

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
THE CANYONS AT SCENIC LOOP P.U.D.
UNIT 5A**

STATE OF TEXAS

✻

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF BEXAR

✻

This Declaration is made on the date hereinafter set forth by SOUTHERLAND PALMIRA, LLC, a Texas limited liability company, hereinafter referred to as “Developer” or “Declarant” and joined herein by SOUTHERLAND CANYONS, LLC, a Delaware limited liability company.

WITNESSETH:

WHEREAS, Developer is the owner of those certain tracts of land which have been or will be developed into THE CANYONS AT SCENIC LOOP P.U.D., a subdivision in Bexar County, Texas (hereinafter referred to as the "Subdivision" or "The Canyons at Scenic Loop"). The current plats of THE CANYONS AT SCENIC LOOP P.U.D. are recorded as follows:

- (a) The Canyons at Scenic Loop P.U.D., Unit 1, according to the map or plat thereof recorded in Volume 9638, Page 109 of the Map and Plat Records of Bexar County, Texas, which amended those certain plats recorded in Volume 9607, Page 11 (Rising Moon Ranch Unit 1) and 9608, Page 134 (The Palmira P.U.D. Subdivision Unit 1) of the Plat and Deed Records of Bexar County, Texas.
- (b) The Canyons at Scenic Loop P.U.D., Unit 2, according to the map or plat thereof recorded in Volume 9637, Page 189 of the Map and Plat Records of Bexar County, Texas, which amended those certain plats recorded in Volume 9607, Page 18 (Rising Moon Ranch Unit 2) and Volume 9608, Page 139 (The Palmira P.U.D. Subdivision Unit 2) of the Plat and Deed Records of Bexar County, Texas.
- (c) The Canyons at Scenic Loop P.U.D., Unit 3, according to the map or plat thereof recorded in Volume 9653, Page 189 of the Map and Plat Records of Bexar County, Texas.
- (d) The Canyons at Scenic Loop P.U.D., Unit 4, according to the map or plat thereof recorded in Volume 9643, Page 55 of the Map and Plat Records of Bexar County, Texas; and,

WHEREAS, Southerland Canyons, LLC is the owner of 104.802 acres of land located in Bexar County, more fully shown on a Plat of THE CANYONS AT SCENIC LOOP P.U.D., Unit 5A, recorded in Volume 9664, Page 90 of the Plat and Deed Records of Bexar County, Texas on the 7th day of February, 2014, after having been approved as provided by law; and,

WHEREAS, the 104.802 acre of Land owned by Southerland Canyons, LLC was annexed into THE CANYONS AT SCENIC LOOP P.U.D. by an Affidavit of Annexation, which document is recorded under Clerk's Document No. 20140020209 in the Official Public Records of Bexar County, Texas; and,

WHEREAS, it is the desire of Developer and SOUTHERLAND CANYONS, LLC to place certain restrictions, easements, covenants, conditions, stipulations and reservations upon and against THE CANYONS AT SCENIC LOOP P.U.D. UNIT 5A in order to establish a uniform plan for the benefit of both the present and future owners of the tracts in THE CANYONS AT SCENIC LOOP P.U.D. UNIT 5A.

WHEREAS, Developer reserves and retains unto itself, the right, as it, in its sole discretion, shall determine, to (i) add to, annex or withdraw areas to and/or from THE CANYONS AT SCENIC LOOP P.U.D. UNIT 5A and (ii) hereafter place and impose such restrictions, easements, covenants, conditions, stipulations and reservations on any and all remaining unrestricted Properties, or portions

conditions, stipulations and reservations on any and all remaining unrestricted Properties, or portions thereof, in THE CANYONS AT SCENIC LOOP P.U.D. UNIT 5A or any annexed property, in order to establish any plan chosen by Developer for the development, improvement and sale thereof.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that Developer and SOUTHERLAND CANYONS, LLC hereby adopts, establishes and imposes upon THE CANYONS AT SCENIC LOOP P.U.D. UNIT 5A and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said property, which Restrictions shall run with the Subdivision and title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof. Developer also declares that the residential Lots shall be subject to the jurisdiction of the "Association" (as hereinafter defined).

ARTICLE I DEFINITIONS

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

1.1 Additional Land. "Additional Land" shall mean land within three (3) miles of the Subdivision which is now or hereafter owned by Declarant, which may be annexed and become a part of the Subdivision and subject to this Declaration as provided.

1.2 Architectural Control Committee. "Architectural Control Committee" shall mean the committee created pursuant to this Declaration to review and approve plans for the construction of Improvements upon the lots in the Subdivision.

1.3 Assessment. "Assessment" or "Assessments" shall mean such assessments as may be levied by the Association under the terms and provisions of this Declaration.

1.4 Association. "Association" shall mean and refer to The Canyons Property Owners Association, a Texas non-profit corporation, its successors and assigns.

1.5 Board. "Board" shall mean the Board of Directors of the Association.

1.6 Builder. "Builder" shall mean any person(s) or entity (collectively "Person") which purchases one (1) or more Lots for the purpose of constructing improvements for later sale to consumer. Any Person occupying or leasing a Lot for residential purposes shall cease to be considered a Builder with respect to such Lot immediately upon occupancy of the Lot for residential purposes, notwithstanding that such Person originally purchased the Lot for the purpose of constructing improvements for later sale to consumers.

1.7 Certificate of Formation. "Certificate of Formation" shall mean the Certificate of Formation of The Canyons Property Owners Association, which shall be filed in the office of the Secretary of State of Texas, and as from time to time amended.

1.8 Common Area. "Common Area" shall mean that portion of the Subdivision owned by the Association for the common use and enjoyment of the Members of the Association including but not limited to, all parks, recreational facilities, community facilities, landscaping, sprinkler systems, pavement, streets (to the extent not owned by appropriate governmental authorities), gates, walkways, traffic islands, open spaces, landscape buffers, easements owned by the Association, parking lots, pipes, wires, conduits and other public utility lines situated thereon (to the extent not owned by appropriate governmental authorities or by local utility companies).

1.9 Company Agreement. "Company Agreement" shall mean the Company Agreement of the Association to be adopted by the Board, and as from time to time amended.

1.10 Design Guidelines. "Design Guidelines" shall mean that certain document recorded in Volume 15357, Page 2062, under Doc# 20120029385, in the Official Public Records of Bexar County, Texas, as amended, which sets forth the criteria and guidelines established by the Architectural Control Committee for the construction of improvements, signs, landscaping, and designs within the Subdivision.

1.11 Improvement. "Improvement" shall mean every structure and all appurtenances thereto of every type and kind located on any lot in the Subdivision, including but not limited to the Main Dwelling, buildings, outbuildings, storage sheds, patios, tennis courts, basketball goals, hot tubs, swimming pools, and swimming pool equipment and covers, garages, storage buildings, tree houses, playscapes, fences, gates, trash enclosures, screening walls, retaining walls, stairs, decks, landscaping, poles, signs, exterior air conditioning, water softener fixtures or equipment and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.12 Lot or Tract. "Lot", "Lots", "Tract" or "Tracts" shall mean any parcel or parcels of land within the Subdivision shown as a subdivided lot on a Plat of the Subdivision, together with all Improvements located thereon, except for Common Areas, Utility Lots and Drainage Easements.

1.13 Main Dwelling. "Main Dwelling" shall mean and refer to a single family residence and its garage situated upon a Lot.

1.14 Declaration. "Declaration" shall mean this instrument, as it may be amended from time to time.

1.15 Member. "Member" or "Members" shall mean any person, persons, entity or entities holding membership rights in the Association.

1.16 Mortgage. "Mortgage" shall mean any mortgage or deed of trust lien covering all or any portion of the Subdivision given to secure the payment of a debt.

1.17 Mortgagee. "Mortgagee" or "Mortgagees" shall mean the holder or holders of any Mortgage or Mortgages.

1.18 Owner. "Owner" or "Owners" shall mean and refer to a person or persons, entity or entities holding a fee simple interest in all or any portion of the Subdivision, but shall not include a Mortgagee.

1.19 Person. "Person" or "Persons" shall mean any individual, individuals, entity or entities having the legal right to hold title to real property.

1.20 Plans and Specifications. "Plans and Specifications" shall mean any and all documents designed to guide or control the construction or creation of any Improvement, including but not limited to, those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, signage, lighting, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to such Improvement.

1.21 Plat. "Plat" shall mean a final subdivision plat of any portion of the Property, as defined below.

1.22 Property. "Property" shall mean that real property which is subject to the terms of this Declaration initially described as approximately 25.693 acres of land, known as THE CANYONS AT SCENIC LOOP P.U.D. UNIT 5A, Bexar County, Texas, as shown on the map or plat recorded in

Volume 9643, Page 55, in the Official Public Records of Bexar County, Texas, and any additional real property which may be hereafter incorporated or annexed under the terms of this Declaration.

1.23 Ranch Style. "Ranch Style" pipe fencing is pipe fencing constructed using pipe being a minimum of two inch schedule 40 pipe and 2 3/4 gauge cattle panels.

