the same manner as any other Assessment and Assessment lien arising under this *Article 6*.

ARTICLE 7 ARCHITECTURAL CONTROL COMMITTEE

Declarant has a substantial interest in ensuring that Improvements within the Property maintain and enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market and sell all or any portion of the Property. Until Declarant has delegated its right to appoint and remove all members of the ACC to the Board as provided in *Section 7.02(a)* below, the ACC will be acting solely in Declarant's interest and will owe no duty to any other Owner or the Association. Notwithstanding any provision in this Declaration to the contrary, Declarant may appoint a single person to exercise the rights of the ACC. No Improvement constructed or caused to be constructed by Declarant will be subject to the terms and provisions of this *Article 7* and need not be approved in accordance herewith.

7.01 Construction of Improvements. No Improvement may be erected, placed, constructed, painted, altered, modified or remodeled on any Lot, and no Lot may be re-subdivided or consolidated with other Lots or Property, by anyone other than Declarant without the prior written approval of the ACC.

7.02 Architectural Control Committee.

(a) Composition. The ACC will be composed of not more than three (3) persons (who need not be Members or Owners) appointed as provided below, who will review Improvements proposed to be made by any Owner other than Declarant. Declarant will have the right to appoint and remove (with or without cause) all members of the ACC. Declarant may assign its right to appoint all members of the ACC to the Association by Recorded written instrument, and thereafter, the Board will have the right to appoint and remove (with or without cause) all members of the ACC. Any assignment by Declarant of the right to appoint and remove all members of the ACC may be withdrawn until expiration of twenty-four (24) months after the expiration of the Development Period. If Declarant withdraws its assignment of the right to appoint and remove all members of the ACC, then on the date of such withdrawal, Declarant will have the right to appoint and remove (with or without cause) all members of the ACC. Declarant's right to appoint all members of the ACC will automatically be assigned to the Association upon the expiration of twenty-four (24) months after the expiration of the Development Period. Declarant, at its option, may create and assign specific duties and responsibilities to one or more sub-committees consisting of members and/or nonmembers of the ACC. In the event responsibilities and duties are assigned to a sub-committee, those responsibilities and duties will no longer be discharged by the ACC unless the sub-committee exercising such duties and responsibilities is dissolved by Declarant. The right to create, dissolve, and appoint members of such sub-committees will reside exclusively with Declarant until such time as Declarant has assigned its right to appoint members of the ACC to the Association. The ACC will have the right to employ consultants and advisors as it deems necessary or appropriate.

(b) Submission and Approval of Plans and Specifications. Construction plans and specifications or, when an Owner desires solely to plat, re-subdivide or consolidate Lots, a proposal for such plat, re-subdivision or consolidation, will be submitted in accordance with the Design Guidelines, if any, or any additional rules adopted by the ACC together with any review fee which is imposed by the ACC in accordance with *Section 7.02(c)* to the ACC at the offices of Declarant, at such address as may hereafter be designated in writing from time to time. No re-subdivision or consolidation will be made, nor any Improvement placed or allowed on any Lot, until the plans and specifications and the builder which the Owner intends to use to construct the proposed structure or Improvement have been approved in writing by a Majority of the members of the ACC. The ACC may, in reviewing such plans and specifications consider any information that it deems proper; including, without limitation, any permits, environmental impact statements or percolation tests that may be required by the ACC or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The ACC may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which the ACC, in its sole discretion, may require. Site plans must be approved by the ACC prior to the clearing of any Lot, or the construction of any Improvements. The ACC may refuse to approve plans and specifications for proposed Improvements, or for the re-subdivision or consolidation of any Lot on any grounds that, in the sole and absolute discretion of the ACC, are deemed sufficient, including, but not limited to, purely aesthetic grounds.

(c) Design Guidelines. Declarant may adopt the initial Design Guidelines and, during the Development Period, will have the power from time to time, to adopt (unless previously adopted by Declarant), amend, modify, or supplement the Design Guidelines, if any. Upon expiration or termination of the Development Period, the ACC, or any sub-committee thereof created pursuant to *Section 7.02(a)*, will have the power from time to time, to amend, modify, or supplement the Design Guidelines, if any; provided, however, that any amendment to the Design Guidelines made by a sub-committee will only apply to the Improvements under the jurisdiction of such sub-committee, and during the Development Period, any such amendment, modification or supplement must be approved in advance and in writing by Declarant. In the event of any conflict between the terms and provisions of the Design Guidelines, if any, and the terms and provisions of this Declaration, the terms and provisions of this Declaration will control. In addition, the ACC will have the power and authority to impose a fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Declaration. Such charges will be held by the ACC and used to defray the administrative expenses incurred by the ACC in performing its duties hereunder; provided, however, that any excess funds held by the ACC will be distributed to the Association at the end of each calendar year. The ACC will not be required to review any plans until a complete submittal package, as required by this Declaration and the Design Guidelines, is assembled and submitted to the ACC. The ACC will have the authority to adopt such additional procedural and substantive rules and guidelines (including, without limitation, the imposition of any requirements for certificates of compliance or completion relating to any Improvement and the right to approve in advance any contractor selected for the construction of Improvements), not in conflict with this Declaration, as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

(d) Actions of the Architectural Control Committee. The ACC may, by resolution unanimously adopted in writing, designate one or more of its members, or an agent acting on its behalf, to take any action or perform any duties for and on behalf of the ACC, except the granting of variances. In the absence of such designation, the vote of a Majority of all of the members of the ACC taken at a duly constituted meeting will constitute an act of the ACC.

