

UPDATED 4-30-2015

HORIZON 2

RESTRICTIONS

Volume 1150, Page 313, Real Property Records of Kerr County, Texas; Volume 1430, Page 289, Real Property Records of Kerr County, Texas; Volume 7, Page 277, Plat Records of Kerr County, Texas; Volume 1536, Page 1, and File No. 11-06525, Official Public Records of Kerr County, Texas, 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.

OTHER EXCEPTIONS

- Right of Way Easement to Texas Power & Light Company, dated October 2, 1928, recorded in Volume 49, Page 385, Deed Records of Kerr County, Texas.
- Right of Way Easement to Texas Power & Light Company, dated October 2, 1928, recorded in Volume 49, Page 431, Deed Records of Kerr County, Texas.
- Easement to Texas Power & Light Company, dated April 8, 1929, recorded in Volume 50, Page 329, Deed Records of Kerr County, Texas.
- Easement to Texas Power & Light Company, dated August 5, 1931, recorded in Volume 53, Page 503, Deed Records of Kerr County, Texas.
- Electric Substation Easement and Right-Of-Way dated May 6, 1994 to L.C.R.A., recorded in Volume 747, Page 200, Real Property Records of Kerr County, Texas. (AS PER COMMON AREA ON PLAT 7/277 ONLY)
- Electric Line Easement and Right-Of-Way to L.C.R.A., dated May 6, 1994, recorded in Volume 747, Page 209, Real Property Records of Kerr County, Texas. (AS PER LOTS 10, 12, 20, 21 ONLY)
- Electric Line Easement and Right-Of-Way to Kerrville Public Utility Board, dated May 19, 1994, recorded in Volume 747, Page 250, Real Property Records of Kerr County, Texas. (AS PER LOTS 10, 12, 20, 21 ONLY)
- Mineral reservation by Grantor, as described in instrument from Board of Regents to the University of Texas System to Landmark Ranch, Ltd., dated July 17, 1996, recorded in Volume 860, Page 632, Real Property 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 aforesaid instrument.
- Easement dated June 5, 1998 to The Kerrville Telephone Company, recorded in Volume 958, Page 361, Real Property Records of Kerr County, Texas. (AS PER LOTS 22, 23, 24 ONLY)

- Right Of Way Easement notarized on May 15, 1998 to Central Texas Electric Cooperative, Inc., recorded in Volume 973, Page 6, Real Property Records of Kerr County, Texas.
- Right Of Way Easement dated April 15, 1999 to Central Texas Electric Cooperative, Inc., recorded in Volume 1064, Page 773, Real Property Records of Kerr County, Texas.
- Utility Easements as per the Plat recorded in Volume 7, Page 277, Plat Records of Kerr County, Texas.
- Easements and Building Set Back Lines as reserved in the Restrictions recorded in Volume 1150, Page 313, Real Property Records of Kerr County, Texas.
- Annual assessments and/or current maintenance charges as set forth in instrument recorded in Volume 1150, Page 313, Real Property Records of Kerr County, Texas.

Company insures the insured against loss, if any, sustained by the insured under the terms of the Policy if this item is not subordinate to the lien of the insured mortgage.

- BYLAWS of The Horizon Owners Association Inc. dated January 30, 2004, recorded in Volume 1331, Page 624, Real Property Records of Kerr County, Texas; Second Amendment to BYLAWS dated May 1, 2007, recorded in Volume 1606, Page 5, Official Public Records of Kerr County, Texas; Third Amendment to BYLAWS dated October 1, 2009, recorded in Volume 1761, Page 6, Official Public Records of Kerr County, Texas; Fourth Amendment to BYLAWS dated October 21, 2010, recorded in Volume 1812, Page 1, Official Public Records of Kerr County, Texas; Fifth Amendment to BYLAWS dated May 24, 2012, filed on May 29, 2012 under File No. 12-3294, Official Public Records of Kerr County, Texas. , 13-07843 + 14-05687
- Management Certificate on behalf of The Horizon Owners Association, Inc. (HOA), dated August 20, 2010, and filed on August 20, 2010, recorded in Volume 1802, Page 347, Official Public Records of Kerr County, Texas.
- Any visible and/or apparent roadways or easements over or across the subject property.
- Rights of Parties in Possession. (AS PER OWNER POLICY ONLY)

FIRST RESTATED, SUPPLEMENTAL, AND AMENDED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR

FILED BY
KERRVILLE TITLE COMPANY

THE HORIZON
KERR COUNTY, TEXAS

THIS FIRST RESTATED, SUPPLEMENTAL AND AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE HORIZON, is made this 12th day of October, 2001, by LANDMARK RANCH, LTD., a Texas Limited Partnership ("Declarant");

WHEREAS, by instrument dated May 20, 1997, and recorded in Volume 901, Pages 764-777 of the Real property recorded of Kerr County, Texas, (the "Original Declaration") Declarant imposed all those covenants, restrictions, conditions, easements, charges and liens set out in the Original Declaration upon the real property in Kerr County, Texas, described as all that certain tract or parcel of land, lying and being situated in the County of Kerr; State of Texas; comprising 848.8 acres, more or less; being all of the subdivision, The Horizon Section One, according to plat, dated April, 1997, of recorded in Volume 6, on pages 323 through 326, of the Plat Records of Kerr County, Texas (herein referred to as "Block 1");

WHEREAS, Sections 14 and 19 the Original Declaration provide that Declarant has the right to amend the Original Declaration and increase the size of the Property;

WHEREAS, Declarant desires to amend the Original Declaration and add additional real property to the property bound by the Original Declaration;

WHEREAS, Declarant is the Owner of a certain 91.53 acres of real property in Kerr County, Texas, described by metes and bounds on Exhibit A, attached hereto and included herein for all purposes, ("Block 2"), and wishes to subject Block 2 to the covenants and restrictions set out herein;

WHEREAS, Declarant is the Owner of a certain 100.09 acres of real property in Kerr County, Texas, described by metes and bounds on Exhibit B, attached hereto and included herein for all purposes, ("Block 3"), and wishes to subject Block 3 to the covenants and restrictions set out herein;

WHEREAS, Declarant desires to create on Blocks 1, 2 and 3 (herein collectively called the "Property") an exotic/wildlife/cattle ranch development for residential and agricultural purposes and provide for the preservation of the values and amenities of the Property and for the maintenance thereof;

WHEREAS, the Property shall include all lots or tracts subdivided out of the Property, except as otherwise set out herein;

WHEREAS, Declarant has caused THE HORIZON LAND OWNERS ASSOCIATION, INC. to be incorporated as a non-profit corporation under the laws of the State of Texas, to which will be delegated and assigned the powers of maintaining and administering the properties and facilities; administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges as hereinafter provided.

NOW, THEREFORE, Declarant hereby amends and replaces in its entirety the Original Declaration and all previously filed declarations, restrictions, and covenants affecting the Property described herein and adopts, establishes and imposes upon all of the Property, the following covenants, restrictions, conditions, easements, charges and liens (herein collectively called the "covenants" or "the restrictions and covenants"), all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property for the benefit of present and future Owners, which restrictions and covenants shall take the place of the Original Declaration, and which shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in any of the lots in or any portion of the Property and shall inure to the benefit of and be binding upon each Owner and future Owner thereof.

1. **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 Horizon Owners Association, Inc. The principal office of the Association shall be 1257 Sheppard-Ross Road, Kerrville, Texas 78028. The Association shall be formed for the purpose of maintaining uniform standards and quality of the land and wildlife as well as the beauty and value of the property described herein which shall hereafter be designated by Declarant.

(B) "Board" shall mean the Board of Directors of the Association.

(C) "Common Area" shall mean all real property, including roadways, including the improvements thereto, conveyed to the Association by Plat dedication or otherwise. The Common Area shall be owned by the Association for the common use and enjoyment of the Owners. Common Area may be designated by Declarant and dedicated or conveyed to the Association from time to time.

(D) "Properties" and "Property" shall mean the property described above and all additions thereto, as are subject to this Declaration or any Supplemental Declaration filed of record pursuant to the following provisions, including, but not limited to Blocks 1, 2, and 3.

(E) "Member" shall mean Declarant and each Owner of a fee simple interest or held by Contract for Deed for any Lot, Tract or part or portion of the Property.

(F) "Owner" shall mean the record Owner, whether one or more persons or entities, of a fee simple or under any Contract for Deed to any portion of Property.

39-5-1

- (G) "Architectural Control Committee" (Committee) shall mean and refer to that Committee as defined in Section 9 hereof.
- (H) "Exotic/Wildlife/Cattle Committee" (Wildlife Committee) shall mean and refer to that Committee as defined in Section 10 hereof.
- (I) "Access Easement" shall mean and refer to that certain easement reserved and recorded in Volume 0895, Page 632 of the Real Property Records of Kerr County, Texas.
- (J) "Lot" and "Tract" shall mean and refer to any lot, tract or parcel of the Property, including all of Blocks 1, 2, and 3, (with the exception of any Common Area, or any "Open Areas" reserved by Declarant on any plat) shown upon a plat of the property filed for record in Kerr County, Texas (as such plat or plats may be amended from time to time).
- (K) "Improvements" shall mean every structure and all appurtenances thereto of every type and kind, including, but not limited to, building, outbuildings, storage sheds, patios, exterior lighting, tennis courts, swimming pools, garages, storage buildings, fences, screening walls, retaining walls, stairs, decks, landscaping, dams, signs, exterior air conditioning, water softener fixtures or equipment, 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.
- (L) "Open Areas" shall mean those areas of the Property including but not limited to streets which are not designated by number as lots, the ownership of such areas being reserved to Declarant and its successors and assigns.
- (M) "Declarant" and "Developer" shall mean the Landmark Ranch, Ltd., a Texas limited partnership, and the successors and assigns of Declarant.
- (N) "Declaration" shall mean this Declaration as amended from time to time.
- (O) "Deed" shall mean a deed, contract for deed, to a "Lot."
- (P) "Subdivision" shall mean any Lot, any part of any Lot, or any other part of The Horizon, Section One, described above, or any other subdivision filed or imposed on any portion of the Property by the filing of a subdivision plat approved and executed by the City of Kerrville, Texas, and/or Kerr County, Texas, as such plats may be amended from time to time.
- (Q) "Fenced Area" shall mean any part of the Property that is substantially surrounded by a fence. Each residence will be assumed to have a Fenced Area of at least 1 acre.
- (R) "Residence" shall mean any free standing building with connections to water and electricity that is usable for residential purposes.

2. Covenants Binding on Property and Owners.

(A) **Property Bound.** From and after the date of recordation of this declaration, the Property shall be subject to the Covenants and said Covenants shall run with, for the benefit of the Property.

(B) **Owners Bound.** From and after the date of recordation of this Declaration, the Covenants, shall be binding upon and for the benefit of each Owner and his heirs, executors, administrators, trustees, personal representatives, successors and assigns, whether or not so provided or otherwise mentioned in the Deed.

3. **VARIANCE.** The Declarant, the Committee, or the Association as the case may be, may authorize variances from compliance with any of the provisions of this Declaration, with minimum acceptable construction standards, or with regulations and requirements as promulgated from time to time by the Declarant or the Committee, when circumstances such as topography, Tract configuration, Tract size, hardship, aesthetic or environmental considerations may require a variance. Such variances must be evidenced in writing and shall become effective when signed by the Declarant or by a majority 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 this Declaration for any purpose except as to the particular property and particular provisions covered by the variance, nor shall the granting of any variance effect in the Owner's obligation to comply with all laws and regulations affecting the property.

4. **AFFIRMATIVE AND PROTECTIVE COVENANTS.** The Property shall be used and occupied subject to the following restrictions:

(A) **Prohibition of Offensive Activities.** Except as provided herein, properties shall be used only for residential, recreational, ranching and agricultural purposes, and offices in the home that do not generate frequent visitors. No activity, whether for profit or not, shall be conducted which is not related to noncommercial residential, recreational, ranching, and agricultural purposes, unless said activity meets the following criteria: (i) no additional exterior sign of activity is present, (ii) it is the type of activity that frequently happens in a home, (iii) no substantial traffic is created, and (iv) nothing dangerous is present. Subject to the prior written consent of the Declarant or the Committee, home offices to which the general public is invited may be maintained within such Owner's residence, so long as activities conducted in connection with such home offices do not become an annoyance or nuisance. This restriction is waived in regard to the customary sales activities required to sell a home in the Subdivision. The Committee shall have the sole and absolute discretion to determine what constitutes a nuisance, annoyance, or an unreasonable use of a Property under this subparagraph. All activities related to development, sale and construction of lots and homes in the subdivision are permitted.

(B) **Camper or Recreation Vehicle.** A camper or recreational vehicle may be used as a residence on a Lot during the construction of a dwelling for a period of no longer than six (6) months, provided it is connected to an approved septic system. Upon completion of the dwelling, campers and recreation vehicles may be stored on a tract at a distance greater than 150 feet from the roadway and 75 feet from any property line and must be screened or parked in a structure to eliminate visibility from the roadway or a neighbor.

(C) **Open Fires.** No open fires unless approval is obtained in advance from the Committee.

(D) **No Offensive or Unlawful Use.** No offensive or unlawful use shall be made of the Properties. The Association may from time to time adopt rules concerning same, and it shall be entitled to enforce such rules.

(E) **Single Family Residential Dwelling.** No building shall be erected, altered, placed or permitted to remain on any Tract other than one residence to be used for residential purposes except that detached garages, workshops, barns and one guest/servants house may be built provided said guest/servants house must contain minimum of 800 square feet and be built after or while the main dwelling is being built and be approved by Committee. In addition a family compound with more than one dwelling may be built if occupied by members of same family, if all set back requirements are met, and if approved by the Committee. Detached garages, work shops, and barns may be constructed on the property prior to the main dwelling, so long as they are of good construction, kept in good repair, and are not used for residential purposes. The term "residence" does not include manufactured homes, mobile homes, modular homes, tents or other types of portable structures and said structures are not permitted within the Subdivision. All dwellings, except guest/servants' house, must have at least 1900 square feet of living area, excluding porches, and be built with new construction material. Any building, structure or improvement commenced on any Tract shall be completed as to exterior finish and appearance within one (1) year from the construction commencement date. During construction of a Residence or other building or structure, the Owner or his contractor must provide or install a temporary portable toilet and maintain and keep the Tract clean and free of excess debris. "Residential purposes" shall be construed to prohibit duplex houses, triplexes, condominiums, townhouses, or apartment houses or similar type structures. All tracts shall be for residential purposes except those designated before the Control Transfer Date by the Developer for the Commercial purposes of operating water wells, a veterinarian facility, a horse facility and for animal husbandry.

(F) **Garages.** All dwellings shall have a garage with a capacity of not less than two standard size automobiles. All garages shall comply with all other restrictions on usage. All garages shall consist of enclosed structures. A garage shall not be situated on a Lot so as to cause the garage door opening to be substantially visible from the roadway.

(G) **Driveways.** Driveways shall be hard surfaced and shall be constructed with a minimum width of ten feet (10') along its entire length. The width of each driveway shall flair to a minimum of sixteen (16) feet at the street.

(H) **Water and Sewer Systems.** Individual water systems and sewage disposal systems shall be located, constructed and equipped in compliance with the rules and regulations of the Texas Department of Health, Texas Natural Resource Conservation Commission, Upper Guadalupe River Authority, Kerr County, and any other applicable rules or regulations.

(I) **Fences.** All fences must be approved by the Committee. Decorative fences are recommended. Fences may be net wire, three or four slat wooden construction, stone, rock or brick construction that is similar to the Residence. No fence may be installed across a common area. NO FENCES, WALLS, PLANTERS, HEDGES OR ENCLOSURES SHALL ENCLOSE IN EXCESS OF TWENTY (20%) PERCENT OF THE TOTAL AREA OF SAID LOT. On a corner lot, a wall, fence, or hedge may not block a driver's vision and create a hazard. No fence shall be constructed, situated or located a distance less than thirty (30) feet from the center line of the right of way of Horizon Blvd. or any road shown on the plats of the Subdivision or within twenty-five (25) feet of the lot side or back boundary line or within twenty-five (25) feet of the bank of a creek or lake. Barbed wire is not in keeping with the Subdivision atmosphere. Swimming pools must be fenced to a minimum of five (5) feet in height.

(J) **Antennas.** Antennas of any kind shall not exceed ten feet above the roof of the house or accessory building.

(K) **On Street Parking.** On street parking is restricted to deliveries, pickups, or short time guests and shall be subject to such reasonable rules as may be adopted by the Committee.

(L) **Motor vehicles.** Motor Vehicles owned or in the custody of any Owner may be parked only in a carport, garage, or the driveway located upon or pertaining to such person's Lot unless otherwise authorized by the Committee in writing. No buses, vans or trucks having a carrying capacity in excess of one ton or designed for commercial purposes shall be placed, allowed or maintained upon any residential Lot except with prior written approval of the Committee in areas attractively screened or concealed from view of neighboring property and roads. No motorcycle, motorized bicycle, go-cart, dirt-bike or all-terrain vehicle shall operate on any road within the Subdivision, on any Common area, or on any Lot unless such vehicle is "properly muffled". What constitutes "properly muffled" shall be solely within the discretion of the Committee. The operation of such vehicle is prohibited on any Lot, Easement, or Common Area except for immediate access to a platted road without the approval of the Committee. No truck, bus, or semi trailer shall be left on the road in front of any Lot or on any Lot except for construction and repair equipment while a residence is being built or repaired, without permission of the Committee provided, however, this shall not apply to "pick-up" trucks or non-commercial passenger vans.

(M) **Storage.** No exterior storage of any items shall be permitted except with prior written approval of the Committee. Any such storage as is approved shall be attractively screened or concealed from view from neighboring property and roads. This provision shall apply without limitation to trailers, camp trailers, boat trailers, travel trailers, boats, and unmounted pickup camper units. All materials must be kept in an enclosed building or garage and not in a carport or in general view from the road. Without limitation, no automobile, truck or other vehicle, regardless of ownership, age, condition or appearance, shall remain on any Lot in any manner which could be construed as being stored, neglected, abandoned or otherwise not in frequent use, except in a closed garage or pursuant to approval of the Committee. No article deemed to be unsightly by the Committee shall be permitted to remain on any Lot so as to be visible from adjoining property or road. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabric shall be appropriately screened from view and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse trash shall be kept, stored or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view.

(N) **Repairs to Detached Machinery.** No repairs which take more than one day of any detached machinery, equipment or fixtures, including without limitation motor vehicles, shall be made upon any portion of any Lot within view of neighboring property and roads without prior approval of the Committee.

(O) **Garbage.** No garbage or trash shall be placed on the exterior of any building, except in containers meeting the specifications of the Committee, and the placement, maintenance and appearance of all such containers shall be subject to reasonable rules of the Committee. All rubbish and garbage shall be regularly removed from each Lot.

(P) **Outside Lighting.** Indirect lighting is generally recommended.

(Q) Signs. No signs, advertisements, or billboards of any kind may be erected or maintained without consent in writing of the Committee, except one (1) professionally made sign not more than forty-eight inches (48") square, advertising a Tract for sale or rent, and one (1) professionally made sign, not more than twelve inches (12") wide by twenty-four inches (24") long identifying the Tract owner's name or names. Declarant or any member of the Committee shall have the right to remove any such sign, advertisement or billboard which in violation of these restrictions, 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. Standard political signs not to exceed forty-eight inches (48") square shall be permitted for short periods before elections.

(R) Oil and Mineral Activity. No oil exploration, drilling, development or commercial refining operations and no commercial quarrying or mining operations of any kind of minerals, rocks, stones, sand, gravel, aggregate or earth, including oil wells, surface tanks, tunnels, or mineral excavation or shafts shall be permitted upon or under any Lot, provided, however, that Owners may excavate rock and gravel for the purpose of building roads or driveways on their own property. This Section is intended to prohibit the commercial excavation and development of any minerals or other natural resources on the Property and does not prohibit the right of any Owner to excavate top soil, gravel, or clay from areas where needed to build small tanks or lake sites to improve the water availability for the Owner or wildlife.

(S) Composite Building Site. Any Owner of one or more adjoining Tracts may, with the prior written approval of the Committee, consolidate such Tracts into a building site, with the privilege of placing or constructing improvements on such resulting site, in which case the side set-back lines shall be measured from the resulting side property lines rather than from the Tract lines as indicated on the Plat and, so long as there is only one residence on the tract, the tract will be assessed Maintenance Charges as though it is one tract.

(T) Location of the Improvements upon the Tract. No building of any kind shall be located nearer than fifty feet (50') to the side or rear property line, or nearer than one hundred feet (100') to any Platted road or natural creek as may be indicated on the Plat; provided, however, the Committee may waive any such setback line if, the Committee in the exercise of the Committee's sole discretion, such waiver is necessary to permit effective utilization of a Tract. Any such waiver or alteration must be in writing.

(U) Use of Temporary Structures. No structure of a temporary character, whether trailer, tent, shack, garage, barn used on any tract at any time as a residence, either temporarily or permanently, except as is permitted in Subparagraph 4 (B); provided, however, that the Committee reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the Property as in its sole discretion may be necessary or convenient while selling Tracts, constructing residences, constructing other improvements within the Subdivision, and operating the Subdivision or the Association. Committee may also give consent to Owner, Contractor, and Builders for the temporary use of structures.

(V) Working Ranch and Animal Husbandry by Association. The Association may own, maintain, harvest and sell livestock, horses, exotic game and wildlife of all kinds. Hunting is prohibited on both Common Acres and Member owned Tracts unless such hunting is planned and conducted under the direction of the Wildlife Committee as a part of a game harvesting and management program. No Member shall do any act that is designed harm the wildlife or livestock. No Member may release any wildlife without the permission of the Wildlife Committee. The Wildlife Committee may contract for a wildlife and livestock program with any individual or Member. No Lot shall be used for the discharge of any pistol, rifle, shotgun, or other firearm, or any bow and arrow or other device capable of killing or injuring unless permitted by the Wildlife Committee. THE ASSOCIATION IS HEREBY SPECIFICALLY GRANTED THE RIGHT TO OPERATE A WORKING RANCH ON THE COMMON AREAS AND PARK AREAS AND TO USE THAT PORTION OF EACH OWNER'S LOT THAT IS NOT FENCED AS PROVIDED HEREIN FOR GAZING OF CATTLE, HORSES, OTHER LIVESTOCK, EXOTIC GAME, AND WILDLIFE. EACH OWNER HEREOF SPECIFICALLY AGREES TO THE OPERATION OF SAID WORKING RANCH, AND A MEMBER OF SAID ASSOCIATION MAY BE CALLED UPON TO SHARE IN THE COST THEREOF BY MAINTENANCE FEES, ASSESSMENTS OR OTHERWISE. THERE SHALL BE NO REMUNERATION OF ANY KIND TO THE MEMBER FROM SAID ASSOCIATION BY REASON OF THE OPERATION OF A WORKING RANCH. Any profit will be placed into the Associations accounts to cover Association expenses.

(W) Animal Husbandry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Tract except that one (1) horse; one (1) cow; one (1) sheep or one (1) goat per acre, or any combination thereof, may be kept, as long as the maximum number does not exceed one (1) per acre in the Lot and does not become a nuisance or threat to other Owners. Animals being raised for 4-H school sponsored programs will be permitted. All animals being raised by individual Tract Owners must be kept in a Fenced Area on the Owners Tract. Dogs, cats, or other common household pets may be kept in reasonable numbers. Dogs must be kept in a kennel, dog run, or Fenced Area. Dogs will not be permitted to run loose in the Property and must be vaccinated for rabies once a year. Waivers may be granted by the Wildlife Committee, and other animals not mentioned must be approved by Wildlife Committee. The Wildlife Committee shall have the sole determination of whether or not such animal is a nuisance, and its decision shall be binding and conclusive. The Wildlife Committee shall give notice in writing by certified mail to any Member whose pet has been determined to be a nuisance and such Member shall remove such pet from his Tract within ten (10) days from receipt of such notice. Failure to remove the pet will allow the Wildlife Committee to use any of the remedial approved herein. In no event shall vicious or dangerous animals be allowed within the Property. This provision does not apply to the Tracts specifically designated by the Developer under 4(E) above.

(X) Drainage. Naturally established drainage patterns on roads, Tracts or roadway ditches will not be impaired. Driveway culverts must be installed and will be of sufficient size to afford proper drainage of ditches without backing water up into ditch or diverting flow. Drainage culvert installation is subject to the inspection and approval of the Committee using City and County requirements.

(Y) Landscaping and Excavation.

(i) Each Lot must be landscaped in an approved manner within ninety (90) days after completion of the Residence. The digging of the dirt or the removal of any dirt from any Lot is expressly prohibited except as necessary in conjunction with the landscaping of or construction on such Lot, except as provided in Paragraph 4(R), above.

(ii) The Owner of the Lot adjoining a Creek bed shall maintain the Creek bed and banks free of weeds and debris and, if the Owner shall fail to do so, the Association shall have said area maintained at the expense of the Owner. "Creek bed", as used in this Section, shall mean that property lying between the centerline of a creek to the far line of the drainage easement, if any, on the Lot, or if no drainage easement exists, than that property lying between the center line of the creek to the top of the Creek bed. Anything to the contrary contained in this Section notwithstanding, all Creek bed maintenance performed by an Owner, or by the Association, shall be performed in accordance with all pertinent and specifically applicable regulations and the ordinances of the appropriate governmental entity.

(iii) The Committee shall have the absolute discretion and authority to determine the necessity for required maintenance of Lots within the Subdivision. No unsightly Lots shall be permitted.

(Z) **Roofing Material.** All roofing material for a Residence, other building, or structure shall be of metal, wood shake, tile, top grade fiberglass shingle or other material approved by the Committee. Like materials should be used on all structures on a Lot where possible.

(AA) **Access to Adjoining Tracts.** No Tract may be used for access to or from an adjoining property outside of this Property without the written consent of the Declarant/Association.

(BB) **Common Area.** Only Owners and their guests may use the Common Areas. Owners may not charge non-owners for the use of the Common Areas. Owner and/or guests may not take away rights or pleasure from other Owners or guests by misusing or abusing the Common Areas. Any cost to repair damage caused the Common Area by an Owner or his guest must be reimbursed to the Association by the Owner who caused (or whose guest caused) the damage, within seven (7) days of notice from Association. All guests must be accompanied by a member of the Owner's family when using the Common Area. Any Owner who continually violates the rules of the Common Area is subject to suspension of his rights. All Common Areas are to be maintained and governed by the Association.

(CC) **Timber.** No plants, trees, shrubs, or rocks shall be removed from Common Areas or easements without the approval of the Committee.

(DD) **Creek and Tributary Obstructions.** No obstructions of any type, including, but not limited to, fences, dams, and concrete walkways, shall be placed in, on, or across the bed of any creek adjoining or running through any Lot in the Subdivision, without the approval of Declarant/Committee. "Creek bed" as used herein in relation to obstruction, means that portion of the creek where water would flow in times of normal rainfall.

(EE) **Filling, Cutting and Slope Control.** The Committee will carefully review all proposed Improvements which will be placed on Lots with slopes exceeding twenty percent (20%), and all filling and cutting of the terrain on such Lots shall be kept at a minimum.

(FF) **Pesticide and Herbicide Broadcast Application.** There will be no Pesticide or Herbicide applied in such a manner that causes an entire area or lot to be impacted by such application without approval of the Committee.

3. UTILITY EASEMENTS RESERVED BY DECLARANT.

(A) **Easements.** A ten (10) foot easement for the installation, maintenance, repair and removal of public and/or quasi-public utilities, water lines, sewer and drainage facilities, and floodway easements, are reserved by Declarant over, under and across the Properties on the property boundary lines. Full ingress and egress shall be had by Declarant at all times over the Properties in and along the above described easements, 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 that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility. Declarant shall have the right to assign and transfer the easements and rights herein reserved to or for the benefit of any public or quasi-public utility. Declarant reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Kerr County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, storm surface drainage, water lines, sewage lines, cable systems, or any other utility the Developer sees fit to install in, across and/or under the Property. All utility easements in the Subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Common Area and/or Tracts. Should any utility company furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document; without the joinder of any other Owner, the Declarant shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility serving the Subdivision shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements.

(B) **Title Subject to Easements.** It is expressly agreed and understood that the title conveyed by Developer to any of the Tracts by contract deed or other conveyance shall be subject to any easement hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits or other service lines running through their Tracts which are utilized for or service other Tracts, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Tract. The Developer may convey title to said easements to the public, a public utility company or the Association. No building shall be located over, under, upon or across any portion of any utility easement. The Owner of each Tract shall have the right to construct, keep and maintain concrete drives, fences, and similar improvements across any utility easement, and shall be entitled to cross such easement at all times for purposes of gaining access to and from such Tracts, provided, however, any concrete drive, fence or similar improvement placed upon such Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Tract subject to said Utility Easement shall be responsible for:

(i) Any and all repairs to the concrete drives, fences and similar improvements which cross or are located upon such Utility Easements and;

(ii) Repairing any damage to said improvements caused by the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.

