

Item: **SOUTHERN HILLS (BOTH SECTIONS)**

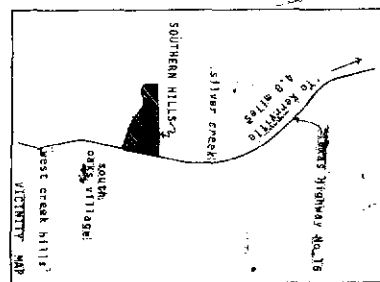
(Category: RESTRICTIONS)

Volume 285, Page 756, Deed Records of Kerr County, Texas (FOR PLAT 5/33 ONLY); Volume 298, Page 123, Deed Records of Kerr County, Texas (FOR BOTH SECTIONS); Volume 5, Page 33, Plat Records of Kerr County, Texas; (for first section only); Volume 5, Page 65, Plat Records of Kerr County, Texas, (For Second Section only); Volume 1464, Page 347, Real Property Records of Kerr County, Texas (Lots 211, 215-217, 220-229, 239, 240, 242, 243, 245, 247, 248, 251, 265-271, 273-280, 282-297 of Section I and Lots 8-13, 15 and 16 of Section II), BUT OMITTING ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

Item: **SOUTHERN HILLS (BOTH SECTIONS)**

(Category: Subdivisions)

- a. An undivided non-participating royalty interest, reserved by Grantor as described in instrument from Felix R. Real, Sr., et ux, to Felix R. Real, Jr., et ux, dated February 3, 1964, recorded in Volume 117, Page 414, Deed Records of Kerr County, Texas, reference to which instrument is here made for all purposes, together with all rights, expressed or implied in and to the property covered by this Policy arising out of or connected with said interests and conveyance. Title to said interest not checked subsequent to date of the aforesaid instrument.
 - b. Utility Easements as per the Plat recorded in Volume 4, Page 64, Plat Records of Kerr County, Texas. (AS PER PHASE TWO ONLY)
 - c. Easements and Building Set Back Lines as per the Plat recorded in Volume 5, Page 65, Plat Records of Kerr County, Texas. (AS PER PHASE TWO ONLY)
 - d. Easements as per the Plat recorded in Volume 5, Page 33, Plat Records of Kerr County, Texas. (AS PER FIRST SECTION ONLY)
 - e. Annual assessments and/or current maintenance charges as set forth in instrument dated June 13, 1984, recorded in Volume 298, Page 123, Deed Records of Kerr County, Texas.
 - f. Easements and Building Set Back Lines as per the Restrictions recorded in Volume 298, Page 123, Deed Records of Kerr County, Texas.
 - g. Right Of Way Easement dated October 13, 1983 to Bandera Electric Cooperative, Inc., recorded in Volume 18, Page 199, Easement Records of Kerr County, Texas. (AS PER PHASE TWO ONLY)
 - h. Right Of Way Easement dated October 13, 1983 to Bandera Electric Cooperative, Inc., recorded in Volume 18, Page 201, Easement Records of Kerr County, Texas. (AS PER FIRST SECTION ONLY)
 - i. Any visible and/or apparent roadways or easements over or across the subject property.
 - j. Rights of Parties in Possession. (AS PER OWNER POLICY ONLY)
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139296

GENERAL WARRANTY DEED VOL 285 PAGE 756

THE STATE OF TEXAS

COUNTY OF KERR

KNOW ALL MEN BY THESE PRESENTS:

That we, STEVEN S. MONROE AND RICHARD E. ROBERTSON, JR., hereinafter referred to as Grantors, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid by SUMMEY BUILDING SYSTEMS, INC., hereinafter referred to as Grantee, the receipt of which is hereby acknowledged and confessed, and for which said portion of the total consideration no lien, expressed or implied does or shall exist, have GRANTED, SOLD AND CONVEYED and by these presents do GRANT, SELL AND CONVEY unto the above named Grantee, all of the following property lying and being situated in Kerr County, Texas, to-wit:

TRACT ONE:

All that certain tract or parcel of land lying and being situated in the County of Kerr, State of Texas, and being Lots 1-39 inclusive, of Skyview Estates, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 22, Plat Records of Kerr County, Texas;

TRACT TWO:

All that certain tract or parcel of land, lying and being situated in the County of Kerr, State of Texas, and being Lots 201-261 inclusive, and Lots 263-297 inclusive, of Southern Hills, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 33, Plat Records of Kerr County, Texas.

This conveyance is made and accepted subject to the following:

1. No single wide mobile homes shall be allowed in Southern Hills subdivision described as Tract Two above.
2. As to Tract I, restrictions, roadways and easements as shown on plat recorded in Volume 5, Page 22, Plat Records of Kerr County, Texas.
3. As to Tract II, restrictions, roadways and easements as shown on plat recorded in Volume 5, Page 33, Plat Records of Kerr County, Texas.
4. 5/16th Royalty interest reserved by Felix Real, Sr., et ux in Deed recorded in Volume 117, Page 414, Deed Records of Kerr County, Texas.
5. Any visible and/or apparent roadways or easements over or across the subject property.

LDH/nc/jah/10-26-83
JAH5 (M)

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TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns forever; and we do hereby bind ourselves, our heirs, executors and administrators to WARRANT AND FOREVER DEFEND all and singular the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED this the 1st day of November, A.D. 1983.

Steven S. Monroe
STEVEN S. MONROE

Richard E. Robertson, Jr.
RICHARD E. ROBERTSON, JR.

THE STATE OF TEXAS §
COUNTY OF KERR §

This instrument was acknowledged before me on the 1st day of November, 1983, by STEVEN S. MONROE and RICHARD E. ROBERTSON, JR.

Bertha Malachuk
Notary Public in and for
the State of Texas

My commission expires _____

Bertha Malachuk
Notary Public in and for Kerr Co., Texas
Commission Expires 12-31-84
Stamped or printed name of notary

Grantee's name and address:
Summey Building Systems, Inc.
3000 South Austin Avenue
P. O. Box 99
Georgetown, Texas 78626

FILED FOR RECORD

at 4:15 P.M.

NOV 2 1983

PATRICIA DYE
Clerk County Court, Kerr County, Texas
By Marye H. H. Deputy

839296

STEVEN S. MONROE ^{et al} & RICHARD E.
ROBERTSON, JR.

TO

SUMMEY BUILDING SYSTEMS, INC.