1.24 Supplemental Declaration. "Supplemental Declaration" shall mean and refer to any declaration of covenants, conditions and restriction which may be recorded hereafter in order (i) to incorporate or annex Additional Property into the Development, (ii) to subject any area of the Property to further covenants, conditions or restrictions, or (iii) to withdraw land from the Property.

1.25 The Canyons at Scenic Loop Restrictions. "The Canyons at Scenic Loop Restrictions" shall mean collectively (i) this Declaration, together with any and all Supplemental Declaration, as the same may be amended from time to time, (ii) The Canyons at Scenic Loop Rules, (iii) the Design Guidelines, and (iv) the Certificate of Formation and Company Agreement from time to time in effect, as the same may be amended from time to time.

1.26 The Canyons at Scenic Loop Rules. "The Canyons at Scenic Loop Rules" shall mean the rules and regulations adopted by the Board as the same may be amended from time to time.

ARTICLE II ADDITIONS TO THE PROPERTY

2.1 Phased Subdivision.

(A) Incorporation and Withdrawal. The Declarant, its successors and assigns, shall have the sole right, without requiring the consent or approval of any third party, including the Owners of any Lots or lienholders on those lots, at any time prior to June 1, 2022, to (i) annex or incorporate within the scheme of this Declaration additional phases of the Development (a) following the acquisition of such property, or (b) barring acquisition of such property, with the consent of the record owner of such other property; or (ii) withdraw any property from the Subdivision.

(B) Filing Supplemental Declarations. To evidence the incorporation or annexation of additional property or withdrawal of property from the Subdivision, Declarant shall record an affidavit stating that such property has been incorporated into, annexed into or withdrawn from the Subdivision. Nothing in this document or on any master plan survey shall serve as a representation that no additional land will be annexed or that no land will be withdrawn.

2.2 Merger or Consolidation. Upon a merger or consolidation of the Association with another association, the Association's properties, rights and obligations may be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may be added to the property, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association shall administer the covenants and restrictions established by this Declaration within the Property together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants established by this Declaration pertaining to the Property except as hereinafter provided. The Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger, consolidation or annexation shall have the consent (in writing or at a meeting duly called for such purpose) of those Members entitled to cast not less than two-thirds (2/3rds) of the votes of the Association.

ARTICLE III GENERAL RESTRICTIONS

All of the Property, excluding the Common Areas, lots designated solely as drainage easements and lots owned or used by utilities, such as San Antonio Water System, shall be owned, held, encumbered, leased, used, occupied and enjoyed subject to the following limitations and restrictions:

3.1 Single Family Residential Construction. All Lots shall be used solely for single family

residential purposes. No building or structure shall be erected, altered, placed or permitted to remain on any Lot without the approval in writing by the Architectural Control Committee.

Each Lot may have no more than one dwelling which must have at least two thousand six hundred (2600) square feet of living area for one story dwellings and two thousand eight hundred (2800) square feet of living area for two story dwellings, with at least sixty percent (60%) of the living area on the ground floor. All square footage calculations shall exclude porches and garages. One guest/servants house may be built provided said guest/servants house (i) contains no less than five hundred (500) square feet and is no larger than forty percent (40%) of the size of the Main Dwelling's living area, (ii) is built after or while the Main Dwelling is being built, and (iii) has prior approval of the Architectural Control Committee. All residences must have a garage (even if such residences also have a port-a-cache). Detached garages, work shops, and storage buildings must be less than forty percent (40%) of the size of the Main Dwelling and may not be constructed on the Property prior to the Main Dwelling being built. Storage buildings and workshops may only be constructed or placed behind the Main Dwelling. Pool houses, if any, shall not exceed twenty percent (20%) of the size of the Main Dwelling's living area. All improvements must be built with new construction materials. Any structure, including but not limited to the guest/servants house, garage (whether attached or detached), workshop or storage building must be of the same construction and exterior as the Main Dwelling, including, but not limited to, exterior materials, roofing materials, color, and percentages of masonry, and must be located according to the Committee approved building site plan. All buildings, structures and improvements shall be submitted to the Architectural Control Committee prior to being built. Once the Architectural Control Committee grants approval, such building, structure or improvement shall be commenced within six months from the date of the approval and shall be completed within twelve (12) months from the date of approval. No Lot may contain more than two buildings in addition to the Main Dwelling.

Prefab houses, modular homes or single wide, double wide, or triple wide mobile homes or manufactured homes are not permitted within the Property. As used herein, "manufactured home" includes but is not limited to, any prefabricated or pre-built dwelling which consists of one (1) or more transportable sections or components and shall also be deemed to include manufactured housing, manufactured home, HUD-code manufactured home and mobile home as defined in the Texas Occupations Code Section 1201.003 in effect on January 2, 2008.

3.2 Driveways and Garages. All driveways shall be constructed of exposed aggregated finished concrete, concrete, flagstone or brick paver materials unless otherwise approved in writing by the Architectural Control Committee. Each Main Dwelling shall have a side or rear entry garage, which shall not face a street (whether on a corner lot or a non-corner lot) which is suitable for not less than two automobiles and not more than four automobiles. Each dwelling may also have a garage suitable for not more than one (1) automobile which faces the front lot line so long as such garage opening is set back a minimum of twenty-five (25) feet from the front of the Main Dwelling. Side entry garages are defined as those which open directly toward a side lot line. Port-a-caches may be allowed with the Committee's approval; however, no carports shall be allowed. All driveways and garages must be shown on the plans submitted to the Architectural Control Committee and approved prior to any action being taken.

3.3 Finish Material. The exterior walls of any residence constructed on any lot shall be one hundred percent (100%) stone, rock or stucco, exclusive of door, window and similar openings. Brick, hardiboard and like materials are specifically excluded, except that brick accents shall be allowed so long as they constitute no more than 10% of the exterior and shall be earth tone in color. The exterior of all chimneys shall be 100% stone, rock or stucco of a type and color matching the exterior walls of the dwelling. Finish material on all exterior walls should be continued down to within twenty-four inches of the finished grade unless otherwise approved by the Architectural Control Committee. All exposed foundations shall be painted a Committee approved color matching the exterior walls of the main dwelling.

3.4 Height and finished floor elevations. No building or structure erected, altered, or placed on, within or in the properties shall exceed thirty-five (35) feet in height (measured from the highest point of natural ground under the structure to the top most part of the roof), without the written consent of the Architectural Control Committee.

Finished Floor Elevations must be a minimum of twenty-four inches above the finished adjacent Grade and no less than one foot higher than the computed water surface elevation for the 100 year ultimate development flood.

3.5 Setback Requirements: Home fronts. All improvements, excluding fences, driveways and other flatwork shall be setback from the property lines as follows:

Lots 9-14 and 20, Block 3, The Canyons at Scenic Loop P.U.D. Unit 5A: setback a minimum of (a) thirty (30) feet from the front property line, (b) forty (40) feet from the rear property line and (c) ten (10) feet from the side lot lines.

On all other lots, all improvements except fences, driveways and other flat work shall be set back a minimum of (a) forty (40) feet from the front property line, (b) forty (40) feet from the rear lot line and (c) ten (10) feet from side lot line.

Notwithstanding, on all Lots, if any property line adjoins a street all improvements, except driveways, fences and other flatwork shall be setback a minimum of twenty-five (25) feet from the property line adjoining the street.

In the event of a conflict between the setback requirements contained in this Section 3.5 and the setback requirements set forth on the plat, the setback requirements set forth in this Section 3.5 shall control.

3.6 Roofing Materials. The surface of the roof on all principal and secondary structures including, but not limited to, garages, guest/servants houses, workshops, storage buildings, and pool houses shall be earth tones or muted colors and shall be made of slate, concrete tile, copper, zinc or metal using standing seams. No black, red, blue, white or other non-muted color of metal roofs shall be allowed. Future phases of The Canyons at Scenic Loop may allow additional types of roofing materials. The Architectural Control Committee shall have the authority and sole discretion to approve other roof treatments and materials if the form utilized will be harmonious with the surrounding homes in that unit. No flat or inverted roofs shall be allowed without the approval of the Architectural Control Committee.

3.7 Color. All exterior color schemes on any improvement must be approved by the Architectural Control Committee prior to use and should be earhtone or muted colors chosen to blend, rather than contrast, with the surroundings.

3.8 Fences. The side and back areas of any Lot may be fenced provided the fence is constructed of Ranch Style pipe fencing, wrought iron, masonry, masonry veneer or a combination thereof and approved by the Architectural Control Committee. All pipe fencing shall be painted in earth tone colors that match the Main Dwelling. All wrought iron fences shall have a column, which column is the same color as the Main Dwelling and is constructed of the same material as the Main Dwelling, no less than one every one hundred feet and on each corner. No fencing is allowed in front of the Main Dwelling.

Fencing shall be allowed around any tennis court or sports court; however, such fencing shall not be a part of the perimeter fencing and shall be constructed of green-coated chain link fence material, or other material approved by the Architectural Control Committee.

Any perimeter fencing on any lot shall not exceed six and one-half feet (78 inches) in height and must be a minimum of four feet (48 inches) in height.

Sports court and tennis court fencing shall not exceed ten (10) feet in height.

Notwithstanding anything within this Section 3.8, no Lot Owner shall fence in any meter, utility pole or transformer or place a fence within ten (10) feet from any meter, utility pole or transformer.