(C) **Easement Covering All Lots.** The Owner of each Lot shall, by the acceptance of a deed or entering into a contract for the purchase of his property, agree, grant and convey unto the Association and each and every other Owner a perpetual easement for the use of said property not under fence as permitted herein in the following particulars:

(i) To each Owner and the Association reasonable ingress and egress to ride horses, hike, and jog or to traverse said property to reach other areas of Property. The Association/Developer may adopt rules to define easements, trails and paths to protect landscaping and gardening, to prevent over utilization of specific Lots, and to prevent abuse. Easements must be traversed quickly and quietly not to unreasonably disturb the peace and enjoyment of the Owners.

(ii) To the Association for the purpose of allowing the Association to own, maintain, graze, capture and care for wildlife, livestock and horses of whatsoever kind or character that the Declarant/Association may elect to purchase or otherwise acquire.

(D) **Power to Grant Easements.** In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under the Common Area.

6. **IMPROPER MAINTENANCE BY OWNER.** In the event any portion of a Lot or Structure thereon is in Committee/Declarant's judgment so maintained by the owner as to not comply with these Covenants or present a public or private nuisance or substantially detract from the appearance or quality of the neighboring Tracts or Residences or other areas of the Property which are substantially affected thereby or related thereto, the Committee/Declarant, unless corrective action is taken within ten (10) days after receipt of written notice to the Owner of a lot or Tract specifying the required maintenance action to be made by Owner, shall be authorized and empowered to cause such action to be taken and the cost (the "Maintenance Cost") thereof shall be assessed against the Lot and Residence of the offending Owner and shall be secured by the Maintenance Lien hereinafter provided. Written notice of such assessment shall be delivered to the offending Owner which notice shall specify the amount of such Maintenance Cost and shall demand payment thereof within thirty (30) days after the date of said notice. If any provision of this Paragraph 6 applies and the Association and the Owner can not agree on the required maintenance, the parties will submit the dispute to the Arbitration Board described in the Amended Declaration.

7. IMPOSITION OF LIEN: OWNER'S AGREEMENT.

(A) **Imposition of Maintenance Lien.** Declarant/Association shall have the right at any time there is unpaid Maintenance Cost outstanding with respect to a Lot, to file of record with the County Clerk of Kerr County, Texas, a written statement describing such Lot and the unpaid Maintenance Cost relating thereto in which event, upon such filing there shall automatically be imposed upon such Lot a lien (the "Maintenance Lien") in favor of Declarant/Association for the amount of such unpaid Maintenance Cost. Upon payment of all Maintenance Cost relating to any such Lot, Declarant/Association shall file of record with the County Clerk of Kerr County, Texas, an appropriate release of any Maintenance Lien previously filed against the Lot.

(B) **Owner's Promises Regarding Maintenance Costs and Maintenance Lien.** Each Owner, for himself, his heirs, executors, administrators, trustees, personal representatives, successors and assigns, covenants and agrees:

(i) That he will pay to the Association within thirty (30) days after the date of written notice thereof any Maintenance Cost assessed by the Association against his Tract.

(ii) That by accepting a Deed to his Tract, he shall be, and remain, personally liable for any and all Maintenance Cost assessed against his Tract while he is (or was) the Owner thereof, regardless of whether such covenants or agreements are expressed in such Deed and regardless of whether he signed the Deed.

(C) **Lot Cleaning.** In consideration of livestock grazing, fire safety and general ranch beauty within the concept of a working ranch; owners are encouraged to cut or trim cedar and underbrush and in the process thereof, dispose of it in a timely manner.

(D) **Environmental Hazards.** No noxious substances or undesirable products whatsoever shall be permitted on any Lot. The Committee shall determine the degree of noxiousness or undesirability and its decision shall be conclusive on all parties.

8. MAINTENANCE FUND DEFINED AND USES.

(A) **Maintenance Fund.** Each Owner (by acceptance of a Deed for any portion of the Properties whether or not it shall be so expressed in any such Deed or other conveyance), hereby covenants and agrees and shall be deemed to covenant and agree to pay the Association assessments or charges. The annual assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each portion of the Properties against which each such assessment is made. Each such assessment, together with such interest thereon and costs 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 becomes due.

(B) **Initial Maintenance Fund.** The amount of an annual maintenance fund charge shall be an amount fixed by the Declarant/Association. It is intended that the Declarant/Association will for each year fix the annual amount maintenance fund charge at an amount estimated in good faith by the Declarant/Association to be required in order that the funds produced thereby will approximate the costs and expenditures of such funds for the purposes hereinafter specified. The annual maintenance fund charge shall be adjusted as necessary at the end of each calendar year, which adjustment shall apply to the succeeding calendar year. Any provisions in this Declaration or the exhibits hereto to the contrary notwithstanding, until December 31, 2006, the Association will not assess maintenance fund charges (excluding expenses for wildlife purchases and maintenance) to Owners on a per lot basis for an amount in excess of \$300.00 per lot per year (the "Basic Fee"). If, in any year, the annual expenses of the Association, including wildlife expenses, exceed the Basic Fee per lot, then any excess, including wildlife expenses, will be assessed to the Owners based on acreage owned by the Owner. After December 31, 2006, in no year shall the Basic Fee be increased to more than 115% of the Basic Fee for the previous calendar year.

(C) **Basis of the Maintenance Charge.** The Maintenance Charge referred to shall be used to create a fund to be known as the "Maintenance Fund", which shall be used as herein provided; and each such Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Tract to the Association. The Maintenance Charge for the year of purchase shall be pro-rated at closing and then shall be paid annually, in advance, on or before the first day of the first month of each calendar year. Provided, however, Declarant/Association may adjust the annual charge on Composite Building Sites or when Owner owns more than one lot, subject to the limitations set forth in 8(B), above. Declarant may determine annual charge based on acreage.

(D) **Delinquent Maintenance Charges.** Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of the rate of eighteen percent (18%) per annum or the maximum rate permitted by law. The Declarant may bring an action at law against the Owner personally obligated to pay the same, or foreclose the hereinafter described lien against the Owner's Tract.

(E) **Creation of Lien and Personal Obligation.** In order to secure the payment of the Maintenance Charge, and other charges and assessments hereby levied, a vendor's (purchase money) lien for the benefit of the Association, shall be and is hereby reserved in the deed from the Declarant to the purchaser of each Tract or portion thereof, which lien shall be enforceable through appropriate judicial and non-judicial proceedings by the Association. As additional security for the payment of the Maintenance Charge and other charges and assessments hereby levied, each Owner of a Tract in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Tract which may be foreclosed on by non-judicial foreclosure Pursuant to the provisions of Section 51.002 of the Texas Property Code (and any successor statute); and each such owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 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. The Trustee may be changed at any time and from time to time by the Association by means of written instrument executed by the Declarant, or any Vice-President of the Association and filed for record in the Real Property Records of Kerr County, Texas. In the event that the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of Texas Property Code and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the Notice of Trustee's Sale using the same notice provisions as those set out in Section 51.002(d) of the Texas Property Code, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee shall also cause a copy of the Notice of Trustee's Sale to be recorded in the Real Property Records of Kerr County, Texas. 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. Following any such foreclosure, each occupant of any such Tract foreclosed on and each occupant of any improvements thereon shall be deemed to be tenant at sufferance and may be removed from possession by all lawful means, including a judgment for possession in an action of Forcible Retainer and the issuance of a Writ of Restitution thereunder.

In the event of non-payment by any Owner of any Maintenance Charge or other charge or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the provided herein, upon ten (10) days prior written notice thereof 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 to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code thereafter, the Declarant, President or any Vice-President of the Association, acting without joinder of other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Kerr County, Texas, amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code.

In addition to the rights provided above, the Declarant/Association to enforce the Maintenance Charge or other charge or assessment levied hereunder, the Association may file a claim or lien against the Tract of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of collection which have accrued thereon, (c) the legal description and street address of the Tract against which the lien is claimed and (d) 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 thereby 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 or a reasonable fee as fixed by the Board to cover the preparation and recordation of such release of lien instrument.

(F) **Liens Subordinate to Mortgages.** The Liens described in this Section and the superior title herein reserved shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, pension and profit sharing trusts or plans, or the bona fide third party lender, including Declarant, which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Tract and any renewal, extension, rearrangement or refinancing thereof. Each such mortgage of a mortgage encumbering a Tract who obtains title to such tract pursuant to the remedies provided in the deed of trust or mortgage or by judicial foreclosure shall take title to the tract free and clear of any claims for unpaid Maintenance Charges or other charges of assessments against such Tract which accrued prior to the time such holder acquired title to such Tract. No such sale or transfer shall relieve such holder acquiring title to a Tract from liability for any Maintenance Charge or other charges or assessments thereafter becoming due or form the lien thereof. Any other sale or transfer of a Tract shall not affect the Association's lien for Maintenance Charges or other charges or assessments. The Association shall make a good faith effort to give each mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of the lien which notice shall be sent to the nearest office of such mortgagee by prepaid United States Registered or Certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges or assessments 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 Section.

(G) **Purpose of the Maintenance Fund.** The Maintenance Charge levied by the Declarant/Association shall be used for the purpose of promoting the recreation, health, safety, and welfare of the Owners of the Subdivision and other areas which hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties. The Maintenance Fund may be expended by the Declarant or the Association for any purposes which will tend to maintain the property values. Except for the Association's use of the Maintenance Charge to perform its duties described in this Declaration and in the Bylaws, the use of the Maintenance Charge for any of these purposes is permissive and not mandatory. The judgment of the Declarant/Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith. The Maintenance Fund shall be used for the following:

- (i) Accounting and office expenses;
- (ii) Road maintenance which shall include the grading, topping and working the Roads and the drainage/ditches adjacent thereto as needed to provide normal access;
- (iii) Outside fence maintenance;
- (iv) Legal expenses;
- (v) Association income tax preparation which includes costs of annual corporate Federal income tax return and State of Texas Franchise Tax return, if applicable;
- (vi) The Association expense of operating a Exotic/Wildlife/Cattle ranch;
- (vii) Expense of a club house or office;
- (viii) Maintenance expense of Common Areas;

- (ix) Expense of insurance;
- (x) Association expense for garbage and trash removal;

The Maintenance Fund may be used to hire a ranch manager, necessary employees, and to build other recreational opportunities such as riding stables, swimming pool, tennis courts, a skeet range, etc. In the event that the Association shall expend moneys for any of the foregoing purposes in amounts exceeding the amount then in the Maintenance Fund, the Association shall be entitled to receive reimbursement from amounts thereafter paid into the Maintenance Fund provided, however, that the Association will not without the approval of the Members, evidenced by the favorable vote of a majority of the votes entitled to be cast by the Members, expend more than fifty percent (50%) in excess of the moneys assessed in the last annual assessment.

(H) **Exempt Property.** The following property subject to this Declaration shall be exempt from the Maintenance Charge and all other charges and assessments created herein:

- (i) All properties dedicated to an accepted by a public authority;
- (ii) The Common Area;

(I) **Handling of Maintenance Charges.** The collection and management of the Maintenance Charge or other charge assessment levied hereunder, shall be performed by the Declarant until the Control Transfer Date, at which time the Declarant shall deliver to the Association all funds on hand together with all books and records of receipt and disbursements. The Declarant before transfer and the Association after transfer, shall maintain separate special accounts for these funds. Owners shall be provided at least annually information on the Maintenance Fund.

9. ARCHITECTURAL CONTROL COMMITTEE (COMMITTEE).

(A) **Membership of Architectural Committee.** The Architectural Committee shall consist of not less than one (1) and not more than three (3) voting Members, and such additional nonvoting Members serving in an advisory capacity as Declarant, its successors or assigns deems appropriate. The initial voting member of the Architectural Committee shall be W. Lee Choate.

(B) **Action of Architectural Committee.** Items presented to the Architectural Committee shall be decided by majority vote of the Voting Members. The Architectural Control Committee's approval shall not be unreasonably withheld or delayed. The vote of a majority of the voting Members of the Committee taken with or without a meeting shall constitute an act of the Architectural Committee.

(C) **Advisory Members.** The Voting Members may from time to time designate Advisory Members.

(D) **Term.** Each member of the Architectural Committee shall hold office until such time as he or she has resigned, has been removed, or his successor has been appointed as provided herein.

(E) **Declarant's Rights of Appointment.** Declarant, its successors or assigns shall have the right to appoint and remove all members of the Architectural Committee. Declarant may delegate this right to the Board by written instrument until the Control Transfer Date.

(F) **Committee Approval.** No building, fence, wall, sign, walkway, roadway, landscaping, other improvements either temporary or permanent shall be created, placed, erection, commenced or changes made in the design or exterior appearance thereof (excluding, without limitation, painting, staining or siding), or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Tract in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Committee of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument provided, however, that such approval shall not be unreasonably withheld. Each application made to the Committee shall be accompanied by two sets of plans and specifications for all proposed construction (initial or alteration) to be done on such Tract, including plans showing location on the Tract.

(G) **Declarant's Authority.** The authority to grant or withhold architectural control approval as referred to above is initially vested in the Declarant even where this declaration refer to the Committee. After the Control Transfer Date, the authority of the Declarant shall cease and terminate upon the election of the Architectural Control Committee of the Association ("Committee"), in which event such authority shall be vested in and exercised by the Committee, hereinafter referred to, except as to plans and specifications and plans theretofore submitted to the Declarant which shall continue to exercise such authority over all such plans and specifications. The term "Committee" as used in this Declaration, shall mean or refer to the Declarant or to the Architectural Control Committee composed of members of the Association, as applicable.

(H) **Control Transfer Date.** At such time as Eighty-five percent (85%) of all of the Tracts in Block 1 are sold, the Declarant shall cause an instrument transferring control to the Association to be placed of record in the Real Property Records of Kerr County, Texas (which instrument shall include the Control Transfer Date.) There upon, the Association shall elect, a committee of three (3) members to be known as the Architectural Control Committee. From and after the Control Transfer Date, each member of the Committee must be an Owner of property in some Section of the Subdivision and at least one member of the committee shall be an owner of property in Block 2 or Block 3. 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 Real Property Records of Kerr County, Texas.

(I) **Effect of Inaction.** Approval or disapproval as to architectural control matters as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval fails to approve or disapprove in writing any plans and specifications and plot plans received by it in compliance with the preceding provisions within thirty (30) days following such submissions, such plans and specifications and plot plans shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

(J) **Effect of Approval.** The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Committee that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan. Such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such

approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and plot plan, but, nevertheless, fail to comply with the provisions hereof.

(K) **Non-liability of Committee Members.** Neither the Declarant, nor the Committee or any member thereof shall be liable to any Owner(s) or any third party for any loss, damage or injury arising out of their being in any way connected with the performance of the Committee's respective duties under this declaration unless due to willful misconduct or bad faith by the Committee or its members. Neither the Committee nor the members thereof shall be liable to any Owner due to the construction of improvements within the Property or the creation thereby of an obstruction to the view from such owner's Lot or Lots. Every Owner who submits plans and specifications to the Committee for approval agrees, by submission of such plans and specifications, and every Owner or lessee of any portion of the Property agrees, by acquiring title thereto or interest therein, that he will not bring any action or suit against Declarant or members of the Committee, or their representatives, to recover any damages whatever from them, save and except for damages directly attributable to willful misconduct or bad faith on their part.

(L) **Exotic/Wildlife/Cattle Committee.** The authority to carry out the responsibility of the Wildlife Committee shall be vested in the Declarant or his designated agent until after the Control Transfer Date. The Wildlife Committee shall be composed of three members and at least one member of the committee shall be an owner of property in Block 2 or Block 3. Two out of three voting members shall prevail on any issue or subject requiring a decision of the Wildlife Committee. The Wildlife Committee may designate a representative to act for it. In the event of death or resignation of any voting member of the Committee, the remaining voting members shall have the authority to designate a successor until the next Association election as provided in the bylaws of the Association. No compensation shall be due or paid to either the members of the Wildlife Committee or its representatives for services performed pursuant to this covenant. The Wildlife Committee shall be elected by the Association after the Control Transfer Date. The Wildlife Committee shall be responsible for overseeing the management of free roaming cattle, horses, exotics and wildlife within the Properties. In this regard, the Wildlife Committee shall have an annual wildlife survey ("Survey") performed on the Properties by a competent professional of the Committee's selection. The SURVEY shall project the total numbers of sex of each species of wildlife and exotics on the Properties and shall contain a recommendation as to harvest numbers by sex for each species. The Wildlife Committee shall use the SURVEY and the harvest recommendations to determine harvest quota recommendations by sex for each species on the Property. The Wildlife Committee shall be responsible for enforcing the provisions concerning firearms and hunting of this declaration on behalf of the Association and shall sit as a Board of arbitration with respect to all disputes concerning wildlife and exotics between Owners. The Committee's decision regarding a dispute between Owners concerning wildlife and exotics shall be final and shall be binding on all parties thereto unless overturned by a vote of the Association. The Wildlife Committee shall make recommendations to the Association concerning what exotics, wildlife, and livestock shall be purchased, harvested and maintained. The Wildlife Committee shall promulgate rules concerning the harvesting of wildlife and exotics and the sale of livestock.

10. DECLARANT'S RIGHTS AND RESERVATIONS

(A) **Period of Declarant's Rights and Reservations.** Declarant shall have, retain and reserve certain rights as hereinafter set forth with respect to the Association and the Common Area from the date hereof, until the earlier to occur of the Control Transfer Date or Declarant's written notice to the Association of Declarant's termination of the rights described herein. The rights, reservations and easements herein set forth shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Declarant's consent to any one such amendment or action shall not be construed as a consent to any other or subsequent amendment or action. Declarant has the right to delegate any of its duties or authority to an agent, representative or the Committee, Wildlife Committee, the Board, or to its representative prior to the Control Transfer Date.

(B) **Interpretation of the Covenants.** Except for judicial construction, the Declarant shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Declarant's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all owners and Property benefited or bound by the Covenants and provisions hereof until the Control Transfer Date and then such power will pass to the Association.

11. THE HORIZON OWNERS ASSOCIATION, INC.

(A) **General Duties and Powers of the Association.** The Association was incorporated to further the common interest of the Members. Subject to provisions and limitations herein expressly stated, the Association, acting through the Board of Directors or through persons to whom the board of Directors has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the Members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness, desirability and safety of the Subdivision. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration. The Association may adopt whatever by-laws it may choose to govern the organization or operation of the Subdivision provided that the same are not in conflict with the terms and provisions hereof.

(B) **Votes.** Each Member shall have one (1) vote for each acre of the Property owned. In determining the number of votes each Member has, pursuant hereto, total acreage of the Property owned by a Member shall be rounded up to nearest acre. For example, if a Member owns 6.6 acres of the Property, for purposes of determining the number votes such Member has, the total number of such acres owned by such Member shall be rounded to seven (7) acres, giving the Member a total of seven (7) votes.

(C) **Voting Rights In The Association, Powers And Duties**

(i) **Quorum and Notice Requirements.**

(a) Any action by the Members shall require the assent of the Members entitled to cast a majority of the votes of the Members of the Association 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 at least ten (10) days in advance and shall set forth the purpose of such meeting.

(b) The quorum required for any action shall be the presence at the meeting of Members, or of proxies, entitled to cast fifty percent (50%) of all of the votes of all Members. If the required quorum is not present at the meeting, an additional meeting may be called, subject to the notice requirement hereinafter set forth, and the required quorum at such second meeting shall be one-half of the required quorum at the preceding meeting.

(c) Any action may be taken with the assent given in writing and signed by the Members entitled to cast a majority of the votes of the Association.

(d) The voting of any Members shall be suspended for any period during which any assessment to be paid by such Member remains unpaid.

(ii) Powers and Duties Delegated to Declarant. The Board shall delegate to, and Declarant shall have, the sole responsibility and authority to manage the business and affairs of the Association on a year to year basis until the Control Transfer Date or until the Declarant terminates the same. A management agreement may be set forth in a separate agreement. Without limiting the foregoing, Declarant shall have the following powers until Declarant gives written notice to the Board, whereupon the Board shall have such powers:

(a) To pay from the funds of the Association all legal and accounting services, policies of insuring the Association against any liability to the public or the Owners (and/or invitees or tenants), which policy or policies shall contain an endorsement providing that the rights of the named insured shall not be prejudiced with respect to actions against other named insured, fidelity bonds, and any other material, supplies, insurance, furniture, labor, services, maintenance, repairs structural, alterations, taxes or assessments required to be obtained or paid for pursuant to the terms of this Declaration or by law or which shall be necessary or proper for the operation, protection of the Association, or for the enforcement of this Declaration.

(b) To execute all declarations of ownership and other documents for tax assessment purposes with regard to the Properties on behalf of all Owners.

(c) 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.

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

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

(f) To contract for all goods, services, and insurance, for the Association and to perform the functions of the Association.

(g) To appoint and replace, with or without cause, at Declarant's sole discretion, members of the Architectural Control Committee and of the Wildlife Committee; after the Control Transfer Date the Architectural Control Committee and the Wildlife Committee will be elected as provided herein.

(D) Duty to Accept the Property and Facilities Transferred by Declarant. The Association shall accept title to any property, including any improvements thereon and personal property transferred to the Association by Declarant, and equipment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Function"), provided that such property and Function are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by Declarant shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, the terms of any declaration of covenants, conditions and restrictions annexing such property to the Common Area, and all Easements, Covenants, Conditions, Restrictions and equitable servitude or other encumbrances which do not materially affect the Owners authorized to use such property. Except as otherwise specifically approved by resolution of Board of Directors, no property or interest in property transferred to the Association by the Declarant shall impose upon the Association any obligation to make monetary payments to Declarant or any affiliate of Declarant including, but not limited to, any purchase price, rent, charge or fee. The property or interest in property transferred to the Association by Declarant shall not impose any unreasonable or special burdens of ownership of property, including the management maintenance, replacement and operation thereof.

(E) Duty to Manage and Care for the Common Area. The Association shall manage, operate, care for, maintain and repair all Common Areas and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members.

(F) Duty to Prepare Budgets. The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas.

(G) Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

(H) Annual Financial Statements; Books and Records. The Association shall, not later than 120 days after the end of each fiscal year of the Association, furnish to each requesting Member financial statements which shall include a balance sheet as to the end of such year and a statement of operations for the year then ended. Such financial statements may, but shall not be required to be audited. All Members shall have the right during regular business hours and at the office of the Association to inspect the books and records of the Association.

(I) Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Committee, Wildlife Committee, and the Declarant as elsewhere provided in this Declaration.

(J) Duty to Maintain Special Agricultural Appraisal Value. The Association shall, for a period of five (5) years after the last tract is sold in the Subdivision, or a maximum of eight (8) years from the date Declaration is filed for record, whichever comes first, do everything within its power to assure that the entire subdivision property continues to be qualified for agricultural use, according to the current Property Tax Code.

(K) Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases) for the Common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

(L) **Power to Adopt Rules and Regulations.** The Association may adopt, amend, repeal and enforce rules and regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

(M) **Power to Enforce Restrictions and Rules and Regulations.** The Association (and any Owner with respect only to the remedies described in (ii) or (iii) below) shall have the right to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board deems necessary or desirable to cause such compliance by each Member and each User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means:

(i) By entry upon any property within the Subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice written or oral to the Owner in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by the Association to the Owner thereof, for the enforcement of this Declaration or the Rules and Regulation;

(ii) By commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules;

(iii) By exclusion, after notice and hearing, of any Member or User from use of any recreational facilities within the Common Areas during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Member or any User, unless the breach is a continuing breach in which case exclusion shall continue for so long as such breach continues;

(iv) By suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach, by such Member or a User, of a provision of this Declaration or such Rules, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues;

(v) By levying and collecting, after notice and hearing, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or User which assessment reimbursed the Association for the costs incurred by the Association in connection with such breach;

(vi) By taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Member, plus attorney's fees incurred by the Association with respect to exercising such remedy. Before the Board may invoke the remedies provided above, it shall give registered notice of such alleged violation to Owner, and shall afford the Owner a hearing. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Declarant, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon subsequent breach or default.

(N) **Finality of Determination by Association.** It is understood that the judgment of the Declarant/Association, their respective successors and assigns, in the allocation and expenditure of said maintenance fund shall be final so long as such judgment is exercised in good faith. The enumeration of the services for which the maintenance fund may be expended carries no obligation for the Association to furnish any of such services except to the extent of the funds actually received by the Association.

(O) **Enforcement.** Enforcement of these covenants and restrictions shall be in Kerr County, Texas, and shall be by any proceeding at law or 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 not be deemed a waiver of the right to do so thereafter.

12. INSURANCE.

(A) **Fire Insurance on Dwelling Unit and Improvements on Lots.** Each Owner shall purchase at his expense and maintain fire hazard insurance coverage with respect to his Lot. Any such insurance shall be for the highest insurable value of the Residence and shall contain a replacement cost endorsement. Upon the request of the Declarant, each Owner shall furnish to Declarant, immediately, evidence of such insurability.

(B) **Damage and Destruction; Reconstruction.** If any Residence or structure is damaged by fire or other casualty, the Owner of such shall immediately take all actions consistent herewith to rebuild such structure.

13. **AMENDMENTS.** Subject to provisions and limitations herein expressly stated, this Declaration may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Owners (including the Declarant) entitled to cast no less than two-thirds (2/3rds) of the votes of all of the Owners. If the Declaration is amended by a written agreement, the written agreement must be approved by said Owners within three hundred sixty-five (365) days of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facie evidence of the date of execution of said amendment by such Owner. Subject to provisions and limitations herein expressly stated, those Members (Owners, including the Declarant) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association may also vote to amend this Declaration, in person, or by proxy, at a meeting of the Members (Owners, including the Declarant) duly for such purpose, written notice of which shall be given to all Owners at least ten (10) days and not more than sixty (60) days in advance and shall set forth the purpose of such meeting. Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of Kerr County, Texas, accompanied by a certificate, signed by a majority of the Board of Trustees, stating that the required number of Members (Owners, including the Declarant) executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination.

14. **AMENDMENTS BY THE DECLARANT.** This Declaration may be amended by the Declarant acting alone until the Control Transfer Date. An Amendment made by Declarant pursuant to this Section shall not adversely affect the value of the Lots and shall maintain the quality of the Subdivision. No

Amendment may place additional restrictions on a Lot already sold or remove variances previously granted without the express written consent of the owner of the affected Lot.

15. **TERM.** The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of twenty (20) years from date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the Owners (including the Declarant) of the Tracts has been recorded agreeing to amend or change, in whole or part, this Declaration.

16. **SEVERABILITY.** While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Declaration are or may be invalid or unenforceable for any reason 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. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect other provisions which shall remain in full force and effect.

17. **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.

18. **RESERVATION OF RIGHT TO RE-SUBDIVIDE AND RE-PLAT LOTS.** Subject to the approval of any and all appropriate governmental agencies having jurisdiction, Declarant hereby reserves the right at any time while it is the Owner thereof to Re-subdivide and re-plat any Lot or Lots without the consent of any of the other Owners. No Properties may be further subdivided or divided without permission of Declarant/Association. No Lot shall be further divided or subdivided nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior written approval of the Declarant/Committee; provided, however, that if the Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot and convey any easement or other interest less than the whole, all without the approval of the Committee. Nothing herein shall prevent an Owner from building across Lot lines, subject to normal Committee approval, so long as such construction does not interfere with an easements along Lot lines.

19. **SUBJECTING ADDITIONAL LANDS TO THE DECLARATION.** From time to time the size of the Property may be increased by Declarant's recording with the Recorder of Deeds, Kerr County, Texas, a supplement to this Declaration (hereinafter called "Supplemental Declaration"). The Supplemental Declaration shall be signed and acknowledged by or on behalf of the Declarant who shall be the owner of record of the additional land to be included within the Property and subjected to the Covenants set forth in this Declaration. Each such Supplemental Declaration shall:

(A) Describe the additional land to be included as a part of the Property;

(B) State the number of new Lots in such additional land which will be deemed "Lots" hereunder;

(C) State that such land is expressly subjected to all of the Covenants set forth in this Declaration except that Declarant shall have the right to grant a variance to existing improvements located on said land provided that any subsequent improvements or additions to existing improvements shall be subjected to all the Covenants set forth in this Declaration; and

(D) State that each Owner of a Lot therein, for and on behalf of his heirs, executors, administrators, trustees, personal representatives, successors and assigns, agrees to be personally liable for all Maintenance Cost imposed hereunder and shall be personally bound by all Covenants set forth in this Declaration.

20. **NOTICES.** Any notice required to be given to any Member or Owner 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 who appears as Member or Owner on the records of the Association at any time of such mailing.

21. **SUCCESSORS AND ASSIGNS OF DECLARANT.** Any reference in this Declaration to Declarant shall include any successors or assignees of Declarant's rights and powers hereunder including the Association.

22. **ASSIGNMENT.** The rights and powers of the Declarant reserved herein may be assigned to any person or entity together with an interest in any portion of the aforesaid property. Any such assignment must be expressed, in writing, and recorded in the Office of aforesaid Recorder of Deeds. No such assignment shall be deemed to arise by implication.

23. **USE OF NAME BY DECLARANT.** In the event the Declarant or its successors shall at anytime decide to develop any other land in the vicinity of the land described in the original plat, the Declarant reserves the right to use the expression or name "THE HORIZON," or any variation thereof, as a part of the name of such other project or subdivision.

