

PUEBLO HILLS (BLOCKS 4 & 6 ONLY)

Volume 179, Page 335 and Volume 208, Page 239, Deed 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

- Easement to Lone Star Gas Company, dated August 3, 1950, recorded in Volume 1, Page 393, Easement Records of Kerr County, Texas, having been assigned to the State of Texas, dated October 28, 1955, recorded in Volume 2, Page 396, Easement Records of Kerr County, Texas. (2/394 abandoned by State as per JLP)
- Easement to L.C.R.A., dated January 16, 1956, recorded in Volume 2, Page 582, Easement Records of Kerr County, Texas.
- Easement to Lone Star Gas Company, dated October 9, 1958, recorded in Volume 3, Page 97, Easement Records of Kerr County, Texas.
- Sewer Easement to City of Kerrville, dated January 4, 1972, recorded in Volume 7, Page 206, Easement Records of Kerr County, Texas.
- Sewer Easement to City of Kerrville, dated January 14, 1972, recorded in Volume 7, Page 209, Easement Records of Kerr County, Texas.
- Easement to Lone Star Gas Company, dated August 19, 1974, recorded in Volume 8, Page 249, Easement Records of Kerr County, Texas.
- Annual assessments and/or current maintenance charges as set forth in instrument notarized May 1, 1975, recorded in Volume 179, Page 335, Deed records of Kerr County, Texas, having been amended by Volume 208, Page 239, Deed Records of Kerr County, Texas.
- Residents' easement to enjoy common area as provided in Declaration of Covenants, Conditions and Restrictions, dated May 1, 1975, recorded in Volume 179, Page 335, Deed Records of Kerr County, Texas.
- Subject to townhouse, party wall provisions, covenants, conditions, restrictions, and easements, as set forth in that certain Declaration made on May 1, 1975, by Dedicator, recorded in Volume 179, Page 335, Deed Records of Kerr County, Texas.
- Building Set Back Lines as per plat recorded in Volume 4, Page 5, Plat Records of Kerr County, Texas.
- Easements and Building Set Back Lines as per replat recorded in Volume 4, Page 29, Plat 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)

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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

VOL. 177 PAGE 335-

This Declaration, made on the date as hereinafter set forth by PUEBLO HILLS, INC., hereinafter referred as "Declarant",

W I T N E S S E T H :

WHEREAS, Declarant is the owner of certain property in the City of Kerrville, County of Kerr, State of Texas, which is more particularly described as follows, to-wit:

All of Blocks No. 4 and No. 6 of Pueblo Hills, an addition to the City of Kerrville, Kerr County, Texas, according to the replat thereof recorded in Vol. 4, Page 29, Plat Records of Kerr County, Texas, to which reference is here made for all purposes and

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed, subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE ONE

Definitions:

Section 1: "Association" shall mean and refer to Pueblo Hills Townhouses Association of Unit Owners, a non-profit association, its successors and assigns.

Section 2: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any lot which is a part of the properties, including contract sellers, but excluding Declarant and those having such interest merely as security for the performance of an obligation.

Section 3: "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association, and that property which has heretofore been brought within the jurisdiction of the Association.

Section 4: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners. The common area out of the real property hereinbefore described to be owned by the Association at the time of conveyance of the first lot is described as follows:

All of Blocks No. 4 and No. 6 of Pueblo Hills, an addition to the City of Kerrville, Kerr County, Texas according to the replat thereof recorded in Vol. 4, Page 29, Plat Records of Kerr County, Texas, to which reference is here made for all purposes;

SAVE AND EXCEPT and there is hereby excepted from Block 4 described above the following: Lots A, B, C, D, E, F, G and H, in Block 4, of Pueblo Hills, an addition to the City of Kerrville, Kerr County, Texas, recording from replat thereof, recorded in Vol. 4, Page 29, Kerr County Plat Records; and further SAVE AND EXCEPT and there is hereby excepted from Block 6 described above the following:

Lots A, B, C, D, E, F, H, I, J, K and L, in Block 6, of Pueblo Hills, an addition to the City of Kerrville, Kerr County, Texas according to the replat thereof, recorded in Vol. 4, Page 29, Plat Records of Kerr County, Texas.