3.9 Skylights and Solar Panels. Skylights, if any, shall be tinted bronze or gray and shall not be visible from the front lot line of the Lot on which such skylight is located. Solar panels, if any, must be placed on the roof of the Dwelling or in a fenced yard or patio owned and mainted by the Onwner and shall not be visible from the front lot line of the Lot. If the Architectural Control Committee, in

its sole discretion, determines that the skylights or solar panels will detract from the overall ambience of the subdivision, even if such skylights or solar panels meet the requirements set forth herein, the Architectural Control Committee shall not approve the use of such skylights or solar panels. Nothing in this paragraph shall prohibit the uses of solar panels as set forth in Chapter 202.010 of the Texas Property Code.

3.10 Entrance Gate. The front entry gate shall remain open and unlocked at Declarant's discretion until the first Dwelling is completed and occupied. Upon the completion and occupancy of the first Dwelling, the front entry gate shall remain open from 7:00 a.m. to 7:00 p.m. until such time as all of the lots platted within the Subdivision have been sold by Developer or until Developer establishes different hours. After Developer has sold all of the Lots in the subdivision the Board shall establish gate hours.

3.11 Construction in Place. All Improvements constructed hereafter 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 Architectural Control Committee.

3.12 Subdividing, Combining Two (2) or More Lots. No Lot shall be further divided or subdivided by the Owner thereof without the prior written consent of the Architectural Control Committee and Bexar County, if required; provided, however, when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot or convey an easement or other interest less than the whole, all without the approval of the Architectural Control Committee. Lots may be combined into one Lot for building purposes and the interior common boundary line shall be extinguished by filing a recordable document of record, joined by the Declarant, or Architectural Control Committee, declaring the same to be extinguished. Thereafter, all set back lines shall refer to the exterior property lines. Lots or portions of lots may be combined with adjoining lots for building purposes so long as all resulting lots are larger than the original lots. Public utility and drainage easements are exempt from this provision and each lot owner is required to obtain any needed releases from the Public Utility companies.

3.13 Repair of Improvements. All Improvements upon any of the Property shall at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner thereof.

3.14 Alteration or Removal of Improvements. Any construction, other than normal maintenance, which in any way alters the exterior appearance of any Improvement, or the removal of any Improvement, shall be performed only with the prior written approval of the Architectural Control Committee.

3.15 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, including all streets 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 Architectural Control Committee; 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 Architectural Control Committee. 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 by the Architectural Control Committee.

3.16 Drainage. Natural established drainage patterns of streets, tracts or roadway ditches will not be impaired by any person or persons. Driveway culverts, as determined to be needed by a qualified engineer hired by the Lot Owner, must be installed and will be of sufficient size to afford proper drainage of ditches without backing water up into the ditch or diverting flow.

If a culvert is required under the entry drive, it must be corrugated metal pipe culvert with concrete poured around the inlet and outlet, covering the entire culvert area and no greater than a 45 degree slope. Drainage culvert installations are subject to the inspection and approval of the Architectural Control Committee. Lot owners are responsible for the proper conveyance of stormwater runoff

through their Lots. Lot owners are to refrain from point discharging (collecting and directing) runoff to lots located down gradient of their Lot.

3.17 Erosion Control. The Texas Commission on Environmental Quality (TCEQ) requires Southerland Palmira, LLC to obtain a permit while constructing roads, installing utilities and performing construction activities. This permit authorizes us to discharge “*storm water associated with construction activity*”. The TCEQ permit requires specific pollution prevention and control measures and reporting activities. Among the conditions and requirements of this permit, Southerland Palmira, LLC must prepare and implement a Storm Water Pollution Plan (SWP3) that is tailored to our construction activity. Additionally, the control measures must be inspected every 14 days and after every rainfall event greater than 0.5 inches.

As defined in the TCEQ regulations, “*storm water associated with construction activity*” includes storm water runoff from a construction activity where soil disturbing activities (including clearing, grading, excavating) result in the disturbance of one (1) or more acres of total land area, or are part of a larger common plan of development or sale that will result in disturbance of one (1) or more acres of total land area.

Southerland Palmira, LLC general permit covers every lot in the subdivision for each section under construction. However, when title to a lot is conveyed to a purchaser, that lot is no longer under Southerland Palmira, LLC general permit. Therefore, the individual lot owner, prior to starting any construction activity that includes any type of earth disturbing activity, must apply for a TCEQ permit to discharge storm water and develop a SWP3 that is tailored to the construction site. Typically, the SWP3 includes control measures such as rock, berms and silt fences that trap sediments and keep them from leaving the construction site. Additionally, the control measures must be inspected every 14 days and after every rainfall event greater than 0.5 inches. After construction is complete, the permit must stay in effect until the site is stabilized or until 70% of the native background vegetative cover is established. At that point, the permit should be terminated. If you, the lot owner, hire a building contractor, that contractor should apply for the TCEQ permit, prepare the SWP3, supervise the implementation of the SWP3, perform the inspections and terminate the permit when the site is stabilized. However, if you perform the general contracting duties yourself, you would be the “operator” and would be responsible for these requirements.

3.18 Temporary Structures. No above ground swimming pools, tents, shacks, barns, trailers, or other temporary buildings, improvements or structures shall be placed upon the Property. Notwithstanding, the Developer reserves the exclusive right to erect, place and maintain such facilities or any other facility in or upon any portion of the Subdivision as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements within the subdivision.

3.19 Mining and Drilling. No portion of the Property shall 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, earth or water. This provision is not intended to prevent structures from being built using geothermal heating and cooling systems.

3.20 Antennas. No exterior radio, television or computer antenna or aerial or satellite dish receiver, or other devices, designed to receive telecommunication signals, including, but not limited to, radio, television, or microwave signals which are intended for cable television, network television receptions, or entertainment purposes shall be erected or maintained, except by Declarant, without the prior written approval of the Architectural Control Committee, which shall not be unreasonably withheld. All antenna or other receiving devices shall be placed on the rear of the dwelling when feasible and shall not extend two feet above the highest point of the roof. Nothing herein shall be construed to conflict with the rules and regulations set forth by the Federal Communications Commission.

3.21 Signs. No signs, advertising, billboards or advertising structure of any kind may be erected or maintained on any Lot without the consent in writing of the Architectural Control Committee and all signs allowed by the Committee must meet the Design Guidelines established by the Committee. No “For Sale” signs on vacant lots shall be allowed. Declarant or any member of such Committee shall have the right to remove any sign, advertisement or billboard or structure which is placed on any Lot in violation of these restrictions and or the Design Guidelines, and in doing so, shall not be

liable, and are hereby expressly relieved from, any liability for trespass or other tort in connection therewith, or arising from such removal. The restrictions set forth in this subsection shall not apply to entry, directional or other signs installed by the Declarant or its duly authorized agent as may be necessary or convenient for the marketing and development of the Property, including, without limitation, "for sale" signs.

3.22 Rubbish and Debris. No rubbish or debris of any kind shall be placed or permitted to accumulate upon the Property and no odors shall be permitted to arise therefrom so as to render such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property or to its occupants. 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 by planting or fencing.

3.23 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 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 so as to be offensive or detrimental to any other portion of the Property or to its occupants.

3.24 Lighting. All exterior lights including but not limited to sports court lighting, shall consist of fixtures that prevent light from escaping through the top and sides of the fixture. Colored lights are prohibited. Only soft, down lighting shall be allowed.

3.25 Hazardous Activities. No activities shall be conducted on the Property and no Improvements constructed on the Property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no fireworks shall be discharged upon the Property without the permission of the Architectural Control Committee.

No open fires shall be permitted on any Lot except those within a safe, well-designated interior fireplace or those used for cooking within a contained barbecue unit which is attended while in use. The burning of any materials, including but not limited to brush and building materials, shall not be allowed.

3.26 Unsightly Articles; Vehicles. No article deemed to be unsightly by the Architectural Control Committee shall be permitted to remain on any Lot. Without limiting the generality of the foregoing, trailers, graders, trucks other than pickups, boats, jet skis and other watercraft, tractors, travel trailers, recreational vehicles, buses, campers, wagons, busses, commercial trucks or vans, all terrain vehicles, motorcycles, motor scooters, golf carts, and garden maintenance equipment shall be kept at all times in enclosed garages or other structures, the construction, material and workmanship of which matches the Main Dwelling and which shall be of sufficient size so as to completely enclose the same. 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 such other structures. Any and all such enclosed structures shall be located and situated behind the rear wall of the dwelling. No automobiles or other vehicles may be parked in excess of seventy-two (72) hours on any private road or County Road in or abutting the Property without the approval of the Architectural Control Committee. All vehicles shall follow the rules and regulations for road use set forth by the Association.

3.27 Animals-Household Pets. No animals, including pigs, pot bellied pigs, hogs, swine, pigeons, 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. No animal shall be allowed to make an unreasonable amount of noise, or to become dangerous or a nuisance (including but not limited to by reason of their numbers), 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 the enclosed areas which must be clean, sanitary and reasonably free of refuse, insects and waste at all times. Such enclosed area, whether fences or dog runs, shall be constructed in accordance with plans approved by the Architectural Control Committee, shall be of reasonable design and construction to adequately

contain such animals in accordance with the provisions hereof. The Association shall have the right, in its sole discretion, to determine if any animal is making an unreasonable amount of noise, is dangerous or has become a nuisance.