24. **VETERAN PURCHASER PARTIAL RELEASE.** Notwithstanding anything contained in the Restrictions to the contrary, a Veteran Purchaser shall be entitled to have a one (1) acre Tract released from Veterans Land Board for a homesite and same shall not be construed as a violation of the above Covenants.

25. **PROVISIONS APPLICABLE ONLY TO BLOCK 2 AND BLOCK 3.** The additional Covenants, Conditions and Restrictions set out in Exhibit C, attached hereto and included herein for all purposes, shall apply only to Block 2 and Block 3 and for only so long as the term set out in Exhibit C.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand on the date first written above.

LANDMARK RANCH, LTD.

BY: W. Lee Choate
Attorney in Fact for Landmark Ranch, LTD

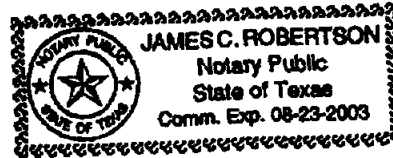
VOL. 1150 PAGE 0325

STATE OF TEXAS **

COUNTY OF Kerr

This instrument was acknowledged before me on the 14 day of October, 2001, by W. Lee Choate, Attorney in Fact for Landmark Ranch, LTD with authority to sign on behalf of said Limited Partnership.

James C. Robertson
Notary Public, State of Texas



RETURN TO:
KERRVILLE TITLE COMPANY
290 THOMPSON DR.
KERRVILLE, TX 78028

FILED FOR RECORD
at 4:15 o'clock P.M.

OCT 25 2001

JANNETT PIEPER
Clerk County Court, Kerr County, Texas
Theresa Thompson Deputy

*Domingues & Assoc.**Professional Land Surveying
Subdivision Design*

Re: description of 91.53 acre tract, west of Horizon Blvd.

All that certain tract or parcel of land, lying and being situated in the County of Kerr; State of Texas; comprising 91.53 acres, more or less; being out of original Survey No. 143, Thornton F Hollis, Abstract No. 181; and being part of that 315.76 acre tract which was conveyed from Board of Regents of The University of Texas System, to Landmark Ranch, Ltd., by deed dated July 17, 1996, of record in Volume 860, at page 632, of the Real Property Records of Kerr County, Texas; which was previously conveyed from Texas Department of Mental Health and Mental Retardation, to Board of Regents of The University of Texas System, by deed dated the 26th day of January, 1970, of record in Volume 142, page 298, of the Deed Records of Kerr County, Texas; being situated west of Horizon Boulevard; and subject tract being more particularly described by metes and bounds, as follows, to wit:

BEGINNING at a 1/2" iron stake found marking the north corner of Lot No. 10, of The Horizon, Section One, according to plat recorded in Volume 6, page 323, of the Plat Records of Kerr County, Texas, being in the northwest line of said 315.76 acre tract, a southeast line of that 172.0711 acre tract, which was conveyed from Eugene Wilke, to Robert William Wilke, and Darwin Harris, by deed dated the 31st day of January, 1967, of record in Volume 127, page 307, of the Deed Records of Kerr County, Texas,

THENCE with the northwest line of said 315.76 acre tract, the southeast line of said 172.0711 acre tract, along fence, a direction of N.45°13'E., for a distance of 887.18 feet (deed N45°11'E total 1789.94) to a 1/2" iron stake found marking the south corner of that 45.67 acre tract, which was conveyed from Ronald D. Imel, to Robert Wilke, by deed dated the 4th day of March, 1987, of record in Volume 418, page 95, of the Real Property Records of Kerr County, Texas, continuing a direction of N.45°07'E., for a distance of 1319.11 feet (deed S45°06'W 1319.11) to a 1/2" iron stake found at a fence corner post marking the east corner of said 45.67 acre tract, and said 172.0711 acre tract, the south corner of that 21.74 acre tract, which was retained by D. A. Rees as described an a less and Except, However, in deed dated the 26th day of March, 1963, of record in Volume 114, page 577, of the Deed Records of Kerr County, Texas, and continuing a direction of N.45°03'E., for a distance of 1197.64 feet (deed N45°02'E total 1203.06) to a 1/2" iron stake at a fence corner post found on the southwest side of Sheppard - Rees Road, the most northerly corner of subject tract, located a distance of 192.9 feet, a direction of S.44°59'W. from a 1/2" iron pipe at a fence corner post found marking the north corner of said 315.76 acre tract, a southerly west corner of that 137.6 acre tract, which was conveyed from Estate of Guy G. Jackson, Jr., to Larry L. Howe, et. ux., by deed dated the 31st day of May, 1983, of record in Volume 277, page 514, of the Deed Records of Kerr County, Texas;

THENCE with a division line of said 315.76 acre tract, the northeast line of subject tract, along a new fence, on the south side of said Sheppard - Rees Road, a direction of S.55°16'E., for a distance of 143.89 feet to a 1/2" iron stake set to mark an east corner of subject tract;

THENCE with a division line of said 315.76 acre tract, an east line of subject tract, being west of the rock entrance gate and mail boxes of said The Horizon, a direction of S.17°58'W., for a distance of 453.49 feet to a 1/2" iron stake set to mark angle and continuing a direction of S.28°07'E., for a distance of 34.32 feet to a 1/2" iron stake set to mark corner in the west line of that 5.18 acre 60 foot wide easement, for Horizon Boulevard, which was conveyed from Landmark Ranch, Ltd., to the lot owners of The Horizon, by easement of record in Volume 895, page 632, of the Real Property Records of Kerr County, Texas;

THENCE with the west line of said Horizon Boulevard, a direction of S.12°33'W., for a distance of 574.44 feet to angle, continuing a direction of S.12°51'E., for a distance of 111.71 feet to angle, and continuing a direction of S.32°38'E., for a distance of 300.65 feet to the point of curvature of a circular curve to the right (clockwise);

Page 2 of 2 - description of 91.53 acre tract, west of Horizon Boulevard.

THENCE continuing with the west right of way line of said Horizon Boulevard, along the arc of said circular curve to the right (clockwise), having a central angle of $59^{\circ}22'$, a radius of 118.68 feet, the long chord bears a direction of $S.2^{\circ}57'E.$, a distance of 117.53 feet, for a distance along said curve of 122.95 feet, to the end of curve;

THENCE continuing with the west right of way line of said Horizon Boulevard, a direction of $S.26^{\circ}44'W.$, for a distance of 369.03 feet to the point of curvature of a circular curve to the left (counter-clockwise);

THENCE continuing with the west right of way line of said Horizon Boulevard, along the arc of said circular curve to the left (counter-clockwise), having a central angle of $50^{\circ}02'$, a radius of 325.26 feet, the long chord bears a direction of $S.1^{\circ}43'W.$, a distance of 275.09 feet, for a distance along said curve of 284.03 feet to the end of curve;

THENCE continuing with the west right of way line of said Horizon Boulevard, a direction of $S.23^{\circ}18'E.$, for a distance of 378.76 feet to angle, continuing a direction of $S.34^{\circ}50'E.$, for a distance of 243.37 feet to angle, continuing a direction of $S.17^{\circ}35'W.$, for a distance of 122.03 feet to angle, continuing a direction of $S.32^{\circ}58'W.$, for a distance of 267.30 feet to angle, and continuing a direction of $S.54^{\circ}13'W.$, for a distance of 434.60 feet to a $1/2"$ iron stake found marking the east corner of Lot No. 4, of said The Horizon, Section One, the south corner of subject tract;

THENCE with a north line of said The Horizon, Section One, the north line of said Lot No. 4, a direction of $N.31^{\circ}45'W.$, for a distance of 373.83 feet (plat $N31^{\circ}39'W$ 373.8) to a $1/2"$ iron stake found marking corner, continuing a direction of $N.79^{\circ}58'W.$, for a distance of 434.88 feet (plat $N79^{\circ}53'W$ 434.9) to a $1/2"$ iron stake found marking the common corner of Lot No. 4, and Lot No. 7, continuing with the north line of said Lot No. 7, a direction of $N.76^{\circ}20'W.$, for a distance of 234.98 feet (plat $N76^{\circ}15'W$ 235.0) to a $1/2"$ iron stake found marking the common corner of Lot No. 7 and Lot No. 8, continuing with the north line of said Lot No. 8, a direction of $N.72^{\circ}42'W.$, for a distance of 534.79 feet (plat $N72^{\circ}36'W$ 534.8) to a $1/2"$ iron stake found marking the common corner of Lot No. 8, and Lot No. 9, continuing with the north line of said Lot No. 9, a direction of $N.66^{\circ}33'W.$, for a distance of 345.39 feet (plat $N66^{\circ}28'W$ 345.4) to a $1/2"$ iron stake found marking the common corner of Lot No. 9 and Lot No. 10, and continuing a direction of $N.63^{\circ}54'W.$, for a distance of 416.14 feet (plat $N63^{\circ}49'W$ 416.1) to the place of beginning.

Bearings based on GPS true north observation.

Surveyed on the ground and field notes prepared by, Charles B. Domingues, Registered Professional Land Surveyor No. 1713.


Charles B. Domingues

Registered Professional Land Surveyor No. 1713 Job No. 4983

Only those prints containing the raised seal should be considered official and relied upon by the user.

Domingues & Assoc.
609 Sidney Baker, Kerrville, Tx. 78028 > Tel. 830/896 6900 > Fax 830/896 6901

VOL. 1150 PAGE 0328

Domingues & Assoc.
Professional Land Surveying
Subdivision Design

Re: description of 100.09 acre tract, east of Horizon Boulevard

All that certain tract or parcel of land, lying and being situated in the County of Kerr; State of Texas; comprising 100.09 acres, more or less; being out of original Survey No. 143, Thornton F Hollis, Abstract No. 181; and being part of that 315.76 acre tract which was conveyed from Board of Regents of The University of Texas System, to Landmark Ranch, Ltd., by deed dated July 17, 1996, of record in Volume 860, at page 632, of the Real Property Records of Kerr County, Texas; which was previously conveyed from Texas Department of Mental Health and Mental Retardation, to Board of Regents of The University of Texas System, by deed dated the 26th day of January, 1970, of record in Volume 142, page 298, of the Deed Records of Kerr County, Texas; being situated east of Horizon Boulevard; and subject tract being more particularly described by metes and bounds, as follows, to wit:

BEGINNING at a new fence corner post found replacing an old fence corner post, found marking the east corner of said 315.76 acre tract, set 1/2" iron stake, being in the southeast line of that 621 acre tract, which was conveyed from S. E. Thompson, to the State of Texas, by deed dated the 21st day of December, 1936, of record in Volume 60, page 388, of the Deed Records of Kerr County, Texas, being the Texas Department of Mental Health and Mental Retardation property, and being the northwest line of that 79.42 acre tract, which was conveyed from Robert P. Gottlich, et. ux., to George Schuster, III, et. ux., by deed dated the 12th day of November, 1987, of record in Volume 449, page 657, of the Real Property Records of Kerr County, Texas;

THENCE with the southeast line of said 315.76 acre tract, the northwest line of said 79.42 acre tract, along fence, a direction of S.45°35'W., for a distance of 1622.39 feet (deed S45°34'W 1622.39) to a 1/2" iron stake found marking the west corner of said 79.42 acre tract, the north corner of that 4.02 acre tract, which was conveyed from Candace Cahill, to Karl F. Buechler, Jr. and Charlene Buechler, by deed dated the 9th day of October, 1992, of record in Volume 659, page 773, of the Real Property Records of Kerr County, Texas, and continuing along the northwest line of said 4.02 acre tract, a direction of S.45°18'W., at approximately 470.4 feet the west corner of said 4.02 acre tract, the north corner of Summerhill Estates, according to plat recorded in Volume 4, page 119, of the Plat Records of Kerr County, Texas, continuing with the northwest line of said Summerhill Estates, a total distance of 1003.65 feet (deed S45°18'W total 1615.09) to a 1/2" iron stake set to mark the most easterly south corner of subject tract, being in the south line of that 6.844 acre easement, which was conveyed to Lower Colorado River Authority, by instrument of record in Volume 747, page 200, of the Real Property Records of Kerr County, Texas;

THENCE with a division line of said 315.76 acre tract, being across said Lower Colorado River Authority easement, a direction of N.44°41'W., for a distance of 179.84 feet to a 1/2" iron stake with aluminum cap, found marking angle in a northwest line of said easement;

THENCE with a division line of said 315.76 acre tract, a northwest line of said Lower Colorado River Authority easement, a direction of S.59°23'W., for a distance of 372.63 feet to a 1/2" iron stake with aluminum cap, found marking a re-entrant corner of said easement, being the most westerly south corner of subject tract;

THENCE with a division line of said 315.76 acre tract, a northeast line of said Lower Colorado River Authority easement and its extension, a direction of N.44°41'W., at a distance of 130.02 feet to a 1/2" iron stake with aluminum cap, found marking a corner of said easement, continuing a total distance of 172.36 feet to a 1/2" iron stake set to mark a corner, in the southeast right of way line of line of that 5.18 acre 60 foot wide easement, for Horizon Boulevard, which was conveyed from Landmark Ranch, Ltd., to the lot owners of The Horizon, by easement of record in Volume 895, page 632, of the Real Property Records of Kerr County, Texas, being located a distance of 404.94 feet, a direction of N.54°13'E., from the north corner of Lot No. 1, of The Horizon, Section One, according to plat recorded in Volume 6, page 323, of the Plat Records of Kerr County, Texas;

Page 2 of 2 - description of 100.09 acre tract, east of Horizon Boulevard.

THENCE with the southeast to east right of way line of said Horizon Boulevard, a direction of N.54°13'E., for a distance of 79.11 feet to angle, continuing a direction of N.32°58'E., for a distance of 286.66 feet to angle, continuing a direction of N.17°35'E., for a distance of 159.68 feet to angle, continuing a direction of N.34°50'W., for a distance of 266.85 feet to angle, and continuing a direction of N.23°18'W., for a distance of 372.70 feet to the point of curvature of a circular curve to the right (clockwise);

THENCE continuing with the east right of way line of said Horizon Boulevard, along the arc of said circular curve to the right (clockwise), having a central angle of 50°02', a radius of 265.26 feet, the long chord bears a direction of N.1°43'E., a distance of 224.34 feet, for a distance along said curve of 231.63 feet, to the end of curve;

THENCE continuing with the east right of way line of said Horizon Boulevard, a direction of N.26°44'E., for a distance of 369.03 feet to the point of curvature of a circular curve to the left (counter-clockwise);

THENCE continuing with the east right of way line of said Horizon Boulevard, along the arc of said circular curve to the left (counter-clockwise), having a central angle of 59°21', a radius of 178.68 feet, the long chord bears a direction of N.2°57'W., a distance of 176.95 feet, for a distance along said curve of 185.11 feet, to the end of curve;

THENCE continuing with the east right of way line of said Horizon Boulevard, N.32°38'W., for a distance of 290.19 feet to angle, continuing a direction of N.12°51'W., for a distance of 87.73 feet to angle, continuing a direction of N.12°32'E., for a distance of 565.26 feet to angle, and continuing a direction of N.23°05'E., for a distance of 242.22 feet to a 1/2" iron stake set to mark corner;

THENCE with a division line of said 315.76 acre tract, a direction of N.43°30'E., passing east of rock entry gates, for a distance of 219.48 feet to a fence corner post on the south side of Sheppard - Rees Road;

THENCE with a division line of said 315.76 acre tract, along fence on the south side of said Sheppard-Rees Road, a direction of N.78°02'E., for a distance of 133.54 feet to fence corner post, and continuing a direction of N.60°25'E., for a distance of 76.62 feet to a fence corner post, in the northeast line of said 315.76 acre tract, being the southwest line of the State of Texas property

THENCE with the northeast line of said 315.76 acre tract, the southwest line of said State of Texas property, along fence, a direction of S.56°18'E., for a distance of 2305.78 feet (deed S56°19'E total 2317.57) to the place of beginning.

Bearings based on GPS true north observation.

Surveyed on the ground and field notes prepared by, Charles B. Domingues, Registered Professional Land Surveyor No. 1713.


Charles B. Domingues

Registered Professional Land Surveyor No. 1713

Job No. 4983

Only those prints containing the raised seal should be considered official and relied upon by the user.

Domingues & Assoc.

609 Sidney Baker, Kerrville, Tx. 78028 > Tel. 830/896 6900 > Fax 830/896 6901

EXHIBIT C

Supplement

VOL. 1150 PAGE 0330

(Additions and exceptions to Covenants, Conditions and Restrictions Applicable to Block 2 and Block 3 only)

The following additions and exceptions to the Covenants, Conditions and Restrictions for The Horizon set out in this Exhibit C (the "Supplement") to the First Restated Supplemental and Amended Declaration of Covenants, Conditions and Restrictions for The Horizon (the "Declaration") are applicable to and effect only the rights of and restrictions upon the Owners of property in Blocks 2 and 3 of The Horizon and shall be effective for only so long as specifically stated below. The provisions set out in this Supplement are in addition to and supplement the Restrictions, Covenants and Conditions set out in the Declaration. All restrictions, conditions and covenants set out in the Declaration apply to Blocks 2 and 3, as well as those set out in this Supplement, unless otherwise stated. In the event of conflict with the provisions of this Supplement, the provisions of the Declaration or any rule adopted by the Association as provided in Paragraph 11(L) of the Declaration, then in such event, the provisions of this Supplement shall control and prevail over any conflicting provisions of the Declaration or any rule adopted by the Association. The following paragraphs begin with the number 26 to avoid confusion with the numbering of the Declaration.

26. **Definitions.** All words used in this Supplement shall have the same meaning they have or are assigned in the Declaration. The following words when used in this Supplement shall have the following meanings:

(A) "Block 2 Owner" shall mean the person or entity who owns all of Block 2 immediately succeeding Developer (as the grantee of Developer) and/or any shareholder, parent, child or grandchild of Block 2 Owner.

(B) "Block 3 Owner" shall mean the person or entity who owns all of Block 3 immediately succeeding Developer (as the grantee of Developer) and/or any shareholder, parent, child or grandchild of Block 3 Owner.

(C) "Sale Date" shall mean the date upon which any tract, lot or portion of Block 2 or Block 3 is platted in a subdivision approved and executed by the City of Kerrville, Texas and the lot, tract or portion is sold to a person other than Block 2 Owner or Block 3 Owner.

(D) "Restricted Area" shall mean any area in Block 2 or Block 3 for which Block 1 Owners or the Association are denied the access granted to them by Paragraph 5(C) of the Declaration by the provisions of Paragraph 31 and 32, below.

27. **Camper or Recreational Vehicle.** The restrictions set out in Paragraph 4(B) of the Declaration shall not apply to any camper or recreational vehicle parked in Block 2 so long as the vehicle can not be seen from any public road or Horizon Blvd. When in conflict, the provisions of this Paragraph 27 shall control and prevail over the provisions of Paragraph 4(L) and 4(M) of the Declaration.

28. **Open Fires.** At any time before May 31, 2003, Block 2 Owner and Block 3 Owner may burn brush resulting from brush clearing so long as they comply with all related state and local laws and ordinances.

29. **Fences.** In addition to the other provisions of Subparagraph 4(I) of the Declaration, Block 2 Owner will not install any fence within 1,000 feet of the intersection of Horizon Blvd. and Sheppard Rees Road. Block 3 Owner will install no fences without permission of the Association. All existing perimeter fences bounding Block 2 and Block 3 will be properly maintained by the Block 2 and 3 Owners. Block 2 Owner and Block 3 Owner grant the Association access to inspect fences. Until the Sale Date, any property in Block 2 that is occupied by Block 2 Owner as a personal residence will not be subject to the provisions in Subparagraph 4(I) of the Declaration regarding fences around swimming pools, setbacks for fencing on the South and West boundaries of Block 2, and fencing more than 20% of an Owner's property.

30. **Maintenance Charges.** Until the Sale Date, that portion of Block 2 that is held for future development that is not a Fenced Area will not be considered a part of its Owner's property for purposes of computing share of Maintenance Charges. Until the Sale Date and so long as it remains undeveloped, no portion of Block 3 will be considered a part of its Owner's property for purposes of computing share of Maintenance Charges. Notwithstanding the above provisions in this paragraph 30, Block 2 Owner and Block 3 Owner will pay Maintenance Charges and other assessments that are assessed by the Association for: (a) each residential unit that is constructed within Block 2 or Block 3 under the formula established for Block 1; (b) for wildlife expenses; and (c) all costs of mowing, cleaning, blading and maintaining the right of way along Horizon Blvd. that borders Blocks 2 and 3 and the perimeter fence on Blocks 2 and 3; provided however, that Block 2 and 3 Owners may perform the maintenance described in this subparagraph (c) at its own expenses in lieu of paying the Association to perform such maintenance.

31. **Working Ranch Easement.** Any provision in Subparagraph 4(V) of the Declaration to the contrary notwithstanding, until the Sale Date, no land Owner or Association Member other than Block 2 Owner and Block 3 Owner or their designees (with their permission, which will not be unreasonably withheld) will have the right to come onto Block 2 or Block 3 for any purpose unless the area is established by its owner with the Association as not being a Restricted Area.

32. **Animal Husbandry by Association.** Block 2 Owner and Block 3 Owner will abide by all wildlife and harvesting recommendations and will help the Association with the harvesting of animals and taking census of animals as specified by the Association. Until the Sale Date, Block 2 Owner and Block 3 Owner will be the only parties with the right to harvest animals in any of Block 2 or Block 3. However, notwithstanding the provisions of this Paragraph 32 and Paragraph 30, above, Block 2 and Block 3 Owners will pay their pro rata share (based on acreage) of all costs to the Association of purchasing wildlife, livestock and exotics and maintaining same.

33. **Access to Adjoining Tracts.** Block 2 and 3 Owners are granted the right to use portions of Block 2 and 3 for access to and from any adjoining real property that is subsequently acquired by Block 2 and/or Block 3 Owner if such additional property is brought into and encumbered by the Declaration and this Supplement as provided in Section 19 of the Declaration.

34. **Creek and Tributary Obstructions.** Until the Sale Date, Block 2 Owner and Block 3 Owner will be allowed to dam any waterflow and build pools, ponds and lakes on Block 2 or 3, so long as they do not violate any provisions of any Federal, state or local law, ordinance or rule.

35. **Amendments.** Until the Sale Date, no amendment of the Declaration or this Supplement by the Owners as provided in Section 13 of the Declaration shall place additional restrictions on any portion of Block 2 or Block 3 or remove, change, or modify the provisions and variances relating to and granted to Block 2 and Block 3 in the Declaration and this Supplement without the express written consent of the Block 2 Owner and/or the Block 3 Owner, as applicable.

36. **Amendments by Declarant.** No Amendment by the Declarant to the Declaration or this Supplement may place additional restrictions on any portion of Block 2 or 3 or remove, change, or modify the provisions and variances relating to and granted to Block 2 and Block 3 in the Declaration and this Supplement without the express written consent of the Block 2 Owner and/or Block 3 Owner, as applicable.

37. **Re-subdivision and Amendment.** Block 2 Owner and Block 3 Owner shall have the right to re-subdivide all portions of Blocks 2 and 3 owned by them and impose any additional restrictions, conditions and covenants on property owned by them, without the joinder of the Declarant, Association, or the Owners of Block 1, so long as such are not in conflict with this Supplement or the Declaration. Any subdivision of Blocks 2 and 3 will comply with all City of Kerrville development ordinances then in effect.

38. **Subjecting Additional Lands to Declaration.** Until the Sale Date, Block 2 Owner and Block 3 Owner shall have, from time to time, the right without the joinder of Declarant, Association or the Owners of Block 1 to add additional land to the Property; provided that (i) such additional land adjoins either Block 2 or Block 3; (ii) Block 2 Owner or Block 3 Owner is the owner of record of the additional land to be included within the Property; and (iii) Block 2 Owner or Block 3 Owner files a Supplemental Declaration which complies with Section 19 of the Declaration.

39. **Utility Easements.** Except as provided in Paragraph 5(A) of the Declaration, until the Sale Date, the Declarant and the Association shall not have the power to grant any easements over, across or upon Block 2 or Block 3, without the express written consent of Block 2 Owner or Block 3 Owner, as applicable.

37. **Termination.** Upon the Sale Date of any portion of Blocks 2 and 3, the terms and conditions in this Supplement shall no longer apply to the property sold on the Sale Date.

RECORDER'S NOTE
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TO BE INADEQUATE FOR BEST PHOTOGRAPHIC
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PRINT, COLOR OF PRINT OR INK, BACKGROUND OF
PAPER, ILLEGIBILITY, CARBON OR PHOTO COPY, ETC.

Provisions herein which restrict the sale, rental or use of the described prop-
erty 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 herein by me and was duly RECORDED
in the Official Public Records of Real Property of Kerr County, Texas on

OCT 26 2001



Janet Pieper
COUNTY CLERK, KERR COUNTY, TEXAS

RECORD *Real Property*
VOL. *1150* PG. *313*
RECORDING DATE

OCT 26 2001



Janet Pieper
COUNTY CLERK, KERR COUNTY, TEXAS

SECOND SUPPLEMENTAL AND AMENDED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR

THE HORIZON

KERR COUNTY, TEXAS

THIS SECOND SUPPLEMENTAL AND AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE HORIZON, SECTION ONE, BLOCKS 2 AND 3, is made this 20th day of April, 2005, by MCRAE ENGERGY CORP., a Texas corporation ("Owner");

WHEREAS, by instrument dated May 20, 1997, and recorded in Volume 901, Pages 764-777 of the Real property recorded of Kerr County, Texas, (the "Original Declaration") Landmark Ranch, Ltd. (the Declarant) imposed all those covenants, restrictions, conditions, easements, charges and liens set out in the Original Declaration upon the real property in Kerr County, Texas, described as all that certain tract or parcel of land, lying and being situated in the County of Kerr, State of Texas; comprising 848.8 acres, more or less; being all of the subdivision, The Horizon Section One, according to plat, dated April, 1997, of recorded in Volume 6, on pages 323 through 326, of the Plat Records of Kerr County, Texas (herein referred to as "Block 1");

WHEREAS, by instrument dated October 18, 2001, and recorded in Volume 1150, Page 313, Real Property Records of Kerr County, Texas, (the "First Supplemental Declaration") Declarant amended and restated the covenants, restrictions, conditions, easements, charges and liens set out in the Original Declaration, and incorporated additional real property to be bound by the Original Declaration and the First Supplemental Declaration, said additional real property being referred to as Block 2 and Block 3 in the First Supplemental Declaration (referred to as "Block 2" and "Block 3" herein);

WHEREAS, Owner is the Block 2 Owner and Block 3 Owner as described in the First Supplemental Declaration, and no "Sale Date" as described in the First Supplemental Declaration has occurred;

WHEREAS, Owner has subdivided Block 2 and Block 3 by subdivision plat filed of record in Volume 7, Page 277 of the Plat Records of Kerr County, Texas (the "Blocks 2 and 3 Subdivision Plat") in which Owner has described Block 2 and Block 3 as "The Horizon Section Two";

WHEREAS, Section 37 of the First Supplemental Declaration provides that Owner has the right to impose any additional restrictions, conditions and covenants on Blocks 2 and 3 without the joinder of Declarant, the Horizon Land Owner's Association, Inc., or the Owners of Block 1, all as described in the Original Declaration;

WHEREAS, Owner desires to supplement and amend the First Supplemental Declaration and impose additional restrictions, conditions and covenants on all lots within Blocks 2 and 3 of the Horizon, Section One (also known as The Horizon Section Two and as described on the Blocks 2 and 3 Subdivision Plat (the "Property"));

WHEREAS, Declarant, as defined in the Original Declaration, has previously caused THE HORIZON OWNERS ASSOCIATION, INC. (the "Association") to be incorporated as a non-profit corporation under the laws of the State of Texas, and has delegated and assigned the powers of maintaining and administering the properties and facilities; administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges to the Association;

NOW, THEREFORE, Owner hereby supplements and amends the First Supplemental Declaration and all previously filed declarations, restrictions, and covenants affecting the Property described herein and adopts, establishes and imposes upon all of the Property, the following covenants, restrictions and conditions, (herein collectively called the "covenants" or "the restrictions and covenants"), all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property for the benefit of present and future Owners, which restrictions and covenants shall supplement and amend the First Supplemental Declaration, and which shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in any of the lots in or any portion of the Property and shall inure to the benefit of and be binding upon each owner and future owner thereof.

1. **Definitions.** All words used in this Second Supplemental and Amended Declaration of Covenants, Conditions and Restrictions for the Horizon, Section One, Blocks 2 and 3 shall have the same meaning they have or are assigned in the First Supplemental Declaration.
2. **Driveways.** Driveways shall be constructed of hot mix asphalt, concrete, crushed granite or two course paving, with a minimum width of ten feet (10') along its entire length. The width of each driveway shall flair to a minimum of sixteen (16) feet at the street.
3. **Underground Utilities.** An underground electrical distribution system has been installed to serve all lots within the Property. The owner of each Lot, at the owner's cost, shall furnish, install, and maintain (all in accordance with the requirements of local governmental authorities and the National Electric Code) an underground service cable and appurtenances from the meter installed on each Lot by the electric company to such point as may be designated by the company on the property line of the Lot. The company furnishing electric service shall make the necessary connection at the property line and at the meter. Each owner, at the owner's cost, shall install, furnish and maintain a meter loop (in accordance with then-current standards and specifications of the electric company) for the residence constructed on the Lot.