(e) Failure to Act. In the event that any plans and specifications are submitted to the ACC as provided herein, and the ACC fails either to approve or reject such plans and specifications for a period of sixty (60) days following such submission, rejection of such plans and specifications by the ACC will be presumed. In furtherance, and not in limitation, of the foregoing, any failure of the ACC to act upon a request for a variance will not be deemed a consent to such variance, and the ACC's written approval of all requests for variances will be expressly required.

(f) Variances. The ACC may grant variances from compliance with any of the provisions of the Design Guidelines, if any, or this Declaration, when, in the opinion of the ACC, in its sole and absolute discretion, such variance is justified. All variances must be evidenced in writing and must be signed by at least a Majority of the members of the ACC. Each variance must also be Recorded; provided however, that failure to record a variance will not affect the validity thereof or give rise to any claim or cause of action against the ACC, including Declarant or its designee, the Association, or the Board. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in this Declaration or the Design Guidelines, if

any, will be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance will not operate to waive or amend any of the terms and provisions of this Declaration or the Design Guidelines, if any, for any purpose except as to the particular property and in the particular instance covered by the variance, and such variance will not be considered to establish a precedent for any future waiver, modification, or amendment of the terms and provisions of this Declaration or the Design Guidelines, if any.

(g) Duration of Approval. The approval of the ACC of any plans and specifications, and any variances granted by the ACC, will be valid for a period of one hundred and twenty (120) days only. If construction in accordance with such plans and specifications or variance is not commenced within such one hundred and twenty (120) day period and diligently prosecuted to completion within either: (i) one year after issuance of approval of such plans and specifications; or (ii) such other period thereafter as determined by the ACC, in its sole and absolute discretion, the Owner will be required to resubmit such plans and specifications or request for a variance to the ACC, and the ACC will have the authority to re-evaluate such plans and specifications in accordance with this *Section 7.02(g)* and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

(h) No Waiver of Future Approvals. The approval of the ACC to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of the ACC will not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans and specifications on any other matter, subsequently or additionally submitted for approval by the same or a different person, nor will such approval or consent be deemed to establish a precedent for future approvals by the ACC.

(i) Non-Liability of Committee Members. NEITHER DECLARANT, THE BOARD, THE ARCHITECTURAL CONTROL COMMITTEE, NOR ANY MEMBER WILL BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THE ARCHITECTURAL CONTROL COMMITTEE'S DUTIES UNDER THIS DECLARATION.

ARTICLE 8 MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots within the Property. The provisions of this Article apply to the Declaration and the Bylaws of the Association.

8.01 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates (thereby becoming an "**Eligible Mortgage Holder**")), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder; or

(b) Any delinquency in the payment of assessments or charges owed for a Lot subject to the Mortgage of such Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Restrictions relating to such Lot or the Owner or Resident which is not cured within sixty (60) days; or

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

8.02 Examination of Books. The Association will permit Mortgagees to examine the books and records of the Association during normal business hours.

8.03 Taxes, Assessments and Charges. All taxes, assessments and charges that may become liens prior to first lien mortgages under Applicable Law will relate only to the individual Lots and not to any other portion of the Property.

ARTICLE 9 GENERAL PROVISIONS

9.01 Term. The terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Declaration will run with and bind the Property, and will inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Declaration is Recorded, and continuing through and including January 1, 2066, after which time this Declaration will be automatically extended for successive periods of ten (10) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved in a resolution adopted by Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association, voting in person or by proxy at a meeting duly called for such purpose, written notice of which will be given to all Members at least thirty (30) days in advance and will set forth the purpose of such meeting; provided, however, that such change will be effective only upon the Recording of a certified copy of such resolution. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. Notwithstanding any provision in this *Section 9.01* to the contrary, if any provision of this Declaration would be unlawful, void, or voidable by reason of any Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last survivor of the now living, as of the date that this document is first Recorded, descendants of Elizabeth II, Queen of England.

9.02 Eminent Domain. In the event it becomes necessary for any public authority to acquire all or any part of the Common Area or Special Common Area for any public purpose during the period this Declaration is in effect, the Board is hereby authorized to negotiate with such public authority for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received will be held by the Association for the benefit of the Owners. In the event any proceeds attributable to acquisition of Common Area are paid to Owners, such payments will be allocated on the basis of Assessment Units and paid jointly to the Owners and the holders of first Mortgages or deeds of trust on the respective Lot. In the event any proceeds attributable to acquisition of Special Common Area are paid to Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area, such payment will be allocated on the basis of

Assessment Units and paid jointly to such Owners and the holders of first Mortgages or deeds of trust on their respective Lot.

9.03 Amendment. This Declaration may be amended or terminated by the Recording of an instrument executed and acknowledged by: (i) Declarant acting alone; or (ii) by the president and secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant (until expiration or termination of the Development Period) and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes entitled to be cast by members of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. No amendment will be effective without the written consent of Declarant, its successors or assigns, during the Development Period. Specifically, and not by way of limitation, Declarant may unilaterally amend this Declaration: (a) to bring any provision into compliance with any Applicable Law; (b) to enable any reputable title insurance company to issue title insurance coverage on any Lot; (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on Lots; or (d) to comply with any requirements promulgated by a local, state or governmental agency, including, for example, the Department of Housing and Urban Development.

