

Reserves at Falling Water Restrictions

Volume 7, Page 215, Plat Records of Kerr County, Texas; Volume 1271, Page 725; Volume 1287, Page 639; and Volume 1361, Page 384, Real Property Records; and Clerk's No. 12-07774, Official Property 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. **ALSO 13-06286**

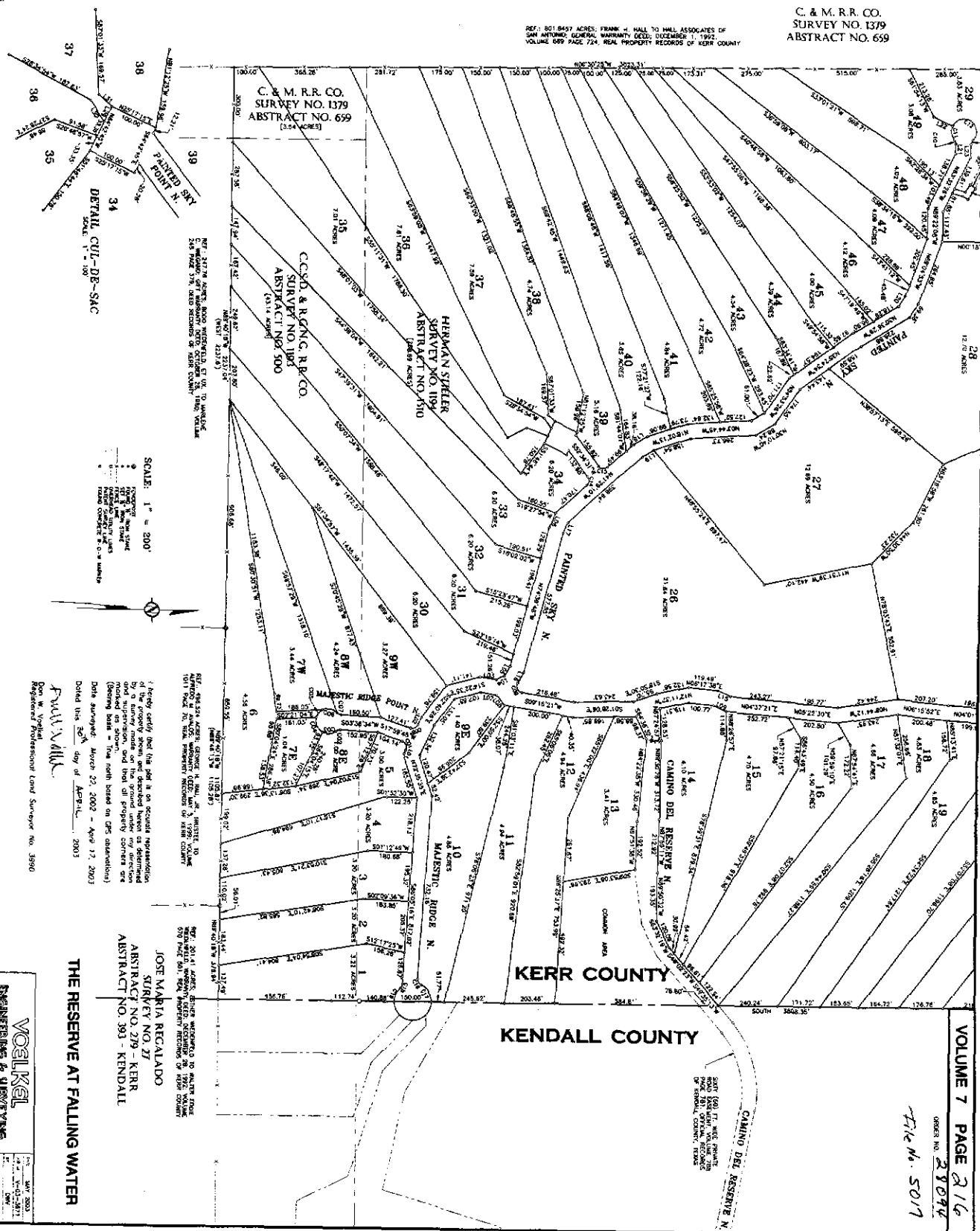
Other Exceptions

- Minerals conveyed by Grantor, as described in Royalty Deed from Walter Stieler to T. Fred Evins, W.M. Morgan and J.R. Klumpp, as trustees of Texas Osage Cooperative Royalty Pool and unto Flag Oil Company of Texas, a Texas corporation, dated September 28, 1929, recorded in Volume 5, Page 102, Oil and Gas Lease 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.
- 10' utility easements around the perimeter of each lot as per the Plat recorded in Volume 7, Page 215, Plat Records of Kerr County, Texas.
- Residents' easement to enjoy common area as provided in Declaration of Covenants, Conditions and Restrictions, recorded in Volume 1271, Page 725, Real Property Records of Kerr County, Texas.
- Annual assessments and/or current maintenance charges as set forth in instrument recorded in Volume 1271, Page 725; Volume 1287, Page 639; and Volume 1361, Page 384, 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.
- Blanket easement reserved and 40' front boundary setback line, and 15' side and rear boundary setback lines, reserved in the Declaration of Covenants, Conditions and Restrictions of The Reserve At Falling Water Subdivision recorded in Volume 1271, Page 725, Real Property Records of Kerr County, Texas.
- Dedicatory Instruments regarding the Bylaws of The Reserve at Falling Water Property Owners' Association, Inc. recorded in Volume 1287, Page 646, Real Property records of Kerr County, Texas; Supplemental Dedicatory Instruments dated January 11, 2012, executed by The Reserve At Falling Water Property Owner' Association, Inc., filed on January 13, 2012, under Clerk's File No. 12-00280, Official Public Records of Kerr County, Texas.
- Mineral reservation by Grantor, as described in instrument from The Reserve At Falling Water, Ltd., a Texas Limited Partnership to {PR,"Name of Grantee",ST1,2}, dated {PR,"Date of Instrument",DT2,3}, recorded in Volume {PR,"Number/Letter of Volume",ST1,4}, Page {PR,"Number/Letter of Page",ST1,5}, {PR,"Type of Records",ST1,6} 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.
- Management Certificate under Clerk's File No. 14-04368, 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)