4. **Single Family Residential Dwelling.** Section 4 (E) is amended to require all dwellings to contain at least 3000 square feet of living area, excluding porches, terraces, patios, driveways, and garages. The primary residence and all additional buildings, structures and improvements constructed, erected or placed on a Lot shall be constructed with substantially similar exterior veneer(s) and roof material(s). Except as amended herein, the balance of Section 4 (E) shall continue to apply to the Property.

IN WITNESS WHEREOF, the undersigned, being the Owner herein, has hereunto set its hand on the date first written above.

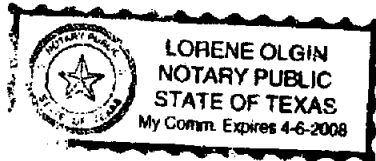
McRae Energy Corp.

By: *Rick McRae*
Rick McRae
Its: President

STATE OF TEXAS)

COUNTY OF KERR)

This instrument was acknowledged before me on April 22, 2005, by Rick McRae, as president of McRae Energy Corp., a Texas corporation, on behalf of said corporation.



Lorene Olgin
Notary Public, State of Texas

FILED BY
KERRVILLE TITLE COMPANY

RETURN TO:
KERRVILLE TITLE COMPANY
290 THOMPSON DR.
KERRVILLE, TX 78028

Prepared in the Law Offices of
Pattillo, Richards & Harpold, P.C.
Attorneys at Law
280 Thompson Drive, Suite B
Kerrville, Texas 78028

I

FILED FOR RECORD
at 4:44 o'clock P.M

APR 25 2005

JANNETT PIEPER
Clerk County Court, Kerr County, Texas
Chela Harpold Deputy

Provisions 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

APR 26 2005



Jannet Rippe
COUNTY CLERK, KERR COUNTY, TEXAS

RECORD *Rec Property*
VOL 1430 Pg 289
RECORDING DATE

APR 26 2005



Jannet Rippe
COUNTY CLERK, KERR COUNTY, TEXAS

RECORDER'S NOTE
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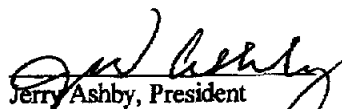
**CERTIFICATION BY THE BOARD OF DIRECTORS
OF THE HORIZON OWNERS ASSOCIATION, INC.**

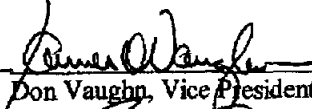
The undersigned Board of Directors of the Horizon Owners Association, Inc. ("Association") hereby certify the following:

Pursuant to Sections 11 and 13 of the First Restated, Supplemental, and Amended Declaration of Covenants, Conditions and Restrictions for The Horizon, dated October 18, 2001, recorded in Volume 1150, Pages 313-331 of the Real Property Records of Kerr County, Texas (the "First Amended Declaration"), the Association, by in excess of two-thirds of all of the votes entitled to be cast by Owners/Members of the Association, by written and signed ballot, has approved the attached Second Restated, Supplemental, and Amended Declaration of Covenants, Conditions and Restrictions for The Horizon, dated as of July 1, 2006 (the "HOA Covenants"), which amends the First Declaration.

This Certification and the attached HOA Covenants are being recorded in the Real Property Records of Kerr County, Texas.

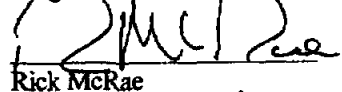
Witness our executions of this Certification on July 6, 2006 in Kerr County, Texas.


Jerry Ashby, President


Don Vaughn, Vice President


Ginger Robertson, Secretary


Raymond Orr, Treasurer


Rick McRae


~~Shane Foster~~


Kenneth Stewart

FILED FOR RECORD
at 9:31 o'clock.....A.M.

JUL 07 2006

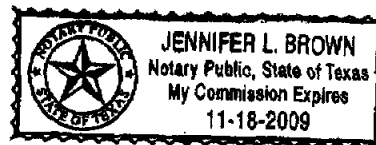
STATE OF TEXAS **

JANNETT PIEPER
Clerk County Court, Kerr County, Texas
 Deputy

COUNTY OF KERR **

This instrument was acknowledged before me on the 6th day of July, 2006, by Jerry Ashby, Don Vaughn, Ginger Robertson, Raymond Orr, Rick McRae, ~~Shane Foster~~ and Kenneth Stewart, being the Board of Directors of The Horizon Owners Association, Inc.


Notary Public, State of Texas



Filed by & Return to:
Jerry Ashby
230 Dawn Drive
Kerrville, TX 78028

7725

SECOND RESTATED, SUPPLEMENTAL, AND AMENDED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR

THE HORIZON
KERR COUNTY, TEXAS

THIS SECOND RESTATED, SUPPLEMENTAL AND AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE HORIZON ("HOA Covenants"), is made effective as of July 1, 2006, by THE HORIZON OWNERS ASSOCIATION, INC., a Texas Non-Profit Corporation ("Association" or "HOA").

WHEREAS, by instrument dated May 20, 1997, and recorded in Volume 901, Pages 764-777 of the Real Property Records of Kerr County, Texas (the "Original Declaration"), the original covenants, restrictions, conditions, easements, charges and liens were imposed upon the real property in Kerr County, Texas, described as all that certain tract or parcel of land, lying and being situated in the County of Kerr, State of Texas, comprising 848.8 acres, more or less; being all of the subdivision, The Horizon Section One, according to plat, dated April, 1997, of record in Volume 6, on pages 323 through 326, of the Plat Records of Kerr County, Texas (herein referred to as "Block 1");

WHEREAS, by instrument dated October 18, 2001, and recorded in Volume 1150, Pages 313-331 of the Real Property Records of Kerr County, Texas (the "First Amended Declaration"), the Original Declaration was amended; additional real property comprising 91.53 acres, more or less, ("Block 2") and 100.09 acres, more or less, ("Block 3"), such additional real property being described by metes and bounds on Exhibit A and Exhibit B attached to the First Amended Declaration, was made bound by the Original Declaration, as amended by the First Amended Declaration;

WHEREAS, that certain Declarant Control Transfer to Horizon Owners Association was executed and filed by Landmark Ranch Ltd. on January 24, 2003, which transferred all rights of the "Declarant" under the Original Declaration to the Association, and which was recorded in Volume 1243, Page 840, Real Property Records of Kerr County, Texas;

WHEREAS, by instrument dated September 15, 2003, and recorded in Volume 1300, Pages 133-135 of the Real Property Records of Kerr County, Texas ("First Amendment and Supplement to First Amended Declaration"), 6.22 acres, more or less, described by metes and bounds on Exhibit A attached to the First Amendment and Supplement to First Amended Declaration, and Lot 1, The Horizon, Section 1, according to the Plat recorded in Volume 6, Page 323, Plat Records, Kerr County, Texas ("Lot 1"), were added to the Property of The Horizon as Common Area;

WHEREAS, the Property (as defined below), including Blocks 1, 2 and 3, comprise "The Horizon";

WHEREAS, the Association desires to amend the First Amended Declaration;

WHEREAS, the Association desires to continue to create and maintain on the Property within The Horizon an exotic/wildlife/cattle ranch development for residential and agricultural purposes and provide for the preservation of the values and amenities of the Property and for the maintenance thereof;

WHEREAS, the Property shall include all lots or tracts subdivided out of the Property, except as otherwise set out herein.

NOW, THEREFORE, the Association hereby amends and replaces in its entirety the First Amended Declaration and all previously filed declarations, restrictions, and covenants affecting the Property described herein and adopts, establishes and imposes upon all of the Property, the following covenants, restrictions, conditions, easements, charges and liens (herein collectively called the "covenants" or "the restrictions and covenants"), all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property for the benefit of present and future Owners, which restrictions and covenants shall take the place of the First Amended Declaration, and which shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in any of the lots in or any portion of the Property and shall inure to the benefit of and be binding upon each Owner and future Owner thereof.

1. 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" and "HOA" shall mean and refer to The Horizon Owners Association, Inc. The principal office of the Association shall be 856 Horizon Blvd., Kerrville, Texas 78028. The Association shall be formed for the purpose of maintaining uniform standards and quality of the land and wildlife as well as the beauty and value of the property in the Subdivision.

(B) "Board" shall mean the Board of Directors of the Association.

(C) "Common Area" shall mean all real property, including roadways, including the improvements thereto, conveyed to the Association by Plat dedication or otherwise.

(D) "Properties" and "Property" shall mean the property described above and all additions thereto, as are subject to this Declaration or any Supplemental Declaration filed of record pursuant to the following provisions, including, but not limited to Blocks 1, 2, and 3.

- (E) "Member" shall mean each Owner of a fee simple interest or held by Contract for Deed for any Lot, Tract or part or portion of the Property.
 - (F) "Owner" shall mean the record Owner, whether one or more persons or entities, of a fee simple or under any Contract for Deed to any portion of Property.
 - (G) "Architectural Control Committee" (ACC) shall mean and refer to that Committee as defined in Section 9 hereof.
 - (H) "Ranch Management Committee" (RMC) shall mean and refer to that Committee as defined in Section 10 hereof.
 - (I) "Access Easement" shall mean and refer to that certain easement reserved and recorded in Volume 0895, Page 632 of the Real Property Records of Kerr County, Texas.
 - (J) "Lot" and "Tract" shall mean and refer to any lot, tract or parcel of the Property, including all of Blocks 1, 2, and 3, (with the exception of any Common Area, or any "Open Areas" reserved by Declarant on any plat) shown upon a plat of the property filed for record in Kerr County, Texas (as such plat or plats may be amended from time to time).
 - (K) "Improvements" shall mean every structure and all appurtenances thereto of every type and kind, including, but not limited to, residence building, outbuildings, storage sheds, patios, exterior lighting, tennis courts, swimming pools, garages, storage buildings, fences, screening walls, retaining walls, stairs, decks, landscaping, dams, signs, exterior air conditioning, water softener fixtures or equipment, poles, pumps, wells, tanks, reservoirs, pipes, water collection systems, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.
 - (L) "Open Areas" shall mean those areas of the Property including but not limited to streets which are not designated by number as lots, the ownership of such areas being reserved to Declarant and its successors and assigns.
 - (M) "Declarant" and "Developer" shall mean the Landmark Ranch, Ltd., a Texas limited partnership, and the successors and assigns of Declarant, including the Association.
 - (N) "Declaration" shall mean this Declaration as amended from time to time.
 - (O) "Deed" shall mean a deed or contract for deed to a "Lot."
 - (P) "Subdivision" shall mean any Lot, any part of any Lot, or any other part of The Horizon, Section One, described above, or any other subdivision filed or imposed on any portion of the Property by the filing of a subdivision plat approved and executed by the City of Kerrville, Texas, and/or Kerr County, Texas, as such plats may be amended from time to time.
 - (Q) "Fenced Area" shall mean any part of the Property that is substantially surrounded by a fence. Each residence will be assumed to have a Fenced Area of at least 1 acre.
 - (R) "Residence" shall mean any free standing building with connections to water and electricity that is usable for residential purposes.
 - (S) "Common Area Maintenance Committee (CAMC) shall mean and refer to that Committee as defined in Section 11 hereof.
-
- (T) "Dispute Resolution" shall be handled in accord with By-Law Section 2.03. (2.03 Resolving Disputes. *In any dispute between members relating to the Association's activities, all parties involved will cooperate in good faith to resolve the dispute. If the parties cannot resolve a dispute among themselves, they will cooperate to select one or more mediators to help resolve it. If no timely resolution of the dispute occurs through mediation, any party may demand binding arbitration as described in Civil Practice and Remedies Code only if the parties have met together with a mediator.*)

2. Covenants Binding on Property and Owners.

(A) **Property Bound.** From and after the date of recordation of these HOA Covenants, the Property shall be subject to the Covenants and said Covenants shall run with, for the benefit of the Property.

(B) **Owners Bound.** From and after the date of recordation of these HOA Covenants, the Covenants, shall be binding upon and for the benefit of each Owner and his heirs, executors, administrators, trustees, personal representatives, successors and assigns, whether or not so provided or otherwise mentioned in the Deed. New requirements in these HOA Covenants for the construction of homes and other structures, for improvements to these homes and other structures, and for driveways, will not retroactively apply to homes, structures, improvements, and driveways already constructed in compliance with the Covenants in existence at the time of construction (or where there is a documented variance from compliance granted by Landmark or the Board). Such new requirements will apply to construction of homes, other structures, improvements, and driveways commenced after these HOA Covenants are approved by the Association and filed of record in the Real Property Records of Kerr County, Texas.

3. **VARIANCE.** The Board, with the recommendation of the ACC, may authorize variances from compliance with any of the provisions of these HOA Covenants, with minimum acceptable construction standards, or with regulations and requirements as promulgated from time to time by the Board or the ACC, when circumstances such as topography, Tract configuration, Tract size, hardship, aesthetic or environmental considerations may require a variance. Such variances must be evidenced in writing and shall become effective when signed by an officer of the Association upon a majority vote of the Board duly recorded in the HOA formal minutes. If any such variances are granted, no violation of the provisions of these HOA Covenants 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 HOA Covenants for any purpose except as to the particular property and particular provisions covered by the variance, nor shall the granting of any variance effect in the Owner's obligation to comply with all laws and regulations affecting the property.

4. AFFIRMATIVE AND PROTECTIVE COVENANTS. The Property shall be used and occupied subject to the following restrictions:

(A) **Prohibition of Offensive Activities.** Except as provided herein, properties shall be used only for residential, recreational, ranching and agricultural purposes, and offices in the home that do not generate frequent visitors. No activity, whether for profit or not, shall be conducted which is not related to noncommercial residential, recreational, ranching, and agricultural purposes, unless said activity meets the following criteria: (i) no additional exterior sign of activity is present, (ii) it is the type of activity that frequently happens in a home, (iii) no substantial traffic is created, and (iv) nothing dangerous is present. Subject to the prior written consent of the Board, after approval by the ACC, home offices to which the general public is invited may be maintained within such Owner's residence, so long as activities conducted in connection with such home offices do not become an annoyance or nuisance. This restriction is waived in regard to the customary sales activities required to sell a home in the Subdivision. The Board shall have the sole and absolute discretion to determine what constitutes a nuisance, annoyance, or an unreasonable use of a Property under this subparagraph. All activities related to development, sale and construction of lots and homes in the subdivision are permitted.

(B) **Camper or Recreation Vehicle.** Use of a camper or recreational vehicle as a residence on a Lot during the construction of a dwelling for a period of no longer than six (6) months, provided it is connected to an approved septic system shall be requested from the ACC. After residence construction, such vehicles shall be parked on a Tract at a distance greater than 150' from the roadway and 75' from any property line in a completely enclosed structure to eliminate visibility from the roadway or neighbors, such structure to be built of good construction of quality materials on a permanent foundation, with like roofing material as the main residence, in a way that creates an attractive appearance and blends in harmoniously with the main residence in terms of the materials used, architectural appearance and color scheme, and which shall be approved by the ACC before construction of such structure commences.

(C) **Open Fires.** No open fires are permitted unless all county and state rules and regulations are followed, the status of any county, local burn ban has been verified, and the Board has been notified in advance of any open fires or burning.

(D) **No Offensive or Unlawful Use.** No offensive or unlawful use shall be made of the Properties. The Association may from time to time adopt rules concerning same, and it shall be entitled to enforce such rules.

(E) **Single Family Residential Dwelling.** "Single Family" means a group of one or more persons each related to the other by blood, marriage, or legal adoption, or a group of not more than three (3) persons not so related, who maintain a common household in a residential unit.

No building or structure shall be erected, altered, placed or permitted to remain on any Tract other than one residence with attached or detached garage with a capacity of not less than two standard size automobiles, and additionally one guest/servants' house, a workshop and/or a barn may also be erected, altered, placed or permitted to remain on any Tract.

No phase of construction for residence or any additional structure located on the property shall begin before the ACC completes site and structure plan approval. Any change, deletion, or addition to the plans and specifications approved by the ACC, including plans deemed approved by the ACC's failure to act, must be submitted and approved in writing by the ACC. Failure to submit changes, deletions, or additions to previously approved plans shall void the original approval.

All residential/dwelling structures, except one (1) guest/servants' house, must have at least 1900 square feet of "conditioned" living area, excluding porches, and must be built with new construction materials.

A guest/servants' house must have a minimum of 800 square feet of "conditioned" living area, excluding porches, and must be built with the same construction materials and, in terms of quality of materials and architectural appearance as the main residence. It may be built during, after or no more than 6 months prior to starting the main residence construction only with the approval of the ACC. Guest/servants' house may be used as a residence for a period of six months prior to the completion of the main residence with the approval of the ACC.

Detached garages, workshops and barns may be constructed on the property so long as they are built of good construction of quality materials on a permanent foundation, with like roofing material as the main residence, in a way that creates an attractive appearance and blends in harmoniously with the main residence in terms of the materials used, architectural appearance and color scheme, and which shall be approved by the ACC before construction of such structure commences. They must be kept in good repair and are not to be used for residential purposes.

"Residential purposes" shall be construed to prohibit duplex houses, triplexes, condominiums, townhouses, or apartment houses or similar type of multi-family structures. All Tracts shall be for residential purposes except those designated before the Control Transfer Date of January 24, 2003 by the Developer for the Commercial purposes of operating water wells, a veterinarian facility, a horse facility and for animal husbandry.

The term "structure" does not include manufactured homes, mobile homes, modular homes, tent or any other types of portable structures and said structures are not permitted within the Subdivision. Shops, barns and storage buildings must be built on a permanent foundation.

Any building, structure or improvement commenced on any Tract shall be completed as to exterior finish and appearance within one (1) year from the construction commencement date.

During construction of a Residence or other building or structure, the Owner or his contractor must provide or install a temporary portable toilet and maintain and keep the Tract clean and free of debris.

(F) **Garages.** All dwellings shall have a garage with a capacity of not less than two standard size automobiles. Carports of any type shall not be permitted. All garages shall comply with all other restrictions on usage. All garages shall consist of structures completely enclosed on all sides with walls and/or garage doors. A garage shall not be situated on a Lot so as to cause the garage door opening to be substantially visible from the roadway. Garages on corner lots should be sited, as far as possible, to face the doors away from each street. If that is not possible, the garage doors should be faced in a way that minimizes their appearance from the streets, whether that is accomplished by landscape screening or angling to face the least busy street or the "least used side of their neighbor's home."

(G) **Driveways.** Driveways shall be hard surfaced of crushed granite, crushed limestone, concrete or asphalt and shall be constructed with a minimum width of ten feet (10') along the entire length. The width of each driveway shall flair to a minimum of sixteen (16) feet at the street making a level, not elevated, transition to the main roadway beginning six feet (6) back from the main roadway. The need for a drainage culvert or grading to accommodate drainage patterns should be discussed with the CAMC to reach agreement on the final configuration of the drive. The CAMC shall approve this configuration.

(H) **Water and Sewer Systems.** Individual water systems and sewage disposal systems shall be located, constructed and equipped in compliance with the rules and regulations of the Texas Department of Health, Texas Natural Resource Conservation Commission, Upper Guadalupe River Authority, Kerr County, and any other applicable rules or regulations.

(I) **Fences.** All fences must be approved by the ACC. Decorative fences are recommended. Fences may be net wire, three or four slat wooden construction, stone, rock or brick construction that is similar to the Residence. No fence may be installed across a common area. NO FENCES, WALLS, PLANTERS, HEDGES OR ENCLOSURES SHALL ENCLOSE IN EXCESS OF TWENTY (20%) PERCENT OF THE TOTAL AREA OF SAID LOT. On a corner lot, a wall, fence, or hedge may not block a driver's vision and create a hazard. No fence shall be constructed, situated or located beyond the property line, which is parallel to any road shown on the plats of the Subdivision or within twenty-five (25) feet of the lots side or back boundary line or within twenty-five (25) feet of the bank of a creek or lake. Barbed wire is not in keeping with the Subdivision atmosphere and is prohibited. Swimming pools must be fenced in accordance with any applicable laws, but must be fenced to at least a minimum of five (5) feet in height.

(J) **Antennas.** Antennas of any kind shall not exceed ten feet above the roof of the house or accessory building.

(K) **On Street Parking.** On street parking is restricted to deliveries, pickups, or short time guests and shall be subject to such reasonable rules as may be adopted by the Committee.

(L) **Motor vehicles.** "Vehicles" are defined as any automobile, recreational vehicle, boat, trailer, motorcycle, motorized bicycle, go cart, golf cart, dirt bike or all terrain vehicle. Vehicles owned or in the custody of any Member may be parked only in a garage, or automobiles may be parked on a driveway located on or pertaining to such person's Lot unless otherwise authorized by the ACC in writing. No trailers, vans or trucks in excess of one ton or designated for commercial purposes shall be placed, allowed or maintained upon any residential Lot except with prior written approval of the ACC. Any such permission shall include all applicable sections of these HOA Covenants and/or require that said vehicle be in areas attractively screened or concealed from neighboring properties and Roads.

No truck, bus, semi trailer or other "Vehicle" shall be left on the road in front of any Lot or on any Lot except for construction and/or repair equipment while a residence is being built or repaired, without permission of the ACC. This shall not apply to "pick-up" trucks or non commercial passenger vans.

All the following vehicles must have operational spark arresters and be properly muffled: Motorcycles, motorized bicycles, go-carts, dirt bikes and all terrain vehicles. In addition, vehicles, which sit low to the ground such as go-carts must have attached to the rear of the vehicle an 8' long pole with an orange triangle flag at the top. What constitutes properly muffled shall be solely within the discretion of the ACC.

All vehicles operated within The Horizon must be operated in a safe manner, in accordance with manufacture requirements with every effort made to avoid disturbing the wildlife. Posted speed limits are to be observed on any road during approved ingress/egress.

Lot owners and their guests may operate "Vehicles" on the owner's property so long as they comply with "Vehicle Operating Guidelines" developed by the ACC.

Any violations concerning "Vehicles" will result in written notification, citing the circumstances thereof and the consequences. These are enumerated in the "Vehicle Operating Guidelines".

(M) **Storage.** No exterior storage of any items shall be permitted except with prior written approval of the ACC. Any such storage as is approved shall be attractively screened or concealed from view from neighboring property and roads. This provision shall apply without limitation to trailers, camp trailers, boat trailers, travel trailers, boats, and un-mounted pickup camper units. All materials must be kept in an enclosed building or garage and not in general view from the road. Without limitation, no automobile, truck or other vehicle, regardless of ownership, age, condition or appearance, shall remain on any Lot in any manner which could be construed as being stored, neglected, abandoned or otherwise not in frequent use, except in a closed garage or pursuant to approval of the ACC. No article deemed to be unsightly by the ACC shall be permitted to remain on any Lot so as to be visible from adjoining property or road. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabric shall be appropriately screened from view and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse trash shall be kept, stored or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view.

(N) **Repairs to Detached Machinery.** No repairs which take more than one day of any detached machinery, equipment or fixtures, including without limitation motor vehicles, shall be made upon any portion of any Lot within view of neighboring property and roads without prior approval of the ACC.

(O) **Garbage.** No garbage or trash shall be placed on the exterior of any building, except in containers meeting the specifications of the ACC, and the placement, maintenance and appearance of all such containers shall be subject to reasonable rules of the ACC. All rubbish and garbage shall be regularly removed from each Lot.

(P) **Outside Lighting.** Outdoor lighting shall be erected and used in such a way so as to minimize light pollution in the Horizon and to refrain from disturbing neighbors and distracting motorists with bright lights. Indirect lighting is recommended. Any other lighting, which is not shielded downward, is to have on-off switches, is not to be left on all through the night, and is to be used only judiciously. Security pole lights must be approved by the ACC with regard to location, type of light fixture used, whether it has an on-off switch, and whether it will create a nuisance to neighbors.

(Q) **Signs.** No signs, advertisements, or billboards of any kind may be erected or maintained without consent in writing of the ACC, except one (1) professionally made sign not more than forty-eight inches (48") square, advertising a Tract for sale or rent, and one (1) professionally made sign, not more than twelve inches (12") wide by twenty-four inches (24") long identifying the Tract owner's name or names. Any member of the ACC shall have the right to remove any such sign, advertisement or billboard which is in violation of these restrictions, 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. Standard political signs not to exceed forty-eight inches (48") square shall be permitted for short periods before elections.

(R) **Oil and Mineral Activity.** No oil exploration, drilling, development or commercial refining operations and no commercial quarrying or mining operations of any kind of minerals, rocks, stones, sand, gravel, aggregate or earth, including oil wells, surface tanks, tunnels, or mineral excavation or shafts shall be permitted upon or under any Lot, provided, however, that Owners may excavate rock and gravel for the purpose of building roads or driveways on their own property. This Section is intended to prohibit the commercial excavation and development of any minerals or other natural resources on the Property and does not prohibit the right of any Owner to excavate top soil, gravel, or clay from areas where needed to build small tanks or lake sites to improve the water availability for the Owner or wildlife.

(S) **Composite Building Site.** Any Owner of one or more adjoining Tracts may, consolidate such Tracts into a building site, with the privilege of placing or constructing improvements on such resulting site, in which case the side set-back lines shall be measured from the resulting side property lines rather than from the Tract lines as indicated on the Plat and, so long as there is only one residence on the tract. If replatted, the Tract will be assessed maintenance fund charges as though it is one Tract.

(T) **Location of the Improvements upon the Tract.** No building of any kind shall be located nearer than fifty feet (50') to the side or rear property line, or nearer than one hundred feet (100') from the lot owner's property line which parallels the nearest platted road or natural creek as may be indicated on the Plat. Upon recommendation of the ACC, the Board may waive any such setback line in accordance with Section 3 above, if in the exercise of the Board's sole discretion, such waiver is necessary to permit effective utilization of a Tract. Any such waiver or alteration must be in writing.

(U) **Use of Temporary Structures.** No structure of a temporary character, whether trailer, tent, shack, garage, barn or other structure may be used on any tract at any time as a residence, either temporarily or permanently, except as is permitted in Subparagraph 4 (B); provided, however, that the ACC reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the Property as in its sole discretion may be necessary or convenient while selling Tracts, constructing residences, constructing other improvements within the Subdivision, and operating the Subdivision or the Association. The ACC may also give consent to Owner, Contractor, and Builders for the temporary use of structures. Use of any temporary structure for any other function must be approved by the ACC.

(V) **Working Ranch and Animal Husbandry by Association.** The Association may own, maintain, harvest and sell livestock, horses, exotic game and wildlife of all kinds. Hunting is prohibited on both Common Areas and Member owned Tracts unless such hunting is planned and conducted under the direction of the RMC as a part of a game harvesting and management program. No Member shall do any act that is designed to harm the wildlife or livestock. No Member may release any wildlife without the permission of the RMC. The RMC may contract for a wildlife and livestock program with any individual or Member. No Lot shall be used for the discharge of any pistol, rifle, shotgun, or other firearm, or any bow and arrow or other device capable of killing or injuring unless permitted by the RMC. THE ASSOCIATION IS HEREBY SPECIFICALLY GRANTED THE RIGHT TO OPERATE A WORKING RANCH ON THE COMMON AREAS AND PARK AREAS AND TO USE THAT PORTION OF EACH OWNER'S LOT THAT IS NOT FENCED AS PROVIDED HEREIN FOR GRAZING OF CATTLE, HORSES, OTHER LIVESTOCK, EXOTIC GAME, AND WILDLIFE. EACH OWNER HEREOF SPECIFICALLY AGREES TO THE OPERATION OF SAID WORKING RANCH, AND A MEMBER OF SAID ASSOCIATION MAY BE CALLED UPON TO SHARE IN THE COST THEREOF BY MAINTENANCE FEES, ASSESSMENTS OR OTHERWISE. THERE SHALL BE NO RENUMERATION OF ANY KIND TO THE MEMBER FROM SAID ASSOCIATION BY REASON OF THE OPERATION OF A WORKING RANCH. Any profit will be placed into the Associations accounts to cover Association expenses.

(W) **Animal Husbandry.** No animals, livestock or poultry of any kind shall be raised, bred or kept on any Tract except that one (1) horse, one (1) cow, one (1) sheep or one (1) goat per acre, or any combination thereof, may be kept, as long as the maximum number in a fenced area does not exceed one (1) per acre in the Lot and does not become a nuisance or threat to other Owners. Animals being raised for 4-H school sponsored programs will be permitted. All animals being raised by individual Tract Owners must be kept in a Fenced Area on the Owners Tract. Dogs, cats, or other common household pets may be kept in reasonable numbers. Dogs must be kept in a kennel, dog run, or Fenced Area. Dogs will not be permitted to run loose in the Property and must be vaccinated for rabies on the basis of current vet practices in Kerr County, which comply with Kerr County legal requirements. Waivers may be granted by the RMC for other animals not mentioned above, with prior approval from the Board. The RMC shall recommend to the Board a determination of whether or not an animal is a nuisance. The decision of the Board shall be binding and conclusive. The Board shall give notice in writing by certified mail to any Member whose pet has been determined to be a nuisance and such Member shall remove such pet from his Tract within ten (10) days from receipt of such notice. Failure to remove the pet will allow the Board to use any remedy at law (including, without limitation, referring the matter to Kerr County Animal Control) or that which is provided for herein. In no event shall vicious or dangerous animals be allowed within the Property.