9.04 Enforcement. Except as otherwise provided herein, any Owner of Lot, at such Owner's own expense, Declarant and the Association will have the right to enforce, by a proceeding at law or in equity, the Restrictions. The Association and/or Declarant may initiate, defend or intervene in any action brought to enforce any provision of the Restrictions. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Restrictions is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Declarant or the Association. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Property, the Common Area, or the Special Common Area is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein. Failure to enforce any right, provision, covenant, or condition set forth in the Restrictions will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of Declarant or the Association to enforce the terms and provisions of the Restrictions shall in no event give rise to any claim or liability against Declarant, the Association, or any of their partners, directors, officers, or agents. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE PROPERTY, HEREBY RELEASES AND SHALL HOLD HARMLESS EACH OF DECLARANT, THE ASSOCIATION, AND THEIR PARTNERS, DIRECTORS, OFFICERS, OR AGENTS FROM AND AGAINST ANY DAMAGES, CLAIMS, OR LIABILITY ASSOCIATED WITH THE FAILURE OF DECLARANT OR THE ASSOCIATION TO ENFORCE THE TERMS AND PROVISIONS OF THE RESTRICTIONS.**

9.05 Higher Authority. The terms and provisions of this Declaration are subordinate to Applicable Law. Generally, the terms and provisions of this Declaration are enforceable to the extent they do not violate or conflict with Applicable Law.

9.06 Severability. If any provision of this Declaration is held to be invalid by any court of competent jurisdiction, such invalidity will not affect the validity of any other provision of this Declaration, or, to the extent permitted by Applicable Law, the validity of such provision as applied to any other person or entity.

9.07 Conflicts. If there is any conflict between the provisions of this Declaration, the Certificate, the Bylaws, or any Rules and Regulations adopted pursuant to the terms of such documents, the provisions of this Declaration, the Certificate, the Bylaws, and the Rules and Regulations, in such order, will govern.

9.08 Gender. Whenever the context so requires, all words herein in the male gender will be deemed to include the female or neuter gender, all singular words will include the plural, and all plural words will include the singular.

9.09 Acceptance by Grantees. Each grantee of Declarant of a Lot or other real property interest in the Property, by the acceptance of a deed of conveyance, or each subsequent purchaser, accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction rights and powers created or reserved by this Declaration or to whom this Declaration is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. Furthermore, each grantee agrees that no assignee or successor to Declarant hereunder will have any liability for any act or omission of Declarant which occurred prior to the effective date of any such succession or assignment. All impositions and obligations hereby imposed will constitute covenants running with the land within the Property, and will bind any person having at any time any interest or estate in the Property, and will inure to the benefit of each Owner in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

9.10 Damage and Destruction. The Association shall undertake the following actions subsequent to damage or destruction to all or any part of the Common Area or Special Common Area covered by insurance:

(a) **Claims.** Promptly after damage or destruction by fire or other casualty to all or any part of the Common Area or the Special Common Area covered by insurance, the Board, or its duly authorized agent, will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair of the damage. Repair, as used in this *Section 9.10(a)*, means repairing or restoring the Common Area or Special Common Area to substantially the same condition as existed prior to the fire or other casualty.

(b) **Repair Obligations.** Any damage to or destruction of the Common Area or the Special Common Area will be repaired unless a Majority of the Board decides within sixty (60) days after the casualty not to repair. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair, or both, are not made available to the Association within said period, then the period will be extended until such information will be made available.

(c) **Restoration.** In the event that it should be determined by the Board that the damage or destruction of the Common Area or Special Common Area will not be repaired and no alternative Improvements are authorized, then the affected portion of the Common Area or Special Common Area will be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

(d) Special Assessment for Common Area. If insurance proceeds are paid to restore or repair any damaged or destroyed Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board will levy a Special Assessment, as provided in *Article 6*, against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

(e) Special Assessment for Special Common Area. If insurance proceeds are paid to restore or repair any damaged or destroyed Special Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board will levy a Special Common Area Assessment, as provided in *Article 6*, against all Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

(f) Proceeds Payable to Owners. In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or destruction to any Common Area, such payments will be allocated based on Assessment Units and paid jointly to the Owners and the holders of first Mortgages or deeds of trust on their Lots.

(g) Proceeds Payable to Owners Responsible for Special Common Area. In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or destruction to Special Common Area, such payments will be allocated based on Assessment Units and will be paid jointly to the Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area and the holders of first Mortgages or deeds of trust on their Lots.

9.11 No Partition. Except as may be permitted in this Declaration or amendments thereto, no physical partition of the Common Area or Special Common Area or any part thereof will be permitted, nor will any person acquiring any interest in the Property or any part thereof seek any such judicial partition unless the portion of the Property, the Common Area, or Special Common Area in question has been removed from the provisions of this Declaration pursuant to *Section 11.04* below. This *Section 9.11* will not be construed to prohibit the Board from acquiring and disposing of tangible personal property or from acquiring title to real property that may or may not be subject to this Declaration, nor will this provision be constructed to prohibit or affect the creation of a condominium regime in accordance with the Texas Uniform Condominium Act.