GENERAL WARRANTY DEED

Return to:

Summey Building Systems, Inc.
3000 South Austin Avenue
P. O. Box 99
Georgetown, Texas 78626

Filed 2 Day of Nov 1983
PATRICIA DYE 4:15 PM
Clerk County Court, Lavi County, Texas
By Mary C. Haxson Deputy

HARRIS, HARRIS & CHILDERS
A PROFESSIONAL LEGAL CORPORATION
LAWYERS BUILDING
481 WATER STREET
KERRVILLE, TEXAS 78028

FILED BY KERRVILLE TITLE COMPANY

Filed for record November
Recorded November 8th, 1983
PATRICIA DYE, Clerk

2, 1983 at 4:15 o'clock P. M.
By Mary C. Haxson Deputy

4920

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SOUTHERN HILLS

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

Both

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SOUTHERN HILLS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "Declaration") made this 13th day of June, 1984, by SUMMEY BUILDING SYSTEMS, INC. ("Declarant");

W I T N E S S E T H:

A. Declarant is the owner of real property (the "Property") known as:

1. Lots 201-261, inclusive, and Lots 263-297, inclusive, of Southern Hills, a subdivision of Kerr County, Texas, according to the plat thereof recorded in Volume 5, Page 33, et seq., Plat Records, Kerr County, Texas.

2. Lots 1-39, inclusive, Skyview Estates, a subdivision in Kerr County, Texas, according to the plat thereof recorded in Volume 5, Page 22, Plat Records, Kerr County, Texas, which subdivision is being changed and replatted to provide that it will be known as Southern Hills, Phase 2.

The Property was acquired by Declarant pursuant to that certain Deed recorded in Volume 285, Page 756, Deed Records, Kerr County, Texas, which Deed contained certain restrictions as to certain portions of the Property, and which Property is also subject to the easements, restrictions and roadways specified in the plats of said Property; so that said restrictions are restated in this Declaration and amended and supplemented as herein provided, and this Declaration is in furtherance of and in addition to said restrictions.

Declarant desires to create on said property a residential community with residential lots, open spaces, and other common facilities for the benefit of the community.

B. Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said open spaces and other common facilities, and to this end desires to subject the Property and the real property referred to in Article II together with such additions as may hereafter be made thereto (as provided in Article II) to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

C. Declarant has deemed it desirable for the efficient preservation of the values and amenities in such community, to create an agency to which would be delegated and assigned the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants and restrictions and collecting and distributing the assessments and charges hereinafter created and provided for.

D. Declarant will cause to be incorporated under the laws of the State of Texas, a non-profit corporation, SOUTHERN HILLS HOMEOWNERS ASSOCIATION.

NOW, THEREFORE, Declarant declares that the real property referred to in Article II, and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes referred to as "Covenants, Conditions and Restrictions") hereinafter set forth.

ARTICLE I

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DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to the SOUTHERN HILLS HOMEOWNERS ASSOCIATION.

(b) "Properties" shall mean and refer to all of the Existing Property, and additions thereto, as are subject to this Declaration or any Supplemental Declaration prepared and filed of record pursuant to the provisions of Article II hereof.

(c) "Common Properties" shall mean and refer to those areas of land designated as Common Properties by Declarant in a recorded Supplemental Declaration or in any plat of the property covered hereby or subjected hereto, together with any and all improvements that are now or may hereafter be constructed thereon.

(d) "Lot" shall mean and refer to (i) each of the lots, tracts or plots of land within the Existing Property, which shall be designated and described, from time to time, by the plat of such property or if there be no plat by Supplemental Declaration(s) to this Declaration as and when the exact description of each such tract or parcel is determined and formulated (it being understood that each such additional Supplemental Declaration designating and describing each such lot, tract or parcel may be entered into and made by Declarant, from time to time, without the consent of any Owner, and shall be a part of this Declaration to the same extent as if the same were expressly set forth herein and that the designation and description of each such lot, tract or parcel may be deferred upon the advice of advising architects, engineers and surveyors until an exact description of each such lot, tract or parcel can be formulated upon the specific location of each residence on each such lot, tract or parcel, inasmuch as each such resident may be located on the lot line of each such lot, tract or parcel (zero lot line)), and (ii) each other tract or plot of land which shall be designated as a Lot in any property added to the Existing Property by Supplemental Declaration(s) pursuant to the provisions of Section 2 of Article II hereof.

(e) "Owner" shall mean and refer to every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenant of record to assessment by the Association, including contract sellers, or who becomes a record owner of a fee or undivided fee interest by the acquisition of such title to any such Lot from such a record owner. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or any persons or entities who lease any Lot.

(f) "Member" shall mean and refer to each Owner as provided herein in Article III.

(g) "Declarant" shall mean and refer to SUMMEY BUILDING SYSTEMS, INC., its successors and assigns, if (i) such successors and assigns should acquire more than one undeveloped Lot from the said SUMMEY BUILDING SYSTEMS, INC., for the purpose of development, and (ii) any such assignee shall receive by assignment from said SUMMEY BUILDING SYSTEMS, INC., all or a portion of its rights hereunder as such

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Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

(h) "Existing Property" shall mean and refer to the Property herein described which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration pursuant to Section 1 of Article II.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION: ADDITIONS THERETO

Section 1. Existing Property. The property which is, and shall be, held, transferred, sold, conveyed, and occupied subject to this Declaration (hereinafter defined as the "Existing Property") is located in Kerr County, State of Texas, and is more particularly described hereinabove.

Section 2. Additions to Existing Property. Additional lands may become subject to this Declaration in any of the following manners:

(a) Declarant may, without the consent of any Owner, at any time and from time to time, add to the Existing Property and to the concept of this Declaration any property which it presently owns or which it may hereafter own within Kerr County, Texas, by filing of record a Supplemental Declaration of Covenants, Conditions and Restrictions, which shall extend the concept of covenants, conditions and restrictions of this Declaration to such property, PROVIDED, HOWEVER, that such Supplemental Declaration may contain such complementary additions and modifications as the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the concept of this Declaration. In no event, however, shall such Supplemental Declaration modify or add to the covenants established by this Declaration for the Existing Property. Declarant may make any such addition even though at the time such addition is made Declarant is not the owner of any portion of the Existing Property. Each Supplemental Declaration may designate the number of separate plots or tracts comprising the properties added which are to constitute lots, or such designation may be deferred to further and subsequent Supplemental Declaration(s) as herein provided, and each such separate plot or tract shall constitute a "Lot" within the meaning of this Declaration.