3.28 Hunting. No hunting is allowed in the subdivision; no discharge of handguns, rifles, shotguns or other firearms, pellet or air guns, bows or cross bows, or other weapons are allowed.

3.29 Basketball/game backboards and Flagpoles. Basketball hoops and backboards and other game backboards may be installed on a Lot only after Architectural Control Committee approval. No freestanding backboards or backboards attached to the house shall be allowed. A basketball goal or backboard, of either permanent or temporary nature, shall not be placed on the street right-of-way or within fifty (50) feet of the front property line or ten (10) feet of the side property line. Location of all flagpoles must meet the requirements set forth in the Design Guidelines.

3.30 Rentals. Nothing in the Declaration shall prevent the rental of any entire Lot and the Improvements thereon, by the Owner thereof for residential purposes so long as the Owner requires the lessee to abide by The Canyons at Scenic Loop Restrictions.

3.31 Model Homes. Notwithstanding anything herein contained, Builders shall be allowed to construct and staff model homes as long as such model homes conform to these restrictions.

3.32 Prohibition of Offensive Activity. Except for model homes and activity by Developer, no activity, whether for profit or not, shall be conducted on any Lot which is not related to single family residential purposes, unless said activity meets the following criteria: (a) no additional exterior sign of activity is present, (b) no additional traffic, that would not be there normally, is created, and (c) nothing dangerous is present that should not be there. Home offices are specifically allowed so long as they meet the requirements of (a), (b) and (c) above. Further, this restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision. No noxious or offensive activity shall be carried out upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, specifically including, but not limited to, the riding of dirt bikes and four wheelers. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

3.33 Landscaping and mowing. Until construction of a Residence has begun on a Lot, the Lot Owner shall keep the first twenty (20) feet (being 20 feet from any street lot line) of the Lot mowed no less than once every three months and the entire Lot clean of debris and trash at all times. If a Lot is not mowed or cleaned within two weeks after notice is sent to such Lot Owner by the Association, the Association may mow and/or clean the Lot at the Lot Owner's expense. After construction has begun, as well as after completion of the dwelling, each Lot Owner shall keep all shrubs, trees, grass and plantings of every kind cultivated, pruned, mowed, watered and free of trash or other unsightly material. The front yard up to the front property line, the side yards and no less than twenty-five feet behind the Main Dwelling shall be planted, landscaped and maintained at all times after completion of the Dwelling. Landscaping plans and specifications shall be submitted to the Committee for approval at least thirty days prior to the completion of the Main Dwelling and shall consist of a well-balanced mix of mature trees, shrubs and lawn grass and an automatic sprinkler system. All landscaping shall be completed within ninety days following the completion of the Main Dwelling. Drought resistant grass and plants are preferred.

No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two feet (2') and six feet (6') above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five feet (25') from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. No trees shall be permitted to remain within such distances of such intersection unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

3.34 Screening Outside Laundry Areas, air conditioning units, all pool equipment and other outdoor maintenance and service facility, etc. No outside facilities for hanging, drying or rinsing clothing or household fabrics, shall be allowed. All air conditioning units, trash cans and pool equipment shall be screened from view by use of a fence built of a material and color matching the Main Dwelling or shrubbery. 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 which are approved by the Committee.

3.35 Septic System. No Main Dwelling and/or guest/servants house shall be occupied until a class I aerobic septic system has been installed.

3.36 Construction Activities. Notwithstanding any provision herein to the contrary, this Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Declarant) upon any Lot within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of reasonable noise, dust, presence of vehicles or construction machinery, posting of Architectural Control Committee approved 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 of any dispute regarding such matters, a temporary waiver of the applicable provision may be granted by the Architectural Control Committee, provided that such waiver shall be only for the reasonable period of such construction.

All construction must meet the construction standards set forth in the Design Guidelines established by the Committee.

3.37 Water Service. On the Effective Date of these Restrictions, the subdivision is serviced by San Antonio Water System. Developer shall extend the Water Lines along the roadways to the lot lines. The Lot Owner is responsible for the installation of the water meter and the extension of the water lines to the improvements. Lots may require a pressure reducing valve or other mechanism to make the water system suitable for that Lot. It is the responsibility of the Lot Owner to determine the requirements for each individual improvement and add the necessary mechanism.

3.38 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article III or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms or provisions. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

DEVELOPER DOES NOT MAKE ANY GUARANTEES, WARRANTIES, OR REPRESENTATIONS OF ANY KIND WHATSOEVER, INCLUDING, BUT NOT LIMITED TO THE QUALITY OF CONSTRUCTION OR MATERIALS USED AND/OR THE ABILITY OF ANY BUILDER.

3.39 Compliance with Provisions of The Canyons at Scenic Loop Restrictions. Each Owner shall comply strictly with the provisions of The Canyons at Scenic Loop Restrictions as the same may be amended from time to time. **Failure to comply with any of The Canyons at Scenic Loop Restrictions shall constitute a violation of this Declaration, and shall give rise to a cause of action to recover sums due for damages, injunctive relief, fines, or any other right granted to the Board or an aggrieved Owner in these Declarations, at common law or in equity.**

3.40 Repairs and/or Restoration of Buildings. In the event of fire or other casualty causing damage to improvements on a Lot, the Owner of the Lot shall promptly remove all debris and promptly repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof. Such removal of debris and repair, restoration or replacement shall be commenced within thirty (30) days of the casualty and shall be completed in a good and workmanlike manner using exterior materials identical to those originally used in the structures, except with the written consent of the ACC. To the extent that the Owner fails to commence such repair, restoration or replacement of substantial or total damage or destruction within thirty (30) days after the occurrence of such damage or destruction, and thereafter prosecute same diligently 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 or destruction, and thereafter prosecute same diligently 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, replacement or cleanup, and such Owner shall

be personally liable to the Association for the cost of such work and the Lot shall be subject to the lien of the Association for such costs; provided, however, that if the Owner is prohibited or delayed by law, regulation or administrative or public body or tribunal from commencing such repair, restoration, replacement or cleanup, the rights of the Association under this provision shall not arise until the expiration of thirty (30) days after such prohibition or delay is removed.

3.41 Camp Bullis. The Subdivision is located within five (5) miles of Camp Bullis military base. All lighting on residential lots shall comply with the requirements set forth by Camp Bullis, the City of San Antonio and/or any other governmental authority.

ARTICLE IV USE RESTRICTIONS

4.1 General. Except on lots to be used for utilities and as otherwise provided herein, the Property shall be improved and used solely for single family residential use, model home use, or for Common Areas. Common Areas may, subject to the approval of Declarant, be improved and used for active and passive recreational purposes for the primary benefit of Owners and occupants of portions of the Property; provided, however that, as to any specific area, Declarant may, in its sole and absolute discretion, permit other improvements and uses.

4.2 Minimum Yards. The location of all Improvements located on a Lot shall be subject to approval by the Architectural Control Committee. Minimum yard and setback requirements may be established in excess of those shown on the plat or contained in City ordinances, if any, by these Restrictions, by the Architectural Control Committee or by Declarant through a Supplemental Declaration in order to maximize open areas, pedestrian and vehicular movement and to benefit the overall appearance of the Property.

4.3 Common Areas. No land with any Common Areas shall be improved, used, or occupied, except in such a manner as shall have been approved by the Board, in its sole and absolute discretion. Such required approval shall extend to the nature and type of use, occupancy and Improvement. Access to any Common Areas may be limited to persons currently paying Assessment fees and other charges, or otherwise conditioned or restricted, or made available to non-Owners, all on such terms and conditions as the Board may determine, in its sole discretion.

ARTICLE V THE CANYONS PROPERTY OWNERS ASSOCIATION

5.1 Organization. The Declarant has caused or shall cause the formation and incorporation of the Association as a nonprofit corporation under the laws of the State of Texas. The Association shall be created for the purposes, charged with the duties, governed by the provisions, and vested with the powers prescribed by law or set forth in its Certificate of Formation and Company Agreement or in this Declaration. Neither the Certificate of Formation nor Company Agreement shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Nothing in this Declaration shall prevent the creation, by provision therefor in Supplement Declaration(s) executed and recorded by Declarant or any person or persons authorized by Declarant, of Subassociations to own, develop, assess, regulate, operate, maintain or manage the Property subject to such Supplemental Declarations.

5.2 Membership. Every Person who is a record Owner of a fee or undivided fee interest in any Lot, including contract sellers and Developer, shall be a Member of the Association. The foregoing is not intended to include a Person holding an interest merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership. Any Mortgagee or Lienholder who acquired title to any Lot which is a part of the Property through judicial or non-judicial foreclosure shall be a Member of the Association. It is understood that the Development may be developed in phases or sections, and upon the completion of development of each individual section or phase by Declarant, such completed section or phase or any part thereof shall, at the option and election of Declarant, be incorporated within the scheme of the Declarant and become bound hereby and a part hereof.