Section 5: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the common area.

Section 6: "Declarant" shall mean and refer to Pueblo Hills, Inc., its successors and assigns if such successors or assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 7: "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8: "Class A Lots" shall mean and refer to any lot upon which a residence or single family unit has been completed and has been conveyed to an owner other than Declarant or has been occupied.

Section 9: "Class B Lots" shall mean and refer to any lot upon which a residence or single family unit has not been completed or has not been conveyed to an owner other than Declarant or, prior to such conveyance, has not been occupied.

ARTICLE TWO

Property Rights:

Section 1: Owner's Easements of Enjoyment:

A. Every owner shall have the right and easement of enjoyment in and to the common area which shall be appurtenant to and shall pass with a title to every lot, subject to the following provisions:

(1) The right of the Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the common area;

(2) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations;

(3) The right of the Association to dedicate or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3rds) of each class of members agreeing to such dedication or transfer has been recorded;

(4) The right of the Association to limit the number of guests of members;

(5) The right of the Association, in accordance with its Articles and/or By-laws, to borrow money upon obtaining the assent of at least two-thirds (2/3rds) of each class of members, for the purpose of improving the common area and facilities and in aid thereof, to mortgage said properties. The rights of such mortgage in such properties shall be subordinate to the right of the homeowners hereunder;

(6) The right of the Association, through its Board of Managers, to determine the time and manner of the use of the recreational facilities by the members.

B. Subject to the foregoing provisions, every owner shall have a right and easement of enjoyment in and to any common area which may have been heretofore designated or which may be hereafter designated by Declarant on adjacent properties owned by Declarant upon which Declarant has filed or may file a similar declaration of covenants, conditions and restrictions as those herein contained in a common plan of development with properties herein described, and conversely, every owner of a lot in such adjacent areas shall have a right and easement of enjoyment in and to the common area designated herein or heretofore or hereafter designated, provided that such owners are members of the Association and such adjacent property shall be brought within the jurisdiction of the Association. In the alternative, the declarant reserves the right to convey such an easement as described above to such owner or owners of such adjacent property.

Section 2: Delegation of Use:

Any owner may delegate, in accordance with the By-laws, his right of enjoyment to the common area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE THREE

Membership and Voting Rights:

Section 1: Every owner of a lot which is subject to assessment and Declarant, while required to be a member hereunder, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

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

Class A: Class A members shall be all owners with the exception of the Declarant, and shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members, and the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot.

Class B: The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each lot owned.

ARTICLE FOUR

Covenant for Maintenance Assessments:

Section 1: Creation of the land and personal obligation of Assessments:

Each owner of any lot, except Declarant, by acceptance of the deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (1) Annual assessments or charges and
- (2) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against

which each such assessment is made. Each such assessment, together with interest, cost, and reasonable attorney's fees, shall also be the personal obligation of the person or entity who was the owner of such property at the time when such assessment fell due. A personal obligation for delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Declarant shall not be obligated for any of such assessments as described above, but all maintenance and expenses incident thereto on lots owned by Declarant shall be the sole obligations and expenses of Declarant.

Section 2: Purpose of Assessment:

The assessments levied by the Association shall be used exclusively to promote recreation, health, safety, and welfare of the residents in the property and for the improvement and maintenance of the common area, and of the homes situated upon the property.

Section 3: Maximum Annual Assessment:

Until January 1, of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment shall be Two Hundred Sixty Four and No/100ths (\$264.00) Dollars per lot.

(A) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased each year not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership.

(B) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased above five percent (5%) by a vote of two-thirds (2/3rds) of the Class A members who are voting in person or by proxy at a meeting duly called for this purpose.

(C) The Board of Managers may fix the annual assessment at an amount not in excess of the maximum.

Section 4: Special Assessments for Capital Improvements:

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3rds) of the votes of the Class A members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5: Notice and Quorum for any Action Authorized Under Sections 3 and 4:

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of such class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement as set forth above and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held

more than sixty (60) days following the preceding meeting.

Section 6: Rate of Assessment:

Both annual and special assessments must be fixed at uniform rates, to be collected on a monthly basis.