C. & M. R.R. CO.
SURVEY NO. 1379
ABSTRACT NO. 659

REF: 801,849.7 ACRES, FRANK H. HALL TO HALL ASSOCIATES OF
SAN ANTONIO, GENERAL WARRANTY DEED, DECEMBER 1, 1992.
VOLUME 689 PAGE 724, REAL PROPERTY RECORDS OF KERR COUNTY



THE RESERVE AT FALLING WATER

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF
THE RESERVE AT FALLING WATER SUBDIVISION

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTIES OF KENDALL AND KERR

THAT, THE RESERVE AT FALLING WATER LTD., a Texas Limited Partnership, ("Declarant"), being the owner of that certain subdivision known as THE RESERVE AT FALLING WATER SUBDIVISION (hereinafter referred to as the Subdivision), according to the plat of said subdivision as recorded in Volume 7, Pages 215, the Plat Records of Kerr County, Texas, and, as such, desiring to create and carry out a uniform plan for the improvement, development, and sale of the subdivided lots situated within the subdivision, does hereby adopt and establish the following easements, restrictions, covenants and conditions ("Protective Covenants") to run with the land and to apply in the use, occupancy, and conveyance of the aforesaid described subdivided lots therein, and each Contract or Deed which may be executed with regard to any of such property shall be held to have been executed, delivered and accepted, subject to the following restrictions and covenants (the headings being employed for convenience only and not to be controlling over content):

ARTICLE I.

DEFINITIONS

Section 1. "Association" shall mean and refer to The Reserve at Falling Water Property Owners' Association, Inc. (a Texas non-profit corporation), its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding 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 as the "Subdivision" and more particularly described as The Reserve at Falling Water Subdivision, according to the plat of said Subdivision as recorded in the Plat Records of Kerr County, Texas, noted above, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) leased, owned or maintained by the Association for the common use and enjoyment of the owners. By way of illustration, common Area may include, but not necessarily be limited to, the following: private streets, signs, street medians, entry gates, landscaping, lighting, entrance

signs, walls, bridges, and other similar or appurtenant improvements.

Section 5. "Lot" shall mean and refer to any plot of land shown upon a recorded Subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to THE RESERVE AT FALLING WATER LTD., its successors and assigns, if such successors or assigns should acquire all of the undeveloped and unsold lots or acreage from the Declarant for the purpose of development.

Section 7. "Member" shall mean and refer to all those Owners who are members of the Association as provided for below.

Section 8. "Subdivision Plat" shall mean and refer to the map(s) or plat(s) of portions of the Properties in the Real Property Records of Kendall and Kerr Counties, Texas.

Section 9. "Improvement" or "Improvements" shall mean or refer to all structures or other improvements to any portion of the Property, whether above or below grade, including, but not limited to, buildings, recreation area, utility installations, storage, loading and parking facilities, walkways, driveways, landscaping, signs, site lighting, side grading, and any exterior additions including any changes or alterations thereto.

Section 10. "Dwelling" shall mean and refer to any building or portion of a building situated upon the Property which is designed and intended for use and occupancy as a residence by a single person, a couple, a family, or a permitted family size group of persons.

Section 11. "Committee" shall mean the Architectural Control Committee as referred to in Article VI, Section 2 hereof.

ARTICLE II.

USE OF RESIDENTIAL PROPERTIES

(A) All lots in the Subdivision (excluding Common Area) shall be used for single-family residential purposes only. No owner shall occupy or use his lot or any improvements constructed thereon, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the owner, his family, guest and tenants, except as provided herein. No business may be operated out of a residence, whether profit or non-profit, except occupations which may be conducted from a home office and for which patrons or clients do not meet at the residence of owner.

(B) During the period of time when dwellings are initially being constructed on the properties, the builder may erect and maintain structures and/or place signs as are customary in connection with the construction and sale of such property and/or improvements, including, but not limited to, a business office, storage areas, construction yards, sales and/or advertising signs

(applicable to the builder and the subdivision only), model units, and sales office. However, no such signs or structures shall be built erected, located or placed on the property without the prior written authorization of the Architectural Control Committee, which shall have full right and authority (as outlined as in the "ARCHITECTURAL CONTROL COMMITTEE" article of these restrictions) to control the architectural design, color, placement within the property, material and workmanship in order to see that the quality of the overall development is not jeopardized in any way. Failure to comply with the directives of the Committee concerning these matters is a breach of the covenants herein.

(C) No building material of any kind shall be placed or stored upon any lot until the owner thereof is ready to commence construction of improvements, and then the material shall be placed within the property lines of the lot upon which the improvements are erected and shall not be placed on the street.

(D) From the date of commencement of construction to the date of completion of construction of a dwelling on any lot, a port-a-potty, port-a-can, or similar portable sanitary waste disposal receptacle shall be situated on the lot for use by construction employees and laborers.

ARTICLE III.