5.3 Voting Rights. The Association shall have one class of voting memberships. Each Lot shall

have one vote regardless of the number of owners of the Lot or members of the Association, even if such lot is exempt from paying dues hereunder. If two (2) or more Lots are combined into one (1) Lot, but the Lot Owner is still paying dues on all Lots (including partial dues) the resulting Lot shall have one vote for each full assessment and one vote for each partial assessment that is being paid.

5.4 Powers and Authorities of the Association. The Association shall have the powers of the Texas Nonprofit Corporation, subject only to such limitations upon the exercise of such power(s) as are expressly set forth in this Declaration. It shall further have the power to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers granted to it by the Laws of Texas in this Declaration. The Association acting through its Board, shall have the power and authority at all time as follows:

(A) The Canyons at Scenic Loop Rules and Company Agreement. To make, establish and promulgate, and in its discretion to amend or repeal and re-enact, such The Canyons at Scenic Loop Rules and Regulations not in conflict with this Declaration, as it deems proper covering any and all aspects of its functions.

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

(C) Records. To keep books and records of the Association's affairs.

(D) Assessments. To levy assessments as provided in Article VII below. An assessment is defined as that sum which must be levied in the manner and against the property set forth in Article VII hereof in order to raise the total amount for which the levy in question is being made.

(E) Right of entry and Enforcement. To enter at any time in an emergency (or in the case of non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner, Contractor or Subcontractor, upon any Lot and into any Improvement thereon, excluding a completed, occupied Main Dwelling, for the purpose of enforcing The Canyons at Scenic Loop Restrictions or for the purpose of maintaining or repairing any area, landscaping, Improvement or other facility to conform to The Canyons at Scenic Loop Restrictions. The expenses Incurred by the Association in connection with such entry upon any Lot and the maintenance and repair work conducted thereon shall be a personal obligation of the Owner of the Lot entered upon, shall be due no later than the first day of the following month, shall be a lien upon the Lot entered upon and upon the Improvements thereon, and shall be enforced in the same manner and to the same extent as provided in Article VII hereof for regular and special assessments. The Association shall 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 Canyons at Scenic Loop Restrictions. The Association is also authorized to settle claims, enforce liens, file suit to recover damages, fees and costs, request injunctive relief and take any action as it may deem necessary or expedient to enforce The Canyons at Scenic Loop Restrictions; provided, however, that the Board shall never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, its successors or assigns.

The Association is hereby granted a perpetual easement to enter Lots for the purposes set forth above and shall in no event be liable for a trespass action.

(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 therein, including fee title, leasehold estates, easements, rights-of-way, or mortgages out of, in, on, over, or under any Common Areas for the purpose of constructing, erecting, operating, repairing or maintaining the following:

- (1) Parks, open spaces, parkways or other recreational facilities or structures;
- (2) Roads, streets, walks, driveways, trails and paths;

- (3) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (4) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines;
- (5) Drainage easements; and/or
- (6) Any similar public, quasi-public or private improvements or facilities; provided, however, that the Association shall not convey fee simple title in and to, or mortgage all or any portion of any Common Area without the consent of at least sixty-seven (67%) of the Owners (excluding Declarant).

Nothing above contained, however, shall be construed to permit use or occupancy of any Improvement or other facility in a way which would violate applicable use and occupancy restrictions imposed thereon by other provisions of this Declaration.

(H) Manager. To retain and pay for the services of a person or firm (the "Manager") to manage and operate the Association, including its property, to the extent deemed advisable by the Board. Additional personnel may be employed directly by the Association or may be furnished by the Manager. To the extent permitted by law, the Association and the Board may delegate any other duties, powers and functions to the Manager. The members of the Association hereby release the Association and the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

(I) Association Property Services. To pay for water, sewer, garbage removal, landscaping, gardening and all other utility services for all Common Areas.

(J) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments which the Association or the Board is required to secure or to pay for pursuant to applicable law, the terms of this Declaration, or the Certificate of Formation or Company Agreement of the Association.

(K) Construction on Association Property. To construct new Improvements or additions to Common Areas, subject to the approval of the Architectural Control Committee as provided in this Declaration.

(L) Contracts. To enter into contracts with Declarant and other persons on such terms and provisions as the Board shall determine, to operate and maintain any Common Area or to provide any service or perform any function on behalf of Declarant or any Person.

(M) Property Ownership. To acquire and own and to dispose of all manner of real and personal property, whether by grant, lease, gift or otherwise and to own and operate any and all types of facilities for both active and passive recreation.

(N) Fines. To levy fines in order to enforce compliance with The Canyons at Scenic Loop Restrictions.

5.5 Maintenance and Landscape Authority. The Association shall maintain and repair easements, entrances, gates, roads, roadways, rights-of-way, parks, parkways, swimming pools, landscaped median or median strips, sidewalks, paths, trails, ponds, lakes and other areas of the Property, as appropriate, and all streets and roadways within the Property, which are owned by the Association or have been completed but not accepted by the appropriate governmental entity for maintenance. In addition, the Association shall be authorized to landscape all easements, access easements, rights-of-way, median strips, sidewalks, paths, trails, detention ponds and other areas of the Property, as appropriate. Prior to the Control Transfer Date, the Association, shall, upon first securing the consent of Declarant, maintain all Common Areas dedicated to the Association for maintenance. The Association shall also maintain any landscaped medians and boulevard areas, not fronting lots, located in any public right-of-way.

5.6 Lighting. The Association shall pay for any electrical service and for all other costs and expenses necessary to operate and maintain the lighting whether within street right-of-ways, or on

Common Areas.

5.7 Common Areas. Subject to and in accordance with this Declaration, the Association, acting through the Board, shall have the following duties:

(A) To accept, own, operate and maintain all Common Areas which may be conveyed or leased to it by Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in said area; and to accept, own, operate and maintain all other Common Areas, real and personal, conveyed or leased to the Association by the Declarant and to maintain in good repair and condition all lands improvements and other Association property owned by or leased to the Association. Such maintenance shall include, but not be limited to, mowing and removal of rubbish or debris of any kind.

(B) To construct, maintain, repair and replace landscape improvements and irrigation systems which lie within public rights-of-way, pursuant to any agreement with the City of San Antonio or other appropriate governmental authority.

(C) To pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any property owned by or leased to the Association, to the extent that such taxes and assessments are not levied directly upon the members of the Association. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.

(D) Upon the approval of two-thirds (2/3rds) of the Owners, to execute mortgages, both construction and permanent, for construction of facilities, including improvements on property owned by or leased to the Association. Additionally, the Association may accept lands in Common Areas, whether or not improved, from Declarant subject to such mortgages or by assuming such mortgages. Financing may be effected through conventional mortgages or deeds of trust, the issuance and sale of development or other bonds, or in any other form or manner as may be deemed appropriate by the borrower, whether Declarant or the Association. The mortgage or other security interest given to secure repayment of any debt may consist of a first, second or other junior lien as shall be deemed appropriate by borrower, whether Declarant or the Association, on the improvement or other facility to be constructed, together with such underlying and surrounding lands as the borrower deems appropriate. The debt secured by such mortgage or other security instrument may be retired from and secured by the revenues generated by dues, use fees or Assessment paid by the members of the Association, as the case may be, but subject to the limitations imposed by this Declaration.

(E) To take out and maintain a current policy of liability insurance coverage to cover accidental bodily injury and/or death caused by the use and enjoyment of the Common Area, as well as casualty coverage on all real and personal property owned by the Association, and in such amounts as determined by the Board, if the Board shall deem the same appropriate.

(F) To make any rules or regulations it deems necessary for such Common Areas.

5.8 Indemnification. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was director, officer, committee member (including but not limited to the Architectural Control Committee), employee, servant or agent of the Association against expenses, including attorney's fees, reasonably incurred by him in connection with such action, suit or proceeding if it is found and determined by the Board or a Court that he (1) acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and (2) with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceedings by settlement, or upon a plea of Nolo Contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. The Board may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member, employee, servant or agent of the Association, against any liability asserted against him or incurred by him in any such capacity, or arising out of his status as such,

whether or not the Association would have the power to indemnify him against such liability hereunder or otherwise.

ARTICLE VI
ARCHITECTURAL CONTROL COMMITTEE

6.1 Approval of Plans and Specifications. All dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect or professional designer unless otherwise approved by the Committee. All fill brought onto the Lot must be approved by the Committee prior to placing on Lot. No Improvement shall be commenced, erected, constructed, placed or maintained upon any Lot, no site or dirt work shall be commenced, and no exterior addition to or change or alteration shall be made until the Plans and Specifications therefor shall have been submitted to and approved by the Architectural Control Committee. Construction of any structure approved by the Committee shall be commenced within six months of such approval or the approval shall be null and void and of no further effect and such plans and specifications must then be resubmitted for approval.

6.2 Membership of Architectural Control Committee. The Architectural Control Committee shall consist of not less than three nor more than five voting members ("Voting Members") and such additional nonvoting members serving in an advisory capacity ("Advisory Members") as the voting members of the Committee deem appropriate. The members of the Architectural Control Committee are not required to be Lot Owners or Members of the Association.