(b) Upon the approval of the Members entitled to cast two-thirds (2/3) of the votes of each class of the Members of the Association who are voting in person or by proxy at a meeting duly called for that purpose, the owner of any property who desires to add it to the concept of this Declaration and to subject it to the jurisdiction of the Association, may file of record a Supplemental Declaration of Covenants, Conditions and Restrictions as described in paragraph (a) of this Article. Any additions made pursuant to paragraphs (a) or (b) of this Section 2, when made, shall automatically extend the jurisdiction, functions, duties and membership of the Association to the properties added.

(c) Upon a merger or consolidation of the Association with another association, as provided in its Articles of Incorporation, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Existing 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 for the Existing Property except as hereinafter provided.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot (including the transferee of such Owner who becomes an Owner by the acquisition of a fee or undivided fee interest in a Lot) shall upon the acquisition, by original purchase or transfer, of the fee or undivided fee interest in such Lot, automatically be a Member of the Association and entitled to all rights of the Members, as herein provided, including the rights with respect to the Common Properties, subject, however, to the terms and provisions hereof.

Section 2. Classes of Membership. The Association shall have two classes of voting membership:

CLASS A. Class A Members shall be all Members with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class B Member(s) shall be the Declarant. The Class B Member(s) shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership. When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, then the Class B membership shall cease and be converted into Class A membership.

Section 3. Quorum and Notice Requirements.

(a) Subject to the provisions of paragraph (c) of this Section, any action authorized by Sections 4 and 5 of Article V shall require the assent of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called for that purpose, written notice of which shall be given to all Members not less than thirty (30) days nor more than sixty (60) days in advance and shall set forth the purpose of such meeting.

(b) The quorum required for any action referred to in paragraph (a) of this Section shall be as follows:

At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast sixty (60) percent of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present at the meeting, one additional meeting may be called, subject to the notice requirement hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

(c) Any provision of this Declaration to the contrary notwithstanding, any action referred to in paragraph (a) of this Section may be taken with the assent given in writing and signed by two-thirds (2/3) of the Members of each class.

(d) Except as specifically set forth in this Declaration, notice, voting and quorum requirements for all action to be taken by the Association shall be as set forth in its Articles of Incorporation and By-Laws, as same may be amended from time to time.

Section 4. Leases. Every Owner shall own a fee or undivided fee interest in a Lot, as herein provided, but an Owner may lease a Lot pursuant to a written lease agreement and may delegate to such tenant the right and easement of use and enjoyment in and to the Common Properties subject to, and as provided in, the provisions of this Declaration and the By-Laws and Articles of Incorporation of the Association; and any such lease or lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Articles of Incorporation and By-Laws of the Association and that any failure by the lessee thereunder to comply with the terms and provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association shall be and constitute a default under such lease.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, every Member and every tenant of every Member who resides on a Lot, and each individual who resides with either of them or who is a guest of either of them, respectively, on such Lot shall have a right and easement of use and enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot; PROVIDED, HOWEVER, such easement shall not give such person the right to make alterations, additions or improvements to the Common Properties.

Section 2. Title to the Common Properties. The Declarant shall dedicate and convey the fee simple title to the Common Properties to the Association, free and clear of all encumbrances and liens other than the lien of current taxes and assessments not in default and utility easements and mineral interests outstanding and of record in Kerr County, Texas, prior to the date of the conveyance of the first Lot to an Owner; provided that if additional property is made subject to this Declaration pursuant to the provisions of Article II hereof and if a portion of such additional property is designated as Common Properties, the Declarant shall dedicate and convey the fee simple title to such additional Common Properties to the Association, as herein provided, prior to the date of the conveyance of the first Lot within such additional property to an Owner.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to prescribe regulations governing the use, operation and maintenance of the Common Properties (including limiting the number of guests of Members);

(b) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present and which is duly

called and held for the following purpose, the right of the Association, in accordance with its Articles of Incorporation, to borrow money for the purpose of improving the Common Properties and facilities and in aid thereof to mortgage the Common Properties and facilities and in aid thereof to mortgage the Common Properties, and the rights of such mortgagee in the Common Properties shall be subordinate to the rights of the homeowners hereunder;

(c) The right of the Association to take such steps as are reasonable necessary to protect the Common Properties against foreclosure;

(d) The right of the Association, as provided in its By-Laws, to suspend membership rights for any period during which any assessment against a Lot remains unpaid, and for any period not to exceed sixty (60) days for an infraction of its rules and regulations; provided, that the Association shall not deny the use of such of the Common Properties as is necessary for access to each Lot, including without limitation streets and sidewalks.

(e) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities on the Common Properties; and

(f) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present and which is duly called and held for the following purpose, the right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility for such purposes and upon such conditions as the Board of Directors of the Association may determine.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Properties, hereby covenants and agrees, and each purchaser of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association (or to a mortgage company or other collection agency designated by the Association): (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The regular annual assessments thus collected by the Association shall constitute the maintenance fund of the Association. The annual and special capital assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on, and shall be a continuing lien upon each Lot against which each such assessment is made. Each such assessment together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such property at the time when the assessment became due. The annual assessment shall be payable in monthly installments as provided in Section 7 of this Article V.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used (1) for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties, and in particular for the improvement and maintenance of private roadways, walkways, or other properties, services and facilities devoted to this purpose and directly related to the use and enjoyment of the Common Properties and of the homes situated upon the Properties, including,

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but not limited to, the payment of taxes on and insurance in connection with the Common Properties and the repair, replacement and additions thereto; (ii) for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties; (iii) for carrying out the duties of the Board of Directors of the Association as set forth in Article VI hereafter (including but not limited to the payment by the Association of all assessments and charges payable in connection with the installation and maintenance of street lighting (if any) for the Properties); and (iv) for carrying out the purposes of the Association as stated in its Articles of Incorporation.

Section 3. Improvements and Maintenance of the Common Properties Prior to Conveyance to the Association. After the date of the conveyance of the first Lot to an Owner, the Declarant shall have, at its election, the right in common with the Association to improve and maintain the Common Properties, and to exercise the duties of the Board of Directors of the Association and to pay taxes on and insurance in connection with the Common Properties and the cost of repairs, replacements and additions thereto, and for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties. In this regard, all assessments, both annual and special, collected by the Association (less such amounts required for the operation of the Association) shall be forthwith paid by the Association to Declarant, to the extent that such assessments are required by Declarant to improve and maintain the Common Properties as set forth in this paragraph and to carry out the duties of the Board of Directors of the Association. The Association shall rely upon a certificate executed and delivered by the Declarant with respect to the amount required by Declarant to improve and maintain the Common Properties hereunder and to carry out the duties of the Board of Directors of the Association. Any sums required by Declarant to improve and maintain the Common Properties, in excess of the assessments collected by the Association, shall be borne and paid exclusively by Declarant.