Section 7: Date of Commencement of Annual Assessments:

Due Dates:

The annual assessments provided for herein shall commence as to each lot on the first day of the month following the conveyance of such lot to the owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year as to each such lot. The Board of Managers shall fix the amount of the annual assessment against each lot which has an owner at least thirty (30) days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every owner subject thereto. The due date shall be established by the Board of Managers, and, unless otherwise provided, the Association shall collect each month, in advance, from the owner of each lot one-twelfth (1/12th) of the annual assessment for such lot. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8: Effect of Non-Payment of Assessment: Remedies of the Association:

Any assessment which is not paid within thirty (30) days after the due date shall bear interest from the date of delinquency at the rate of seven percent (7%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Each such owner by his acceptance of a deed to a lot, hereby expressly vests in Pueblo Hills Townhouses Association, or its agents, the right and power to bring all actions against its owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on the real property, and such owner hereby expressly grants on the Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all of their lot owners. The Association, acting on behalf of the lot owners shall have the power to bid in any interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to any insurance company continuing to give total coverage notwithstanding non-payment of such defaulting owner's portion of the premium. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of a common area or abandonment of his lot.

Section 9: Subordination of Lien to Mortgages:

The lien of the assessments provided herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect or impair the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure, trustee's sale, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as

payments which become due prior to such sale or transfer. No sale or transfer shall relieve such lot or its owner from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10: Exempt Property:

All properties which may be dedicated to, and accepted by, a local public authority, the common area, and all properties owned by a charitable or non-profit organization which may be exempt from taxation by the laws of the State of Texas shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11: Management Agreement:

Each owner of a lot hereby agrees to be bound by the terms and conditions of all management agreements entered into by the Association. A copy of all such agreements shall be available to each owner. Any and all management agreements entered into by the Association shall provide that said management agreement may be canceled, prior to the expiration of said agreement, by an affirmative vote of sixty (60) percent of the votes of each class of the members of the Association. In no event shall such management agreement be canceled prior to the effecting by the Association or its Board of Managers of a new management agreement with a party or parties, which new management agreement will become operative immediately upon the cancellation of the preceding management agreement. It shall be the duty of the Association or its Board of Managers to effect a new management agreement prior to the expiration of any prior management contract. Any and all management agreements shall be made with a responsible party or parties having experience adequate with the management of a project of this general type.

Section 12: Insurance Assessments:

The Board of Managers, or its duly authorized agent, shall have the authority to and shall obtain insurance for all buildings and improvements owned by the Association for which insurance can be obtained against loss or damage by fire or other hazard in an amount sufficient to cover the full replacement costs of any repair or reconstruction work in the event of damage or destruction from any hazard, and shall also obtain a broad form public liability policy concerning all common area, and all damage or injury caused by the negligence of the Association or any of its agents. Said insurance may include coverage against vandalism. Premiums for all such insurance shall be common expenses. All such insurance coverage shall be written in the name of the Association as trustee for each of the townhouse owners in equal proportions. It shall be the individual responsibility of each owner at his own expense to provide, if he sees fit, hazard insurance, homeowner's liability insurance, theft, and other insurance covering property damage and loss to property owned by such individual. In the event of damage or destruction by fire or other casualty to any property covered by insurance in the name of the Association, the Board of Managers shall, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the property to as good condition as formerly. All such insurance proceeds shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a federal governmental agency, with the provision agreed to by said bank or

institution that such funds may be withdrawn only by signature of at least one-third (1/3rd) of the members of the Board of Managers, or by an agent duly authorized by the Board of Managers. The Board of Managers shall advertise for sealed bids with any licensed contractors, and then may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair, reconstructions or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the cost of repairing and/or rebuilding to the same condition as formerly, the Board of Managers shall levy a special assessment against all members of the Association, as established by Article Four, Section 4, above, to make up any deficiency for repair or rebuilding of the common area. Notwithstanding anything to the contrary herein contained, in the event the damage or destruction by fire or other casualty to any property or improvements owned by the Association or for which the Association is obligated to provide maintenance, which such loss is caused through the willful or negligent act of an individual owner or owners, his family, guests, invitees or tenants, the cost of such rebuilding, repair or maintenance shall be added to and become a part of the assessment to which such individual owner is subject, and subject to the assessment lien or liens as herein provided.