6.3 Actions of the Architectural Control Committee. The Architectural Control Committee may, by resolution, unanimously adopted in writing, designate one or two of its members or an agent acting on its behalf to take any action or perform any duties for and on behalf of the Architectural Control Committee. In the absence of such designation, the vote of a majority of all the members of the Architectural Control Committee taken without a meeting, shall constitute an act of the Architectural Control Committee.

6.4 Term. At such time as fifty-one percent (51%) of all the Lots in all units of The Canyons at Scenic Loop whether platted or to be platted, are conveyed by Declarant (from time to time hereafter referred to as the "Control Transfer Date"), the Declarant shall cause an instrument transferring control over the Association and the Architectural Control Committee to be placed of record in the Official Public Records of Bexar County, Texas. Additionally, the Declarant shall have the right to discontinue the exercise of architectural control privileges and arrange for the transfer to the Association at any time prior to the Control Transfer Date by filing a statement and instrument to such effect in the Official Public Records of Bexar County, Texas.

6.5 Adoption of Rules. The Architectural Control Committee may adopt such procedural and substantive rules, not in conflict with this Declaration, as it may deem necessary or proper for the performance of its duties, including but not limited to, a building code, a fire code, a housing code, and other similar codes as it may deem necessary and desirable. The Architectural Control Committee shall adopt Design Guidelines which shall be incorporated herein for all purposes.

6.6 Review of Proposed Construction. Whenever in this Declaration, or in any Supplemental Declaration, the approval of the Architectural Control Committee is required, it shall consider all of the Plans and Specifications for the Improvement or proposal in question and all other facts and information which, in its sole discretion, it considers relevant, and may require an Owner to provide such other information as it deems relevant. Except as otherwise specifically provided herein, prior to the commencement of any construction of any Improvement on the Property or any portion thereof, the Plans and Specifications therefor shall be submitted to the Architectural Control Committee, and construction thereof may not commence unless and until the Architectural Control Committee has approved such Plans and Specifications in writing. The Architectural Control Committee may postpone review of the Plans and Specifications until such time as the Architectural Control Committee has received all information reasonably requested. If the Architectural Control Committee fails to approve or disapprove in writing any plans and specifications within thirty days following the submission of plans, or the receipt of any requested additional information, such plans and specifications shall be deemed approved so long as the plans conform to these Restrictions and the construction of any such building and other improvements may be commenced and proceeded with in compliance of such plans and specifications. The Architectural Control Committee shall

perform such other duties assigned to it by this Declaration or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with Plans and Specifications approved by the Architectural Control Committee. The Architectural Control Committee shall not be responsible for reviewing and approving any proposed Improvements, nor shall its approval of any Plans and Specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes. All decisions of the Architectural Control Committee may be appealed to the Board of Directors of the Association. The appeal process shall be established by the Board of Directors but shall be similar to the process set forth in Section 209.006 and 209.007 of the Texas Property Code.

Simultaneously with the submission of any plans and specifications, the Builder or Owner of the Lot shall submit a \$1,000.00 construction deposit to the Association. This deposit shall be to guarantee that the Owner of the Lot, as well as any Contractor or Subcontractor, adheres to the provisions of this Declaration. If the Committee or the Association must remedy a violation, the cost of such remedy shall be charged against these funds. This provision does not limit any other relief to which the Association or Committee is entitled to under this Declaration, at law or in equity or limit the amount of damages for which the Owner is liable. If, upon the completion of the dwelling and all landscaping, the covenants have been complied with, the deposit (or any amount not used for remedying a violation) shall be returned to the person or entity which deposited the funds. No interest shall accrue on such funds.

6.7 Approval of Contractor. In order to ensure quality construction within the Subdivision, the Owner must submit in writing the name of Owner's proposed primary Contractor, together with a minimum of three references (including a banking reference and two references of people for whom the Contractor has built a home in the last two years) for approval, prior to the commencement of any construction if requested by the Developer or Architectural Control Committee. Unless otherwise agreed to by the Architectural Control Committee, no Contractor who has been in business for less than two years and/or who has not built a dwelling within the immediately preceding two years will be approved. The Architectural Control Committee shall either approve or disapprove such contractor within thirty days of receipt of such notice. By giving approval, the Architectural Control Committee makes no guaranties or representations of the performance of the approved contractor.

6.8 Variances. The Committee and/or the Developer (prior to the Control Transfer Date) may, on a case by case basis, authorize variances from compliance with any of the provisions of either (i) the Restrictions or (ii) minimum acceptable construction standards, regulations and Design Guidelines as promulgated from time to time by the Developer or the Committee. Notwithstanding, after the Control Transfer Date, both the Developer and the Committee shall have the right to grant a variance from the Building set-back line restrictions. Either party may grant this variance as it determines, in its sole discretion is needed, without the consent of the other. Such variances must be evidenced in writing and shall become effective when signed by the Developer or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of these Restrictions for any purpose except as to the particular Lot and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Tract concerned.

6.9 No Waiver of Future Approvals. The approval or consent of the Architectural Control Committee to any Plans or Specifications for any work done or proposed in connection with any other matter requiring the approval or consent of the Architectural Control Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans and Specifications, or other matter whatsoever, subsequently or additionally submitted for approval or consent by the same or a different person.

6.10 Work in Progress. The Architectural Control Committee, at its option, may, but shall not be required to, inspect all work in progress to ensure compliance with approved Plans and Specifications. For this purpose, the Committee shall have a nonexclusive easement for ingress and egress across each Lot.

6.11 Certificate of Compliance. Upon completion of any Improvement approved by the

Architectural Control Committee and upon written request by the Owner of the Lot, the Architectural Control Committee shall issue a "Certificate of Compliance With Approved Plans and Specifications" in a form suitable for recordation. The Certificate shall identify the Lot and the Improvements, the use or uses to be conducted thereon, and the Plans and Specifications on file with the Architectural Control Committee pursuant to which the Improvements were made and shall specify that the Improvements comply with the approved Plans and Specifications. The Certificate shall not be construed to certify the acceptability, sufficiency or approval by the Architectural Control Committee of the actual consideration of the Improvements or of the workmanship or material thereof.

The Owner is hereby notified that the Certificate in no way warrants, except as set forth above, the sufficiency, acceptability or approval by the Architectural Control Committee of the construction workmanship, material and or equipment of the Improvements. Preparation and recordation of such a Certificate shall be at the expense of the Owner of the improved Lot.

ARTICLE VII FUNDS AND ASSESSMENTS

7.1 Assessments.

(A) Assessments established hereunder or by the Board pursuant to the provisions of this Article VII shall be levied on a uniform basis against each Lot within the Property. Lots which have been re-platted to create a larger lot shall continue to pay assessments at a rate equal to one assessment for the first Lot plus one-half assessment amount for each additional Lot or portion of Lots combined. Any Lot Owner owning more than three (3) lots shall only be required to pay assessments on three (3) lots. The Developer shall determine the assessments against each lot until the Control Transfer Date.

(B) Each unpaid Assessment together with such interest thereon and costs of collection thereof as hereinafter provided, shall be the personal obligation of the Owner of the Property against which the Assessment falls due, and shall become a lien against each such Lot and all Improvements thereon. The Developer, until the Control Transfer Date, and the Association thereafter, may enforce payment of such assessments in accordance with the provisions of this Article.

(C) Where the obligation to pay an Assessment first arises after either the commencement of the year or other period for which the Assessment was levied, the Assessment shall be prorated as of the date when said obligation first arose to the duration of the Assessment year or other period remaining after said date.

7.2 Maintenance Fund. The Developer shall initially establish, and the Board shall after the Control Transfer Date continue, a maintenance fund into which shall be deposited all monies paid the Association and from which disbursements shall be made in performing the functions of the Association under this Declaration. The funds of the Association must be used solely for purposes authorized by this Declaration, as it may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment or other maintenance funds by a Sub-association pursuant to any Supplement Declaration.

7.3 Regular Annual Assessments. Prior to the beginning of each fiscal year after the Control Transfer Date, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under The Canyons at Scenic Loop Restrictions, including but not limited to, the cost of all maintenance, the cost of enforcing The Canyons at Scenic Loop Restrictions, and a reasonable provision for contingencies and appropriate replacement reserves. Assessments sufficient to pay such estimated net expenses and the level of Assessment set by the Board shall be final and binding so long as it is made in good faith. All such regular Assessments shall be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal quarterly installments on or before the first day of each quarter, or in such other manner as the Board may designate in its sole and absolute discretion. In no event shall the regular Assessment per Lot for the year 2012 exceed the sum of \$595.00 per year.

7.4 Special Assessments. In addition to the Regular Annual Assessment, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of

those budgeted. Any such Special Assessment may be levied against all Lots and may be enforced in the same manner as the Regular Annual Assessment.

7.5 Owner's Personal Obligation for Payment of Assessments. The regular Assessments provided for herein shall be the personal and individual debt of the Owner of the Lot covered by such Assessments. No Owner may exempt himself from liability for such Assessments by nonuse of the Common Areas or sale of his Lot. In the event of default in the payment of any such Assessment, the Owner of the Lot shall be obligated to pay interest on the amount of the Assessment from the due date at a percentage rate of eighteen percent (18.0%) per annum, or the highest amount allowed by law, whichever is lower, together with all costs, and expenses of collection, including reasonable attorney's fees.