Section 4. Basis and Amount of Annual Assessments.

(a) The initial annual assessment for each Lot shall be set by Declarant.

(b) Although the Board of Directors shall not be required to fix assessments in each year, starting with calendar year 1986, or sooner if the Declarant so specifies in a Supplemental Declaration, the Board of Directors may fix the annual assessments at an amount not in excess of the maximum, as specified in this Section 4.

(c) Commencing with the year beginning January 1, 1986, and each year thereafter, the amount of the maximum annual assessment for the following year for each Lot may not be increased more than an amount specified by Declarant in a Supplemental Declaration which shall be a percent of the assessments for the previous year (no matter the amount of the annual assessment actually fixed for the previous year), without a vote of the membership taken in accordance with the provisions of this Section 3 of Article III.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 4 hereof, the Board of Directors may in its discretion levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any unexpected construction, reconstruction, repair, or replacement of a capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto; PROVIDED, THAT any such assessment shall

have the affirmative approval of the Association's Members, as provided in Section 3 of Article III. The Board of Directors shall not be required to levy in any assessment year a special assessment.

Section 6. Uniform Rate of Assessments. Both annual and special assessments must be fixed at a uniform rate for all Lots except as otherwise expressly provided in this Declaration.

Section 7. Date of Commencement of Assessments: Due Dates.

(a) The annual assessments provided for herein shall commence as to all Lots on the first day of the month following conveyance of the Common Properties (exclusive of any additional Common Properties made subject to this Declaration pursuant to Article II hereof) and shall be payable in equal monthly installments, in advance, on the first day of each month thereafter; provided that as to Lots made subject to this Declaration pursuant to Article II hereof, the annual assessments for such added Lots shall commence on the first day of the month following the month in which the Supplemental Declaration of Covenants, Conditions and Restrictions subjecting such Lots to this Declaration is recorded unless the property then subjected to the Declaration contains additional Common Properties, in which case the annual assessments for such added Lots shall commence on the first day of the month following conveyance of such additional Common Properties. The first annual assessment shall be made for the balance of the calendar year in which it is levied. The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessments provided for in Section 4 hereof as the remaining number of months in that year bears to twelve. The first annual assessment shall be due and payable in as many equal installments as there are monthly payment dates remaining the first year, said installments to be due and payable on said monthly payment dates. The same pro rata reduction in the amount of the assessment shall apply to the first annual assessment levied against any lot which is hereafter added to the Lots now subject to assessment at a time other than the beginning of any assessment period. The assessment period for the annual assessments after the first year shall be the calendar year.

(b) The due date or dates, if it is to be paid in installments, of any special assessment under Section 3 hereof, shall be fixed in the respective resolution authorizing such assessment.

Section 8. Duties with Respect to Assessments.

(a) If the Board of Directors decides to fix and set annual assessments, the Board of Directors of the Association shall so fix the amount of the assessment against each Lot at least by November 1 in the year prior to each annual calendar assessment period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.

(b) Written notice of the assessment shall thereupon be delivered or mailed to every Owner subject thereto.

(c) The Board of Directors shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer or agent of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of

payment of any assessment therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of such certificates.

Section 9. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; the Lien; Remedies of Association; Sale by Delinquent Owner.

(a) If any assessment or any part thereof is not paid on the date(s) when due (being the dates specified in Section 7 of this Article), then the unpaid amount of such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot of the nonpaying Owner which shall bind such Lot in the hands of the Owner, his heirs, legal representatives, successors and assigns. The obligation of an Owner to pay such assessments as are payable on or prior to the date on which his successor in title take possession of his Lot shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them. The lien for unpaid assessments shall be unaffected by any sale or assignment of a Lot and shall continue in full force and effect, except as otherwise expressly provided in this Section. No Owner may waive or otherwise escape liability for the assessment provided herein by non-use of the Common Properties or abandonment of his Lot.

(b) If any assessment or part thereof is not paid within thirty (30) days after the delinquency date, the unpaid amount of such assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may, at its election, bring an action at law against the Owner personally obligation to pay the same in order to enforce payment and/or to foreclose the lien against the Property subject thereto and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action and in the event a judgment is obtained such judgment shall include interest on the assessment as above provided and a reasonable attorney's fees to be fixed by the court, together with the costs of the action.

(c) No Owner shall, without the prior written consent of the Association (which consent need only be approved by the Board of Directors of the Association), sell, convey or in any way transfer any Lot, in whole or in part, unless and until such Owner shall obtain from the Board of Directors of the Association, and shall furnish to such Owner's purchaser or transferee, a certificate (dated not more than ten (10) days prior to the date of such transfer or conveyance) in writing signed by an officer or agent of the Association setting forth that all assessments payable by such Owner have been paid to the date thereof, that such Owner is not delinquent in the payment of such assessments as of the date thereof, that such Owner is not in violation of any Covenants, Conditions and Restrictions or Rules and Regulations of the Association, and that such Owner is otherwise in good standing with the Association. Such certificate shall be furnished by the Board of Directors in accordance with subparagraph (c) of Section 8 of this Article V. Any sale, transfer or conveyance by any Owner not in compliance with this subparagraph (c) of Section 9, Article V, shall be void and of no force and effect. Any transfer or conveyance by virtue of foreclosure, or in lieu thereof, with respect to first mortgages or deeds of trust constituting and creating a first and prior lien on a Lot are expressly excluded from the provisions and requirements of this subparagraph (c) of Section 9, Article V.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate and inferior to the lien or equivalent security interest of any first mortgage or deed of trust now or hereafter placed upon a Lot subject to assessment if the mortgage or deed of trust is placed upon the Lot at a time when no default has occurred and is then continuing in the payment of any portion of the annual assessment for such Lot; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the time when the holder of any first mortgage or deed of trust comes into possession of a Lot under the provisions of the mortgage, by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or the time when a purchaser at any such foreclosure sale comes into possession, except for claims for a share of such charges or assessments resulting from a reallocation of such charges or assessments to all Lots including the mortgaged Lot in question. Such sale shall not relieve such Lots from liability for the amount of any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

Section 11. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein:

(a) All properties dedicated and accepted by the local public authority and devoted to public use.