ARTICLE FIVE

Architectural Control:

No building, fence, wall or other structure shall be commenced, erected or maintained upon the properties, by any owner, nor shall any exterior addition to or change or alterations therein be made by any owner until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony or external design and location in relation to surrounding structures and topography by the Board of Managers of the Association, or by an architectural committee composed of three or more representatives of appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this article will be deemed to have been fully complied with.

ARTICLE SIX

Party Walls:

Section 1: General Rules of Law to Apply:

Each wall which is built as a part of the original construction of the homes upon the properties and placed on the dividing line between the lots or is a common wall to one or more dwellings shall constitute a party wall, and to the extent not consistent with the provisions of this article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2: Sharing of Repair and Maintenance:

The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in equal proportions to such use.

Section 3: Destruction by fire or other Casualty:
If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in equal proportions to such use without prejudice, however, to the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4: Weather Proofing:
Notwithstanding any other provision of this Article, an owner, who by his negligent or willful acts causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5: Right to Contribution Runs with Land:
The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

Section 6: Arbitration:
In the event of any dispute arising concerning a party wall, or under the provisions of this article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.
Should any party refuse to appoint an arbitrator within ten (10) days after written request therefor, the Board of Managers of the Association shall select an arbitrator for the refusing party.

ARTICLE SEVEN

Exterior Maintenance:

In addition to maintenance upon the common area, the Association shall provide exterior maintenance upon each lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. Such exterior maintenance shall not include glass surfaces, screens and screen doors, exterior doors and window fixtures and other hardwood and patios.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, guests, invitees, or tenants, the cost of such maintenance or repairs shall be added to or become a part of the assessment to which such lot is subject, and subject to the assessment lien or liens as herein provided.

ARTICLE EIGHT

Use Restriction:

Section 1: Said property is hereby restricted to residential dwellings for residential use. All buildings or structures erected upon said property shall be of new construction and no buildings or structures shall be moved from other locations onto said property and no subsequent buildings or structures other than townhouse dwellings or buildings, being single family townhouses joined together by a common exterior roof and foundation, shall be constructed. No structures of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuildings shall be used on any portion of said property at any time

as a residence either temporarily or permanently.

Section 2: Each lot shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof.

Section 3: Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant or the builder of said townhouses to maintain during the period of construction and sale of said townhouses, upon such portion of the premises as Declarant deems necessary, such facilities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction or sale of said townhouses, including, but without limitation, a business office, storage area, construction yards, signs, model units, and sales office, whether the same be of a temporary or permanent character.

Section 4: No Animal, Livestock or Poultry of any kind shall be raised, bred or kept on any of said lots, except that dogs, cats, or other usual small household pets may be kept provided that they are not kept, bred or maintained for any commercial purpose.

Section 5: No advertising signs (except one of not more than five (5) square feet "For Rent" or "For Sale" sign per lot) billboards, unsightly objects or nuisances, shall be erected, placed or permitted to remain on said property, nor shall said property be used in any way or for any purpose which may endanger the health or unreasonably disturb the owner of any townhouse or any resident thereof. No business activities of any kind whatever shall be conducted in any building or in any portion of said property; provided, however, the foregoing covenant shall not apply to business activities, signs and billboards, or the construction and maintenance of buildings, if any, of Declarant, its agents and assigns, during the construction and sale period, and of Pueblo Hills Townhouses Association, a non-profit association, its successors and assigns, in furtherance of its powers and purposes and hereinafter set forth.

Section 6: All clothes lines, equipment, garbage cans, service yards, wood piles, or storage piles, shall be placed in the garage or storage areas of each townhouse or to be kept screened by adequate planting or fence areas of each townhouse or to be kept screened by adequate planting or fencing so as to conceal them from view of neighboring townhouses or streets. All rubbish, trash, or garbage shall be regularly removed from the premises, and shall not be allowed to accumulate thereon. All clothes lines shall be confined to patio areas.