(X) **Drainage.** Naturally established drainage patterns on roads, Tracts or roadway ditches will not be impaired. The ACC shall approve placement and installation of proposed driveway culverts with consultation from the CAMC, prior to the beginning of construction. Culvert size shall adhere to county requirements and be of sufficient size to afford proper drainage of ditches without backing water up into the ditch or creating a ditch due to the restriction of natural water flow. Drainage culvert installation is subject to the inspection and approval of the ACC using City and County requirements.

(Y) **Site Clearing, Excavation and Landscaping.**

(i) Each Lot must be landscaped in an approved manner within five (5) months after completion of the Residence. The digging of the dirt or the removal of any dirt from any Lot is expressly prohibited except as necessary in conjunction with the landscaping of or construction on such Lot, except as provided in Paragraph 4(R), above.

(ii) The Owner of the Lot adjoining a Creek bed shall maintain the Creek bed and banks free of weeds and debris and, if the Owner shall fail to do so, the Association shall have said area maintained at the expense of the Owner. "Creek bed", as used in this Section, shall mean that property lying between the centerline of a creek to the far line of the drainage easement, if any, on the Lot, or if no drainage easement exists, then that property lying between the center line of the creek to the top of the Creek bed. Anything to the contrary contained in this Section notwithstanding, all Creek bed

maintenance performed by an Owner, or by the Association, shall be performed in accordance with all pertinent and specifically applicable regulations and the ordinances of the appropriate governmental entity.

(iii) The ACC shall have the absolute discretion and authority to determine the necessity for required maintenance of Lots within the Subdivision. No unsightly Lots shall be permitted.

(Z) **Roofing Material.** All roofing material for a Residence, other building, or structure shall be of metal, wood shake, tile, top grade fiberglass shingle or other material approved by the ACC. Like roofing materials shall be used on all structures on the same Lot.

(AA) **Access to Adjoining Tracts.** No Tract may be used for access to or from an adjoining property outside of this Property without the prior written consent of the Board.

(BB) **Common Area.** Only Owners and their guests may use the Common Areas. Owners may not charge non-owners for the use of the Common Areas. Owner and/or guests may not take away rights or pleasure from other Owners or guests by misusing or abusing the Common Areas. Any cost to repair damage caused the Common Area by an Owner or his guest must be reimbursed to the Association by the Owner who caused (or whose guest caused) the damage, within seven (7) days of notice from Association. All guests must be accompanied by a member of the Owner's family when using the Common Area. Any Owner who continually violates the rules of the Common Area is subject to suspension of his rights. All Common Areas are to be maintained and governed by the Association.

(CC) **Timber.** No plants, trees, shrubs, or rocks shall be removed from Common Areas or easements without the approval of the ACC or RMC.

(DD) **Creek and Tributary Obstructions.** No obstructions of any type, including, but not limited to, fences, dams, and concrete walkways, shall be placed in, on, or across the bed of any creek adjoining or running through any Lot in the Subdivision, without the approval of the Board. "Creek bed" as used herein in relation to obstruction, means that portion of the creek where water would flow in times of normal rainfall.

(EE) **Filling, Cutting and Slope Control.** Proposed filling, cutting and slope control activities shall be reviewed and approved by the CAMC prior to the beginning of any clearing or construction activity on Lots with slopes exceeding twenty percent (20%). All filling and cutting of the terrain on such Lots shall be kept at a minimum and the effects of drainage run-off shall be carefully considered and planned for.

(FF) **Pesticide and Herbicide Broadcast Application.** There will be no Pesticide or Herbicide applied in such a manner that causes an entire area or lot to be impacted by such application without approval of the Committee.

(GG) **Propane Tanks.** Propane tanks shall be buried, attractively screened or substantially concealed from view of neighboring properties and roads.

5. UTILITY EASEMENTS RESERVED BY THE ASSOCIATION.

(A) **Easements.** A ten (10) foot easement for the installation, maintenance, repair and removal of public and/or quasi-public utilities, water lines, sewer and drainage facilities, and floodway easements, are reserved by the Association over, under and across the Properties on the property boundary lines. Full ingress and egress shall be had by the Association at all times over the Properties in and along the above described easements, 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 that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility. Declarant shall have the right to assign and transfer the easements and rights herein reserved to or for the benefit of any public or quasi-public utility. Declarant reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Kerr County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, storm surface drainage, water lines, sewage lines, cable systems, or any other utility the Developer sees fit to install in, across and/or under the Property. All utility easements in the Subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Common Area and/or Tracts. Should any utility company furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, without the joinder of any other Owner, the Declarant shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility serving the Subdivision shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements.

(B) **Title Subject to Easements.** It is expressly agreed and understood that the title conveyed by Developer to any of the Tracts by contract deed or other conveyance shall be subject to any easement hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits or other service lines running through their Tracts which are utilized for or service other Tracts, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Tract. The Developer may convey title to said easements to the public, a public utility company or the Association. No building shall be located over, under, upon or across any portion of any utility easement. The Owner of each Tract shall have the right to construct, keep and maintain concrete drives, fences, and similar improvements across any utility easement, and shall be entitled to cross such easement at all times for purposes of gaining access to and from such Tracts, provided, however, any concrete drive, fence or similar improvement placed upon such Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Tract subject to said Utility Easement shall be responsible for:

(i) Any and all repairs to the concrete drives, fences and similar improvements which cross or are located upon such Utility Easements and;

(ii) Repairing any damage to said improvements caused by the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.

(C) **Easement Covering All Lots.** The Owner of each Lot shall, by the acceptance of a deed or entering into a contract for the purchase of his property, agree, grant and convey unto the Association and each and every other Owner a perpetual easement for the use of said property not under fence as permitted herein in the following particulars:

(i) To each Owner and the Association reasonable ingress and egress to ride horses, hike, and jog or to traverse said property to reach other areas of Property. The Association may adopt rules to define easements, trails and paths to protect landscaping and gardening, to prevent over utilization of specific Lots, to address any environmental issues and to prevent abuse. Easements must be traversed quickly and quietly so as not to unreasonably disturb the peace and enjoyment of the Owners.

(ii) To the Association for the purpose of allowing the Association to inspect and maintain drainage areas, the Association's water gaps and game fences (and the senders along the fence lines), to own, maintain, graze, capture and care for wildlife, exotics, livestock and horses of whatsoever kind or character that the Association may elect to purchase or otherwise acquire, and in times of emergency to traverse the property to reach and address areas impacted by the emergency conditions.

(D) **Power to Grant Easements.** In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under the Common Area.

6. **IMPROPER MAINTENANCE BY OWNER.** In the event any portion of a Lot or Structure thereon is in the ACC's judgment so maintained by the owner as to not comply with these Covenants or present a public or private nuisance or substantially detract from the appearance or quality of the neighboring Tracts or Residences or other areas of the Property which are substantially affected thereby or related thereto, the ACC, unless corrective action is taken within ten (10) days after receipt of written notice to the Owner of a lot or Tract specifying the required maintenance action to be made by Owner, shall be authorized and empowered to cause such action to be taken and the cost (the "Maintenance Cost") thereof shall be assessed against the Lot and Residence of the offending Owner and shall be secured by the Maintenance Lien hereinafter provided. Written notice of such assessment shall be delivered to the offending Owner which notice shall specify the amount of such Maintenance Cost and shall demand payment thereof within thirty (30) days after the date of said notice. If any provision of this Paragraph 6 applies and the ACC and the Owner can not agree on the required maintenance, the parties will submit the dispute to the Board for a decision. If the dispute remains unresolved, it will be resolved pursuant to Section 1(T).

7. **IMPOSITION OF LIEN; OWNER'S AGREEMENT.**

(A) **Imposition of Maintenance Lien.** The Association shall have the right at any time there is unpaid Maintenance Cost outstanding with respect to a Lot, to file of record with the County Clerk of Kerr County, Texas, a written statement describing such Lot and the unpaid Maintenance Cost relating thereto in which event, upon such filing there shall automatically be imposed upon such Lot a lien (the "Maintenance Lien") in favor of the Association for the amount of such unpaid Maintenance Cost. Upon payment of all Maintenance Cost relating to any such Lot, the Association shall file of record with the County Clerk of Kerr County, Texas, an appropriate release of any Maintenance Lien previously filed against the Lot.

(B) **Owner's Promises Regarding Maintenance Costs and Maintenance Lien.** Each Owner, for himself, his heirs, executors, administrators, trustees, personal representatives, successors and assigns, covenants and agrees:

(i) That he will pay to the Association within thirty (30) days after the date of written notice thereof any Maintenance Cost assessed by the Association against his Tract.

(ii) That by accepting a Deed to his Tract, he shall be, and remain, personally liable for any and all Maintenance Cost assessed against his Tract while he is (or was) the Owner thereof, regardless of whether such covenants or agreements are expressed in such Deed and regardless of whether he signed the Deed.

(C) **Lot Cleaning.** In consideration of livestock grazing, fire safety and general ranch beauty within the concept of a working ranch; owners are encouraged to cut or trim cedar and underbrush and in the process thereof, dispose of it in a timely and appropriate manner in accordance with Section 4(Y).

(D) **Environmental Hazards.** No noxious substances or undesirable products whatsoever shall be permitted on any Lot. The Committee shall determine the degree of noxiousness or undesirability and its decision shall be conclusive on all parties.

8. **MAINTENANCE FUND DEFINED AND USES**

(A) **Maintenance Fund.** Each Owner (by acceptance of a Deed for any portion of the Properties whether or not it shall be so expressed in any such Deed or other conveyance), hereby covenants and agrees and shall be deemed to covenant and agree to pay the Association assessments and maintenance fund charges ("Maintenance Fund Charges"). All assessments and Maintenance Fund Charges, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each portion of the Properties against which each such assessment and Maintenance Fund Charge is made. Each such assessment and Maintenance Fund Charge, together with such interest thereon and costs 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 or Maintenance Fund Charge becomes due.

(B) **Initial Maintenance Fund.** The amount of an annual Maintenance Fund Charge shall be an amount fixed by the Association. It is intended that the Association will for each year fix the annual amount of the maintenance fund charge at an amount estimated in good faith by the Association to be required in order that the funds produced thereby will approximate the costs and expenditures of such funds for the purposes hereinafter specified. The annual Maintenance Fund Charge shall be adjusted as necessary at the end of each calendar year, and such adjustment shall apply to the succeeding calendar year. Any provisions in these HOA Covenants or the exhibits hereto to the contrary notwithstanding, until December 31, 2006, the Association will not assess Maintenance Fund Charges (excluding expenses for wildlife purchases and maintenance) to Owners on a per lot basis for an amount in excess of \$300.00 per lot per year (the "Basic Fee"). If, in any year, the annual expenses of the Association, including wildlife expenses, exceed the Basic Fee per lot, then any excess, including wildlife expenses, will be assessed to the Owners based on acreage owned by the Owner. After December 31, 2006, in no year shall the Basic Fee be increased to more than 115% of the Basic Fee for the previous calendar year without review and approval by a majority vote of the Association, such vote to be held in accordance with Section 12 hereof.

(C) **Basis of the Maintenance Fund Charge.** The Maintenance Fund Charge referred to shall be used to create a fund to be known as the "Maintenance Fund", which shall be used as herein provided; and each such Maintenance Fund Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Tract to the Association. The Maintenance Fund Charge for the year of purchase shall be pro-rated at closing and then shall be paid annually, in advance, on or before the first day of the first month of each calendar year. Provided, however, the Association may adjust the annual charge on Composite Building Sites or when Owner owns more than one lot, subject to the limitations set forth in 8(B), above. The Association may determine annual charge based on acreage.

(D) **Delinquent Maintenance Charges.** Any Maintenance Fund Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of the rate of eighteen percent (18%) per annum or the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the hereinafter described lien against the Owner's Tract.

(E) **Creation of Lien and Personal Obligation.** In order to secure the payment of the Maintenance Fund Charge, and other charges and assessments hereby levied, a vendor's (purchase money) lien for the benefit of the Association, shall be and is hereby reserved in the deed from the Association to the purchaser of each Tract or portion thereof, which lien shall be enforceable through appropriate judicial and non-judicial proceedings by the Association. As additional security for the payment of the Maintenance Fund Charge and other charges and assessments hereby levied, each Owner of a Tract in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Tract which may be foreclosed on by non-judicial foreclosure Pursuant to the provisions of Section 51.002 of the Texas Property Code (and any successor statute); and each such owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Section 51.002 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. The Trustee may be changed at any time and from time to time by the Association by means of written instrument executed by any officer of the Association and filed for record in the Real Property Records of Kerr County, Texas. In the event that the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of Texas Property Code and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the Notice of Trustee's Sale using the same notice provisions as those set out in Section 51.002(d) of the Texas Property Code, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee shall also cause a copy of the Notice of Trustee's Sale to be recorded in the Real Property Records of Kerr County, Texas. 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. Following any such foreclosure, each occupant of any such Tract foreclosed on and each occupant of any improvements thereon shall be deemed to be tenant at sufferance and may be removed from possession by all lawful means, including a judgment for possession in an action of Forcible Retainer and the issuance of a Writ of Restitution thereunder.

In the event of non-payment by any Owner of any Maintenance Fund Charge or other charge or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the provided herein, upon ten (10) days prior written notice thereof 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 to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code thereafter, the President or any Vice-President of the Association, acting without joinder of other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Real Property Records of Kerr County, Texas, amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code.

In addition to the rights provided above, to enforce the Maintenance Fund Charge or other charge or assessment levied hereunder, the Association may file a claim or lien against the Tract of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest and costs of collection which have accrued thereon, (c) the legal description and street address of the Tract against which the lien is claimed and (d) 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 thereby 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 or a reasonable fee as fixed by the Board to cover the preparation and recordation of such release of lien instrument.

(F) **Liens Subordinate to Mortgages.** The Liens described in this Section and the superior title herein reserved shall be deemed subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, pension and profit sharing trusts or plans, or the bona fide third party lender, including Declarant, which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Tract and any renewal, extension, rearrangement or refinancing thereof. Each such mortgage of a mortgage encumbering a Tract who obtains title to such tract pursuant to the remedies provided in the deed of trust or mortgage or by judicial foreclosure shall take title to the tract free and clear of any claims for unpaid Maintenance Charges or other charges of assessments against such Tract which accrued prior to the time such holder acquired title to such Tract. No such sale or transfer shall relieve such holder acquiring title to a Tract from liability for any Maintenance Fund Charge or other charges or assessments thereafter becoming due or form the lien thereof. Any other sale or transfer of a Tract shall not affect the Association's lien for Maintenance Fund Charges or other charges or assessments. The Association shall make a good faith effort to give each mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of the lien which notice shall be sent to the nearest office of such mortgagee by prepaid United States Registered or Certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Fund Charges or other charges or assessments 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 Section.

(G) **Purpose of the Maintenance Fund.** The Maintenance Fund Charge levied by the Association shall be used for the purpose of promoting the recreation, health, safety, and welfare of the Owners of the Subdivision and other areas, which hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Fund Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties. The Maintenance Fund may be expended by the Association for any purposes which will tend to maintain the property values. Except for the Association's use of the Maintenance Fund Charge to perform its duties described in this HOA Covenants and in the Bylaws, the use of the Maintenance Fund Charge for any of these purposes is permissive and not mandatory. The judgment of the Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith. The Maintenance Fund shall be used for the following:

- (i) Accounting and office expenses;
- (ii) Road maintenance which shall include the grading, topping and working the Roads and the drainage/ditches adjacent thereto as needed to provide normal access;
- (iii) Outside fence maintenance;
- (iv) Legal expenses;
- (v) Association income tax preparation which includes costs of annual corporate Federal income tax return and State of Texas Franchise Tax return, if applicable;
- (vi) The Association expense of operating a Biotic/Wildlife/Cattle ranch;
- (vii) Expense of a club house or office;
- (viii) Maintenance expense of Common Areas;
- (ix) Expense of insurance;
- (x) Association expense for garbage and trash removal;

The Maintenance Fund may be used to hire a ranch manager, necessary employees, and to build other recreational opportunities such as riding stables, swimming pool, tennis courts, a skeet range, etc. In the event that the Association shall expend moneys for any of the foregoing purposes in amounts exceeding the amount then in the Maintenance Fund, the Association shall be entitled to receive reimbursement from amounts thereafter paid into the Maintenance Fund provided, however, that the Association will not without the approval of the Members, evidenced by the favorable vote of a majority of the votes entitled to be cast by the Members, expend more than fifty percent (50%) in excess of the moneys assessed in the last annual assessment.

(H) **Exempt Property.** The following property subject to this Declaration shall be exempt from the Maintenance Fund Charge and all other charges and assessments created herein:

- (i) All properties dedicated to and accepted by a public authority;
- (ii) The Common Area;

(I) **Handling of Maintenance Fund Charges.** The Association shall perform the collection and management of the Maintenance Fund Charge or other charge assessment levied hereunder. Owners shall be provided at least an annual accounting reconciliation of the Maintenance Fund and any other Association assessments and expenses during the year.

9. **ARCHITECTURAL CONTROL COMMITTEE (ACC).**

(A) **Membership of Architectural Control Committee.** The ACC shall consist of not less than three (3) and not more than five (5) voting Members, at least one of which shall be an owner of property in Block 2 or Block 3 (while Exhibit C is in effect) and such additional nonvoting Members serving in an advisory capacity as the ACC deems appropriate. The chairperson of the ACC shall be a member of the Board.

(B) **Action of Architectural Control Committee.** Items presented to the ACC shall be decided by majority vote of the Voting Members. The ACC's approval shall not be unreasonably withheld or delayed. The vote of a majority of the voting Members of the ACC taken with or without a meeting shall constitute an act of the ACC. ACC decisions will be presented to the Board for final approval.

(C) **Advisory Members.** The Voting Members may from time to time designate Advisory Members.

(D) **Term.** Each member of the ACC shall hold office until such time as he or she has resigned, has been removed, or his successor has been appointed as provided herein.

(E) **Board's Rights of Appointment.** The Board shall have the right to appoint and remove all members of the ACC.

(F) **ACC Approval.** No residence, building, fence, wall, sign, walkway, roadway, landscaping, any other improvements either temporary or permanent shall be created, placed, erected, commenced or changes made in the design or exterior appearance thereof, or any addition or exterior alteration made thereto after original construction, nor demolition or destruction by voluntary action made thereto after originally constructed, on any Tract in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the ACC of the construction plans and specifications for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument provided, however, that such approval shall not be unreasonably withheld. Each application made to the ACC shall be accompanied by two sets of plans and specifications (including elevations) for all proposed construction (initial or alteration) to be done on such Tract, including plot (site) plans and a survey showing location on the Tract of property lines, building setbacks, utility easements including electric connection location, meters, water system connections, driveway(s), septic system, gas connection/tank location, recreational facilities, fencing and any other information required by the ACC.

(G) **Association's Authority.** The authority to grant or withhold architectural control approval as referred to above is vested in and exercised by the ACC with oversight by the Association Board.

(H) **Effect of Inaction.** Approval or disapproval as to architectural control matters as set forth in the preceding provisions of these HOA Covenants shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval fails to approve or disapprove in writing any plans and specifications and plot plans received by it in compliance with the preceding provisions within thirty (30) days following such submissions, such plans and specifications and plot site plans shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

(I) **Effect of Approval.** The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the ACC that the terms and provisions hereof shall be complied with if the building and /or other improvements are erected in accordance with said plans and specifications and plot plan. Such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such

approval or any other person in the event that such building and/or improvements are constructed in accordance with such plans and plot plan, but, nevertheless, fail to comply with the provisions hereof.

(J) **Non-Liability of ACC Members.** Neither the Association, the Board, nor the ACC or any member thereof shall be liable to any Owner(s) or any third party for any loss, damage or injury arising out of their being in any way connected with the performance of the ACC's respective duties under this declaration unless due to willful misconduct or bad faith by the ACC or its members. Neither the ACC nor the members thereof shall be liable to any Owner due to the construction of improvements within the Property or the creation thereby of an obstruction to the view from such owner's Lot or Lots. Every Owner who submits plans and specifications to the ACC for approval agrees, by submission of such plans and specifications, and every Owner or lessee of any portion of the Property agrees, by acquiring title thereto or interest therein, that he will not bring any action or suit against the Association, the Board, or members of the ACC, or their representatives, to recover any damages whatever from them, save and except for damages directly attributable to willful misconduct or bad faith on their part.

10. RANCH MANAGEMENT COMMITTEE (RMC)

(A) **Membership of Ranch Management Committee.** The RMC shall be composed of not less than three voting members and at least one member of the committee shall be an owner of property in Block 2 or Block 3 (while Exhibit C is in effect) and such additional non-voting Members as the RMC deems appropriate. The RMC shall be divided into two parts: Exotic/Wildlife Management and Land/Natural Resource Management. The three voting members will share management of the two parts of the committee and will seek as much owner participation as is practical to perform all tasks associated with the activities of these programs.

(B) **Action of Ranch Management Committee.** Two out of three voting members shall prevail on any issue or subject requiring a decision, which will then be presented to the Board for final approval.

(i) **Action of RANCH MANAGEMENT-Exotic/Wildlife Sub-Committee.** The highest priority of this committee shall be to oversee the management of free roaming cattle, horses, exotics and wildlife (including native white tail deer) within the properties while meeting the requirements of the 1d1 Agricultural (Exotics) tax exemption Program. These activities may include, but are not limited to: preparation and submittal of annual 1d1 Horizon Plan to the Tax Appraisal Office which requires: review and revision of the Plan as necessary, distribution of the 1d1 annual report to all owners of record, requesting harvest permits from Texas Parks and Wildlife Department, preparing rules for the harvest, securing release of liability forms from all hunters, conducting annual game census and updating records, adopting harvest targets, organizing and conducting annual harvest, updating harvest records, overseeing fence patrols and repairs, organizing feeder logistics, and establishing number and types of exotics to be trapped/sold/purchased and organizing this activity.

(a) **Annual Wildlife Survey.** An annual wildlife survey ("Survey") shall be performed on the properties. This may be done by members of the RMC or a competent professional of the Board's selection with the recommendation of this committee. The SURVEY shall project the total numbers and sex of each species of wildlife and exotics on the Properties and shall contain a recommendation as to the harvest number by sex for each species. The SURVEY and the harvest recommendations shall be used to determine harvest quota recommendations by sex for each species on the Property. These recommendations will be made to the Board for adoption.

(ii) **Action of RANCH MANAGEMENT-Land Management Sub-Committee.** The Land/Natural Resource Management part of this Committee shall educate Owners regarding:

- (a) How to best maintain the health of the natural landscape within the Horizon;
- (b) How to manage our own personal land for the benefit of our families (private, fenced and landscaped spaces) while participating in land management for the benefit of our Wildlife Program (and, by extension, maintaining our 1D1 Agricultural (exotics) exemption; and
- (c) How to be "firerwise" in both our landscaping choices and in our brush removal activities.

(C) **Advisory Members.** The Voting Members may from time to time designate Advisory Members.

(D) **Term.** Each member of the RMC shall hold office until such time as he or she has resigned, has been removed, or his successor has been appointed as provided herein.

(E) **Board's Rights of Appointment.** The authority to carry out the responsibility of the RMC shall be vested in the Association. The Board of Directors shall have the right to appoint and remove all members of the RMC.

(F) RMC Approval.

(i) **Firearms and Hunting.** The RMC, in concert with the Board, will be responsible for enforcing the provisions concerning firearms and hunting of these HOA Covenants on behalf of the Association.

(ii) **Rules For Harvests, Trapping and Sales of Exotics.** The RMC shall recommend for Board approval rules for harvests, trapping and sale of exotics.

(G) **Association's Authority.** The authority to grant or withhold approval for ranch management activities is vested in and exercised by the RMC with oversight by the Association Board.

(H) **Non-Liability of RMC Members.** Every Owner or lessee of any portion of the Property agrees, by acquiring title thereto or interest therein, that he will not bring any action or suit against the Association, the Board, or members of the RMC, or their representatives, to recover any damages whatsoever from them, save and except for damages directly attributable to willful misconduct or bad faith on their part.

11. COMMON AREA MANAGEMENT COMMITTEE (CAMC)

(A) **Membership of the CAMC.** The membership of the CAMC shall consist of not less than three (3) and not more than five (5) voting Members and such additional non-voting members serving in an advisory capacity, as the CAMC deems appropriate.

(B) **Action of the CAMC.** Items submitted to the CAMC shall be decided by majority vote of the voting Members. The vote of a majority of the voting Members of the CAMC, taken with or without a meeting, shall constitute an act of the CAMC. The Chair shall keep and maintain a written record of all actions taken by the CAMC at a meeting or otherwise. CAMC decisions will be presented to the Board for final approval.

(C) **Advisory Members.** The Voting Members may from time to time designate Advisory Members.

(D) **Term.** Each member of the CAMC shall hold office until such time as he or she has resigned, has been removed, or his successor has been appointed as provided herein.

(E) **Board's Rights of Appointment.** The Board shall have the right to appoint and remove all members of the CAMC.

(F) **Duties Delegated to the CAMC as noted in these HOA Covenants.** It shall be the duty of the CAMC to manage all real property, including the improvements thereto, conveyed to the Association by plat dedication or otherwise. This may include but is not limited to:

- (i) Road maintenance, including identifying needed repairs and following up to ensure that necessary repairs are made; obtaining estimates from contractors and making recommendations to the Board; and supervising any contractors during the performance of repairs;
- (ii) Clearing roadways, ditches and areas of debris after flooding or storm passage;
- (iii) Correcting slope damage affecting common areas;
- (iv) Engineering water containment berms and dams to prevent erosions and flooding of common areas;
- (v) Game fence inspection, maintenance and repair in consultation with the RMC and maintenance and repairs necessary for the Association's gates;
- (vi) Management and maintenance of the horse barn;
- (vii) Consulting with other committees, homeowners and the Board as appropriate;
- (viii) Other duties delegated to it by or designated in these HOA Covenants

(G) **Association's Authority.** The authority to grant or withhold approval for common area management activities is vested in and exercised by the CAMC with oversight by the Board.

(H) **Non-Liability of CAMC Members.** Every Owner or lessee of any Portion of the Property agrees, by acquiring title thereto or interest therein, that he will not bring any action or suit against the Association, the Board, or members of the CAMC, or their representatives, to recover any damages whatsoever from them, save and except for damages directly attributable to willful misconduct or bad faith on their part.

12. THE HORIZON OWNERS ASSOCIATION, INC.

(A) **General Duties and Powers of the Association.** The Association was incorporated to further the common interest of the Members. Subject to provisions and limitations herein expressly stated, the Association, acting through the Board of Directors or through persons to whom the board of Directors has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the Members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness, desirability and safety of the Subdivision. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration. The Association may adopt whatever by-laws it may choose to govern the organization or operation of the Subdivision provided that the same are not in conflict with the terms and provisions hereof.

(B) **Votes.** Each Member shall have one (1) vote for each acre of the Property owned. In determining the number of votes each Member has, pursuant hereto, total acreage of the Property owned by a Member shall be rounded up to nearest acre. For example, if a Member owns 6.6 acres of the Property, for purposes of determining the number of votes such Member has, the total number of such acres owned by such Member shall be rounded to seven (7) acres, giving the Member a total of seven (7) votes.

(C) **Voting Rights In The Association, Powers And Duties**

(i) **Quorum and Notice Requirements.**

(a) Any action by the Members shall require the assent of the Members entitled to cast a majority of the votes of the Members of the Association who are voting in person, by mailed ballot or by proxy at a meeting duly called for that purpose, written notice of which shall be given to all Members at least ten (10) days in advance and shall set forth the purpose of such meeting.

(b) The quorum required for any action shall be the presence at the meeting of Members, or of proxies, entitled to cast fifty percent (50%) of all of the votes of all Members. If the required quorum is not present at the meeting, an additional meeting may be called, subject to the notice requirement hereinafter set forth, and the required quorum at such second meeting shall be one-half of the required quorum at the preceding meeting.

(c) Any action may be taken with the assent given in writing and signed by the Members entitled to cast a majority of the votes of the Association.

(d) The voting of any Members shall be suspended for any period during which any assessment to be paid by such Member remains unpaid.

(ii) **Powers and Duties of the Association** The Association shall have the following powers:

(a) To pay from the funds of the Association all legal and accounting services, policies of insuring the Association and Board of Directors against any liability to the public or the Owners (and/or invitees or tenants), which policy or policies shall contain an endorsement providing that the rights of the named insured shall not be prejudiced with respect to actions against other named insured, fidelity bonds, and any other material, supplies, insurance, furniture, labor, services, maintenance, repairs structural, alterations, taxes or assessments required to be obtained or paid for pursuant to the terms of these HOA Covenants or by law or which shall be necessary or proper for the operation, protection of the Association, or for the enforcement of this Declaration.