(b) All Common Properties as defined in Article I hereof.

(c) All portions of the Properties and Lots owned by Declarant upon which there have not been constructed and completed single-family residential dwellings.

Section 12. Omission of Assessments. The omission of the Board of Directors, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is filed.

Section 13. Rights of First Mortgagees. The holders of the first mortgages or deeds of trust constituting and creating a first and prior lien on a Lot ("First Mortgagees") shall, upon written request to the Association, be entitled to written notification of any default by the mortgagor of any Lot covered by a First Mortgagee's first lien deed of trust or mortgage in the performance of such mortgagor's obligations under the Declaration, the By-Laws of the Association, or the Articles of Incorporation of the Association, which is not cured within thirty (30) days. First Mortgagees shall, upon written request to the Association, have the right to (i) examine and inspect the books and records of the Association during normal business hours; (ii) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; (iii) receive written notice of all meetings of the Association and designate a representative to attend all such meetings; (iv) receive timely written notice of any substantial damage to or destruction of any improvements on any portion of the Property, including any improvements on the Common Properties; and (v) receive timely written notice of any condemnation or eminent domain proceedings with respect to any portion of the Properties, including the Common Properties. First Mortgagees shall have the right, at their option, to jointly or singly, pay taxes or other charges which are in default or which may or have become a charge against any portion of the Common Properties and

may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Properties, and the First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. First Mortgagees shall, upon written request to the Association, be entitled to not less than thirty (30) days prior written notice of any meeting of the members of the Association called for the purpose of considering (i) abandonment or termination of the development created and established by the Declaration, (ii) any material amendments to this Declaration, the By-Laws of the Association or the Articles of Incorporation of the Association, and (iii) the effectuation of any decision by the Association to terminate professional management and assume self-management of the Association and the development created and established by this Declaration; provided, however, that professional management of the Association and the development shall not be required. Unless all First Mortgagees shall have given their prior written approval, the Association shall not be entitled by act or omission.

(a) to abandon, alienate, release, hypothecate, partition, subdivide, encumber, sell or transfer the Common Properties, except the grant of easements for utilities and similar or related purposes,

(b) to change the method of determining the obligations, assessments, dues or other charges which may be levied against Owners and Lots,

(c) to change, waive or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of any residential dwelling on any Lots, exterior maintenance, maintenance of common fences and driveways, or the upkeep of lawns and plantings within the Properties.

(d) to fail to maintain fire and extended coverage on insurable Common Properties on a current replacement cost basis in an amount not less than 100% of the insurable value (based on current replacement cost), and

(e) to use hazard insurance proceeds or condemnation proceeds for losses to any of the Common Properties by virtue of casualty damage or condemnation for other than the repair, replacement or reconstruction thereof.

ARTICLE VI

GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS OF THE ASSOCIATION

Section 1. Powers and Duties. The Board, for the benefit of the Properties and the Owners, shall provide, and shall pay for out of the maintenance fund provided for in Section 1 of Article V above, the following:

(a) Assessments and charges for installation and maintenance charges for street lighting, if any, for the Properties, and taxes, assessments and other charges which shall properly be assessed or charged against the Common Properties.

(b) Exterior maintenance on the Common Properties, which shall include and be limited to (i) maintenance (including painting) of the exterior walls, downspouts, gutters, fences and roof, (ii) maintenance of streets, driveways and sidewalks, and (iii) maintenance of exterior grounds, including care of trees, shrubs and grass and sprinkler system (if installed).

(c) Care and preservation of the Common Properties and full maintenance of a utility service for the Common Properties; the furnishing and upkeep of any desired personal property for use in the Common Properties.

(d) The services of a person or firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager; provided, however, that any management agreement will be terminable by the Association for cause upon thirty (30) days' written notice thereof, will have a term not to exceed one year and will be renewable by agreement of the parties for successive one-year periods.

(e) Legal and accounting services.

(f) A policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants), incident to the operation of the Association, in an amount not less than \$100,000 to indemnify against the claim of one person, \$300,000 against the claim of two or more persons in any one occurrence, and property damage insurance in an amount not less than \$100,000 per occurrence; which policy or policies shall contain an endorsement providing that the rights of the named insureds shall not be prejudiced with respect to actions against other named insureds; provided, that under no circumstances shall the Board be authorized to provide or pay for fire, casualty or other insurance insuring the interest of any Owner in his Lot.

(g) Workman's Compensation insurance to the extent necessary to comply with any applicable laws.

(h) Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.

(i) Any other materials, supplies, insurance on Association owned property, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration.

The Board shall have the following additional rights, powers and duties:

(j) To execute all declarations of ownership for tax assessment purposes with regard to the Common Properties on behalf of all owners.

(k) Subject to the provisions of its Articles of Incorporation, to borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(l) To enter into contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association, expressly including the power to enter into management and maintenance contracts.

(m) To protect or defend the Common Properties from loss or damage by suit or otherwise, and to provide adequate reserves for replacements.

(n) To make reasonable rules and regulations for the operation of the Common Properties and to amend them from time to time, provided that any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the Members, or, with respect to a rule applicable to less than all of the Properties, by the Members in the portions affected (without limiting the generality of the foregoing language, the rules and regulations may provide for limitations on use of the swimming pools or other common recreational areas during certain periods by youthful persons, visitors or otherwise).

(o) To make available to each Owner within sixty (60) days after the end of each year an annual report.

(p) To adjust the amount, collect, and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Members in proportionate amounts to cover the deficiency.

(q) To enforce the provisions of this Declaration and any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

Section 2. Board Powers, Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made for the maintenance fund, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

Section 3. Owner's Obligations to Repair. Each Owner shall, at his sole cost and expense, maintain and repair his Lot and the dwelling and other improvements situated thereon, keeping the same in good condition and repair. In the event that any Owner shall fail to maintain and repair his Lot and such dwelling and improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and the exterior of the dwelling and other improvements situated thereon; and each Owner (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessment hereunder when due.

Section 4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof (including but not limited to the maintenance and repair of swimming pools and fences owned by any such Owner), such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and to the best interest of the Association.