9.12 Notices. Any notice permitted or required to be given to any person by this Declaration will be in writing and may be delivered either personally or by mail, or as otherwise required by Applicable Law. If delivery is made by mail, it will be deemed to have been delivered on the third (3rd) day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person to the Association for the purpose of service of notices. Such address may be changed from time to time by notice in writing given by such person to the Association.

9.13 View Impairment. Neither Declarant nor the Association guarantee or represent that any view over and across the Lots, or any open space or Common Area or Special Common Area within the Property will be preserved without impairment. Neither Declarant, the ACC, nor the Association

shall have any obligation to relocate, prune, or thin trees or perform other landscaping. The Association (with respect to any Common Area or Special Common Area) will have the right to add trees and other landscaping from time to time, subject to Applicable Law. There shall be no express or implied easements for view purposes or for the passage of light and air.

9.14 Safety and Security. Each Owner and Resident of a Lot, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property within the Property, the Common Area, or Special Common Area. The Association may, but shall not be obligated to, maintain or support certain activities within the Property, the Common Area, or Special Common Area designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. **HOWEVER, NEITHER THE ASSOCIATION NOR DECLARANT NOR THE DIRECTORS, EMPLOYEES, OR AGENTS OF SUCH ENTITIES SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SAFETY OR SECURITY WITHIN THE PROPERTY, THE COMMON AREA OR SPECIAL COMMON AREA, NOR SHALL THEY BE HELD LIABLE FOR ANY LOSS OR DAMAGE ARISING FROM OR RELATED TO AN OWNER'S OR RESIDENT'S, OR THEIR RESPECTIVE GUEST'S AND INVITEE'S, PRESENCE IN OR USE OF ANY IMPROVEMENTS ON THE PROPERTY, INCLUDING BUT NOT LIMITED TO ANY OF THE COMMON AREA, SPECIAL COMMON AREA, OR IMPROVEMENTS THEREIN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY SYSTEMS OR MEASURES, INCLUDING SECURITY MONITORING SYSTEMS OR ANY GATE, MECHANISM OR SYSTEM FOR LIMITING ACCESS TO THE PROPERTY, THE COMMON AREA OR SPECIAL COMMON AREA, CANNOT BE COMPROMISED OR CIRCUMVENTED; OR THAT ANY SUCH SYSTEM OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS, AND SHALL BE RESPONSIBLE FOR INFORMING ANY RESIDENTS OF SUCH OWNER'S LOT THAT NEITHER THE ASSOCIATION, NOR DECLARANT, NOR THE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND COMMITTEES OF SUCH ENTITIES, ARE INSURERS OR GUARANTORS OF SECURITY OR SAFETY AND THAT EACH PERSON WITHIN THE DEVELOPMENT ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY RESULTING FROM ACTS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO ANY DAMAGE OR LOSS TO ANY RESIDENCES OR IMPROVEMENTS CONSTRUCTED UPON ANY LOT AND THE CONTENTS LOCATED THEREIN.**

ARTICLE 10 EASEMENTS

10.01 Right of Ingress and Egress. Declarant, its agents, employees, designees, successors or assigns will have a right of ingress and egress over and the right of access to the Common Area or the Special Common Area to the extent necessary to use the Common Area or the Special Common Area and the right to such other temporary uses of the Common Area or the Special Common Area as may be required or reasonably desirable (as determined by Declarant in its sole discretion) in connection with the construction and development of the Property. The Property shall be subject to a perpetual non-exclusive easement for the installation and maintenance of, including the right to read, meters, service or repair lines and equipment, and to do everything and anything necessary to properly maintain and furnish the Community Systems and the facilities pertinent and necessary to the same, which easement shall run in favor of Declarant. Declarant shall have the right, but not the obligation, to install and provide the Community Systems and to provide the services available through the Community Systems to any and all Lots within the Property. Neither the Association nor any Owner shall have any interest therein. Any or all of such services may be provided either directly through the Association and paid for

as part of the Assessments or paid directly to Declarant, any affiliate of Declarant, or a third party, by the Owner who receives the services. The Community Systems shall be the property of Declarant unless transferred by Declarant, whereupon any proceeds of such transfer shall belong to Declarant. Declarant shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Association or to any person or entity. The rights of Declarant with respect to the Community Systems installed by Declarant and the services provided through such Community Systems are exclusive, and no other person or entity may provide such services through the Community Systems installed by Declarant without the prior written consent of Declarant. In recognition of the fact that interruptions in cable television and other Community Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider of such services.

10.02 Reserved Easements. All dedications, limitations, restrictions and reservations shown on any Plat and all grants and dedications of easements, rights-of-way, restrictions and related rights made by Declarant or any third party prior to the Property becoming subject to this Declaration are incorporated herein by reference and made a part of this Declaration for all purposes as if fully set forth herein, and will be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant. Declarant reserves the right to relocate, make changes in, and additions to said easements, rights-of-way, dedications, limitations, reservations and grants for the purpose of most efficiently and economically developing the Property or any areas conveyed or maintained by the Association or any areas reserved or held as Common Area or the Special Common Area.