(b) To execute all declarations of ownership and other documents for tax assessment purposes with regard to the Properties on behalf of all Owners.

(c) 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.

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

(e) To enforce the provisions of these HOA Covenants and any rules made hereunder and to enjoin and seek damages from an Owner for violation of such provisions or rules.

(f) To contract for all goods, services, and insurance, for the Association and to perform the functions of the Association.

(g) To appoint and replace, at the Board's sole discretion, members of the ACC, RMC, CAMC and any Ad Hoc Committees it deems necessary.

(h) To otherwise conduct the business of the Association, ACC, CAMC, RMC and any other Ad Hoc Committee.

(D) **Duty to Manage and Care for the Common Area.** The Association shall manage, operate, care for, maintain and repair all Common Areas and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members.

(E) **Duty to Prepare Budgets.** The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas.

(F) **Duty to Levy and Collect the Maintenance Fund Charge.** The Association shall levy, collect and enforce the Maintenance Fund Charge and other charges and assessments as elsewhere provided in these HOA Covenants.

(G) **Annual Financial Statements; Books and Records.** The Association shall, not later than 120 days after the end of each fiscal year of the Association, furnish to each requesting Member financial statements, which shall include a balance sheet as to the end of such year and a statement of operations for the year then ended. Such financial statements may, but shall not be required to be audited. All Members shall have the right during regular business hours and at the office of the Association to inspect the books and records of the Association.

(H) **Duties with Respect to Committees.** The Association shall perform functions to assist the ACC, RMC, and the CAMC as elsewhere provided in this Declaration.

(I) **Duty to Maintain Special Agricultural Appraisal Value.** The Association shall do everything within its power to assure that the entire subdivision property continues to be qualified for agricultural use, according to the current Property Tax Code.

(J) **Power to Acquire Property and Construct Improvements.** The Association may acquire property or an interest in property (including leases) for the Common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

(K) **Power to Adopt Rules and Regulations.** The Association may, after review and comment by Members, adopt, amend, repeal and enforce rules and regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of these HOA Covenants, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

(L) **Power to Enforce Restrictions and Rules and Regulations.** The Association (and any Owner with respect only to the remedies described in (ii) or (iii) below) shall have the right to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board deems necessary or desirable to cause such compliance by each Member and each User. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means:

(i) By entry upon any property within the Subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice written or oral to the Owner in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by the Association to the Owner thereof, for the enforcement of this Declaration or the Rules and Regulations;

(ii) By commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules;

(iii) By exclusion, after notice and hearing, of any Member or User from use of any recreational facilities within the Common Areas during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Member or any User, unless the breach is a continuing breach in which case exclusion shall continue for so long as such breach continues;

(iv) By suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach, by such Member or a User, of a provision of this Declaration or such Rules, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues;

(v) By levying and collecting, after 10 days notice and hearing before the Board of Directors, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or User which assessment reimburses the Association for the costs incurred by the Association in connection with such breach;

(vi) By taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Member, plus attorney's fees incurred by the Association with respect to exercising such remedy. Before the Board may invoke the remedies provided above, it shall give

registered notice of such alleged violation to Owner, and shall afford the Owner a hearing. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Declarant, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon subsequent breach or default.

(M) **Finality of Determination by Association.** It is understood that the judgment of the Declarant/Association, their respective successors and assigns, in the allocation and expenditure of said maintenance fund shall be final so long as such judgment is exercised in good faith. The enumeration of the services for which the maintenance fund may be expended carries no obligation for the Association to furnish any of such services except to the extent of the funds actually received by the Association.

(N) **Enforcement.** Enforcement of these covenants and restrictions shall be in Kerr County, Texas, and shall be by any proceeding at law or 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 not be deemed a waiver of the right to do so thereafter.

13. **INSURANCE.**

(A) **Fire Insurance on Dwelling Unit and Improvements on Lots.** Each Owner shall purchase at his expense and maintain fire hazard insurance coverage with respect to his Lot. Any such insurance shall be for the highest insurable value of the Residence and shall contain a replacement cost endorsement. Upon the request of the Board, each Owner shall furnish to the Board, immediately, evidence of such insurability.

(B) **Damage and Destruction; Reconstruction.** If any Residence or structure is damaged by fire or other casualty, the Owner of such shall immediately take all actions consistent herewith to rebuild such structure.

14. **AMENDMENTS.** Subject to provisions and limitations herein expressly stated, these HOA Covenants may be amended or changed, in whole or in part, at any time by the written agreement or signed ballot of Owners entitled to cast no less than two-thirds (2/3rds) of the votes of all of the Owners. If the HOA Covenants are amended by a written agreement, the written agreement must be approved by said Owners within three hundred sixty-five (365) days of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facie evidence of the date of execution of said amendment by such Owner. Subject to provisions and limitations herein expressly stated, those Members (Owners, including the Declarant) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association may also vote to amend these HOA Covenants, in person, by mail-in ballot or by proxy, at a meeting of the Members (Owners, including the Declarant) duly for such purpose, written notice of which shall be given to all Owners at least ten (10) days and not more than sixty (60) days in advance and shall set forth the purpose of such meeting. Any such amendment shall become effective when an instrument is filed for record in the Real Property Records of Kerr County, Texas, accompanied by a certificate, signed by a majority of the Board of Directors, stating that the required number of Members (Owners, including the Declarant) executed the instrument amending these HOA Covenants or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination.

15. **TERM.** The provisions hereof shall run with all property in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of twenty (20) years from date these HOA Covenants are recorded, after which time said HOA Covenants shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the Owners (including the Declarant) of the Tracts has been recorded agreeing to amend or change, in whole or part, these HOA Covenants.

16. **SEVERABILITY.** While the Association has no reason to believe that any of the restrictive covenants or other terms and provisions contained in these HOA Covenants are or may be invalid or unenforceable for any reason to any extent, the Association 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 the Association, the Board and the ACC harmless therefrom. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect other provisions which shall remain in full force and effect.

17. **HEADINGS.** The headings contained in these HOA Covenants are for reference purposes only and shall not in any way affect the meaning or interpretation of these HOA Covenants.

18. **RESERVATION OF RIGHT TO RE-SUBDIVIDE AND RE-PLAT LOTS.** Subject to the approval of any and all appropriate governmental agencies having jurisdiction, Landmark hereby reserves the right at any time while it is the Owner thereof to Re-subdivide and re-plat any Lot or Lots without the consent of any of the other Owners. No Properties may be further subdivided or divided without permission of the Board. No Lot shall be further divided or subdivided nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior written approval of the Board; provided, however, that if Landmark is the Owner thereof, Landmark may further divide and subdivide any Lot and convey any easement or other interest less than the whole, all without the approval of the Board.

19. **SUBJECTING ADDITIONAL LANDS TO THESE HOA COVENANTS.** From time to time the size of the Property may be increased by Landmark's recording with the Recorder of Deeds, Kerr County, Texas, a supplement to these HOA Covenants (hereinafter called "Supplemental HOA Covenants"). The Supplemental HOA Covenants shall be signed and acknowledged by or on behalf of Landmark who shall be the owner of record of the additional land to be included within the Property and subjected to the Covenants set forth in these HOA Covenants. Each such Supplemental HOA Covenants shall:

- (A) Describe the additional land to be included as a part of the Property;
- (B) State the number of new Lots in such additional land which will be deemed "Lots" hereunder;

(C) State that such land is expressly subjected to all of the Covenants set forth in these HOA Covenants except that Landmark shall have the right to grant a variance to existing improvements located on said land provided that any subsequent improvements or additions to existing improvements shall be subjected to all the Covenants set forth in these HOA Covenants; and

(D) State that each Owner of a Lot therein, for and on behalf of his heirs, executors, administrators, trustees, personal representatives, successors and assigns, agrees to be personally liable for all Maintenance Cost imposed hereunder and shall be personally bound by all Covenants set forth in these HOA Covenants.

20. **NOTICES.** Any notice required to be given to any Member or Owner under the provisions of these HOA Covenants 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 who appears as Member or Owner on the records of the Association at any time of such mailing.

21. **SUCCESSORS OF DECLARANT.** Any reference in these HOA Covenants to Declarant shall include any successors of Declarant's rights and powers hereunder including the Association.

22. **VETERAN PURCHASER PARTIAL RELEASE.** Notwithstanding anything contained in the Restrictions to the contrary, a Veteran Purchaser shall be entitled to have a one (1) acre Tract released from Veterans Land Board for a homesite and same shall not be construed as a violation of the above Covenants.

23. **PROVISIONS APPLICABLE ONLY TO BLOCK 2 AND BLOCK 3.** The additional Covenants, Conditions and Restrictions set out in Exhibit C, attached hereto and included herein for all purposes, shall apply only to Block 2 and Block 3 and for only so long as the term set out in Exhibit C.

IN WITNESS WHEREOF, the undersigned Board of Directors of THE HORIZON OWNERS ASSOCIATION, INC. have executed these HOA COVENANTS on behalf of THE HORIZON OWNERS ASSOCIATION, INC. as of the date first written above.

THE HORIZON OWNERS ASSOCIATION, INC.

BY:

Jerry Ashby
Jerry Ashby, President

Don Vaughn
Don Vaughn, Vice President

Ginger Robertson
Ginger Robertson, Secretary

Raymond Orr
Raymond Orr, Treasurer

Rick McRae
Rick McRae

Kenneth Stewart
Kenneth Stewart

STATE OF TEXAS **

COUNTY OF KERR **

This instrument was acknowledged before me on the 6th day of July, 2006, by Jerry Ashby, Don Vaughn, Ginger Robertson, Raymond Orr, Rick McRae, Shame-Foster and Kenneth Stewart, being the Board of Directors of THE HORIZON OWNERS ASSOCIATION, INC. with authority to sign on behalf of said ASSOCIATION.

J. L. Brown
Notary Public, State of Texas

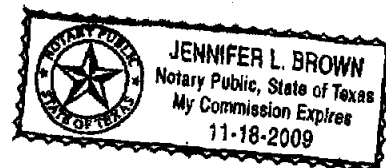


EXHIBIT A

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EXHIBIT B

VOL. 1536 PAGE 0017

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Supplement

(Additions and exceptions to Covenants, Conditions and Restrictions Applicable to Block 2 and Block 3 only)

The following additions and exceptions to the Covenants, Conditions and Restrictions for The Horizon set out in this Exhibit C (the "Supplement") to the First Restated Supplemental and Amended Declaration of Covenants, Conditions and Restrictions for The Horizon (the "Declaration") are applicable to and affect only the rights of and restrictions upon the Owners of property in Blocks 2 and 3 of The Horizon and shall be effective for only so long as specifically stated below. The provisions set out in this Supplement are in addition to and supplement the Restrictions, Covenants and Conditions set out in the Declaration. All restrictions, conditions and covenants set out in the Declaration apply to Blocks 2 and 3, as well as those set out in this Supplement, unless otherwise stated. In the event of conflict with the provisions of this Supplement, the provisions of the Declaration or any rule adopted by the Association as provided in Paragraph 11(L) of the Declaration, then in such event, the provisions of this Supplement shall control and prevail over any conflicting provisions of the Declaration or any rule adopted by the Association. The following paragraphs begin with the number 26 to avoid confusion with the numbering of the Declaration.

26. **Definitions.** All words used in this Supplement shall have the same meaning they have or are assigned in the Declaration. The following words when used in this Supplement shall have the following meanings:

(A) "Block 2 Owner" shall mean the person or entity who owns all of Block 2 immediately succeeding Developer (as the grantee of Developer) and/or any shareholder, parent, child or grandchild of Block 2 Owner.

(B) "Block 3 Owner" shall mean the person or entity who owns all of Block 3 immediately succeeding Developer (as the grantee of Developer) and/or any shareholder, parent, child or grandchild of Block 3 Owner.

(C) "Sale Date" shall mean the date upon which any tract, lot or portion of Block 2 or Block 3 is platted in a subdivision approved and executed by the City of Kerrville, Texas and the lot, tract or portion is sold to a person other than Block 2 Owner or Block 3 Owner.

(D) "Restricted Area" shall mean any area in Block 2 or Block 3 for which Block 1 Owners or the Association are denied the access granted to them by Paragraph 5(C) of the Declaration by the provisions of Paragraph 31 and 32, below.

27. **Camper or Recreational Vehicle.** The restrictions set out in Paragraph 4(B) of the Declaration shall not apply to any camper or recreational vehicle parked in Block 2 so long as the vehicle can not be seen from any public road or Horizon Blvd. When in conflict, the provisions of this Paragraph 27 shall control and prevail over the provisions of Paragraph 4(L) and 4(M) of the Declaration.

28. **Open Fires.** At any time before May 31, 2003, Block 2 Owner and Block 3 Owner may burn brush resulting from brush clearing so long as they comply with all related state and local laws and ordinances.

29. **Fences.** In addition to the other provisions of Subparagraph 4(I) of the Declaration, Block 2 Owner will not install any fence within 1,000 feet of the intersection of Horizon Blvd. and Sheppard Rees Road. Block 3 Owner will install no fences without permission of the Association. All existing perimeter fences bounding Block 2 and Block 3 will be properly maintained by the Block 2 and 3 Owners. Block 2 Owner and Block 3 Owner grant the Association access to inspect fences. Until the Sale Date, any property in Block 2 that is occupied by Block 2 Owner as a personal residence will not be subject to the provisions in Subparagraph 4(I) of the Declaration regarding fences around swimming pools, setbacks for fencing on the South and West boundaries of Block 2, and fencing more than 20% of an Owner's property.

30. **Maintenance Charges.** Until the Sale Date, that portion of Block 2 that is held for future development that is not a Fenced Area will not be considered a part of its Owner's property for purposes of computing share of Maintenance Charges. Until the Sale Date and so long as it remains undeveloped, no portion of Block 3 will be considered a part of its Owner's property for purposes of computing share of Maintenance Charges. Notwithstanding the above provisions in this paragraph 30, Block 2 Owner and Block 3 Owner will pay Maintenance Charges and other assessments that are assessed by the Association for: (a) each residential unit that is constructed within Block 2 or Block 3 under the formula established for Block 1; (b) for wildlife expenses; and (c) all costs of mowing, cleaning, blading and maintaining the right of way along Horizon Blvd. that borders Blocks 2 and 3 and the perimeter fence on Blocks 2 and 3; provided however, that Block 2 and 3 Owners may perform the maintenance described in this subparagraph (c) at its own expenses in lieu of paying the Association to perform such maintenance.

31. **Working Ranch Easement.** Any provision in Subparagraph 4(V) of the Declaration to the contrary notwithstanding, until the Sale Date, no land Owner or Association Member other than Block 2 Owner and Block 3 Owner or their designees (with their permission, which will not be unreasonably withheld) will have the right to come onto Block 2 or Block 3 for any purpose unless the area is established by its owner with the Association as not being a Restricted Area.

32. **Animal Husbandry by Association.** Block 2 Owner and Block 3 Owner will abide by all wildlife and harvesting recommendations and will help the Association with the harvesting of animals and taking census of animals as specified by the Association. Until the Sale Date, Block 2 Owner and Block 3 Owner will be the only parties with the right to harvest animals in any of Block 2 or Block 3. However, notwithstanding the provisions of this Paragraph 32 and Paragraph 30, above, Block 2 and Block 3 Owners will pay their pro rata share (based on acreage) of all costs to the Association of purchasing wildlife, livestock and exotics and maintaining same.

33. **Access to Adjoining Tracts.** Block 2 and 3 Owners are granted the right to use portions of Block 2 and 3 for access to and from any adjoining real property that is subsequently acquired by Block 2 and/or Block 3 Owner if such additional property is brought into and encumbered by the Declaration and this Supplement as provided in Section 19 of the Declaration.

34. **Creek and Tributary Obstructions.** Until the Sale Date, Block 2 Owner and Block 3 Owner will be allowed to dam any waterflow and build pools, ponds and lakes on Block 2 or 3, so long as they do not violate any provisions of any Federal, state or local law, ordinance or rule.

35. **Amendments.** Until the Sale Date, no amendment of the Declaration or this Supplement by the Owners as provided in Section 13 of the Declaration shall place additional restrictions on any portion of Block 2 or Block 3 or remove, change, or modify the provisions and variances relating to and granted to Block 2 and Block 3 in the Declaration and this Supplement without the express written consent of the Block 2 Owner and/or the Block 3 Owner, as applicable.

36. **Amendments by Declarant.** No Amendment by the Declarant to the Declaration or this Supplement may place additional restrictions on any portion of Block 2 or 3 or remove, change, or modify the provisions and variances relating to and granted to Block 2 and Block 3 in the Declaration and this Supplement without the express written consent of the Block 2 Owner and/or Block 3 Owner, as applicable.

37. **Re-subdivision and Amendment.** Block 2 Owner and Block 3 Owner shall have the right to re-subdivide all portions of Blocks 2 and 3 owned by them and impose any additional restrictions, conditions and covenants on property owned by them, without the joinder of the Declarant, Association, or the Owners of Block 1, so long as such are not in conflict with this Supplement or the Declaration. Any subdivision of Blocks 2 and 3 will comply with all City of Kerrville development ordinances then in effect.

38. **Subjecting Additional Lands to Declaration.** Until the Sale Date, Block 2 Owner and Block 3 Owner shall have, from time to time, the right without the joinder of Declarant, Association or the Owners of Block 1 to add additional land to the Property; provided that (i) such additional land adjoins either Block 2 or Block 3; (ii) Block 2 Owner or Block 3 Owner is the owner of record of the additional land to be included within the Property; and (iii) Block 2 Owner or Block 3 Owner files a Supplemental Declaration which complies with Section 19 of the Declaration.

39. **Utility Easements.** Except as provided in Paragraph 5(A) of the Declaration, until the Sale Date, the Declarant and the Association shall not have the power to grant any easements over, across or upon Block 2 or Block 3, without the express written consent of Block 2 Owner or Block 3 Owner, as applicable.

37. **Termination.** Upon the Sale Date of any portion of Blocks 2 and 3, the terms and conditions in this Supplement shall no longer apply to the property sold on the Sale Date.

Provisions 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 Kerr County, Texas on

JUL 10 2006



Jannet Risher
COUNTY CLERK, KERR COUNTY, TEXAS

SECOND AMENDMENT TO

BYLAWS OF The Horizon Owners Association, Inc.

THIS SECOND AMENDMENT TO BYLAWS OF THE HORIZON OWNERS ASSOCIATION, INC. (also referred to herein as the "Bylaws") is made effective as of May 1, 2007 by the Horizon Owners Association, Inc., a Texas non-profit corporation (the "HOA" or the "Association").

WHEREAS, by instrument dated May 20, 1997, and recorded in Volume 1331, Pages 0624-0640 of the Real Property Records of Kerr County, Texas (the "Original Bylaws"), the bylaws were established for the HOA;

WHEREAS, by instrument dated January 30, 2004, and recorded in Volume 1331, Page 0641, the First Supplement and Amendment to Bylaws for The Horizon Owners Association, Inc. provided for a onetime election of a number of directors to allow Board terms to overlap;

WHEREAS, by instrument dated May 20, 1997, and recorded in Volume 901, Pages 764-777 of the Real Property Records of Kerr County, Texas (the "Original Declaration"), the original covenants, restrictions, conditions, easements, charges and liens were imposed upon the real property in Kerr County, Texas, described as all that certain tract or parcel of land, lying and being situated in the County of Kerr, State of Texas; comprising 848.8 acres, more or less; being all of the subdivision, The Horizon Section One, according to plat, dated April, 1997, of recorded in Volume 6, on pages 323 through 326, of the Plat Records of Kerr County, Texas (herein referred to as "Block 1");

WHEREAS, by instrument dated October 18, 2001, and recorded in Volume 1150, Pages 313-331 of the Real Property Records of Kerr County, Texas (the "First Amended Declaration"), the Original Declaration was amended; additional real property comprising 91.53 acres, more or less, ("Block 2") and 100.09 acres, more or less, ("Block 3"), such additional real property being described by metes and bounds on Exhibit A and Exhibit B attached to the First Amended Declaration, was made bound by the Original Declaration, as amended by the First Amended Declaration;

WHEREAS, that certain Declarant Control Transfer to Horizon Owners Association was executed and filed by Landmark Ranch Ltd. on January 24, 2003, which transferred all rights of the "Declarant" under the Original Declaration to the Association, and which was recorded in Volume 1243, Page 840, Real Property Records of Kerr County, Texas;

WHEREAS, by instrument dated September 15, 2003, and recorded in Volume 1300, Pages 133-135 of the Real Property Records of Kerr County, Texas ("First Amendment and Supplement to First Amended Declaration"), 6.22 acres, more or less, described by metes and bounds on Exhibit A attached to the First Amendment and Supplement to First Amended Declaration, and Lot 1, The Horizon, Section 1, according to the Plat recorded in Volume 6, Page 323, Plat Records, Kerr County, Texas ("Lot 1"), were added to the Property of The Horizon as Common Area;

WHEREAS, by instrument dated as of July 1, 2006, and recorded in Volume 1536, Pages 0001-0019 of the Real Property Records of Kerr County, Texas, the foregoing instruments were amended by the Second Restated, Supplemental, and Amended Declaration of Covenants, Conditions and Restrictions for The Horizon ("HOA Covenants");

WHEREAS, the Property (as defined in the HOA Covenants), including Blocks 1, 2 and 3, comprise "The Horizon";

WHEREAS, Article 13 (Amending Bylaws) of the Original Bylaws provides that the Board of Directors for the Association has the right to amend the Bylaws; and

WHEREAS, the Board of Directors for the Association desires to amend the Original Bylaws as provided below;

NOW THEREFORE, the Bylaws of the HOA are amended as follows:

Membership rights and responsibilities are those set out in the HOA Covenants or otherwise established in these Bylaws. In a circumstance of conflicting provisions, the provisions of the HOA Covenants prevail. The Bylaws amplify the HOA Covenants.

ARTICLE 1 OFFICES

Principal Office

1.01. The Association's principal office address is 856 Horizon Boulevard, Kerrville, Texas 78028. The Board may change the principal office address of the Association.

Registered Office and Registered Agent

1.02. The Association will maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board of Directors for the Association may change the registered office and the registered agent as permitted in the Texas Non-Profit Corporation Act.

ARTICLE 2 MEMBERS

Class of Members

2.01. The Association will have one class of Members consisting of each Owner with a fee simple interest in Property or fee simple interest in Property held by contract for deed within The Horizon Subdivision. Membership will automatically change as fee simple interests in Property within The Horizon Subdivision change.

Membership Fees and Dues

2.02. The Board may set and change the amount of fees, dues, and assessments payable to the Association by Members.

Resolving Disputes

2.03. In any dispute between members relating to the Association's activities, all parties involved will cooperate in good faith to resolve the dispute. If the parties cannot resolve a dispute among themselves, they will cooperate to select one or more mediators to help resolve it. If no timely resolution of the dispute occurs through mediation, any party may demand binding arbitration as described in Civil Practice and Remedies Code only if the parties have met together with a mediator. The Board has discretion to authorize using Association funds for mediating or arbitrating a dispute described in this paragraph.

Sanctioning, Suspending, or Terminating Members

2.04. The Board may impose reasonable sanctions on a Member, by suspending a Member's right to vote and denying use of common area amenities for defaulting on an obligation to the Association to pay fees or dues or a material and serious violation of the Association's articles of incorporation, HOA Covenants, Bylaws, or rules, or of law. The Board may not take any action against a Member without giving the Member adequate notice and an opportunity to be heard. To be deemed adequate, notice must be in writing and delivered at least 10 (ten) days before the hearing. But shorter notice may be deemed adequate if the Board determines that the need for a timely hearing outweighs the prejudice caused to the Member and if the notice states the need for a timely hearing. If mailed, the notice will be sent by registered or certified mail, return receipt requested. A Member may be represented by counsel at and before the hearing. The Board may impose sanctions upon a member by vote of a majority of directors who are present and voting for a period while the objectionable conduct continues.

Transferring Membership

2.07. Membership in the Association is transferred automatically on the sale of a Lot.

Waiving Interest in Association Property

2.08. The Association owns all real and personal property, including all improvements located on the property, acquired by the Association. A Member has no interest in specific property of the Association. Each Member waives the right to require partition of all or part of the Association's property.

ARTICLE 3 MEETINGS OF MEMBERS

Annual Meeting

3.01. Beginning in 2002, the Board will hold an annual Members' meeting at 10:00 o'clock a.m. on the first Saturday of February each year or at another time that the Board designates. At the annual meeting, the Members will elect directors and transact any other business that may come before the meeting. If, in any year, the election of directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting, the Board will call a special meeting of the Members, as soon as possible, to elect directors.

Special Meetings

3.02. Special meetings of the members may be called by the President, the Board, or not less than one tenth of the voting Members.

Place of Meeting

3.03. The Board may designate any place, in Kerr County Texas, as the place of meeting for any annual or special meeting called by the Board.

Notice of Meetings

3.04. Written or printed notice (including but not limited to email notice) of any Members' meeting, including the annual meeting, will be delivered to each Member entitled to vote at the meeting not less than 10--nor more than 30-- days before the date of the meeting. The record date for determining the Members entitled to notice of any meeting of Members will be thirty days (30) before the meeting. After fixing the record date, the Board will cause to be prepared an alphabetical list of all members entitled to notice of any meeting of Members. Notice will be given by or at the direction of the president or secretary, or the officers or persons calling the meeting. If closing on the sale of a Lot occurs at any time before the meeting, and if the board is notified in writing that ownership of a Lot has changed since the record date, then reasonable efforts will be made to notify the new Member(s) of the meeting so that such new Member(s) will have the opportunity to attend. Such new Members attending the meeting shall be entitled to vote all votes acquired by such member, despite attendance or proxy of the prior owner. If all of the Members meet and consent to holding a meeting, any Association action may be taken at the meeting regardless of lack of proper notice.

Eligibility to Vote at Members' Meetings

3.05. A Member in good standing is entitled to vote at a meeting of the Members of the Association. A Member in good standing is one who has paid all required fees, dues, and assessments as of the date of the meeting.

Quorum

3.06. Quorum requirements are established by the HOA Covenants. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business, even if enough Members leave so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Members required for a quorum.

Actions of Membership

3.07. The Membership will try to act by consensus. However, if a consensus is not available on a matter or proposal, the vote of a majority of voting Members in good standing, present and entitled vote at a meeting at which a quorum is present, is enough to constitute the act of the Membership unless law, the HOA Covenants, or the Bylaws

require a greater number. Voting will be by voice, except by written ballot if so determined by the President or if demanded by any voting Member at the meeting.

Proxies

3.08. A Member entitled to vote at a meeting of Members of the Association may vote by proxy.

Voting by Mail

3.09. The Board may authorize Members to vote by mail on the election of directors and officers or on any other matter that the Members may vote on.

ARTICLE 4 BOARD OF DIRECTORS

Management of Association

4.01. The Board will manage the Association's affairs.

Number, Qualifications, and Tenure of Directors

4.02. The number of Directors will be a number determined by the Board that is not less than three and not greater than nine. Directors need not be Texas residents. Directors must be members of the Association. Each director will serve for a term of two years.

Nominating Directors

4.03. At any meeting at which the election of a director is held, a voting member in good standing may nominate a person with the second of any other voting member in good standing. In addition to nominations made at meetings, a nominating committee will consider possible nominees and make nominations for each election of directors. The secretary or treasurer will include the names nominated by that committee, and any report of the committee, with the notice of the meeting at which the election occurs.

Electing Directors

4.04. A person who meets the qualifications for director and who has been duly nominated may be elected as a director. Directors will be elected by the vote of the Membership. Each director will hold office until a successor is elected and qualifies. A director may be elected to succeed himself or herself as director.

Directors will be elected at the annual meeting of the Members.

Vacancies

4.05. The Board will fill the vacancy of the un-expired term of a director who no longer is willing or able to serve on the Board . A vacancy is filled by the affirmative vote of a majority of the remaining directors. A director selected to fill a vacancy will serve for the unexpired term of his or her predecessor in office.

Regular Meetings

4.06. The Board may provide for regular meetings by resolution stating the day, time and place of such meetings. The meetings must be held in Kerr County, Texas. No notice of such regular Board meetings is required other than a Board resolution stating the day, time and place of the meetings. If the day, time and place is not specified in a Board resolution, notice of the regular meetings will be sent as soon as practicable, but not less than thirty days prior to the meeting.

Special Meetings

4.07. Special Board meetings may be called by, or at the request of, the president, any two directors, or by twenty Members. A person or persons authorized to call special meetings of the Board may fix any place in Kerr County, Texas as the place for holding a special meeting. The person or persons calling a special meeting will inform the secretary of the Association of the information to be included in the notice of the meeting. The secretary of the Association will give notice to the directors as these Bylaws require.

Notice for Special Meetings

4.08. Written notice (including email), or phone call notice to a director who is out of town, of any special meeting of the Board will be delivered to each director not less than two (2) nor more than five (5) days before the date of the meeting. The notice will state the place, day, and time of the meeting; who called it; and the purpose or purposes for which it is called.