ARTICLE VII

USE OF LOTS AND COMMON PROPERTIES - PROTECTIVE COVENANTS

The Properties (and each Lot situated therein) and the Common Properties shall be occupied and used as follows:

Section 1. Residential Purposes Only. Each Lot shall be used exclusively for single family residential purposes, and carports and parking spaces shall be used exclusively for the parking of passenger automobiles, other than automobiles designed and used for competitive racing. No planes, trailers, boats, campers, abandoned cars or trucks shall be parked or housed outside garages or in carports and parking spaces, except as otherwise provided in Section 11 of this Article.

Section 2. No Mobile Homes. There shall be no mobile homes, single or doublewide, placed on a lot regardless of whether said mobile home is intended for temporary or permanent use. The term mobile home shall not include nor prohibit modular homes. The architectural control committee as provided for herein shall have the exclusive right to determine if a structure is a mobile home.

Section 3. Minimum Square Feet. Not more than one single family residence shall be constructed on any lot and no single family residence shall be constructed which contains less than 900 square feet.

Section 4. Obstructions, Etc. There shall be no obstruction of the Common Properties, nor shall anything be kept or stored in the Common Properties, nor shall anything be altered, or constructed or planted in, or removed from the Common Properties, without the written consent of the Board.

Section 5. Restricted Actions by Owners. No Owner shall permit anything to be done or kept on his lot or in the Common Properties which will result in the cancellation of or increase of any insurance carried by the Association, or which would be in violation of any law. No waste shall be committed in the Common Properties.

Section 6. Signs. No sign of any kind shall be displayed to the public view on or from any part of the Properties, without the prior consent of the Board, except signs temporarily used by Declarant in the development, sale or leasing of Lots.

Section 7. Nuisances. Nothing shall (i) be done in any part of the Properties, nor shall (ii) any noxious or offensive activity be carried on, nor shall (iii) any outside lighting or loudspeakers or other sound-producing devices be used, which, in the judgment of the Board, may be or become an unreasonable annoyance or nuisance to the other Owners.

Section 8. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or walls of any home, unless such attachments shall have been first submitted to and approved by the Architectural Control Committee hereinafter provided.

Section 9. Damage to the Common Properties. Each Owner shall be liable to the Association for any damage to the Common Properties caused by the negligence or willful misconduct of the Owner or his family, guests, or invitees, to the extent that the damage shall not be covered by insurance.

Section 10. Rules of the Board. All Owners and occupants shall abide by any rules and regulations adopted by the Board. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association for all damages and costs, including attorneys' fees.

Section 11. Animals. No animals, livestock or poultry shall be raised, bred or kept in any portion of the Property except that dogs, cats or other household pets may be kept, but not for any commercial purposes, provided that they do not create a nuisance.

Section 12. Outbuildings. Any and all outbuildings or accessory buildings must be constructed of the same material as the principal residence and must be approved by the Architectural Control Committee.

Section 13. Setbacks. The minimum depth of building setback lines from the roads fronting the lots in the subdivision shall be not less than 25 feet and not less than 10 feet from side lot lines.

Section 14. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any part of the Properties except in sanitary containers. No burning of trash or rubbish shall be allowed at any time.

Section 15. Boats. Neither a motorboat, houseboat or other similar water-borne vehicle nor any "camper" vehicle may be maintained, stored or kept on any parcel of property covered by these covenants except in an enclosed garage thereon, provided, that the Board of Directors may, but shall not be required, to designate any area where such motorboats, etc. may be stored, parked or housed, for which storing, etc. the Board of Directors may, but still not be required, to prescribe fees.

Section 16. Drainage and Maintenance. Each Owner shall not alter or change the drainage or seepage on, over and across, nor the grade of, his Lot by channeling, filling, grading, excavating or any other means or acts and shall not do, permit or cause to be done any act that results or might reasonably be expected to result in any adverse change or affect on such drainage or seepage. Each Owner shall not obstruct or in any way prevent other Owners from exercising their rights of ingress and egress over and upon his Lot for the maintenance and repair of such other Owner's Lot, as provided in Article IX, Section 5.

ARTICLE VIII

ARCHITECTURAL CONTROL

Anything contained in the foregoing Article VII of this Declaration to the contrary notwithstanding, no erection of buildings or exterior additions or alterations to any building situated upon the Properties nor erection of or changes or additions in fences, hedges, walls and other structures, nor construction of any improvements nor any changes in the exterior color of any building, structure, fence, wall or other improvement, shall be commenced erected, or maintained until (1) a preliminary sketch showing the basic plan and general specifications of same shall have been submitted to and approved by an Architectural Control Committee (hereinafter called the "Committee") appointed by the Board of Directors of the Association, and (2) the final plans and specification showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design, appearance, and location in relation to surrounding structures and topography by the Committee, or by the Board of Directors, provided, however, that the provision of this Article VIII shall not apply to buildings, structures, additions and alterations commenced, erected or maintained by Declarant. A copy of the approved plans and drawings shall be furnished by the Owner to the Committee and retained by the

Committee. In the event the Committee, or the Board of Directors, fail to approve or disapprove such design and location within thirty (30) days after the said plans and specifications have been submitted to it, or, in any event, if no suit to enjoin the addition, alteration or change has been commenced prior to the completion thereof, approval will not be required and this Article will be deemed to have been fully complied with. Neither the members of the Committee nor the Board of Directors shall be entitled to compensation for, or liable for damages, claims or causes of action arising out of, services performed pursuant to this Article.

ARTICLE IX

EASEMENTS

Section 1. Utility Easement. Easements for installation, maintenance, repair and removal of utilities (including, but not limited to, sewer, water, telephone, power, gas and street lighting and drainage facilities and floodway easements over, under and across the Properties are reserved by Declarant for itself, its successors and assigns. Declarant shall have the right to grant easements for such purposes over, under, and across the Properties. Full rights of ingress and egress shall be had by Declarant and its successors. Full rights of ingress and egress shall be had by Declarant and its successors and assigns, at all times over the Properties for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction that may be placed in such easement, or with the use, maintenance, operation or installation of such utility. Notwithstanding the foregoing, however, Declarant covenants that at any such time as the utilities referred to in this Section shall have been installed or otherwise located on the Properties, Declarant will be written instrument recorded in the Deed Records of Kerr County, Texas, define the exact location of each such easement and will release the remainder of the Properties from the provisions of this Section. Any such instrument when executed and filed of record by Declarant shall be effective to limit the location of the easement provided for therein in accordance with its terms and conditions, notwithstanding that the utility company affect may not have executed such instrument.