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to Common Area, which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) the right of the Association to charge fees for the repair and maintenance of the Common Area, collect all dues, fines and/or other fees of any sort noted in these restrictions and enforce collection of any such monies in the accordance with any and/or all terms, conditions or rights set forth within these restrictions;

(b) the right of the Association to suspend the voting rights of an owner for any period of time during which any assessment against his Lot remains unpaid;

(c) the right of the Association to suspend the voting rights of any Owner during any period of time in which an infraction of any of the rules and regulations herein has taken place, and to uphold such suspension for up to 60 days after said owner's cure;

(d) the right of the Association to enforce any and all rules and regulations which are a part of these restrictions and to make and adopt rules and regulations regarding the use of the Common Area; and

(e) the right of the Committee to enforce any and all rules, restrictions and/or

regulations which are a part of these restrictions.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area facilities to the members of his family, his tenants, or contract purchasers who reside on his Lot.

Section 3. Title to and Obligations Regarding Common Area. Notwithstanding any provisions to the contrary, Declarant may retain the legal right to any Common Area until such time as it has completed improvements thereon and all necessary inspections by the applicable Contractor, Engineer, Utility Companies and/or the City, County or any other applicable inspection body have been satisfied OR until such time as, in the opinion of the Declarant and at its sole discretion, the Association is able to maintain the same.

(a) In this regard, unless otherwise provided herein, the Declarant hereby covenants for itself, its successors and assigns that title to the Common Area will then be conveyed to the Association at no cost (unless otherwise stated herein), at which time the Association shall then automatically assume responsibility for all obligations of Declarant relating to their respective portion or the Common Area. In addition, at the time of this conveyance, all construction warranties, if any, shall also be automatically transferred to the Association relating to the improvements forming a part of the Common Area and the Association shall indemnify and hold Declarant, its officers and partners, harmless from any expenses and/or damages of any kind associated with any and all repairs or damage to roads, utilities and any other Common Area improvements, with the Association (and each Owner) agreeing to contract and deal directly with the applicable third party (contractor, engineer, utility company or county) to remedy such repairs and damages.

(b) In connection with any conveyance of any Common Area from the Declarant to the Association, as set forth in these restriction, the Association shall take responsibility for the ownership and maintenance of any security gates or other security elements restricting access to the Subdivision (the "Security Elements"). Notwithstanding such conveyance, Declarant shall retain full and complete control of the operations of any such Security Elements regulating access to the Subdivision; it being understood that Declarant shall have the right to maintain control of the Security Elements and regulate access to the Subdivision as Declarant deems appropriate in Declarant's sole discretion until the earlier of the following: (1) the Subdivision is completely built out, with all lots having been conveyed to third parties and developed by completing construction of a residence thereon; or (2) Declarant specifically conveys control of the Security Elements over to the Association in writing.

(c) Until title to the Common Area has been conveyed to the Association by the Declarant, Declarant shall be entitled to exercise all rights and privileges relating to such Areas granted to the Association in this Declaration.

Section 4. Indemnification. The Association shall at all times from and after any turnovers of common area and/or management of the Association indemnify and hold Declarant,

its officers and partners, harmless from any and all liability associated with any and all claims or damages of every kind arising out of the operations of the Properties or the Association. Additionally, Declarant, its officers and partners, may not be held liable in any way in its role in enforcing or failing to enforce any of the conditions of these restrictions, in protecting its rights or in carrying out any of its duties or obligations. This indemnification shall include the Association payment of any and all expenses including the payment of any and all legal expenses, court costs, all costs associated with the protection of Declarant, its officers and partners, in any legal actions or proceedings or any other action of any kind. Declarant, its officers and partners, shall be shown as an additional insured on the Association liability insurance policy, which shall be in a form acceptable to Declarant and shall be maintained at the Association expense in an amount of not less than \$3 million. Said liability insurance requirement shall be in effect until at least three (3) years after (a) all of the common areas are turned over to the Association or (b) the entire development is completed and sold/built out, and any notes or agreements between Declarant and the Association have been paid in full.

Section 5. Assignment By Declarant. Declarant shall have full right and authority to sell or assign its rights, duties and obligations under these restrictions in conjunction with a sale of all of its unsold lots or acreage within the Subdivision, and, upon any such action, Declarant shall have no further obligation or liability, implied or otherwise, hereunder.

ARTICLE IV.

USES OF COMMON AREAS

Section 1. Easements of Enjoyment. Subject to the provisions of this Declaration, every member of the Association shall have a right and easement of enjoyment in and to the Common Areas; provided, however no member shall be deemed to have any right of access upon or across or the use of any lot not owned by such member, in connection with such easement of use or enjoyment of the Common Areas. Easements to the Common Areas shall be perpetual.

Section 2. Location of Common Areas. Properties owned in common areas are located as shown on the Subdivision Plats.

Section 3. Extent of Easements of Enjoyment. The right and easements of enjoyment created hereby shall be subject to the following:

(a) Planting; Obstructions. No planting, or gardening by Owners shall be permitted within the Common Areas, and no fences, hedges or walls or other obstructions shall be erected or maintained upon the Common Areas, except such as are installed by Declarant in connection with the construction of the initial improvements thereon, or such as are subsequently approved by the Board of Directors of the corporation.

(b) Rules and Regulations of Common Areas. The right of the Association from time to time to prescribe reasonable rules and regulations for the use, enjoyment, and maintenance of

the Common Areas.

(c) Borrowing of Money. The right of the Association to borrow money for the purpose of improving the Common Areas, or any part thereof, and to mortgage the Common Areas, or any part thereof. Declarant specifically reserves the right to lend money to the Association from time to time at commercially reasonable terms.