7.6 Creation of Lien and Personal Obligation. In order to secure the payment of the assessments, fees and other charges hereby levied, each Owner of a Lot in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Lot which may be foreclosed on, either judicially or non-judicially, in compliance with the applicable law, such as Section 51 of the Texas Property Code (and any successor statute) and Section 209 of the Texas Property Code (including expedited foreclosures) and each such owner hereby expressly grants the Association a power of sale in connection with such statute. The Association shall, whenever it proceeds with foreclosure pursuant to the provisions of the Texas Property Code and said power of sale, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the Association by means of a written instrument executed by the President or any Vice-President of the Association and filed for record in the Real Property Records of Bexar County, Texas. In the event that the Association has determined to foreclose the lien pursuant to the provisions of the Texas Property Code and to exercise the power of sale hereby granted, the Association, or the Association's agent, shall give notice of foreclosure sale as provided by the Texas Property Code as then amended. Upon request by the Association, the Trustee shall give any further notice of foreclosure sale as may be required by the Texas Property Code as then amended, and shall convey such Lot to the highest bidder for cash by Deed. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with such default, including reasonable attorney's fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default; and third, the remaining balance shall be paid to such Owner. Subject to Section 209 of the Texas Property Code, following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder. In the event of non-payment by any Owner of any assessment, fee or other charge levied hereunder, the Association may, in addition to foreclosing the lien and exercising the remedies provided, upon ten (10) days prior written notice to such non-paying Owner, exercise all other rights and remedies available at law or in equity.

It is the intent of the provisions of this Section 7.6 to comply with the provisions of Section 51 and 209 of the Texas Property Code and Rules 735 and 736 of the Texas Rules of Civil Procedure relating to foreclosure sales by power of sale and, in the event of the amendment of Sections 51, or 209 of the Texas Property code, or Rules 735 or 736 of the Texas Rules of Civil Procedures hereafter, the President or any Vice-President of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration file in the Real Property Records of Bexar County, Texas, amend the provisions hereof so as to comply with said amendments to said Sections.

7.7 Notice of Lien. In addition to the right of the Association to enforce the assessments, fees or other charge levied hereunder, the Association may file a claim or lien against the Lot of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest thereon, (c) the costs of collection which have accrued thereon, (d) the legal description and street address of the Lot against which the lien is claimed and (e) the name of the Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts secured hereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the

Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the preparation and recordation of such release of lien instrument.

7.8 Liens Subordinate to Mortgages. The lien described in this Article VII shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or any other third party lender, including Developer, which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Lot and any renewal, extension, rearrangement or refinancing thereof, including home equity loans. Each such Mortgagee of a Mortgage encumbering a Lot who obtains title to such Lot pursuant to the remedies provided in the deed of trust or Mortgage or by judicial foreclosure shall take title to the Lot free and clear of any claims for unpaid assessments, fees or other charges against such Lot which accrued prior to the time such holder acquired title to such Lot. No such sale or transfer shall relieve such holder from liability for any assessments, fees or other charges thereafter becoming due or from the lien thereof. Any other sale or transfer of a Lot shall not affect the Association's lien for assessments, fees or other charges. The Association shall make a good faith effort to give each such Mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of lien described herein, which notice shall be sent the nearest office of such Mortgagee by prepaid United States registered or Certified mail, return receipt requested, and shall contain a statement of delinquent assessments, fees or other charges upon which the proposed action is based provided, however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article VII.

ARTICLE VIII EASEMENTS

8.1 Reserved Easements. All dedications, limitations, restrictions and reservations shown on a Plat and all grants and dedications of easements, rights-of-way, restrictions and related rights, made by Declarant 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 shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant conveying any part of the Property. Declarant reserves the right to make changes in and additions to the said easements and rights-of-way for the purpose of most efficiently and economically developing the Property. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other person or entity, to grant, dedicate, reserve otherwise create, at any time or from time to time, rights-of-way and easements for public utility purposes (including without limitation, gas, water, cable television, electricity, telephone and drainage), in favor of Person, along and on either or both sides of any Lot line, which said easement shall have a maximum width of 10.0 feet on each side of such Lot line.

8.2 Installation and Maintenance. There is hereby created an easement upon, across, over and under all of the easement area affecting the Property for ingress and egress in connection with installing, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewer, gas, cable television, telephones, electricity and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service lines or other utility facilities or appurtenances thereto, under the Property, within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any Improvement. Notwithstanding any provision contained in this section, no sewer, electrical lines, water lines or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the Architectural Control Committee. Additionally, it shall be expressly permissible for the utility companies and other entities supplying service to trim overhanging trees and shrubs which are located on portions of the Property abutting such easements in the event it shall be determined that such overhanging limbs and shrubs shall interfere with the maintenance of the utilities.

8.3 Drainage Easements. Each Owner covenants to provide easements for drainage and water flow, as contours of land and the arrangement of Improvements approved by the Architectural Control Committee thereon, require. Each Owner further covenants not to disturb or displace any trees or other vegetation within the drainage easements as defined in this Declaration and shown on

the Plat. There shall be no construction of Improvements, temporary or permanent in any drainage easement, except as approved in writing by the Architectural Control Committee.

8.4 Surface Areas. Each Owner shall maintain the surface area of all easements located within his Lot and all improvements located therein except for such improvements for which a public authority or utility company is responsible. The surface of easement areas for underground utility services may be used for planting of shrubbery, trees, lawns or flowers. However, neither the Declarant nor any supplier of any utility or service using any easement shall be liable to any owner or to the Association for any damage done by them or either of them or their respective agents, employees, servants or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation or repair of any facility in any such easement area.

8.5 Title to Easement and Appurtenances Not Covered. Title to any Lot conveyed by Declarant by contract, deed or other conveyance shall not be held or construed in any event to include the title to any roadways or Common Area or any drainage, water, gas, sewer, storm sewer, electrical light, electrical power, telegraph or telephone way, or any pipes, lines, poles or conduits on or in any utility facility or appurtenances thereto, constructed by or under Declarant or its agents through, along or upon any Lot or any part thereof to serve said Lot or any other portion of the Property, and the right to maintain, repair, sell, or lease such appurtenances to any municipality or other governmental agency or to any public service corporation or to any other party is hereby expressly reserved by Declarant.

8.6 Common Areas. Each Owner shall have an easement of use and enjoyment in and to all Common Areas which shall be appurtenant to and shall with title to such Owner's Lot, subject to the following restrictions:

(A) The right of the Association to suspend the Owner's voting rights and right to use the Common Areas for any period, during which any Assessment against such Owner's Lot remains unpaid, and for any period during which the Owner is in violation of the rules and regulations of the Association;

(B) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be approved by a majority vote of the Members;

(C) The right of the Association to borrow money for the purpose of improving the Common Areas and, in furtherance thereof, to Mortgage the Common Areas, all in accordance with the Certificate of Formation and Company Agreement;

(D) The right of the Association to make reasonable rules and regulations regarding the use of the Common Areas and any facilities thereon, including but not limited to the number of guests allowed; and

(E) The right of the Association to contract for services with third parties on such terms as the Association may determine.

8.7 Road Easement. The roads within The Canyons at Scenic Loop have been or will be conveyed to the Association for use as a road. Each Lot Owner is hereby granted a nonexclusive easement for vehicular or pedestrian ingress and egress to and from their Lot(s), any public right-of-way and all Common Areas over and across said roads. The Association shall, at all times, allow Lot Owners access over such easements, regardless of whether such Lot Owner is current with his dues or in compliance with these restrictions. Except as specifically set forth herein, no improvement shall be constructed on or over such easement by any Lot Owner and no action shall be taken by any Lot Owner on or over this easement which would prevent other Lot Owners to have access to their individual properties. The Association shall be responsible for the maintenance of such road. Developer reserves the right to grant easements over the roads to third parties who are not Owners within the Property.

8.8 Drainage/Access Easement. **The easement located on the plat as drainage/access easement is for the benefit of the City of San Antonio and any other public or private entity providing emergency services within the County of Bexar. The Lot owner shall not fence this**

area or place any other obstructions within such area that would prevent emergency services vehicles from using such easement. Lot Owners have no rights of ingress and egress along any portion of this easement which is not on their particular Lot. This easement shall further be used for drainage within the subdivision.

8.9 Easements to Serve Additional Property. The Declarant hereby reserves for itself and its duly authorized agents, representatives and employees, successors, assigns, licensees and mortgagees, an easement over the roadways within The Canyons at Scenic Loop and any other roadways or access easements and Common Areas for the purposes of enjoyment, use, access, and development of Additional Property, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of the roads, for the posting of signs and for connecting and installing utilities serving the Additional Property. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Areas as a result of vehicular traffic connected with development of Additional Property. Declarant reserves the right to convey this non-exclusive easement to any current or successive owner or owners of any part of the Additional Lands.

8.10 Access Easements. The 60 foot Access easements identified on the Plat which "stub out" to adjoining properties owned by third parties are reserved for the exclusive use of Declarant and/or Declarant's grantees.