Quorum

4.09. A majority of the Directors constitutes a quorum for transacting business at any Board meeting. The directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required for a quorum. If a quorum is never present at any time during a meeting, a majority of the directors present may adjourn and reconvene the meeting to a date, time and place when a quorum will be present, with advance notice to all directors .

Duties of Directors

4.10. Directors will discharge their duties, including any duties as committee members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the Association's best interest. In this context, the term "ordinary care" means the care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In discharging any duty imposed or power conferred on directors, directors may, in good faith, rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Association or another person that has been prepared or presented by a variety of persons, including officers and employees of the Association, professional advisors or experts such as accountants or legal counsel. A director is not relying in good faith if he or she has knowledge concerning a matter in question that renders reliance unwarranted.

Directors are not deemed to have the duties of trustees of a trust with respect to the Association or with respect to any property held or administered by the Association, including property that may be subject to restrictions imposed by the donor or transferor of the property.

Delegating Duties

4.11. The Board may delegate the performance of certain duties to others so long as the delegation and delegated performance do not violate the provisions of the HOA Covenants or these Bylaws and the Board acts in good faith and with ordinary care on the Association's behalf in deciding what and to whom to delegate.

Interested Directors

4.12. Contracts or transactions between directors, officers, or Members who have a financial interest in the matter are not void or voidable solely for that reason. Nor are they void or voidable solely because the director, officer, or member is present at or participates in the meeting that authorizes the contract or transaction, or solely because the interested party's votes are counted for the purpose. However, every director with any personal interest in the transaction must disclose all material facts concerning the transaction, including all potential personal benefit and potential conflicts of interest, to the other members of the Board or other group authorizing the transaction. The transaction must be approved by a majority of the uninterested directors or other group with the authority to authorize the transaction.

Actions of Board of Directors

4.13. The Board will try to act by consensus. However, if a consensus is not available, the vote of a majority of directors present and voting at a meeting at which a quorum is present is enough to constitute the act of the Board, unless the act of a greater number is required by law or by some other provision of these Bylaws. A director who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of

determining the Board's decision. For the purpose of determining the decision of the Board, a director who is represented by proxy in a vote is considered present.

Proxies

4.14. A director may vote by proxy. A Director, who will not be able to personally attend a board meeting, may vote on specific issues by proxy. To be effective, the proxy must specify how the Director is voting on particular issues, as specified in the proxy. All proxies must be in writing, must bear the signature of the director giving the proxy, and must be bear the date on which the proxy was executed by the director. No proxy is valid after three (3) months from the date of its execution. The proxy must otherwise satisfy the requirements of Article 12 of the Bylaws.

Compensation

4.15. Directors may not receive salaries for their services as directors. A director may serve the Association in any other capacity and receive compensation for those services. Any compensation that the Association pays to a director will be reasonable and commensurate with the services performed.

Removing Directors

4.16. The Members may vote to remove a director at any time, without cause. A meeting to consider removing a director may be called and noticed following the procedures provided in these Bylaws for a special meeting of Members. The notice of the meeting will state that the issue of possibly removing the director will be on the agenda.

At the meeting, the director may present evidence of why he or she should not be removed and may be represented by an attorney at and before the meeting. Also, at the meeting, the Association will consider possible arrangements for resolving the problems that are in the mutual interest of the Association and the director.

ARTICLE 5 OFFICERS

Officer Positions

5.01. The Association's officers will be a president, a secretary, a vice president, and a treasurer. The Board may create additional officer positions, define the authority and duties of each such position, and elect or appoint persons to fill the positions. The same person may hold any two or more offices, except for president and secretary.

Election and Term of Office

5.02. The Association's officers will be elected annually by the Board at the annual Board meeting. If officers are not elected at this time, they will be elected as soon thereafter as possible.

Each officer will hold office until a successor is duly selected and qualifies. An officer may be elected to succeed himself or herself in the same office.

Removal

5.03. Any officer elected or appointed by the Board may be removed by the Board without good cause.

Vacancies

5.04. The Board may select a Member to fill a vacancy in any office for the unexpired portion of the officer's term.

President

5.05. The president is the Association's chief executive officer. He or she will supervise and control all of the Association's business and affairs and will preside at all meetings of the members and of the Board. The president may execute any deeds, mortgages, bonds, contracts, or other instruments that the Board authorizes to be executed. However, the president may not execute instruments on the Association's behalf if this power is expressly delegated to another officer or agent of the Association by the Board, the HOA Covenants, these Bylaws, or statute. The president will perform other duties prescribed by the Board and all duties incident to the office of president.

Vice President

5.06. When the president is absent, cannot act, or refuses to act, a vice president will perform the president's duties. When acting in the president's place, the vice president has all the powers of--and is subject to all the restrictions on--the president. A vice president will perform other duties as assigned by the president or Board.

Treasurer

5.07. The treasurer will:

- (a) Have charge and custody of--and be responsible for--all the Association's funds and securities.
- (b) Receive and give receipts for moneys due and payable to the Association from any source.

(c) Deposit all moneys in the Association's name in banks, trust companies, or other depositaries as these Bylaws provide or as the Board or president directs.

(d) Write checks and disburse funds to discharge the Association's obligations. However, funds may not be drawn from the Association or its accounts for amounts greater than \$1,000.00 without the written approval (including email approval) of the president or vice president.

(e) Maintain the Association's financial books and records. (f) Prepare financial reports at least annually.

(g) Perform other duties as assigned by the president or the Board.

(h) If the Board requires, give a bond for faithfully discharging his or her duties in a sum and with a surety as determined by the Board.

(i) Perform all the duties incident to the office of treasurer.

Secretary

5.08. The Secretary will:

(a) Give all notices as provided in the bylaws or as required by law.

(b) Take minutes of the meetings of the members and the Board and keep the minutes as part of the corporate records.

(c) Maintain custody of the corporate records and seal.

(d) Affix the corporate seal to all documents as authorized.

(e) Keep a register of the mailing address of each member, director, officer, and employee of the Association.

(f) Perform duties as assigned by the president or the Board. (g) Perform all duties incident to the office of secretary.

ARTICLE 6 COMMITTEES

Establishing Committees

6.01. The Board may adopt a resolution establishing one or more committees delegating specified authority to a committee, and appointing or removing members of a committee.

A committee will include two or more directors and may include persons who are not directors. If the Board delegates any of its management authority to a committee, the majority of the committee will consist of directors. The Board may also delegate to the president its power to appoint and remove members of a committee that has not been delegated any management authority of the Board. The Board may establish qualifications for membership on a committee.

Establishing a committee or delegating authority to it will not relieve the Board, or any individual director, of any responsibility imposed by the HOA Covenants, these Bylaws or otherwise imposed by law. No committee has the authority of the Board to:

- (a) Amend the articles of incorporation.
- (b) Adopt a plan of merger or of consolidation with another corporation.
- (c) Authorize the sale, lease, exchange, or mortgage of all or substantially all of the Association's property and assets.
- (d) Authorize voluntary dissolution of the Association.
- (e) Revoke proceedings for voluntary dissolution of the Association.
- (f) Adopt a plan for distributing the Association's assets.
- (g) Amend, alter, or repeal these Bylaws.
- (h) Elect, appoint, or remove a member of a committee or a director or officer of the Association.
- (i) Approve any transaction to which the Association is a party and that involves a potential conflict of interest as defined in paragraph 7.04, below.
- (j) Take any action outside the scope of authority delegated to it by the Board.
- (k) Take final action on a matter requiring Membership approval.

Authorization of Specific Committees

6.02. The following committees are authorized: Architectural Control, Common Area Management, Social and Ranch Management Committee. The Board will define the activities and scope of authority of each committee by resolution, consistent with the HOA Covenants and these Bylaws.

Term of Office

6.03. Each committee member will continue to serve on the committee until the next annual Members' meeting and until a successor is appointed. However, a committee member's term may terminate earlier if the committee is terminated, or if the member dies, ceases to qualify, resigns, or is removed as a member. A vacancy on a committee may be filled by an appointment made in the same manner as an original appointment. A person appointed to fill a vacancy on a committee will serve for the unexpired portion of the terminated committee member's term.

Chair and Vice-Chair

6.04. One member of each committee will be designated as the committee chair, and another member of each committee will be designated as the vice-chair. The chair and vice-chair will be appointed by the president. The chair will call and preside at all meetings of the committee. When the chair is absent, cannot act, or refuses to act, the vice-chair will perform the chair's duties. When a vice-chair acts for the chair, the vice-chair has all the powers of and is subject to all the restrictions on--the chair.

Notice of Meetings

6.05. Written (including email) or verbal notice of a committee meeting will be delivered to each member of a committee not less than two (2) days before the date of the meeting. The notice will state the place, day, and time of the meeting, and the purpose or purposes for which it is called. Committee members may waive notice.

Quorum

6.06. One-half of the number of committee members constitutes a quorum for transacting business at any meeting of the committee. The committee members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough committee members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of committee members required for a quorum. If a quorum is never present at any time during a meeting, the chair may adjourn and reconvene the meeting once quorum can be obtained, with advance notice to the committee members.

Actions of Committees

6.07. Committees will try to take action by consensus. However, if a consensus is not available, the vote of a majority of committee members present and voting at a meeting at which a quorum is present is enough to constitute the act of the committee unless the act of a greater number is required by statute or by some other provision of these Bylaws. A committee member who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the act of the committee.

Proxies

6.08. A committee member may not vote by proxy.

Compensation

6.09. *Committee members may not receive compensation for their services as committee members. A committee member may serve the Association in any other capacity and receive compensation for those services. Any compensation that the Association pays to a committee member will be reasonable and commensurate with the services performed.*

Rules

6.10. Each committee may adopt its own rules, consistent with these Bylaws or with other rules that may be adopted by the Board.

ARTICLE 7

TRANSACTIONS OF THE ASSOCIATION

Contracts

7.01. The Board may authorize any officer or agent of the Association to enter into a contract or execute and deliver any instrument in the name of, and on behalf of, the Association. This authority may be limited to a specific contract or instrument, or it may extend to any number and type of possible contracts and instruments.

Deposits

7.02. All the Association's funds will be deposited to the credit of the Association in banks, trust companies, or other depositories that the Board selects.

Gifts

7.03. The Board may accept, on the Association's behalf, any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association. The

Board may make gifts and give charitable contributions not prohibited by these Bylaws, the articles of incorporation, state law, and provisions set out in federal tax law that must be complied with to maintain the Association's federal and state tax status.

Potential Conflicts of Interest

7.04. The Association may not make any loan to a director or officer of the Association. A member, director, officer, or committee member of the Corporation may lend money to-and otherwise transact business with-the Association except as otherwise provided by the HOA Covenants, these Bylaws, the articles of incorporation, and applicable law. Such a person transacting business with the Association has the same rights and obligations relating to those matters as other persons transacting business with the Association. The Association may not borrow money from-or otherwise transact business with-a member, director, officer, or committee member of the Association unless the transaction is described in a legally binding instrument and is in the Association's best interests. The Association may not borrow money from--or otherwise transact business with--a member, director, officer, or committee member of the Association without full disclosure of all relevant facts and without the Board's approval, not including the vote of any person having a personal interest in the transaction. Members may be reimbursed for expenditures on behalf of the Association if at the Board's direction.

Prohibited Acts

7.05. As long as the Association exists, and except with the Board's prior approval, no member, director, officer, or committee member of the Association may:

- (a) Do any act in violation of the HOA Covenants, these Bylaws or a binding obligation of the Association.
- (b) Do any act with the intention of harming the Association or any of its operations.
- (c) Do any act that would make it impossible or unnecessarily difficult to carry on the Association's intended or ordinary business.
- (d) Receive an improper personal benefit from the operation of the Association.
- (e) Use the Association's assets, directly or indirectly, for any purpose other than carrying on the Association's business.
- (f) Wrongfully transfer or dispose of Association property, including intangible property such as good will.
- (g) Use the Association's name (or any substantially similar name) or any trademark or trade name adopted by the Association, except on behalf of the Association in the ordinary course of its business.
- (h) Disclose any of the Association's business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

ARTICLE 8 BOOKS AND RECORDS

Required Books and Records

8.01. The Association will keep correct and complete books and records of account. The books and records include:

- (a) A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Association, including but not limited to the articles of incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or registered agent.
- (b) A copy of all bylaws, including these Bylaws, and any amended versions or amendments to them.
- (c) Minutes of the proceedings of the Board, and committees having any of the authority of the Board.
- (d) A list of the names and addresses of the members, directors, officers, and any committee members of the Association.
- (e) A financial statement showing the Association's assets, liabilities, and net worth at the end of the three most recent fiscal years.
- (f) A financial statement showing the Association's income and expenses for the three most recent fiscal years.
- (g) All rulings, letters, and other documents relating to the Association's federal, state, and local tax status.
- (h) The Association's federal, state, and local tax information or income-tax returns for each of the Association's three most recent tax years.

Inspection and Copying

8.02. Any member, director, officer, or committee member of the Association may inspect and receive copies of all the corporate books and records required to be kept under the bylaws. Such a person may, by written request, inspect or receive copies if he or she has a proper purpose related to his or her interest in the Association. He or she may do so through his or her attorney or other duly authorized representative. The inspection may take place at a reasonable time, no later than ten (10) working days after the Association receives a proper written request. The Board may establish reasonable copying fees, which will cover the cost of materials and labor. The Board, by unanimous vote, may refuse each request if they determine that the request is made for harassment and good cause for that belief is shown. The Association will provide requested copies of books or records no later than ten (10) working days after receiving a proper written request. The membership, by vote, may refuse such a request if it is determined that the release would be harmful to the Association.

Audits

8.03. Any Member may have an audit conducted of the Association's books. That Member bears the expense of the audit unless the members vote to authorize payment of audit expenses. The Member requesting the audit may select the accounting firm to conduct it. A Member may not exercise these rights so as to subject the Association to an audit more than once in any fiscal year.

ARTICLE 9 FISCAL YEAR

The Association's fiscal year of the Association will begin on the first day of January and end on the last day in December in each year.

ARTICLE 10 INDEMNIFICATION

When Indemnification Is Required, Permitted, and Prohibited

10.01. (a) The Association will indemnify a director, officer, member, and/or committee member of the Association who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Association.

(b) The Association will indemnify a person only if he or she acted in good faith and reasonably believed that his or her conduct was in the Association's best interests. In case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Association will not indemnify a person who is found liable to the Association or is found liable to another on the basis of improperly receiving a personal benefit from the Association. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted. Termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the Association.

(c) The Association will pay or reimburse expenses incurred by a director, officer, member and/or committee member of the Association in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Association when the person is not a named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this paragraph, the Association may indemnify a director, officer, member and/or committee member of the Association to the extent permitted by law. However, the Association will not indemnify any person in any situation in which indemnification is prohibited by paragraph 10.01(a), above.

(e) The Association may advance expenses incurred or to be incurred in the defense of a proceeding to a person who might be eventually be entitled to indemnification, even though there has been no final disposition of the proceeding. Advancement of expenses may occur only when the procedural conditions specified in paragraph 10.03(c), below, have been satisfied. Furthermore, the Association will never advance expenses to a person before final disposition of a proceeding if the person is a named defendant or respondent in an proceeding brought by the Association or if the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct against the Association.

Extent and Nature of Indemnity

10.02. The indemnity permitted under these Bylaws includes indemnity against judgments, penalties, (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. If the proceeding was brought by or on behalf of the Association, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

Procedures Relating to Indemnification Payments

10.03. (a) Before the Association may pay any indemnification expenses (including attorney's fees), the Association must specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in subparagraph (c), below. The Association may make these determinations and decisions by anyone of the following procedures:

(i) Majority vote of a quorum of directors.

(ii) By a majority vote of a quorum of the Members present and voting at a regular or special meeting of Members.

(b) The Association will authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible.

(c) The Association will advance expenses before final disposition of a proceeding only after it determines that the facts then known would not preclude indemnification. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment will be made in the same manner as a determination that indemnification is permissible.

In addition to this determination, the Association may advance expenses only after it receives a written affirmation and undertaking from the person to receive the advance. The person's written affirmation will state that he or she has met the standard of conduct necessary for indemnification under these Bylaws. The written undertaking will provide for repayment of the amounts advanced by the Association if it is ultimately determined

that the person has not met the requirements for indemnification. The undertaking will be an unlimited general obligation of the person, but it need not be secured and may be accepted without reference to financial ability to repay.

(d) Any indemnification or advance of expenses will be reported in writing to the Association's Members within 30 days.

ARTICLE 11 NOTICES

Notice by Mail or Otherwise

11.01. Any notice required or permitted by these Bylaws to be given to a member, director, officer, or member of a committee of the Association may be given by mail, email, telegram, fax, or delivery service, except that phone notice is sufficient where verbal notice is allowed. If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his or her address as it appears on the Association records, with postage prepaid. If given by email, a notice is deemed delivered if addressed to the email address as it appears in the Association records, and the sender does not receive a "non-delivery" notice from the sender's email service provider. If given by telegram, a notice is deemed delivered when accepted by the telegraph company and addressed to the person at his or her address as it appears on the Association records. If given by fax a confirmation fax receipt is required. A person may change his or her address in the Association records by giving written notice of the change to the secretary of the Association.

Signed Waiver of Notice

11.02. Whenever any notice is required by law or under the articles of incorporation or these Bylaws, a written waiver signed by the person entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived.

Waiving Notice by Attendance

11.03. A person's attendance at a meeting constitutes waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE 12 SPECIAL PROCEDURES CONCERNING MEETINGS

Meeting by Telephone

12.01. The Board and any committee of the Association may hold a meeting by telephone.

Decision Without Meeting

12.02. Any decision required or permitted to be made at a meeting of the Board, or any committee of the Association may be made without a meeting (for example, by email and/or by phone), so long as all directors (or committee members) were advised in advance of the issue to be decided. For committee decisions without a meeting, at least a majority of committee members must have participated in voting on the decision, a majority of the committee members approved the decision, and the secretary records in the board minutes the particulars of the decision made by the committee, including which committee members voted in favor of the decision. For board decisions without a meeting, at least a supermajority of the board (75%) must approve the decision, and the secretary will enter into the board minutes the particulars of the decision made by the board.

Furthermore, in accordance with the articles of incorporation, action may be taken without a meeting when there are signed written consents by the number of members, directors, or committee members whose votes would be necessary to take action at a meeting at which all such persons entitled to vote were present and voted. Each written consent must be signed and bear the date of signature of the person signing it. A telegram, telex, cablegram, or similar transmission by a member, director, or committee member, or a photographic, facsimile, or similar reproduction of a signed writing, will be treated as an original being signed by the member, director, or committee member.

Consents must be delivered to the Association. A consent signed by fewer than all members, directors, or committee members is not effective to take the intended action unless the required number of consents are delivered to the Association within 90 days after the date that the earliest-dated consent was delivered to the Association. Delivery must be made by hand, by mail, or by fax. The delivery may be made to the Association's principal business address or to an officer of the Association.

The Association will give prompt notice of the action taken to persons who do not sign consents. If the action taken requires documents to be filed with the secretary of state, the filed documents will indicate that these written consent procedures were followed to authorize the action and filing.

Proxy Voting

12.03. A person authorized to exercise a proxy may not exercise the proxy unless it is delivered to the officer presiding at the meeting before the business of the meeting begins. The secretary or other person taking the minutes of the meeting will record in the minutes the name of the person who executed the proxy and the name of the person authorized to exercise the proxy. If a person who has duly executed a proxy personally

attends a meeting, the proxy will not be effective for that meeting. A proxy filed with the secretary of the Association or other designated officer remains in force until the first of the following occurs:

- (a) An instrument revoking the proxy is delivered to the secretary or other designated officer.
- (b) The proxy authority expires under the proxy's terms.
- (c) The proxy authority expires under the terms of these Bylaws.

ARTICLE 13 AMENDING BYLAWS

These Bylaws may be altered, amended, or repealed as controlled by the HOA Covenants and these Bylaws, and new bylaws may be adopted either by the Membership or the Board of Directors. The notice of any meeting at which these Bylaws are altered, amended, or repealed, or at which new bylaws are adopted will include the text of the proposed bylaw provisions as well as the text of any existing provisions proposed to be altered, amended, or repealed. Alternatively, the notice may include a fair summary of those provisions.

The following types of bylaw amendments may be adopted only by the Members:

- (a) Setting or changing the authorized number of directors.
- (b) Increasing or extending the directors' terms.
- (c) Increasing the quorum for Membership meetings.
- (d) Repealing, restricting, creating, expanding, or otherwise changing the Members' proxy rights.

ARTICLE 14 MISCELLANEOUS PROVISIONS

Legal Authorities Governing Construction of Bylaws

14.01. These Bylaws will be construed under Texas law. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

Legal Construction

14.02. To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to nonprofit corporations. If any bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will

not affect any other provision, and the bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

Headings

14.03. The headings used in the Bylaws are for convenience and may not be considered in construing the Bylaws.

Number

14.04. All singular words include the plural, and all plural words include the singular.

Seal

14.05. The Board of Directors may provide for a corporate seal. Such a seal would consist of two concentric circles containing the words "The Horizon Owners Association, Inc.", "Texas", in one circle and the word "Incorporated" together with the date of incorporation in the other circle.

Power of Attorney

14.06. A person may execute any instrument related to the Association by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary to be kept with the Association records.

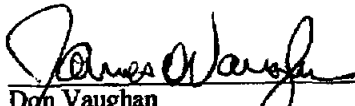
Parties Bound

14.07. The Bylaws will bind and inure to the benefit of the members, directors, officers, committee members, employees, and agents of the Association and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as the bylaws otherwise provide.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting secretary of The Horizon Owners Association, Inc. and that these Bylaws constitute the Association's Bylaws. These Bylaws were duly adopted by the Board of Directors.

Dated: 4-18-07

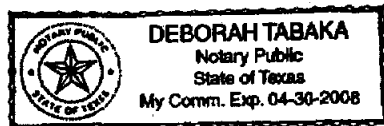

Don Vaughan
Secretary of the Association

STATE OF TEXAS **

COUNTY OF KERR **

This instrument was acknowledged before me on the 23rd day of May, 2007, by Don Vaughan, being the Secretary of the Board of Directors of The Horizon Owners Association, Inc.

Deborah Tabaka
Notary Public, State of Texas



Filed by & Return to:
James Vaughan
1506 Landmark Drive
Kerrville, TX 78028

FILED FOR RECORD
at 11:10 o'clock A.M.

MAY 23 2007

JANNETT PIEPER
Clerk County Court, Kerr County, Texas
Chela Thompson Deputy

Provisions 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 Kerr County, Texas on

MAY 24 2007



Jannett Pieper
COUNTY CLERK, KERR COUNTY, TEXAS

11-06525

**Rules, Regulations and Guidelines of The Horizon Owners Association, Inc.
As of September 1, 2011**

This document is prepared and recorded in the Kerr County Real Property Records in compliance with the 2011 amendments to Section 209 of the Texas Property Code.

The Rules, Regulations and Guidelines of The Horizon Owners Association, Inc. ("HOA") included in this document include:

- Transfer Fee
- Late Payment Fee
- Guidelines for Vehicle Use in The Horizon
- Administrative Guideline (Pets)
- Rule Pertaining to Horses in the HOA Barn
- Terms and Conditions for the Boarding of Horses at The Horizon Owners Barn (Boarding Agreement)
- Boarding Agreement – Release and Indemnity

HOA Administrative Rules

Passed by the HOA Board July 11, 2007:

When lots are sold within The Horizon, The Horizon Owners Association (HOA) shall be paid a transfer fee of \$75.00.

Passed by the HOA Board June 16, 2008:

When a lot owner within The Horizon fails to pay when due to the HOA the annual maintenance fund assessment (annual dues), the delinquent lot owner shall owe to the HOA a late fee assessment of \$75.00, in addition to interest provided for in the HOA Covenants.

**HORIZON OWNERS ASSOCIATION
ARCHITECTURAL CONTROL COMMITTEE
GUIDELINES FOR "VEHICLE" USE IN THE HORIZON
AUGUST 2004**

For Reference:

SECTION 1(G) DEFINITIONS:

"Architectural Control Committee" (Committee) shall mean and refer to that Committee as defined in Section 9 hereof.

SECTION 4(L) MOTOR VEHICLES: (As it reads in the Covenants)

Motor Vehicles owned or in the custody of any Owner may be parked only in a carport, garage, or the driveway located upon or pertaining to such person's Lot unless otherwise authorized by the Committee in writing. No buses, vans or trucks having a carrying capacity in excess of one ton or designed for commercial purposes shall be placed, allowed or maintained upon any residential Lot except with prior written approval of the Committee in areas attractively screened or concealed from view of neighboring property and roads. No motorcycle, motorized bicycle, go-cart, dirt bike or all-terrain vehicle shall operate on any road within the Subdivision, on any Common area, or on any Lot unless such vehicle is "properly muffled". What constitutes "properly muffled" shall be solely within the discretion of the Committee. The operation of such vehicle is prohibited on any Lot, Easement or Common Area except for immediate access to a platted road without the approval of the Committee. No truck, bus, or semi trailer shall be left on the road in front of any Lot or on any Lot except for construction and repair equipment while a residence is being built or repaired, without permission of the Committee provided, however this shall not apply to "pick-up" trucks or non-commercial passenger vans.

COMMENTS:

The Restrictions prohibit the use of "Vehicles" except as approved by the HOA Architectural Control Committee. The Committee has established the following guidelines for operation of "Vehicles" in The Horizon. Interpretation of these guidelines will rest solely with the Committee.

GUIDELINES:

For purposes of these guidelines, "Vehicles" are defined as any motorcycle, motorized bicycle, go-cart, dirt bike or all terrain vehicles.

"Vehicles" operated within The Horizon must have operational spark arresters in addition to proper muffling.

Page 2

VEHICLE USE GUIDELINES

"Vehicles" operated within The Horizon must be operated in a safe manner, in accordance with manufacturer requirements with every effort made to avoid disturbing the wildlife. Drivers of "Vehicles" on any Horizon road must be licensed, with the exception of directly crossing a road to enter the adjacent property. Posted speed limits are to be observed when operating "Vehicles" on any road during approved lot ingress/egress. Hours of operation are to be respectful of adjoining lot owners with a preferred operation timeframe from sunrise to sunset.

Lot owners and their guests may operate "Vehicles" on their own property so long as they comply with these guidelines. Horizon lot owners and their guests may operate "Vehicles" on other lots with the specific permission of the owner of the lot, except those lots designated as "Vehicle Free Zones", as defined below.

Operation of "Vehicles" by Horizon owners and their guests on any common area, including the park, the barn area and rights-of-ways is restricted except for purposes of common area maintenance, fence inspection/maintenance and wildlife harvesting with the express permission of the Committee.

Four (4) areas are designated as "Vehicle Free Zones", in order to ensure the success of the Game management program. These areas are the valley at the end of Horizon Boulevard containing Lot 42 and portions of Lots 122, 123, 124 and 125 (which extend down into the valley from Landmark); Lot 1, Lot 50 and the rear of the LCRA area near the stable.

Lot owners are responsible for the actions of their guests.

The Committee will notify lot owners of any violation in writing, citing the circumstances thereof. The first notice will be a warning only. The second notice will result in up to a 60-day revocation of a lot owner's right to use "Vehicles" as allowed by these guidelines, as the Committee shall determine. The third notice will result in up to a one year revocation of a lot owner's right to use "Vehicles" as allowed by these guidelines, as the Committee shall determine.

Any complaints of violations of these guidelines are to be submitted in writing to the Chair of the Committee. This may be done via e-mail or through the US Mail Service.

The Committee may revise these guidelines from time to time, as the Committee deems necessary.

**HOA Administrative Guideline
Passed by the HOA Board 9-17-07**

No Owner shall keep or harbor more than 4 dogs or 4 cats or any combination of 4 dogs and cats over the age of 4 months on Property within The Horizon.

Owners currently keeping more than 4 dogs/cats are grandfathered only as to the animals kept as of this date.

No Owner shall keep or be in control of any animals of any kind which on account of their number, conditions in which they are kept, noise or odor interferes with the neighbors' quiet use and enjoyment of their property within the immediate vicinity.

**Rule Enacted by the HOA Board of Directors Pertaining to Horses in
the HOA Barn, Effective August 11, 2009:**

**No horses will be allowed in the HOA Barn unless and until Owners of Property
in The Horizon, who wish to board horses in the Barn:**

- a. Sign and provide to the Board the Release and Indemnity and Terms
and Conditions provided by the Board; and**
- b. Provide to the Board those things required in the Terms and
Conditions to be provided by the Board, including a copy of insurance
declaration page, which certifies that required insurance coverage is
in effect, with the HOA as an additional named insured.**

**The purpose of the proposed Rule is to clarify the Board's regulation of
horses in the HOA Barn.**

**TERMS AND CONDITIONS FOR THE BOARDING OF HORSES
AT THE HORIZON OWNER'S BARN (BOARDING AGREEMENT)**

**Rule Enacted by the HOA Board of Directors Pertaining to Horses in the HOA
Barn, Effective August 11, 2009:**

No horses will be allowed in the HOA Barn unless and until Owners of Property in The Horizon, who wish to board horses in the Barn:

- c. Sign and provide to the Board the Release and Indemnity and Terms and Conditions (T&C) provided by the Board; and
- d. Provide to the Board those things required in the Terms and Conditions to be provided by the Board, including a copy of insurance declaration page, which certifies that required insurance coverage is in effect, with the HOA as an additional named insured.