(d) Protection of Common Areas. The right of the Association to take steps as are reasonably necessary to protect the Common Areas, or any part thereof, against damage, condemnation or foreclosure.

(e) Easement for Access. The right of the Association or Declarant to abandon, modify, alter or relocate easements for ingress, egress, or regress, to, from and within the Properties and individual lots within the Properties.

ARTICLE V.

THE RESERVE AT FALLING WATER OWNER'S ASSOCIATION AND COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Membership and Voting. Declarant shall take all steps necessary to create the Association to which Association the Declarant may assign or delegate on a permanent or temporary basis one or more of the rights, powers, obligations and duties of the Declarant under these restrictions. Every Owner of a Lot within the Properties shall be a member of the Association.

The Association shall have two classes of voting membership.

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

Class B: Class B Members shall be those individuals or entities who are herein defined as Declarant, and for each Lot owned they shall be entitled to three votes on each matter coming before the Members at any meeting or otherwise. Once a Lot is sold to an individual or individuals who would be classified as Class A members, the three votes attached to that Lot shall be extinguished.

Section 2. Turnover. At any time after commencement of operations of the Association, at Declarant's sole discretion, the property owners may be required to take over the management

of the Association and relieve Declarant of all duties associated therewith. Upon such "Turnover" by the Declarant, the property owners within the Subdivision will be required to choose their own Board of Directors to represent them and to manage the Association in accordance with the terms and conditions of these restrictions and to establish any and all bylaws, procedures and other management devices by which the Association shall operate. Any Board Members/Directors must be owners within the Subdivision.

Notwithstanding anything to the contrary, until such "Turnover" has taken place, the management of the Association shall be by Declarant and its staff, and any expenses incurred in such management shall be reimbursed to Declarant by the Association. Said reimbursable expenses shall include the cost of Declarant's staff for the time spent in the management thereof of this Association. From and after the time of such turnover, the Association shall indemnify and hold Declarant, its officers and partners, harmless from and against any and all claims or damages of every kind, arising out of the development and operations of the Properties or the Association.

Section 3. Personal Obligation and Lien Rights Associated with Collection of Dues and Assessments. Each lot owner, by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to agree to pay to the Association regular annual assessments and all other Association dues, fees, fines, assessments or charges of any kind, including special assessments for capital improvements, which may be established and collected as hereinafter provided.

(a) 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, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall pass to any successors or assigns in title.

Section 4. Purpose of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents and/or owners of the Properties and for the improvement and maintenance of the Common Area. These expenses may include, but shall not necessarily be limited to, payment of taxes and insurance, construction, repair or replacement of streets, security gates and entry, and other improvements to the Common Area, cost of trash and debris clean-up, street and lot cleaning, cost of professional or other outside services, and labor, equipment, materials, outside management and supervision necessary to carry out its authorized functions. Additionally, any other expenses which, in Declarant's sole discretion, are deemed necessary to uphold the Subdivision's property values and/or are for the overall betterment of the development and its appearance, shall be the responsibility of the Association and shall be paid out of assessments including, but not necessarily limited to, cost of security, lot cleaning, general maintenance and road cleaning.

Section 5. Initial Annual Assessment. Until adjusted pursuant to the terms as noted in this document, the maximum Annual Assessments shall be initially as follows:

- * Class A: \$ 480.00 per individual lot (except Lot 25 which shall be 5/8 of the Class "A" assessment);
- * Class B: \$ 25.00 per individual lot.

(a) From and after January 1 of the calendar year immediately following the conveyance of the first lot to an owner, the maximum Class A annual assessment may be increased each year by the Board of Directors by not more than 15% above the maximum assessment for the previous year without a vote of membership.

(b) From and after January 1 of the calendar year immediately following the conveyance of the first lot to an owner, the maximum Class A annual assessment may be increased above 15% by a vote of two-thirds (2/3) of the members who are voting in person or by proxy at a meeting duly called for this purpose.

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

(d) In no event will Class B assessments stated above be altered or adjusted.

Section 6. Special Assessments. In addition to the annual assessments authorized above, the Board of Directors of the Association may levy a special assessment for the purpose of defraying the cost of any construction, reconstruction, repair or replacement of a capital improvement upon or which is a part of the Common Area, including fixtures and personal property related thereto, or for carrying out other purposes of the Association as stated herein or in the Articles of the Association.

Section 7. Notice and Quorum for any Action Authorized Under Section 5 and 6. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 or 6 above shall be sent to all members not less than 30 days nor more than 60 days in advance of any meeting. At the first such meeting called, the presence of members or proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called by the same notice requirement, 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 60 days following the preceding meeting.

Section 8. Uniform Rate of Assessment. Any and all dues of the Association or special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis in lieu of annually by a majority vote of the Board of Directors, or by Declarant. In these restrictions pertaining to the Association dues or special assessments, it shall be construed to mean "monthly" whenever the above event occurs.

Section 9. Date of Commencement of The Annual Assessments. The annual assessments for any particular lot, by the Owners' Association provided for herein shall not

commence until January 1, 2004.

(a) For billing purposes, the annual assessment period will be the 1st day of each January and shall commence as to each portion of the property on the first day of the month following the time of commencement, as noted above, and shall be prorated according to the appropriate membership class during the assessment period. All dues are payable in advance at the closing (or by billing if Lot already sold) up to the time of the next future billing. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto.