Section 7: Except in the individual patio areas appurtenant to a townhouse, no planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon said property except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Association's Board of Managers or their designated representative. Except for the right of ingress and egress, the owners of lots are hereby prohibited and restricted from using any of said properties outside the exterior building lines, patio and carport or garage areas, except as may be allowed by the Association's Board of Managers. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all owners of lots in Pueblo Hills, and is necessary for the protection of said owners.

Section 8: Maintenance, upkeep and repairs of any patios, screen and screen doors, exterior doors and window fixtures, and other hardware shall be the sole responsibility of the individual owner of the lot appurtenant thereto and not in any manner the responsibility of the Board of Managers. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the common area and all exteriors and roofs of the townhouses, including, but not limited to, recreation and parking areas and walks, shall be taken by the Board of Managers or by its duly delegated representative.

Section 9: All fixtures and equipment installed in a townhouse, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a townhouse, shall be maintained and kept in repair by the owner thereof. An owner shall do no act nor any work that will impair the structural soundness or integrity of another townhouse or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other townhouses or their owners.

Section 10: Without prior written approval and the authorization of the Board of Managers, no exterior television or radio antennae of any sort shall be placed, allowed or maintained upon any portion of the improvements to be located upon the property nor upon any structure situated upon the property other than an aerial for a master antenna system, should any such master system or systems be utilized and require any such exterior antennae.

Section 11: No action shall at any time be taken by the Association or its Board of Managers which in any manner would discriminate against any owner or owners in favor of another owner or owners.

ARTICLE NINE

Easements:

Section 1: Each townhouse and the property included in the common area shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by the Declarant or the builder thereof. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event a multi-family structure containing two or more townhouses is partially or totally destroyed, and then rebuilt, the owners of the townhouses so affected agree that minor encroachments or parts of the adjacent townhouse units or common areas due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 2: There is hereby granted an easement to all police, fire protection, ambulance and all similar persons to enter upon private drives and common area in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any management company elected by the Association to enter in or cross over the common area provided for herein. Further, an easement is hereby granted to the Association, its officers, agents, employees and to any management company elected by the Association to enter in or cross over the common area provided for herein. Further, a blanket easement is hereby granted to any utility company or governmental agency providing water, natural gas, electrical service or telephone service to install, erect and maintain the necessary pipes, poles, lines and other necessary equipment in, on or under the common area and to affix and maintain such pipes, lines, and other necessary

equipment and conduits on, above, across, and under the roofs and exterior walls of the townhouses.

Section 3: Underground single phase electric service will be available to the residential townhouses on such lots, and the metering equipment shall be located on the exterior surface of the wall at a point to be designated by the utility company. The utility company furnishing such service shall have an easement on such properties for the purpose of installing and maintaining such electric service on the property and to each townhouse structure. So long as such underground service is maintained, the electric service to each townhouse shall be uniform and exclusively of the type known as single phase, 120/240 volt, three wire, 60 cycle alternating current. Easements for such underground electric service may be crossed by driveways and walkways provided the Declarant or builder makes prior arrangements with the utility company furnishing such service. Such easements for such service shall be kept clear of all other improvements including buildings, patios, or other pavings, other than crossing walkways or driveways, and neither Declarant nor any utility company using the easement shall be liable for any damage done by either of them or their assigns, their agents, employees, or servants to shrubbery trees, flowers, or other improvements of the owner located on the land covered by said easements.

ARTICLE TEN

General Provisions:

Section 1: Enforcement: The Association, or any owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this declaration. Failure by the Association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2: Severability: Invalidity of any one of these covenants or restrictions by judgment or court order shall in no manner affect any other provision which shall remain in full force and effect.

Section 3: Amendment: The covenants and restrictions of this declaration shall run with and bind the land, for a term of twenty (20) years from the date this declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This declaration may be amended during the first twenty (20) year period by an instrument signed by the owners of not less than seventy-five (75%) percent of the lots, and thereafter by an instrument signed by the owners of not less than sixty (60%) percent of the lots. Any amendment must be recorded. Notwithstanding anything to the contrary contained in this section, this declaration may not be amended so as to impose any assessment upon Declarant under the provisions of Article Four hereof.