10.03 Improvements, Roadway and Utility Easements. Declarant hereby reserves unto itself and Declarant's agents and employees, a perpetual non-exclusive easement under, over and across the Property, or any areas conveyed or maintained by the Association, including but not limited to any Service Area, or any areas reserved or held as Common Area or the Special Common Area for the installation, operation, maintenance, repair, relocation, removal and/or modification of any Improvements, roadways, walkways, pathways, street lighting, sewer lines, water lines, utility lines, drainage or storm water lines, and/or other pipelines, conduits, wires, and/or any public utility function on, beneath or above the surface of the ground that serve the Property, and any other property owned by Declarant, with the right of access to the same at any time. Declarant will be entitled to unilaterally assign the easements reserved hereunder to any third party who owns, operates or maintains the facilities and Improvements described in this *Section 10.03*. The exercise of the easement reserved herein will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot or residence or Improvement constructed thereon. In addition, Declarant may designate all or any portion of the easements or facilities constructed therein as Common Area, Special Common Area, or a Service Area.

10.04 Subdivision Entry and Fencing Easement. Declarant reserves for itself and Declarant's agents and employees, and the Association, an easement over and across the Property or any areas conveyed or maintained by the Association or any areas reserved or held as Common Area or the Special Common Area, for the installation, operation, maintenance, repair, relocation, removal and/or modification of certain subdivision entry facilities, walls, and/or fencing which serves the Property.

Declarant will have the right, from time to time, to Record a written notice which identifies the subdivision entry facilities, walls, and/or fencing to which the easement reserved hereunder applies. Declarant may designate all or any portion of the subdivision entry facilities, walls, and/or fencing as Common Area, Special Common Area, or Service Area by Recorded written notice. The exercise of the easements reserved hereunder will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot or residence or Improvement constructed thereon.

10.05 Landscape and Monument Sign Easement. Declarant hereby reserves for itself and Declarant's agents and employees, and the Association, an easement over and across the Property, or any areas conveyed or maintained by the Association or any areas reserved or held as Common Area or the Special Common Area, for the installation, operation, maintenance, repair, relocation, removal and/or modification of signs, monument signs and/or landscaping which serve the Property, the Common Area and the Special Common Area, and any other property owned by Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies those portions of the Property, the Common Area and the Special Common Area to which the easement reserved hereunder applies. Declarant may designate all or any portion of the easement areas reserved hereunder as Common Area, Special Common Area, or Service Area. The exercise of the easements reserved hereunder will not extend to permitting entry into any residence, nor will it unreasonably interfere with the use of any Lot or residence or Improvement constructed thereon.

10.06 Shared Amenities Easement. Pursuant to that certain easement agreement which may be executed by the Fair Oaks Ranch Association and recorded in the Official Public Records of Bexar and Comal Counties, Texas, the Fair Oaks Ranch Association may grant a perpetual, non-exclusive easement to the Association and the Owners over and across any portion of the Fair Oaks Ranch property for access to and use of the Shared Amenities. Declarant hereby reserves the right to grant and convey easements to the owner(s) of Fair Oaks Ranch and/or the members of the Fair Oaks Ranch Association over and across Common Area or any portion of the Property which may be necessary or required for use and access of the Shared Amenities; provided, however, that such easements may in no event unreasonably interfere with use of the Property or the Owner(s).

10.07 Development Agreement. The Property is subject to the terms and provisions of the Development Agreement, which may be subject to future modifications or additions from time to time. Acceptance of an interest in or title to a Lot located within the Property, whether or not it is so expressed in the instrument of conveyance, shall constitute acquiescence by the Owner of such Lot to the applicability of the Development Agreement, and any such future modifications or additions thereto.

ARTICLE 11 DEVELOPMENT RIGHTS

11.01 Development by Declarant. It is contemplated that the Property will be developed pursuant to a plan, which may, from time to time, be amended or modified. Declarant reserves the right, but will not be obligated, to pursue the development, construction and marketing of the Property, or the right to direct the size, shape, and composition of the Property, or the right to create and/or designate Lots, Common Area, Special Common Area, and Service Areas, or to subdivide all or any portion of the Property, subject to any limitations imposed on portions of the Property by any applicable Plat. Collectively, the rights reserved to Declarant as set forth in this Declaration shall be known as the

“Development Rights”, and Declarant hereby reserves the right and privilege for itself, and/or its assigns, to exercise the Development Rights, and any other rights reserved on behalf of Declarant as set forth in this Declaration until twenty-four (24) months after the expiration or termination of the Development Period, except the right to appoint and remove Board members and officers of the Association which shall be governed by the provisions set out in *Section 4.03*. These rights may be exercised with respect to any portions of the Property, the Common Area, or the Special Common Area. As each portion of the Property is developed or dedicated, Declarant may designate the use, classification and such additional covenants, conditions and restrictions as Declarant may deem appropriate for such Property.

11.02 Special Declarant Rights. Notwithstanding any provision of this Declaration to the contrary, at all times, Declarant will have the right and privilege: (i) to erect and maintain advertising signs (illuminated or non-illuminated), sales flags, other sales devices and banners for the purpose of aiding the sale of Lots in the Property; (ii) to maintain Improvements upon Lots as sales, model, management, business and construction offices; or (iii) to maintain and locate construction trailers and construction tools and equipment within the Property, the Common Area, or the Special Common Area. The construction, placement or maintenance of Improvements by Declarant will not be considered a nuisance, and Declarant hereby reserves the right and privilege for itself to conduct the activities enumerated in this *Section 11.02* until twenty-four (24) months after expiration or termination of the Development Period.