(b) 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. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

(c) Notwithstanding any other terms or conditions set forth in these restrictions, any expenses which are incurred by Declarant prior to the establishment of the Association, or prior to sufficient income being received from assessment billings, and which would normally be the responsibility of the Association, shall be reimbursed to Declarant from proceeds of the Association as funds become available from dues and assessments, but, in any case not later than 1 year after the time of establishment of the Association and/or the expense was incurred.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest legal rate permitted by law to be charged the non-paying Owner, and in addition thereto, for each thirty day period thereafter for which the assessment shall remain unpaid, there shall be charged a monthly fee of \$20.00 per month. The Owners' Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien again such Owners' Lot. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 11. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of the Lot pursuant to a mortgage foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Exempt Property. All Common Areas and other portions of the Properties, if any, which are dedicated to public authorities shall be exempt from Assessment.

Section 13. Option to Cure. Declarant, or the Association, has the option, but not the obligation to perform any action required of any owner by these restrictions. In the event that

Declarant or the Association elects to do so, all sums incurred by the Declarant or the Association in performing the required action shall be charged against the owner and if not paid within thirty (30) days after it is due said sums shall bear interest at the highest legal rate permitted by law to be charged the owner and shall be secured by a lien (the same as if said sums were due and/or assessments) on all Lots(s) owned by said owner. The Declarant or the Association may bring an action at law against the Owner of the lot subject to the assessment for payment thereof and/or bring an action to foreclose the lien which secures the assessment.

ARTICLE VI.

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Development Objectives. The aesthetic and ecological quality of the Properties requires that all improvements be compatible with other Improvements and be in harmony with the natural surroundings. To this end, an Architectural Control Committee (sometimes hereinafter called "the Committee") has been created as described in Section 2 of this Article. The Architectural Control Committee has the responsibility to carry out the goals and functions that have been adopted, and are described below, and which may be amended from time to time.

Section 2. Architectural Control Committee. The Architectural Control Committee shall be composed of three members selected and appointed by the Board of Directors of The Reserve at Falling Water Homeowners Association and may include members of such Board. The Board of Directors shall have the exclusive right and power at any time, and from time to time, to create and fill vacancies on the Architectural Control Committee. The Committee reserves the right from time to time to file instruments in the Real Property Records of Kendall and Kerr Counties, Texas designating its then current composition.

Section 3. Goal of Architectural Control Committee. The goal of the Committee is to encourage the construction of improvements of good architectural design, quality and proper size compatible with Declarant's conceptual plan for the Properties. Improvements should be planned and designed with particular attention to the design and aesthetic appearance of the exterior and the use of such materials as will, in the judgment of the Committee, create an attractive and harmonious blend with existing Dwellings and the natural surroundings. The Committee may disapprove the construction or design of an improvement on purely aesthetic grounds where, in its judgment, such disapproval is required to protect the continuity of design or values of the neighborhood and of other homeowners, or to preserve the serenity and natural beauty of any surroundings. Prior judgments regarding such matters of design or aesthetics shall not be deemed binding upon the Architectural Control Committee if such Committee feels that the repetition of such matters will have an adverse effect on the properties.

Section 4. Function of the Architectural Control Committee. The Committee shall function as the representative of the owners for the purposes herein set forth as well as for all purposes consistent with the creation and preservation of a first class development. No

improvement, as that term is defined in Article I of this Declaration, shall be erected, constructed, placed, altered (either by addition or deletion), maintained or permitted to remain on any portion of The Properties until plans and specifications, in such form and detail as the Committee may deem necessary, shall have been submitted to and approved in writing by such Committee. The Architectural Control Committee shall have the power to employ professional consultants to assist it in discharging its duties. The decision of the Architectural Control Committee shall be final, conclusive, and binding upon the applicant.

Section 5. Procedures of the Architectural Control Committee. The Committee may establish and publish from time to time reasonable administrative procedures and separate building guidelines covering residential and non-residential Improvements.

Section 6. Indemnity. The Association shall at all times indemnify and hold the committee and the committee members harmless from any and all liability associated with any and all claims or damages of every kind arising out of the actions, or omissions to act, of the committee and/or its members. The committee and its members shall be shown as an additional insured on the Association's liability insurance policy as provided under ARTICLE III. PROPERTY RIGHTS. Section 4., Indemnification. of the Declaration.

ARTICLE VII.

SUBMITTAL AND APPROVAL PROCESS

Section 1. Design Submittal. The Owner must submit a design plan, which must adequately reflect to the Committee the true design quality of the proposed work. Final plans and specifications shall be submitted in complete form in duplicate and shall include a floor plan and all elevations of any proposed structure(s) (including fences, walls, sign, pools, pool buildings, etc.), roof height, specification of materials, colors, textures and shapes. All measurements and dimensions, both interior and exterior, must be shown. (1/4"-1' minimum) Description of materials and finishes must be clearly indicated. The design plan shall include a plat of the owner's lot which shall specify the location of the improvements upon the lot.

Section 2. Basis of Approval. Approval of preliminary design plans and final plans and specifications shall be based upon the following:

- (a) The architectural and structural integrity of the design.
- (b) Harmony and conformity of the design with the surroundings both natural and built.
- (c) Adequacy of the design to conditions of the site.
- (d) Relation of finished grades and elevations to neighboring sites.

- (e) Conformity to specific and general intent of the Protective Covenants covering the subdivision of which the Lot in question forms a part.
- (f) Relation of improvements to improvements on neighboring sites.
- (g) Protecting the view from lots whose location provides distant views.
- (h) Central and elevated location of dwellings upon each lot.
- (i) Preliminary plans shall be submitted and approved by the Committee prior to proceeding with final plans and specifications. The preliminary plans shall include a section depicting the finished floor elevation relative to existing and finished grades within 10 feet beyond the front, side, and the back of the residence.