Section 4: Gender and Grammar: The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations, individuals, or other entities, men or women, shall in all cases be assumed as though in all cases expressed.

IN WITNESS WHEREOF, Declarant herein has hereunto set its hand and seal this 1st day of May, 1975.

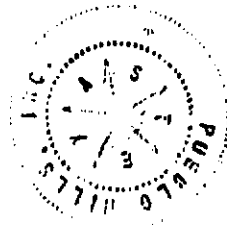
Filed 1st Day of May, A.D., 1975
 EMMA M. MUNKER, J. H. P. M.
 Clerk County Court, Kerr County, Texas
 By Emmie M. Munker Deputy

PUEBLO HILLS, INC., DECLARANT

By: R. W. Payne, Jr.
 R. W. Payne, Jr., President

ATTEST:

R. B. Coryell
 R. B. Coryell, Secretary



THE STATE OF TEXAS)
)
 COUNTY OF KERR)

BEFORE ME, the undersigned authority, on this day personally appeared R. W. PAYNE, JR., President of Pueblo Hills, Inc., a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

Given under my hand and seal of office on this the 1st day of May, 1975.

Maxine T. Short
 Notary Public, Kerr County, Texas
 MAXINE T. SHORT
 NOTARY PUBLIC
 KERR COUNTY, TEXAS



-12-

Filed for record May 1, 1975 at 3:12 o'clock P. M.
 Recorded May 6, 1975
 EMMA M. MUNKER, Clerk

By Delinda Adams Deputy

783030

This is an amendment to ARTICLE SEVEN of the Declaration of Covenants, Conditions and Restrictions for all of Blocks 4, 5, and 6 of PUEBLO HILLS, an addition to the City of Kerrville, Kerr County, Texas, as recorded in Volume 160, page 202 (for Block 5) and Volume 179, Page 335 (for Blocks 4 and 6), Deed of Records, and according to the replat thereof recorded in Volume 4, page 29, Plat Records of Kerr County. This amendment is made in accordance with Article Ten of the declaration where it states that the declaration may be amended during the first twenty (20) year period by the signed agreement of not less than seventy five (75%) percent of the lot owners.

THE FIRST PARAGRAPH OF ARTICLE SEVEN, WHICH NOW READS:

"In addition to maintenance upon the common area, the Association shall provide exterior maintenance upon each lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. Such exterior maintenance shall not include glass surfaces, screens and screen doors, exterior doors, window fixtures, other hardwood and patios."

IS AMENDED TO READ:

"In addition to maintenance upon the common area, the Association shall provide exterior maintenance upon each lot which is subject to assessment hereunder, as follows: Paint, repair, and replace and care for exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements. Such exterior maintenance shall not include roofs, gutters, downspouts, glass surfaces, screens and screen doors, exterior doors, window fixtures, other hardware and patios."

Seventy five (75%) percent of the lot owners have agreed to this amendment. The signed agreements are on file in the permanent records of the Pueblo Hills Townhouse Association.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals at Kerrville, Texas, this 9th day of May, 1978.

BOARD OF MANAGERS

C. W. Gollerow
C. W. GOLLEROW, President

John I. Davolt
JOHN I. DAVOLT, Treasurer

Curtis W. Hollister
CURTIS W. HOLLISTER, Secretary

THE STATE OF TEXAS }

COUNTY OF KERR }

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BEFORE ME, the undersigned authority, on this day personally appeared C.W. GOLLEMON, JOHN I. DAVOLT, and CURTIS W. HOLLISTER, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledge to me that they executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 9th day of May, 1978.

EMMIE M. MUENKER, County Clerk

By Melinda R. Brown Deputy
Notary Public, Kerr County, Texas

FILED
May 9, 1978
EMMIE M. MUENKER, Clerk
Kerr County, Texas

Approved by the County Clerk,
Notary and Public
Folio 111
in
the Public

7/2/78

Filed for record May 9, 1978 at 9:15 o'clock A.M.
Recorded May 11th, 1978
EMMIE M. MUENKER, Clerk

By Melinda R. Brown Deputy

File by 9:15 AM to:
C.W. Hollister
1978 Public Office
Kerrville, Texas 79035