11.03 Addition of Land. Declarant may, at any time and from time to time, add additional lands to the Property subject to the terms and conditions of this Declaration. Upon the filing of a Notice of Addition of Land, such added land will be considered part of the Property subject to this Declaration and the terms, covenants, conditions, restrictions and obligations set forth herein and the jurisdiction of the Association for purposes of this Declaration. Upon the Recordation of a Notice of Addition of Land, the rights, privileges, duties and liabilities of the persons subject to this Declaration will be the same with respect to such added lands as with respect to the real property already encumbered by and subject to this Declaration. To add lands to the Property, Declarant will be required only to Record a Notice of Addition of Land containing the following provisions:

- (a) A reference to this Declaration, which reference will state the document number or volume and initial page number where this Declaration is Recorded;
- (b) A statement that such land will be considered Property for purposes of this Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Declaration will apply to the added land; and
- (c) A legal description of the added land.

11.04 Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw land from the Property, and remove and exclude from the burden of this Declaration and the jurisdiction of the Association any portion of the Property. Upon any such withdrawal and removal this Declaration and the covenants conditions, restrictions and obligations set forth herein will no longer apply to the portion of the Property withdrawn. To withdraw lands from the Property hereunder, Declarant will be required only to Record a notice of withdrawal of land containing the following provisions:

(a) A reference to this Declaration, which reference will state the document number or volume and initial page number where this Declaration is recorded;

(b) A statement that the provisions of this Declaration will no longer apply to the withdrawn land; and

(c) A legal description of the withdrawn land.

11.05 Notice of Plat Recordation. Declarant may, at any time and from time to time, Record a notice of plat recordation (a "**Notice of Plat Recordation**"). A Notice of Plat Recordation is Recorded for the purpose of more clearly identifying specific Lots subject to the terms and provisions of this Declaration after portions of the Property are made subject to a Plat. Unless otherwise provided in the Notice of Plat Recordation, portions of the Property included in the Plat identified in the Notice of Plat Recordation, but not shown as a residential Lot on such Plat, shall be automatically withdrawn from the terms and provisions of this Declaration (without the necessity of complying with the withdrawal provisions set forth in *Section 11.04*). Declarant shall have no obligation to Record a Notice of Plat Recordation and failure to Record a Notice of Plat Recordation shall in no event remove any portion of the Property from the terms and provisions of this Declaration.

11.06 Assignment of Declarant's Rights. Notwithstanding any provision in this Declaration to the contrary, Declarant may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder.

EXECUTED to be effective on the date this instrument is Recorded.

DECLARANT:

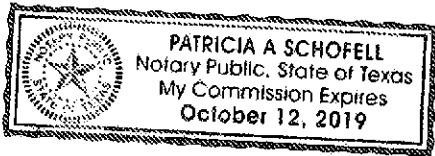
SF FAIR OAKS DEVELOPMENT, LLC,
a Texas limited liability company

By: [Signature]
Printed Name: JAMES EDUARDO HERRERA
Title: Manager

THE STATE OF TEXAS §
 §
COUNTY OF Travis §

This instrument was acknowledged before me on this 21 day of DECEMBER, 2016, by JAMES EDUARDO HERRERA of SF FAIR OAKS DEVELOPMENT, LLC, a Texas limited liability company, on behalf of such limited liability company.

(SEAL)



[Signature]
Notary Public Signature

EXHIBIT A
PROPERTY DESCRIPTION

**EXHIBIT A
DESCRIPTION OF PROPERTY**



**FIELD NOTES
FOR
A 145.4 ACRE TRACT**

A 145.4 acre tract of land, out of the Maria De La Luz Guerra Survey No. 172, Abstract 257 and 173, partially in Bexar County and Comal County, Texas and being the remaining portion of a 154.12 acre tract of land conveyed to David A. Owens, described by Exhibit B, in a Partition Deed of record in Volume 9675 Page 2082 of the Official Public Records of Bexar County, Texas and Document No. 200206038282 of the Official Public Records of Comal County, Texas and being more particularly described by metes and bounds as follows:

BEGINNING at a found ½" iron rod with a red plastic cap stamped "CUDE" in the east right-of-way line of F.M. 3351, a 100' wide right-of-way also known as Ralph Fair Road, for the southwest corner of a 19.214 acre tract of land described in Volume 16848 Page 0003 and Page 0006 of the Official Public Records of Bexar County, Texas, for the northwest corner of the Owens 154.12 acre tract and the tract described herein, from which a found Texas Department of Transportation Type I right-of-way monument in the east right-of-way line of Ralph Fair Road and the west line of the 19.214 acre tract bears, N 00° 29' 02" W, a distance of 476.57 feet;

THENCE: N 89° 34' 37" E, departing the east right-of-way line and along and with the common line between the 19.214 acre tract and the Owens 154.12 acre tract, a distance of 1241.86 feet to a point for a southwest exterior corner of a 154.12 acre tract of land conveyed to Bradley M. Kohls and Cheryl Ann Clemons, described by Exhibit C, in said Partition Deed, a north exterior corner of the Owens 154.12 acre tract, and the tract described herein, from which a found ½" iron rod with a red plastic cap stamped "CUDE" (bent) bears, S 70° 16' 27" E, a distance of 0.20 feet;