Section 3. Variances. Upon submission of a written request for same, the Architectural Control Committee may, from time to time, in its sole discretion, permit Owners to construct, erect, or install Improvements which are in variance from the covenants, restrictions, or architectural standards which are provided in this Declaration or the applicable Protective Covenants or those which may be promulgated in the future. In any case, however, such variances must, in the Committee's sole discretion, blend effectively with the general architectural style and design of the community and must not detrimentally affect the integrity of The Properties nor harmony with the natural surroundings. No member of the Committee shall be liable to any owner for claims, causes of action or damages arising out of the grant of any variance to an Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Committee's right to strictly enforce the Covenants, Restrictions and architectural standards provided hereunder, against any other owner.

Section 4. Issuance of a Building Permit. Upon approval of final submittals, a building permit will be issued and construction may begin. All such permits must be prominently displayed at the job site and covered with clear plastic to prevent weathering. The issuance and acceptance of the building permit assures that:

- (a) Construction of an approved building will be completed within nine months from start of construction.
- (b) Construction will be in accordance with approved plans.
- (c) Any exterior changes after final approval of plans by the Architectural Control Committee must be approved in writing by the Committee prior to Construction of those changes.
- (d) Regular inspections may be made by a representative of the Committee.

Section 5. Failure of the Committee to Act. If the Architectural Control Committee fails to approve or to disapprove either the preliminary design plans or the final plans and specifications or to reject them as being inadequate within thirty (30) days after submittal thereof, it shall be conclusively presumed that such Committee has approved such preliminary design plan or such final plans and specifications. If preliminary design plans or final plans and specifications are not sufficiently complete or are otherwise inadequate, the Architectural Control Committee may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject the balance.

Section 6. Limitation of Liability. Neither the Declarant, the Association, the Architectural Control Committee, nor any of the members of such Committee shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any owner of land affected by this Declaration by reason of mistake of judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications.

ARTICLE VIII.

SIZE OF DWELLING

The minimum total floor area of Dwellings, inclusive of guest quarters, but exclusive of open porches, breezeways, carports, garages and other outbuildings, shall be 3,000 square feet of climate controlled (heated and air conditioned) floor area which is sheltered under a single, continual roof and built upon a single concrete foundation.

ARTICLE IX.

BUILDING AND OUTBUILDING REQUIREMENTS

Section 1. Buildings

(a) Masonry -- No residence or other improvements shall have less than 75% masonry or masonry veneer exterior, (native stone, stucco, or plaster) said percentage to apply to the aggregate area of all exterior walls. Glass areas shall be construed as masonry areas. Masonry materials other than native stone, stucco, or plaster are subject to approval upon review in the discretion of the Architectural Control Committee.

(b) Driveways -- All driveways running from the common area to the entry of the residence shall be constructed/surfaced with concrete, brick pavers, stone, tile, or other similar hard surfaced material; that portion of the driveway constructed upon the common area shall be of concrete, brick pavers, stone or tile (except Lots 25, 50, 51, 55, 57, and 58 which can be constructed of concrete, brick pavers, stone, tile, hot mix, asphalt, or other similar hard surfaced material).

- (c) Entrance – Driveway aprons shall generally be shaped to the contour of the driveway, drainage easement and the street which is adjacent to the driveway apron. Culverts shall only be utilized if approved by the Architectural Control Committee.

Section 2. Other Buildings

Every outbuilding, inclusive of such structures as a storage building, greenhouse or children's playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition, and every such outbuilding which exceeds 100 square feet in area shall be subject to the masonry requirements set out in Section 1, (a) above, unless the Architectural Control Committee shall approve a variance from the requirement. All such buildings shall be subject to approval of the Architectural Control Committee. The garage shall be constructed to shelter a minimum of two automotive vehicles. Other outbuildings shall not exceed 200 square feet unless approved by the Architectural Control Committee.

All outbuildings shall be constructed in a manner that the contents of the outbuilding are screened from view from adjacent streets.

ARTICLE X.

TEMPORARY STRUCTURES

No structure of a temporary character, such as a trailer, mobile home, manufactured home, tent, shack, garage, barn or other outbuilding shall be used on any lot at any time as a residence. No trailer, camper, recreational vehicle, or similar vehicle shall at any time be connected to utilities situated within a lot. No dwelling previously constructed elsewhere may be moved on any lot in the subdivision, provided, buildings of a historic character may be dismantled and then reassembled upon a lot subject to the approval of the Architectural Control Committee. This covenant specifically excludes the use of a mobile home or manufactured home in which the axle and wheels have been removed and placed upon a concrete slab or left attached, which said mobile home or manufactured home is hereby specifically prohibited as a residence, either temporarily or permanently. A portable building may be permitted for use as a Builder's Construction Office (subject to approval of the Architectural Control Committee), however, any such building or structure must be removed within 9 months of start of construction of any building or structure on any adjacent lot.

A building may be erected by Declarant upon Lot 50 for use as a Subdivision Sales Center as long as Declarant shall own any properties within the subdivision.

ARTICLE XI.

SIGNS

No sign of any kind shall be displayed to the public on any single-family residential lot except the following:

1. During the construction phase of a single family dwelling within the subdivision, a builder, or its agent, may have one sign upon the lot which sign shall have been approved by the Architectural Control Committee and which sign shall not advertise other subdivisions in any way;
2. One professional sign of not more than five square feet advertising the sale of a property upon which is situated a single family residence which sign has been approved by the Architectural Control Committee; and
3. The Declarant shall have the right to erect, maintain and repair signs which will advertise, promote and market lots within the subdivision.
4. Declarant, or its agent, shall have the right to remove any sign not complying with the provisions of this section, and in so doing shall not be liable for any claim or cause of action arising from such removal.