Section 2. Overhang and Encroachment Easements. Declarant hereby reserves for itself, the Association and each Owner, an easement and right of overhang and encroachment with respect to any dwelling originally constructed by Declarant, but not otherwise, for the overhang of the roof of any such originally constructed dwelling upon another adjoining Lot and/or the Common Properties, as a result of the construction, repair, shifting, settlement or movement of any portion of any such originally constructed dwelling, together with an easement and right of ingress and egress for the maintenance of the portion of such dwelling so encroaching or overhanging.

Section 3. Ingress and Egress by the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot for the maintenance and repair of each Lot in accordance with the provisions hereof, and for the carrying out by the Association of its functions, duties and obligations hereunder; provided, that any such entry by the Association upon any Lot shall be made with as minimum inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Association at the expense of the maintenance fund.

Section 4. Ingress and Egress by Owners. Each Owner shall have the right of ingress and egress at all times over and upon each adjoining Lot for the maintenance and repair of each such Owner's Lot; provided, that any entry by each such Owner

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upon any such adjoining Lot shall be made with as minimum inconvenience to the Owner of each such adjoining Lot as practical, and any damage caused thereby shall be repaired by each such entering Owner at his expense.

Section 5. Ingress and Egress by Police, Etc. The police, fire department, emergency units, ambulance company, utility companies, and any governmental agency or department having jurisdiction, shall have the right of ingress and egress at all times over and upon the Common Properties, including without limitation streets and sidewalks, for the performance of their respective duties and responsibilities with respect to the Properties and in order to service the Properties.

ARTICLE X

GENERAL PROVISIONS

Section 1. Duration. The Covenants, Conditions and Restrictions of this Declaration shall run with and bind the land and subject to this Declaration, and shall inure to the benefit of and be enforceable by the Association and/or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty-five (35) years from the date that this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the Members entitled to cast a majority of the votes of the Association has been recorded, agreeing to abolish said Covenants, Conditions and Restrictions in whole or in part; provided, however, that no such agreements to change shall be effective unless made and recorded ninety (90) days in advance of the effective date of such change.

Section 2. Amendments. Except as provided in Section 1 or this Section 2 of Article X and in Section 2(b) of Article II, the Covenants, Conditions and Restrictions of this Declaration may be abolished, amended and/or changed in whole or in part, only with the consent of a majority of the Class A Members and a majority of the Class B Members, if abolished, amended and/or changed during the first twenty (20) year period of this Declaration, and thereafter only with the consent of seventy-five percent (75%) of the Members, and in each case such amendment shall be evidenced by a document in writing bearing such of their signatures; provided, however, that the Declarant shall have the right to amend this Declaration at any time, and from time to time, without the consent of any other Member, to the extent that such amendments are required by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any other governmental or quasi-governmental authority involved in financing the improvement, purchase or sale of any of the Lots or the improvements to be constructed thereon. All amendments, if any, shall be recorded in the office of the County Clerk of Kerr County, Texas.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate them, or to recover damages, or to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

Section 5. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

Section 6. Notices. Any notice required to be given to any Member or Owner or otherwise under the provisions of this Declaration shall be deemed to have been properly delivered when deposited in the United States mails, postage prepaid, addressed to the last known address of the person to whom it is addressed, as appears on the records of the Association at the time of such mailing.

Section 7. Disputes. Matters of dispute or disagreement between Owners with respect to interpretation or application of the provision of this Declaration or the By-Laws, shall be determined by the Board of Directors, which determination shall be final and binding upon all Owners.

IN WITNESS WHEREOF, Sundry Building Systems, Inc., being the Declarant herein, has caused this instrument to be executed in its name and on its behalf and its corporate seal to be affixed hereunto by officers duly authorized thereunto this 13th day of June, 1984.

DECLARANT:

SUNDY BUILDING SYSTEMS, INC.

BY:

R B Frazier
R B Frazier

ATTEST:

STATE OF TEXAS §
COUNTY OF KERR §

This instrument was acknowledged before me on this 13th day of June, 1984, by R B Frazier of SUNDY BUILDING SYSTEMS, INC., a corporation, on behalf of said corporation.

Jan Harris
Notary Public in and for Kerr
County, Texas
My Commission Expires: 5/25/87
Jan Harris
(Type or Print Name of Notary)



4920⁴
Declaration of Covenants, Conditions
And Restrictions
Southern Shale
To Public

FILED FOR RECORD
a 10:35 a.m.

JUN 13 1984

PATRICIA DYE
Clerk County Court, New County, Texas
~~Patricia Dye~~

RETURN TO:
Graystone Homes
998 B Sidney Baker S.
Kerleville, TEXAS 78028

Filed for record June 13, 1984 at 10:35 o'clock A. M.
Recorded June 18, 1984
PATRICIA DYE, Clerk
By Mary C. Hansen Deputy

09091

DECLARATION OF RESTRICTIONS, COVENANTS AND CONDITIONS

STATE OF TEXAS

*

*

KNOW ALL MEN BY THESE PRESENTS:

*

COUNTY OF KERR

THAT WHEREAS, THE OASIS GROUP, L.L.C., a Texas Limited Liability Company (hereinafter referred to as the "Declarant") is the owner of Lots 211, 215-217, 220-229, 239, 240, 242, 243, 245, 247, 248, 251, 265-271, 273-280, 282-297, of Southern Hills; and Lots 8-13, 15 and 16 of Southern Hills, Phase II, a subdivision of Kerr County, Texas, filed of record in Volume 5, Page 33 and Volume 5, Page 65 of the Plat Records of Kerr County, Texas (hereinafter referred to as the "Property").

AND WHEREAS, TIMOTHY SCOTT MCKNIGHT and STEPHANIE C. MCKNIGHT are owners of Tract 265 of Southern Hills, a subdivision in Kerr County, Texas, and desire to join Declarant in establishing these Restrictions.

AND WHEREAS, it is deemed to be in the best interest of Declarant, and the persons who may purchase the Property, that restrictions, covenants and conditions, be established for the orderly development of the land that are in addition to those already of record in the Real Property Records of Kerr County, Texas.

NOW, THEREFORE, it is hereby declared that the Property described above shall be held, transferred, conveyed, improved and occupied in accordance with the restrictions, covenants and conditions as hereinafter set forth, which shall run with the Property and be binding on all parties having any interest therein.