THENCE: Along and with the common line between the Owens 154.12 acre tract and the Kohls 154.12 acre tract, the following four (4) courses:

1. S 70° 16' 27" E, a distance of 460.19 feet to a set PK nail with washer stamped "KFW SURVEYING" for an interior corner of the tract described herein,
2. S 89° 40' 41" E, a distance of 569.78 feet to a found ½" iron rod with a red plastic cap stamped "CUDE" for an interior corner of the tract described herein,
3. N 00° 28' 12" W, a distance of 846.89 feet to a set PK nail with washer stamped "KFW SURVEYING" for a north exterior corner of the tract described herein, and
4. N 89° 31' 48" E, a distance of 1442.24 feet to a found ½" iron rod with a red plastic cap (unreadable) for the northeast corner of the tract described herein;

Page 1 of 3

February 22, 2016

16

59

ARBORS OF FAIR OAKS
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

AUS536557377v3 - 168599.010100

THENCE: S 00° 10' 23" W, along and with the east line of the Owens 154.12 acre tract, a distance of 1908.41 feet to a found ½" iron rod with a plastic cap (unreadable) for the northeast corner of a 159.74 acre tract of land conveyed to the Corley Family L.L.C., described by Exhibit A in said Partition Deed, the southeast corner of the Owens 154.12 acre tract and the tract described herein;

THENCE: Along and with the common line between the Corley 159.74 acre tract and the Owens 154.12 acre tract, the following nine (9) courses:

1. S 45° 27' 28" W, a distance of 398.81 feet to a set ½" iron rod with a blue plastic cap stamped "KFW SURVEYING" for an exterior corner of the tract described herein,
2. S 70° 22' 00" W, a distance of 365.51 feet to a point for an exterior corner of the tract described herein, from which a found ½" iron rod with a red plastic cap stamped "CUDE" (beat) bears, N 74° 23' 10" E, a distance of 0.64 feet,
3. N 88° 07' 59" W, a distance of 258.24 feet to a found ½" iron rod with a plastic cap (unreadable) for an exterior corner of the tract described herein,
4. N 75° 21' 33" W, a distance of 395.09 feet to a found ½" iron rod with a red plastic cap stamped "CUDE" for an exterior corner of the tract described herein,
5. N 64° 05' 39" W, a distance of 409.65 feet to a found ½" iron rod for an exterior corner of the tract described herein,
6. N 44° 45' 49" W, a distance of 441.52 feet to a found ½" iron rod with a red plastic cap stamped "CUDE" for an interior corner of the tract described herein,
7. S 67° 21' 29" W, a distance of 189.78 feet to a found ½" iron rod with a red plastic cap stamped "CUDE" for an interior corner of the tract described herein,
8. S 51° 01' 46" W, a distance of 557.40 feet to a found ½" iron rod with a red plastic cap stamped "CUDE" for an interior corner of the tract described herein, and
9. S 02° 59' 24" W, a distance of 345.30 feet to a red plastic cap stamped "MATKIN HOOVER" for the northeast corner of an 8.750 acre tract of land conveyed to Siemen & Co., L.L.C., of record in Volume 14036 Page 405 of the Official Public Records of Bexar County, Texas and a southeast exterior corner of the tract described herein, from which a found ½" iron rod with a red plastic cap stamped "CUDE" for a southeast exterior corner of the Owens 154.12 acre tract and an interior corner of the Corley 159.74 acre tract bears, S 02° 59' 24" W, a distance of 331.85 feet;

THENCE: N 85° 26' 51" W, along and with the north line of the 8.750 acre tract, a distance of 1098.71 feet to a found ½" iron rod in the east right-of-way line of Ralph Fair Road, in the west line of the Owens 154.12 acre tract, for the northwest corner of the 8.750 acre tract and the southwest corner of the tract described herein;

Page 2 of 3

February 22, 2016

17

60

ARBORS OF FAIR OAKS
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

AUS536557377v3 - 168599.010100

THENCE: Along and with the east right-of-way line of Ralph Fair Road and the west line of the Owens 154.12 acre tract, the following two (2) courses:

1. With a non-tangent curve to the left having a radius of 5779.58 feet, a delta angle of $83^{\circ} 27' 01''$, an arc length of 348.04 feet and a chord bears, $N 01^{\circ} 13' 29'' E$, a distance of 347.99 feet to a found 1" iron square for a point of tangency of the tract described herein, and
2. $N 00^{\circ} 30' 01'' W$, a distance of 1334.26 feet to the **POINT OF BEGINNING** and containing 145.4 acres situated partially in Bexar County and Comal County, Texas and being described in accordance with a survey prepared by KFW Surveying. Bearings are based on NAD83 (2011) Texas State Plane South Central Zone, 4204. Distances recited herein are surface distances using an average combined scale factor of 0.99982917988.