Notwithstanding the above, directional traffic, at risk, and similar signage approved by the Architectural Control Committee may be erected within the subdivision.

ARTICLE XII.

MAINTENANCE

(A) Trees, shrubs, vines and plants that die shall be promptly removed from the property. Lawns must be properly maintained, fences must be repaired and maintained, and no objectionable or unsightly usage of lots will be permitted which is visible to the public view. Building materials shall not be stored on any lot except when being employed in construction upon such lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from such lot.

Until a home or residence is built on a lot, Declarant and/or the Association may, at its sole discretion, have the grass, weeds and vegetation cut when and as often as the same is necessary in its judgement, as well as have dead trees, shrubs and plants removed therefrom. Declarant may also, at its option, remove any excess building materials or building refuse situated on a lot in violation of this covenant. The owner of any lot within Classes A & B shall be obligated to reimburse the Association for the cost of any such maintenance or removal upon demand.

Maintenance of all common area amenities shall be the responsibility of the Association, including all intersections, lot corners or areas designated by the Declarant or the Association.

ARTICLE XIII.UTILITY EASEMENTS

Section 1. Existing Easements. The Subdivision Plat dedicates for use as such, subject to the limitations set forth therein, certain easements shown thereon, and such Subdivision Plat further establishes dedications, limitations, reservations, and restrictions, applicable to the Properties. Further, Declarant and Declarant's predecessors in title have heretofore granted, created and dedicated by several recorded instruments, certain other easements and related rights affecting the Properties. All dedications, limitations, restrictions, and reservations shown on the Subdivision Plat and all grants and dedications of easements and related rights heretofore made by Declarant and Declarant's predecessors in title affecting the Properties are incorporated herein by reference and made a part of this Declaration for all purposes, as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant conveying any part of the Properties.

Section 2. Changes, Additions, and Reservations. Declarant reserves the right to make changes in and additions to the above easements for the purpose of more efficiently and economically installing any improvements. Further, Declarant reserves the right, without the necessity of the joinder of the Association or any Owner or other person or entity, to grant, dedicate, reserve or otherwise create easements for utility purposes, (including, without limitation, water, sewer, gas, electricity, telephone, cable television, and drainage) in favor of any person or entity furnishing or to furnish utility services to the Properties, but only to the extent reasonably necessary and appropriate.

Section 3. Title to Easements and Appurtenances Not Conveyed. Title to any Lot conveyed by Declarant by contract, deed, or other conveyance shall not be held or construed in any event to include the title to any roadways or any drainage, water, gas, sewer, storm sewer, electric light, electric power, cable television line, telegraph or telephone way, or any pipes, lines, poles, or conduits on or in any utility facility or appurtenances thereto, constructed by or under Declarant or its agents through, along or upon any Lot or any part thereof to serve said Lot or any other portion of the Properties, and the right to maintain, repair, sell, or lease such appurtenances to any municipality or other governmental agency or to any public service corporation or to any other party is hereby expressly reserved in Declarant and the Association's Board of Directors.

Section 4. Installation and Maintenance. There is hereby created an easement upon, across, over and under all of the Common Areas for ingress and egress in connection with installing, replacing, repairing, and maintaining all utilities, including, but not limited to, water, sewer, telephones, electricity, gas, cable television and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service lines, or other utility facilities or appurtenances thereto, on, above, across and under the Common Area within the utility

easements from time to time existing and from service lines within such easements to the point of service on or in any structure situated upon the Properties. Notwithstanding anything contained in this paragraph, no sewer, electrical lines, water lines, or other utilities or appurtenances thereto may be installed or relocated on the Common Areas until approved by Declarant or the Association's Board of Directors. Any utility companies furnishing service to the Properties shall have the right to remove (if absolutely necessary) any trees situated within the utility easements shown on the Subdivision Plat, and to trim overhanging trees and shrubs located on portions of the Properties abutting such easements if reasonably necessary for the servicing thereof.

Section 5. Emergency and Service Vehicles. An easement is hereby granted to all police, fire protection, ambulance and other emergency vehicles, and to garbage and trash collection vehicles, and other service vehicles to enter upon the Common Area in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees and management personnel to enter the Properties to render any service.

Section 6. Surface Areas. The surface of easement areas for underground utility services may be used for planting of shrubbery, trees, lawns, or flowers. However, neither the Declarant nor any supplier of any utility service using any easement area shall be liable to any owner or to the Association for any damage done by them or either of them, or their respective agents, employees, servants or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation or repair of any facility in any such easement area, except as may be required by State, County or Municipal statutes, ordinances, rules or regulations or by the Association or by the custom and practice of such utility company. Prior to the construction of any utilities on a developed lot ("developed lot" shall be defined as any lot which has constructed thereon a dwelling unit) Declarant and/or the Association reserve the right to require that the utility company pay for the cost of repairing the easement to the same condition as it was prior to the construction.

ARTICLE XIV.

DRAINAGE EASEMENTS

Easements for drainage throughout the Subdivision are reserved as shown on the aforementioned recorded plats, such easements being depicted thereon as "drainage easements." No owner of any lot in the Subdivision may perform or cause to be performed any act which would alter or change the course of such drainage easements in a manner that would divert, increase, accelerate or impede the natural flow of water over and across such easements. More specifically, and without limitation, no owner may:

(1) alter, change or modify the existing natural vegetation of the drainage easements in a manner that changes the character of the original environment of such easements;

(2) alter, change or modify the existing configuration of the drainage easements, or fill, excavate or terrace such easements or remove trees or other vegetation therefrom without the prior written approval of the Architectural Control Committee;

(3) construct, erect or install a fence or other structure of any type or nature within or upon drainage easements which will impede the natural flow of water over said easement.