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ARTICLE ONE

DEFINITIONS

OWNER

1.01. "Owner" shall refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot within the Property.

DECLARANT

1.02. "Declarant" shall refer to THE OASIS GROUP, L.L.C., a Texas Limited Liability Company, its successors or assigns.

ARTICLE TWO

ARCHITECTURAL CONTROL COMMITTEE

2.01. No building shall be erected, placed or altered on any Lot, until the building plans and specifications (and a plat showing the location of such building) shall have been approved in writing as to quality of workmanship and material conformity and harmony of external design with existing structures in the subdivision, and as to location of the building with respect to topography and finished elevation, by the Architectural Control Committee, in its sole discretion (hereinafter referred to as "Committee"). The Committee will have the power to waive, define, or interpret these Restrictions and its decision shall be conclusive on all parties. The initial three (3) person Committee shall be composed of MICHAEL E. TUCK, REGINALD A. TUCK, and EDITH Y. SPALDING, of Kerrville, Texas. In the event of the resignation or refusal to serve of any committee member, then a successor representative shall be designated by a majority of the members of the Committee. A majority vote of the Committee members shall control all its decisions. Plans and specifications may be submitted to the Architectural Control Committee by mail or delivery to MICHAEL E. TUCK at 874 Harper Road, Suite 109, Kerrville, Texas 78028, or as otherwise directed. If the Committee, or its designated representative, if any, in its sole

discretion, fails to approve or disapprove such plans, specifications and locations within thirty (30) days after such written plans and specifications have been submitted to it, and if no suit to enjoin the erection of such building or the making of such alterations has been commenced prior to the completion thereof, then such approval will not be required and this covenant shall be deemed to have been fully satisfied. The Architectural Control Committee shall perform all its actions, or decisions not to act, in its sole discretion, and shall have no liability to any lot owner, or third party, for its actions or decisions not to act.

2.02. The powers and duties of the Committee and the requirements of this covenant shall cease on and after September 1, 2030, provided, however, that at any time, the then record owners of majority of the Lots covered hereby (each Lot having one vote regardless of the number of owners of that Lot), shall have the power through a duly recorded written instrument to remove any committee member or members and replace them with other members, or to withdraw from the Committee any of its powers and duties, or to extend the powers and duties of the Committee. The Committee shall not be entitled to any compensation for services performed pursuant to this covenant, nor will the Committee be liable for damages, claims or causes of action arising out of services performed pursuant to this Declaration.

ARTICLE THREE

USE RESTRICTIONS

3.01. The minimum floor area of the main structure of a dwelling erected, placed or permitted to remain on any Lot, exclusive of porches and garages, shall be not less than 1100 square feet.

3.02. The exterior of any site built home or modular home must be completed within six (6) months, and the completion of the entire home must occur within one (1) year.

3.03. No residential building previously constructed elsewhere shall be moved onto any Lot, unless it is a new modular home, or prior written approval is obtained from the Architectural Control Committee. No structure of a temporary character, tent, shack, garage, barn or other outbuilding shall be used on any Lot any time as a residence, either temporarily or permanently.

3.04. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No commercial activity, other than the leasing of the residence, shall be conducted on any Lot. The Architectural Control Committee may determine, in its sole discretion, noxiousness, offensiveness or commercial activity; and, its decision shall be conclusive on all parties.

ARTICLE FOUR

GENERAL PROVISIONS

ENFORCEMENT

4.01. The Declarant, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations now or hereafter imposed by the provisions of this Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter

SEVERABILITY

4.02. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, and all other provisions shall remain in full force and effect.

DURATION AND AMENDMENT

4.03. The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property for a term of twenty-five (25) years from the date this Declaration is recorded. This Declaration may be amended during the twenty-five (25) year period by an instrument signed by the Owners of not less than fifty (50%) percent of the total lots or by an instrument signed by the Architectural Control Committee. Any signed amendment will not be effective until it is recorded with the County Clerk of Kerr County, Texas.

EXECUTED THIS 30th day of August, 2005.

DECLARANT:

THE OASIS GROUP, L.L.C., A
TEXAS LIMITED LIABILITY COMPANY

BY: Michael E. Tuck

MICHAEL E. TUCK, PRESIDENT
AND MEMBER

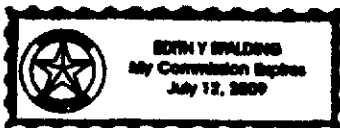
Timothy S. McKnight
TIMOTHY SCOTT MCKNIGHT

Stephanie C. McKnight
STEPHANIE C. MCKNIGHT

STATE OF TEXAS *

COUNTY OF KERR *

This instrument was acknowledged before me on the 31 day of August, 2005, by MICHAEL E. TUCK, President and Member of THE OASIS GROUP, L.L.C., a Texas Limited Liability Company, on behalf of said Limited Liability Company.



Edith Y. Spalding
Notary Public, State of Texas
My Commission Expires: 7-12-2009
Edith Y. Spalding
Notary's printed name

STATE OF TEXAS *

COUNTY OF KERR *

This instrument was acknowledged before me on the 30th day of August, 2005, by TIMOTHY SCOTT MCKNIGHT and STEPHANIE C. MCKNIGHT.



Edith Y. Spalding
Notary Public, State of Texas
My Commission Expires: 7-12-2009
Edith Y. Spalding
Notary's printed name

AFTER RECORDING RETURN TO:

✓ The Oasis Group, L.L.C.
1600 Harper Road, Suite 109
Kerrville, Texas 78028

PREPARED IN THE LAW OFFICE OF:

Robert J. Parmley
222 Sidney Baker So., Suite 615
Kerrville, Texas 78028

FILED FOR RECORD
at 2:00 o'clock P.M.

AUG 31 2005

JANNETT PIEPER
Clerk County Court, Kerr County, Texas
Jannett Pieper Deputy

I (persons herein which restrict the sale, rental or use of the described property because of color or race is invalid and unenforceable under Federal Law THE STATE OF TEXAS }
COUNTY OF KERR }
I hereby certify that this instrument was FILED in the File Number Sequence on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records of Real Property of Kerr County, Texas on

SEP 01 2005



Jannett Pieper
COUNTY CLERK, KERR COUNTY, TEXAS

RECORD *Real Property*
VOL. 1464 PG 347
RECORDING DATE

SEP 01 2005



Jannett Pieper
COUNTY CLERK, KERR COUNTY, TEXAS