Job No: 15-133
Prepared by: KFW Surveying
Date: November 2, 2015
File: S:\Draw 2015\15-133 FM 3351 145 Acres\DOCS\FN - 145.4 AC



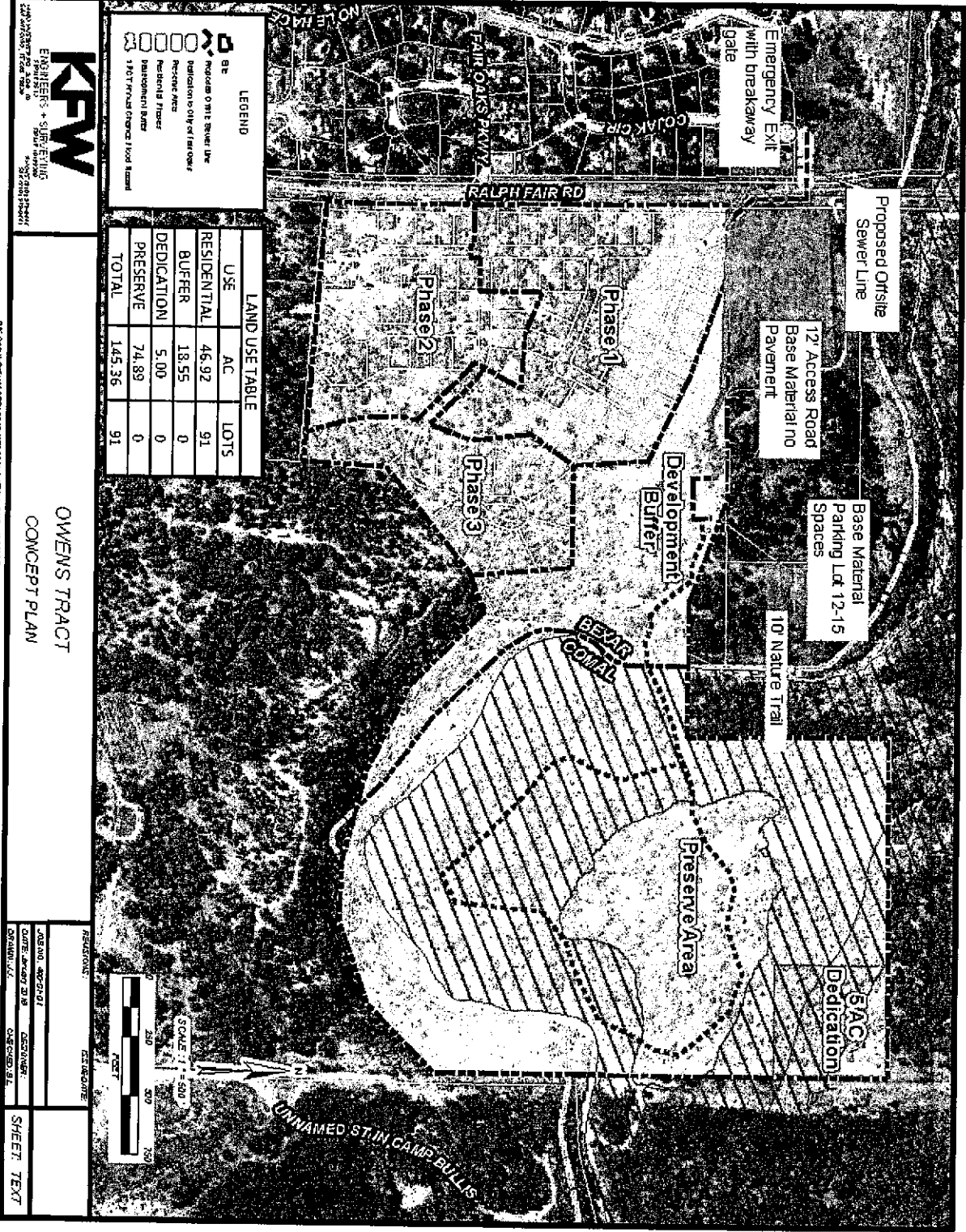
Page 3 of 3

February 22, 2016

18

61

ARBORS OF FAIR OAKS
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS



KRW
ENGINEERS + SURVEYING
 220 W. MAIN ST. SUITE 100
 DENVER, CO 80202
 (303) 733-8888
 www.krw.com

LEGEND

	0.15' Street Line
	0.15' Buffer Line
	10' Nature Trail
	12' Access Road
	Base Material
	Parking Lot
	Preserve Area
	BEAC Dedication

LAND USE TABLE

USE	AC	LOTS
RESIDENTIAL	46.92	91
BUFFER	18.55	0
DEDICATION	5.00	0
PRESERVE	74.89	0
TOTAL	145.36	91

**OWENS TRACT
 CONCEPT PLAN**

THE DEVELOPER HAS SHOWN PROPOSED PHASES, BUT THIS IS NOT A GUARANTEE. THE DEVELOPER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS. THE DEVELOPER HAS SHOWN PROPOSED PHASES, BUT THIS IS NOT A GUARANTEE. THE DEVELOPER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS.

DATE: 08/22/14	DRAWN BY: JLB	CHECKED BY: JLB	SHEET: TEXT
DATE: 08/22/14	DRAWN BY: JLB	CHECKED BY: JLB	SHEET: TEXT

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BEXAR COUNTY
GERARD C. RICKHOFF
COUNTY CLERK
Fees \$290.00

STATE OF TEXAS
COUNTY OF BEXAR
This is to Certify that this document
was e-FILED and e-RECORDED in the Official
Public Records of Bexar County, Texas
on this date and time stamped thereon.
12/29/2016 1:10PM
COUNTY CLERK, BEXAR COUNTY TEXAS



Gerard C. Rickhoff