The purpose of the Rule is to clarify the Board's regulation of horses in the HOA Barn.

HOA Barn Principles

There shall be no cost to and no subsidy from those who do not board horses in the Barn.

- Boarding Owners to provide or pay for any repairs necessary to provide water to stalls and any other repairs necessary to make the Barn suitable for boarding horses.
- Boarding Owners to pay for utilities (water and electricity) used for the horses or associated with having horses in the Barn. HOA currently does not have water turned on at the Barn. HOA will pay for electricity used by the HOA; Boarding Owners to pay the balance.
- Boarding Owners to pay for all repairs to all damages caused by horses, Boarding Owners, and/or people in the Barn on behalf of or as guests of Boarding Owners, including but not limited to veterinarians and farriers.
- Boarding Owners to pay for any increase in HOA insurance premiums due to adding coverage for allowing horses to be boarded in the Barn.
- Boarding Owners to be responsible for all costs associated with having horses in the Barn.
- Release and indemnity provisions to provide for Boarding Owners to pay all costs associated with any all claims for damages and injuries associated with the horses, including any and all such claims made against the HOA and other HOA members.
- Appropriate deposit to cover potential damages and potential non-payment of costs required by the T&C.

Potential liability to HOA and other property owners must be minimized as much as reasonably possible.

- Texas Equine Act – warnings contained in T&C and warning sign on the Barn door or in front of the Barn.
- Arrange for HOA insurance policy to include horses being boarded in the Barn (subject to the T&C)
- HOA right to terminate Boarding Owners' rights to board horses in the Barn and to have horses removed from the Barn if the HOA is unable to obtain or loses insurance coverage for allowing horses to be boarded in the Barn.
- Appropriate Release and Indemnity in favor of HOA from Boarding Owners.
- Horse Owners must have insurance policy in appropriate limits, which includes coverage of the Release and Indemnity provisions and has HOA as additional named insured.
- HOA to place warning signs at top of each of the two hills approaching each side of the Barn on Horizon Blvd.

Safety, environmental, cleanliness, and nuisance concerns must be addressed.

- HOA to place warning signs on top of each of the two hills approaching each side of the Barn on Horizon Blvd.
- Frequency of mucking and cleaning of bedding material in the stalls, on-site storage of manure and used bedding material, clean-up of manure and other waste in the Barn, which may occur outside of the stalls, frequency of and disposal off-site of manure, used bedding material and other waste material.
- Veterinarian statements/certificates of good health of the horses, including negative Coggin's and appropriate vaccinations.
- Control of flies
- Horses to be taken through HOA entrance gates on lead, not ridden through the gates.
- Horses not to be ridden on the HOA roads, except to cross the road from one side to the other.

HOA Barn and property must be protected.

- Boarding Owners to respect HOA property stored in the Barn.
- Boarding Owners to pay for damages and for repairs necessary due to damages caused by their horses.

Terms and conditions must be readily enforceable, and there must be a practical and efficient way to terminate the rights of a horse owner to board his/her horses in the Barn and remove the horses from the Barn if the horse owner does not comply with the T&C.

- HOA to have right to promptly seek injunctive relief from court with jurisdiction in Kerr County to remove horses from the Barn for non-compliance with the T&C.

- Boarding Owners to pay costs associated with HOA having to take legal action to remove horses from the Barn for non-compliance with T&C or if HOA cannot obtain or loses insurance coverage for allowing horses to be boarded in the Barn.

Terms and Conditions

Only owners of property within The Horizon ("Owners") will be allowed to board horses in the Barn. Only horses owned by Owners will be allowed in the Barn. Owners who board their horses in the Barn will be referred to as "Boarding Owner" or "Indemnitor". I/We understand that a maximum of ten horses will be allowed to be boarded in the Barn, and once ten horses are boarded in the Barn by Boarding Owners, no more horses will be allowed to be boarded or put in the Barn until a vacancy occurs. No horses will be allowed in the Barn until the Chair of the HOA's Ranch Management Committee ("RMC") has determined that the requesting Owner in fact owns property within The Horizon, that vacancy exists in the Barn for the horses, that the requesting Owner has signed this Release and Indemnity and Terms and Conditions, the requesting Owner has provided the Chair of the RMC with proof of ownership of the horse(s), a copy of insurance declaration page, as required in these Terms and Conditions, statement or certification from a veterinarian as required in these Terms and Conditions, the Boarding Owner has paid to the HOA the deposit required herein, and the Chair of the RMC has provided permission to such requesting Owner to board horse(s) in the Barn. On behalf of the HOA Board of Directors ("Board"), the RMC will oversee compliance with the Terms and Conditions, Facility Operations Plan, and Release and Indemnity contained herein. The Board reserves the right to hire a person(s) to provide this oversight should volunteer services not be available and this cost shall be reimbursed to the HOA by the Boarding Owners.

The HOA will continue to store certain equipment, parts, tools and other property within parts of the Barn. Boarding Owners shall respect and observe the safety and security of such HOA property in the Barn.

Boarding Owners are responsible for the care, maintenance, health, welfare and safety associated with their horses while the horses are boarded in the Barn. Boarding Owners shall:

- Provide for the feed, water, grooming and all other care associated with their horses;
- Abide by the Facility Operations Plan provided below;
- Be responsible for all damage caused by their horses while in the Barn and within The Horizon and to promptly repair any damage to the Barn or other HOA property;
- Not ride horses on the roads within The Horizon, except horses may cross the roads when and where it is safe to do so, using caution regarding traffic;
- Not ride horses through the front or back gates of The Horizon; horses may be taken through the gates by lead;

- Not ride horses on any lot owner's improved areas, to include driveways, landscaped areas, septic system fields, and within 25 feet of any propane tank, whether buried or above ground.
- Not have trailers in the Barn area for more than 6 hours at a time (and not left overnight); and
- Insure that the horses are handled and ridden with common sense and courtesy while in The Horizon, with due regard for all appropriate safety precautions.
- Insure that the horses have been wormed within the past 12 months, and provide to the RMC a statement or certificate from a veterinarian that within the past 12 months the horse tested negative for Equine Infectious Anemia (Coggins) and has received the following vaccinations: VEW Encephalitis, Tetanus, Equine Influenza, Rhino-pneumonitis, West Nile Virus, and rabies.
- Insure that there is no smoking or consumption of alcohol or illegal drugs in the Barn area by Boarding Owner and Boarding Owner's family members and/or people in the Barn area on behalf of or as guests of Boarding Owner or Boarding Owner's family.

Boarding Owners are responsible for all costs associated with boarding their horses in the Barn, including, without limitation, the costs associated with:

- Providing water to the Barn and stalls and water usage at the Barn and stalls;
- Use of electricity at the Barn above \$20.00 per month;
- Costs of repairs, upkeep and maintenance of the Barn associated with boarding horses in the Barn;
- Clean-up and appropriate disposal of waste;
- Damages caused by them or their horses at the Barn or elsewhere within The Horizon;
- Increase in HOA insurance premiums required to obtain coverage for the HOA allowing the boarding of horses in the Barn; and
- Any other costs associated with boarding horses in the Barn.

If the Barn needs repairs or maintenance in order to make the Barn suitable for boarding horses, Boarding Owners shall perform such repairs and maintenance at their expense. The restroom facilities and the septic system at the Barn are currently not in repair and functional. If restroom facilities are needed at the Barn, Boarding Owners shall perform or pay for the repairs necessary to make the restroom facilities and septic system functional. Any such repairs must be submitted to the RMC for approval.

To comply with their foregoing obligations, Boarding Owners may do the work themselves (for example, perform repairs for damages caused by their horses, and/or clean-up and disposal of waste) or arrange for someone to perform this work for them.

If Boarding Owner fails to take corrective action within 15 days after notice of non-compliance is provided by the RMC, the HOA may take the corrective action and bill the responsible Boarding Owner(s) for the costs of the corrective action, which bill shall be paid by the Boarding Owner(s) within 15 days after notice is received from the RMC or HOA Treasurer.

For any costs paid by the HOA associated with boarding horses in the Barn, Boarding owners shall share such costs on a pro rata basis based on the number of horses being boarded in the Barn (except for costs specifically linked to a particular Boarding Owner). Boarding Owners shall promptly pay their share of the costs to the HOA Treasurer upon receipt of notice from the RMC or from the HOA Treasurer. Any costs not paid by a Boarding Owner within 15 days of notice shall accrue a \$50.00 penalty. If any costs are not paid by a Boarding Owner within 20 days of notice, the Board may terminate the Boarding Owner's right to board horses in the Barn. If the HOA has to take legal action to collect such costs and penalties, the particular Boarding Owner shall be liable to the HOA and shall pay for all fees and expenses, including attorney's fees, spent by the HOA in taking such action.

The HOA Board of Directors ("Board") may terminate this Boarding Agreement and direct removal of horses by a particular Boarding Owner for violation of any of the Terms and Conditions contained herein, including violation of the Facility Operations Plan contained herein, and if such a directive is given by the Board, such Boarding Owner shall promptly remove his/her/their horse(s) from the Barn. If the Board has to take legal action for the removal of horses (after ten days of providing notification to the particular Boarding Owner by mail, copy by email) the Boarding owner shall be liable to the HOA and shall pay for all fees and expenses, including attorneys fees, spent by the HOA in taking such action.

The Board may terminate this Boarding Agreement and preclude the Boarding Owner from having horses in the Barn, on providing ten days written notice, unless and until a new Agreement is entered into, if the Boarding Owner's horses are removed from the Barn for thirty consecutive days.

If insurance coverage for the HOA allowing horses to be boarded in the Stable is not reasonably obtainable by the HOA or is cancelled or non-renewed, and if the HOA is unable to reasonably obtain replacement insurance coverage for the HOA allowing horses to be boarded in the Barn, the Board will terminate this Boarding Agreement and discontinue allowing the boarding of horses in the Barn. If the Board takes such action due to lack of insurance coverage, the Board will provide notice by mail to the Boarding Owners of such action, copy by email if the Boarding Owner has provided the HOA his/her email address, and all Boarding Owners shall remove their horses and their other property from the Barn and clean-up and appropriately dispose of all waste associated with their horses within 30 days of such notice. If the Board has to take legal action for the removal of horses (after 30 days of providing notification to the Boarding Owners by mail, copy by email if the Boarding Owner has provided the HOA with his/her email address), non-complying Boarding Owners shall be liable to the HOA and shall pay for all fees and expenses, including attorneys fees, spent by the HOA in taking such action.

Boarding Owners shall carry insurance covering all of Boarding Owners' obligations and potential liability under the Release and Indemnity provisions below; shall have The Horizon Owners Association named as an additional insured under the insurance policy;

and shall keep in effect such insurance for so long as Boarding Owners have or board horses in the Barn facility. The policy limits shall be at least \$1 million per person; \$150,000 medical expense (any one person); \$2 million in the aggregate for personal injury, and \$100,000 for property damage per incident. By signing this document below, Boarding Owners commit that such insurance is in effect (including having The Horizon Owners Association named as an additional insured under the insurance policy) and shall remain in effect for so long as Boarding Owners have or board horses in the Barn facility. The Boarding Owners shall provide to the Chair of the RMC (or the Chair's designee) a copy of Boarding Owner's insurance declaration page, which certifies that this insurance coverage is in effect, with The Horizon Owners Association, Inc. as an additional named insured. The RMC and/or Board may periodically verify with the insurance company that the insurance coverage remains in effect.

Facility Operations Plan

Boarding Owners shall have access to the Barn to care for their horses and to perform their obligations assumed in this document. Boarding Owners shall insure that family members, any guests, and anyone else entering the Barn premises with the Boarding Owners shall comply with all of the terms and conditions contained in this document.

Boarding Owners shall insure that the following are timely accomplished:

1. Provide:

- All feed and hay for his/her horses
- Water trough and feed trough for each stall used by his/her horses (no automatic watering)
- Locked, rodent proof container for feed for his/her horses
- Locked footlocker for any tack to be left in the Barn
- Wheelbarrow, rakes, brooms, etc.
- Bedding material (sawdust, wood shavings, straw, or other appropriate bedding material) to line the stall floors (including the outside run for that stall) of the stalls used by Boarding Owner's horses.

2. Boarding Owner shall assure that horse manure does not create a fly or odor nuisance. Stalls shall be mucked and manure and wet spots in the bedding material shall be cleaned up from the Barn, stalls and corrals daily; additional bedding to be added as necessary. The RMC may require Boarding Owners to replace the bedding material when and if the RMC deems it appropriate. The manure and waste bedding material shall be placed in the compost bin.

3. The compost bin shall consist of one of the following:

- a. Dumpster to be off loaded by Allied Waste (or other similar company) at a frequency approved by the RMC and at the cost of the Boarding Owners; or

b. Three-sided bin made of concrete blocks with a concrete floor (or similar structure approved by the RMC), constructed at the cost of the Boarding Owners. If this type of compost bin is constructed and used, the compost may be made available to Horizon residents for their plants and gardens or made available to nurseries. If this process does not remove the compost at a rate acceptable to the RMC (or if the RMC believes that the compost volume has reached an unacceptable level), the RMC may require the compost to be removed off-site in a manner approved by the RMC at the cost of the Boarding Owners.

The location of the compost bin must be approved by the RMC.

4. Flies shall be controlled by fly tape and/or use of a product such as "Quick Bait". If Quick Bait or some other product or substance poisonous to dogs and other animals is used, Boarding Owners are responsible to insure that the product is appropriately applied so as to kill the flies but not be dangerous to dogs, other animals, and children, and a sign shall be placed at the front of the Barn, warning of the presence of such substance and the potential danger to dogs, other animals, and children.

Security measures shall be: The Chair of the RMC (or his designee) will issue a key to the Boarding Owner which will open the Barn lock(s). Boarding Owners shall not allow anyone to enter the Barn without the presence of Boarding Owner or a member of Boarding Owner's family who is at least 18 years of age. Boarding Owner shall insure that no one else's horse(s) is allowed to escape from its/their stall(s) or from the corrals. Boarding Owner shall insure that no space in the Barn locked up by the HOA (which spaces contain HOA parts, tools, equipment and inventory, etc.) are entered into, and no HOA parts, tools, equipment or inventory, etc. are removed from the Barn (without the prior permission of the Chair of the RMC) by Boarding Owner, any family member or guest of Boarding Owner, and anyone else entering the Barn premises with Boarding Owner. Boarding Owner shall insure that the front and back doors to the Barn and stalls are closed and locked when Boarding Owner (or family members of Boarding Owner) leave the Barn premises.

By signing this document, Boarding Owner agrees that he/she has inspected the Barn and accepts the conditions of the Barn.

I/WE ACKNOWLEDGE AND AGREE THAT THE BOARDING AGREEMENT INCLUDES AN EXPRESS NEGLIGENCE RELEASE AND INDEMNITY PROVISION

I/We acknowledge receipt of the above Terms and Conditions and agree to be bound thereby.

Indemnitor/Boarding Owner

Indemnitor/Boarding Owner

Date: _____, 20__

Acceptance by RMC

_____ is/are allowed to board _____ horse(s) in the
Stable commencing _____, 20__.

Chair of the HOA Ranch Management Committee

Date: _____

Boarding Agreement- Release and Indemnity ("Agreement")

I/We, _____ ("Indemnitor" and "Boarding Owner")
own property within The Horizon, Lot (s) _____, located at _____.
I/We request to board _____ horse(s) in the HOA Barn, commencing on _____,
20____. In consideration of the Horizon Owners' Association, Inc. ("HOA") allowing me/us
to board my/our horse(s) in the HOA barn located on Lot 1 in Section One of The
Horizon ("Barn"), I/we hereby agree and commit as follows:

**EXPRESS NEGLIGENCE INDEMNITY, RELEASE, AND HOLD
HARMLESS**

BOARDING OWNER(S) ASSUME THE ENTIRE RESPONSIBILITY
AND LIABILITY FOR ANY CLAIM OR ACTIONS ON OR ARISING
OUT OF INJURIES, INCLUDING DEATH TO PERSONS, OR
DAMAGES TO PROPERTY SUSTAINED OR ALLEGED TO HAVE
BEEN SUSTAINED IN CONNECTION WITH OR TO HAVE
ARISEN OUT OF OR INCIDENTAL TO THE USE OF THE HOA
BARN, OR ANY ACTIONS OF THE HOA, ITS MEMBERS,
OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES,
SUBCONTRACTORS, INVITEES OR LICENSEES REGARDLESS
OF WHETHER SUCH CLAIMS OR ACTIONS ARE FOUNDED IN
WHOLE, OR IN PART, UPON ALLEGED NEGLIGENCE OF HOA,
ITS MEMBERS, OFFICERS, REPRESENTATIVES, AGENTS,
EMPLOYEES OR SUBCONTRACTORS, INVITEES OR
LICENSEES.

BOARDING OWNER FURTHER AGREES TO INDEMNIFY,
RELEASE, AND HOLD HARMLESS HOA, ITS MEMBERS,
OFFICERS, REPRESENTATIVES, AGENTS, EMPLOYEES,
SUBCONTRACTORS, INVITEES OR LICENSEES WITH RESPECT
TO ANY SUCH INJURIES OR CLAIMS AND AGREES TO DEFEND
ANY CLAIM OR SUIT OR ACTION BROUGHT AGAINST HOA,
ITS MEMBERS, OFFICERS, REPRESENTATIVES, AGENTS,
EMPLOYEES, SUBCONTRACTORS, INVITEES OR LICENSEES.

WARNING

UNDER TEXAS LAW (CHAPTER 87, CIVIL PRACTICE AND REMEDIES CODE), AN EQUINE PROFESSIONAL IS NOT LIABLE FOR AN INJURY TO OR THE DEATH OF A PARTICIPANT IN EQUINE ACTIVITIES RESULTING FROM THE INHERENT RISKS OF EQUINE ACTIVITIES.

Boarding Owners represent and warrant that anyone they allow to handle, manage and ride their horses in The Horizon have the training, experience and skill to handle, manage and ride the horses safely. That they are familiar and experienced with inherent risks of horse activity, such as: (1) the propensity of an equine animal to behave in ways that may result in personal injury or death to a person on or around it;

(2) the unpredictability of an equine animal's reaction to sound, a sudden movement, or an unfamiliar object, person, or other animal;

(3) with respect to equine activities, certain land conditions and hazards, including surface and subsurface conditions;

(4) a collision with another animal or an object;

(5) the potential of a participant to act in a negligent manner that may contribute to injury to the participant or another, including failing to maintain control over the equine animal or not acting within the participant's ability.

The HOA's Ranch Management Committee shall provide oversight to insure that the Terms and Conditions and Facility Operations Plan are complied with and shall periodically report to the HOA Board of Directors the status of compliance and any non-compliance.

Terms and Conditions

Indemnitor/Boarding Owner acknowledges receipt of the Term and Conditions and Facility Operations Plan for boarding horses in the Barn and agrees to abide by such Terms and Conditions.

Payments/Costs

Boarding Owner shall pay the HOA a deposit in the amount of \$1,000.00 per horse to be boarded in the Barn. The deposit is to be applied to any potential damages or other costs, which the Boarding Owner does not timely pay to the HOA in accordance with the Terms and Conditions contained herein. If no costs are owed to the HOA and there are no outstanding damages at the Barn attributable to the Boarding Owner or his/her horses at the time this Agreement is terminated and the Boarding Owner removes his/her horses permanently from the Barn, the HOA Treasurer shall refund the deposit to the Boarding Owner within 30 days after the termination of this Agreement and the horses are permanently removed from the Barn by the Boarding Owner (and within 30 days of notice to the RMC or the Board by the Boarding Owner of such removal of the horses).

Boarding Owners are responsible for the care, maintenance, health, welfare and safety associated with their horses and all costs associated with boarding their horses.

Dispute Resolution

In the event of disputes between Boarding Owners and the RMC and/or Board with respect to this Agreement, the Boarding Owner may provide the Board with a written request for a hearing before the Board with respect to the dispute. If the Board receives such a written request for a hearing, the Board shall conduct such a hearing upon providing at least ten days advance written notice of the hearing. The Boarding Owner and/or the Board may have attorneys present at the hearing. After the conclusion of the hearing, the Board shall make its decision with respect to the dispute and communicate such decision to the Boarding Owner. The Board may pursue any action the Board deems appropriate to enforce the release and indemnity and terms and conditions of this Agreement and to enforce the Board's decisions with respect to this Agreement.

Written notices may be provided by regular mail and/or email. Notices may be sent to Boarding Owner at:

Mailing address:

Email address:

Home phone: _____

Cell phone: _____

Indemnitor/Boarding Owner

Indemnitor/Boarding Owner

Date: _____, 20__

Acceptance by RMC

_____ is/are allowed to board _____ horse(s) in the
Stable commencing _____, 20__.

Chair of the HOA Ranch Management Committee

Date: _____, 20__

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of The Horizon Owners Association, Inc. and that the foregoing Rules, Regulations and Guidelines were duly passed and enacted by the Board of Directors of The Horizon Owners Association, Inc.

Dated: 21 Oct 2011

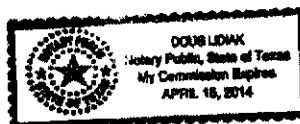
Jack Igel
Jack Igel
Secretary of The Horizon Owners Association, Inc.

STATE OF TEXAS **

COUNTY OF KERR **

This instrument was acknowledged before me on the 21st ^{October} day of ~~September~~, 2011, by Jack Igel, being the Secretary of the Board of Directors of The Horizon Owners Association, Inc.

Doris Lidak
Notary Public, State of Texas



**Records Retention Policy of The Horizon Owners Association, Inc. ("HOA")
As of September 1, 2011**

This Records Retention Policy is enacted by the HOA Board on October 19, 2011.

Copies of recorded articles of incorporation, restrictive covenants, bylaws (and all amendments to these documents) shall be retained permanently.

Financial books and records shall be retained for seven years.

Account records of current property owners shall be retained for five years.

Contracts with a term of one year or more shall be retained for four years after the expiration of the current contract term.

Minutes of meetings of the Board and of the Members shall be retained for seven years.

Tax returns and audit records shall be retained for seven years.

Records not listed above are not subject to retention. Upon expiration of the retention date, the applicable record will be considered not maintained as part of the HOA's books and records.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of The Horizon Owners Association, Inc. and that the foregoing Records Retention Policy of The Horizon Owners Association, Inc. was duly passed and enacted by the Board of Directors of The Horizon Owners Association, Inc.

Dated: 21 Oct 2011

Jack Igel
Jack Igel

Secretary of The Horizon Owners Association, Inc.

STATE OF TEXAS **

COUNTY OF KERR **

This instrument was acknowledged before me on the 21st day of October 2011, by Jack Igel, being the Secretary of the Board of Directors of The Horizon Owners Association, Inc.

Doug Lidak
Notary Public, State of Texas



**Records Production and Copying Policy
Of The Horizons Owners Association ("HOA")**

Passed by the HOA Board on October 19, 2011.

Any property owner of the HOA ("Member") may inspect and/or receive copies of books, records and documents maintained by the HOA pursuant to the following conditions.

The Member desiring to inspect and/or receive copies of books, records and documents maintained by the HOA shall provide written notice to the HOA Board, which notice shall specify the particular books, records and/or documents desired to be inspected and/or copied.

Subject to payment as provided for below, the HOA shall provide a reasonable opportunity for the Member to inspect the particular books, records and/or documents specified in the written notice, within ten working days after receipt by the HOA Board of the written notice.

Subject to payment as provided for below, the HOA shall provide copies of records, books and/or documents specified in a written notice requesting copies of such particular documents, within ten working days of the HOA Board's receipt of the written notice for specified copies.

Costs to be paid by the Member to the HOA include:

- For inspection of a significant volume of books, records and/or documents maintained by the HOA, the Member shall pay to the HOA in advance \$25.00 to cover labor involved by Directors on the Board to make the books, records and documents available.
- For copies of a significant volume of books, records and/or documents maintained by the HOA, the Member shall pay in advance to the HOA \$25.00 to cover labor involved by Directors on the Board and gasoline to obtain the copies of the specified documents, plus the Member shall pay \$0.10 per page for copies made in-house by the Board; but for documents which the Board in its sole discretion has copied by an outside vendor, the Member shall pay the actual costs charged per page by the vendor.
- For inspection or a copy of a single document (such as a specified variance document) or a few similar documents, the person who maintains that document in HOA files may in his/her sole discretion provide the inspection and/or copy (copies) at no cost to the Member requesting the inspection and/or copy (copies).

The HOA may require advance payment of the estimated costs of providing copies of requested documents. If the estimated costs are lesser or greater than the actual copying

costs, the HOA shall submit a final invoice to the Member on or before the 30th business day after the date the copies are delivered. If the final invoice includes additional amounts due from the Member, the Member shall pay the amount due to the HOA within twenty days from the date the invoice from the HOA is sent to the Member. If the Member has not paid to the HOA the amount due within thirty days from the date the invoice is sent to the Member, the amount due may be added to the Member's account as an assessment. If the estimated costs of copying exceed the final invoice amount, the HOA shall refund to the Member the amount of overpayment within the 30th business day after the date the invoice is sent to the Member.

The Board may maintain confidential and refuse to provide access to documents involving personnel matters, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with HOA's attorney, matters involving invasion of privacy of individual owners, and matters that are to remain confidential by request of the affected parties and the agreement of the Board.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of The Horizon Owners Association, Inc. and that the foregoing Records Production and Copying Policy was duly passed and enacted by the Board of Directors of The Horizon Owners Association, Inc.

Dated: 21 Oct 2011

Jack Igel
Jack Igel

Secretary of The Horizon Owners Association, Inc.

STATE OF TEXAS **

COUNTY OF KERR **

This instrument was acknowledged before me on the 21st day of October, 2011, by Jack Igel, being the Secretary of the Board of Directors of The Horizon Owners Association, Inc.

Luigi Lomk
Notary Public, State of Texas



Alternative Payment Plan Policy of The Horizon Owners Association, Inc. ("HOA")

This Alternative Payment Plan Policy is enacted by the HOA Board on October 19, 2011.

A property owner ("Member") is entitled to pay the annual assessment according to the terms of this approved payment plan policy, as long as the Member has not failed to honor the terms of a previous payment plan during the past two years.

HOA Members generally receive notice of the annual assessment for the following year in December. The annual assessment is due and payable no later than 8:30 am on the first Saturday in February, the date of the Annual Members' Meeting of the HOA.

There is a \$75.00 late fee imposed for assessments not paid when due, and interest is entitled to be charged at the rate of 18% per annum on the unpaid balance until paid, but this late fee will not apply. And the HOA will waive the interest, for assessments timely paid pursuant to this Alternative Payment Plan.

For a Member who requests to take advantage of this Alternative Payment Plan, the payment terms and conditions shall be as follows:

By January 15, Members who desire to enter into a Payment Plan to pay the annual assessment to the HOA over three months must enter into a fully signed Payment Plan with the HOA.

No later than 8:30 am on the first Saturday of February, the Member shall pay to the HOA: (1) a down payment of 25% of the amount of the annual assessment; and (2) an administrative charge of \$50.00 for administering this payment plan.

The Member shall have three months to pay the balance due as follows:

- 25% of the amount of the annual assessment shall be paid by March 15.
- 25% of the amount of the annual assessment shall be paid by April 15.
- Remaining 25% of the amount of the annual assessment shall be paid by May 15.

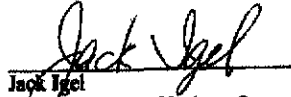
If the Member defaults on this Payment Plan, the payment plan is automatically terminated and the HOA is not obligated to make another payment plan with the Member for the next two years.

If the Member, who has requested to pay the annual assessment pursuant to this Alternative Payment Plan, does not pay the full amount of the annual assessment by May 15, the Member shall be in default of the Payment Plan; a late fee of \$75.00 shall apply; interest at the rate of 18% per annum on the unpaid balance shall apply; and the HOA may file a lien on the Member's property in The Horizon.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of The Horizon Owners Association, Inc. and that the foregoing Alternative Payment Plan Policy of The Horizon Owners Association, Inc. was duly passed and enacted by the Board of Directors of The Horizon Owners Association, Inc.

Dated: 21 Oct 2011



Jack Igel
Secretary of The Horizon Owners Association, Inc.

STATE OF TEXAS **

COUNTY OF KERR **

This instrument was acknowledged before me on the 21st day of October, 2011, by Jack Igel, being the Secretary of the Board of Directors of The Horizon Owners Association, Inc.


Notary Public, State of Texas



FILED BY AND RETURN TO:

**THE HORIZON OWNERS ASSOCIATION, INC
JERRY ASHBY
230 DAWN DRIVE
KERRVILLE, TEXAS 78028**

FILED AND RECORDED
At 10:30 AM
STATE OF TEXAS
COUNTY OF KERR



OCT 31 2011

I hereby certify this is a document that filed in the file number
according to the date and time indicated herein by the clerk or his
deputy in the Official Public Records of Kerr County Texas.

Jessie Wilson, Kerr County Clerk
By Chia Keller, Deputy