8.11 Oak Wilt. All Owners are advised to secure from the Texas Forest Service, the Texas Extension Forester at Texas A & M University or its local county agent information on oak wilt and other diseases which may infect their trees and possibly spread to trees on other Lots. Each Owner is responsible for taking such actions as may be necessary on his property to ensure that oak wilt and other diseases are not spread to the trees of other Owners. Because there is no known cure for oak wilt and oak wilt almost always spreads from a diseased tree to its neighboring oak trees, each Owner shall properly destroy all infected oak trees, avoid unnecessary pruning, and shall immediately apply dressing to all wounds on all oak trees. If oak wilt is detected, a minimum of 100 feet of the area surrounding the infected oak tree shall be trenched at least three feet (3') deep so as to prevent the oak wilt from spreading through connecting roots. Oak trees are most susceptible to oak wilt from February 1 to June 1. As a precaution, Owners should (i) avoid using firewood from infected oak trees, (ii) dispose of unused oak firewood after one heating season, and (iii) cut firewood only in the summer. Owners should use fungicide propiconazole to treat uninfected oaks when first informed of oak wilt being present on nearby trees. The foregoing information regarding oak wilt is provided to alert Owners and neither Declarant nor the Association shall be liable to any Owner in connection with the existence of spread of oak wilt on any Lot.

8.12 CZP. Each Owner is required to abide by and comply with all the terms of that certain Contributing Zone Plan ("CZP") recorded in the Official Public Records of Bexar County, Texas. A copy of the CZP may be obtained from Declarant. OWNERS ARE ALERTED THAT THE CZP CONTAINS RESTRICTIONS APPLICABLE TO THEIR LOTS.

8.13 Geological Features: Caves and Sinkholes. Natural caves, sinkholes and/or other geological features may exist on some of the Lots in the Property. Each prospective Owners should personally inspect the Lot in which he is interested and/or seek the advice of a professional engineer and/or geologist to assure himself of the location of any such caves, sinkholes and/or other geological features which may be located thereon.

ARTICLE IX MISCELLANEOUS

9.1 Term. This Declaration, including all of the covenants, conditions and restrictions hereof, shall run until June 1, 2027, unless amended as herein provided. After June 1, 2027, this Declaration, including all such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by no less than 66 2/3 of the Lots within the Property then subject to this Declaration.

9.2 Nonliability of Board and Architectural Control Committee Members. Neither the Architectural Control Committee, nor any member thereof, nor the Board nor any member thereof, shall be liable to the Association or to any Owner or to any other person for any loss, damage or

injury arising out of their being in any connected with the performance of the Architectural Control Committee's or the Board's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Architectural Control Committee or its members or the Board or its members, as the case may be. Neither the Architectural Control Committee nor the members thereof shall be liable to any Owner due to the construction of any Improvement within the Property.

9.3 Amendment.

(A) By Declarant. This Declaration or any Supplemental Declaration may be amended by the Declarant acting alone until August 1, 2022, or until Declarant sells fifty-one percent (51%) of the lots in all phases of The Canyons at Scenic Loop, whichever occurs first, by Declarant filing such Amendment in the Official Public Records of Bexar County, Texas. No amendments by Declarant after August 1, 2022, shall be effective until there has been recorded in the Official Public Records of Bexar County, Texas, an instrument approved and executed and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the President and Secretary of the Board certifying that the Declarant had the requisite number of votes to amend the Restrictions. Notwithstanding the foregoing, Declarant may amend this Declaration at any time (i) to correct typographical and grammatical errors, and (ii) in order to comply with VA or FHA requirements for approval of the Property.

(B) By Owners. In addition to the method in Section 9.3(A), after August 1, 2022 or at such time as Declarant sells fifty-one percent (51%) of the lots in the subdivision whichever occurs first, or at any other time with the consent of the Developer this Declaration may be amended by the recording in the Official Public Records of Bexar County, Texas, an instrument approved, executed and acknowledged by the President and Secretary of the Association, setting forth the amendment and certifying that such amendment has been approved by at least sixty-six and two thirds percent (66 2/3%) of Lots in the Subdivision. There shall be one vote per lot, regardless of the number of Owners of such lot. Notwithstanding anything herein, the Design Guidelines may be amended as set forth in said Design Guidelines.

9.4 Notices. Any notice permitted or required to be given this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third 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.

9.5 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of the Property and of promoting and effectuating the fundamental concepts of the Property set forth in this Declaration. This Declaration shall be construed and governed under the laws of the State of Texas.

9.6 Exemption of Declarant. Notwithstanding any provision in this Declaration to the contrary, neither Declarant nor any of Declarant's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural Control Committee or the Association. Without in any way limiting the generality of the preceding sentence, this Declaration shall not prevent or limit the right of Declarant to excavate and grade, to construct and alter drainage patterns and facilities to construct any and all other types of improvements anywhere within the Property, however, the construction of sales and leasing offices and the posting of signs advertising the sale and leasing of Lots by Declarant shall be limited to Lots owned by the Declarant.

9.7 Assignment by Declarant. Notwithstanding any provision in this Declaration to the contrary, Declarant may assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any other person or entity and may permit the participation, in whole or in part, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder.

9.8 Enforcement and Nonwaiver.

(A) Right of Enforcement. Except as otherwise provided herein, any Owner at his own expense, Declarant and/or the Board shall have the right to enforce all of the provisions of the The

Canyons at Scenic Loop Restrictions.

(B) Nonwaiver. The failure to enforce any provision of the The Canyons at Scenic Loop Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said restrictions.

(C) Liens. The Association shall have the right, when appropriate in its judgment, to claim or impose a lien upon any Lot or Improvement constructed thereon in order to enforce any right or effect compliance with this Declaration.

9.9 Construction.

(A) Restrictions Severable. The provisions of The Canyons at Scenic Loop Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof.

(B) Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

(C) Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise effect that which is set forth in any of the paragraphs, sections or articles hereof.

These Restrictions may be executed in several counterparts, each of which shall be fully effective as an original and all of which together shall constitute one and the same instrument.

This Declaration may be executed in multiple counterparts.

[The remainder of this page is intentionally left blank. Signature Page follows.]

EXECUTED on the date of acknowledgement to be EFFECTIVE as of the 7th day of Feb., 2014.

SOUTHERLAND PALMIRA, LLC, a Texas
limited liability company

By: [Signature]
JAY PATTERSON, President

APPROVED, ADOPTED AND AGREED TO BY:

SOUTHERLAND CANYONS, LLC,
A Delaware limited liability company

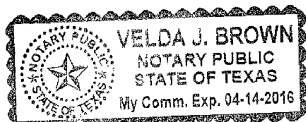
By: NATIONAL LAND PARTNERS II,
LLC, Member of SOUTHERLAND
CANYONS, LLC

By: AMERICAN LAND PARTNERS,
INC., Manager of NATIONAL LAND
PARTNERS II, LLC

By: [Signature]
TIMOTHY D. SMITH, Treasurer

THE STATE OF TEXAS
COUNTY OF Bexar *

This instrument was acknowledged before me on this the 7th day of Feb., 2014 by JAY PATTERSON, President of SOUTHERLAND PALMIRA, LLC, a Delaware limited liability company, in the capacity therein stated, on behalf of said Company.

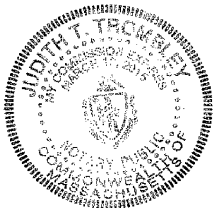


[Signature]
NOTARY PUBLIC, STATE OF TEXAS
Notary's Name Printed: _____
My Commission Expires: _____

STATE OF Massachusetts §

COUNTY OF Berkshire §

This instrument was acknowledged before me on this the 7 day of February, 2014 by TIMOTHY D. SMITH, Treasurer, of AMERICAN LAND PARTNERS, INC., Manager of NATIONAL LAND PARTNERS II, LLC, Member of SOUTHERLAND CANYONS, LLC, a Delaware limited liability company, in the capacity therein stated, on behalf of said Company.



[Signature]
NOTARY PUBLIC, STATE OF Massachusetts
Notary's Name Printed: JUDITH T. TROMBLEY
My Commission Expires: March 19, 2015

Executed by Security Bank on the date of acknowledgement, to be effective as of the date set forth above.

READ AND CONSENTED TO BY:

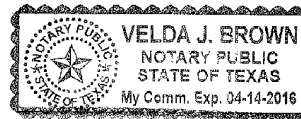
SECURITY BANK

By: [Signature]
Printed Name: Wayne Schroeder
Title: San Antonio Market President

THE STATE OF Texas *
COUNTY OF Brewer *

This instrument was acknowledged before me on the Feb day of 2014, by Wayne Schroeder Mkt President of SECURITY BANK in the capacity therein stated on behalf of said company.

[Signature]
NOTARY PUBLIC, STATE OF Texas



AFTER RECORDING RETURN TO:
Kristen Quinney Porter, LLC
P.O. Box 312643
New Braunfels, Texas, 78131-2643

PREPARED IN THE LAW OFFICE OF:
Kristen Quinney Porter, LLC
P.O. Box 312643
New Braunfels, Texas 78131-2643

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02/07/2014 4:21PM
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Official Public Records of
BEXAR COUNTY
GERARD C. RICKHOFF
COUNTY CLERK
Fees \$126.00

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.
02/07/2014 4:21PM
COUNTY CLERK, BEXAR COUNTY TEXAS



Gerard C. Rickhoff