(4) permit storage, either temporary or permanent, of any type upon or within such drainage easements; or

(5) place, store or permit to accumulate trash, garbage, leaves, limbs or other debris within or upon the drainage easements, either on a temporary or permanent basis.

The failure of any owner to comply with the provisions of this Article shall in no event be deemed or construed to impose liability of any nature on the Architectural Control Committee Association and/or Declarant, and such Committee Association and/or Declarant shall not be charged with any affirmative duty to police, control or enforce such provisions. The drainage easements provided for in this provision shall in no way affect any other recorded easement in the Subdivision.

ARTICLE XV.

VEHICLES

No trailer, tent, boat or recreational vehicle shall be kept, parked, stored, or maintained on any portion of the front yard in front of the street side building line of the permanent structure and shall be kept, parked, stored or maintained on other portions of a lot only within an enclosed structure or a screened area which prevents the viewing by sight thereof from adjacent lots or streets. The openings to structures which house, or in which is stored, any motor vehicle, motorcycle, boat, trailer, recreational vehicle, or similar equipment or machinery, whether or not the structure is attached to the permanent residence, shall not face an adjoining street and the contents of the structure shall not be visible by sight from the adjoining street.

No stripped down, wrecked, junked or inoperable trailers, boats, recreational vehicles or motor vehicles shall be kept, parked, stored, or maintained on any lot. No dismantling or assembling of motor vehicles, boats, trailers, or other machinery or equipment shall be permitted in any driveway or yard. No commercial vehicle bearing commercial insignia or name shall be parked on the streets of the subdivision other than for the purpose of serving such lot. No vehicles of any description may be parked overnight on any street within the Properties.

ARTICLE XVI.

NUISANCES

No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. This includes builders and construction workers working after daylight hours. Violations of such restrictions after one written notice has been sent by the Declarant or Association to the lot owner/builder are subject to a fine of no less than \$100 and no more than \$1,000 per notice, which fine is secured by the lien created herein.

No owner shall do any act or any work that will impair the structural soundness or integrity of another residence or impair any easement or hereditament, or do any act or allow any condition to exist which will adversely effect the other residences or their owners.

No exposed bulb or wraparound lens yard lights shall be permitted. Exterior lights on buildings shall have housings which can shield or directly focus the light source. The objective and intent of this restriction shall be to minimize light pollution of the night sky and minimize the visibility of light sources from any other part of the subdivision. All landscape and security lighting shall be subject to the review and approval of the Architectural Control Committee.

No exterior speakers, horns, whistles, bells or other sound devices (except security devices such as entry door and patio intercoms and alarm systems used exclusively to protect the lot and improvements situated thereon) shall be placed or used upon any lot.

ARTICLE XVII.

GARBAGE AND REFUSE DISPOSAL

No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers. No trash, ashes or other refuse may be thrown or dumped on any vacant lot or drainage area in said Subdivision. All household trash shall be disposed of at a sanitary landfill off of the Subdivision. Timber and vegetative debris upon the lot may be disposed upon the lot provided it is in compliance with applicable statutes and regulations.

ARTICLE XVIII.

ANIMALS AND PETS

No hogs, swine, poultry, fowl, emu, ostriches, rhea, or other similar birds shall be kept or permitted on any lot at any time. Other livestock and pets, subject to the further limitations herein, shall be permitted provided such livestock or pets are sheltered and kept within the

boundaries of the owner's lot at all times, and they are not offensive by smell, sight, sound or otherwise. No commercial feeding operations or commercial breeding of animals shall be conducted on any lot.

No more than two (2) dogs may be sheltered or kept upon any lot at any time. No more than one (1) animal unit of domestic livestock shall be permitted upon each three (3) acres of land contained within each lot and such intensity of livestock stocking is restricted to only those lots which have the carrying capacity for such intense grazing. The determination of the carrying capacity and stocking rate of any lot shall be subject to the discretion and approval of the Architectural Control Committee. The stocking of domestic livestock which constitutes overgrazing shall not be permitted. All livestock pens, corrals, barns, sheds or other structures for the caring or sheltering of livestock shall be approved by the Architectural Control Committee and shall be constructed in a professional manner and maintained so it is not noxious or offensive to other property owners.

All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws) and in accordance with all rules established by the Declarant or the Association. It shall be the responsibility of the owners of household pets to prevent the animals from running loose or becoming a nuisance to the other residents. Household pets shall be vaccinated and tagged for identification.

ARTICLES XIX.

OIL AND MINING OPERATIONS

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot. No tank for the storage of oil or other fluids may be maintained on any of the lots above the surface of the ground, provided tanks for the storage of propane gas to be used for household purposes may be maintained.

ARTICLE XX.

MAILBOXES

All mailboxes on the property shall conform to the requirements of the United States Postal Service. All mailboxes shall be constructed with the same types of materials as are used in the construction of the main residence. Other materials for the construction of the mailboxes shall be subject to the review and approval of the Architectural Control Committee. Stand alone single support with mailbox top is expressly prohibited. The design and location of mailboxes is subject to the review and approval of the Architectural Control Committee.

ARTICLE XXI.ATHLETIC FACILITIES

Tennis court lighting and fencing shall be allowed with the approval of the Architectural Control Committee. No basketball goal backboards or any other similar sporting equipment of either a permanent or temporary nature shall be placed within the front building setback line.

ARTICLE XXII.ROOFS

The surface of all roofs of dwellings and secondary structures or outbuildings shall be of materials with a manufacturer's lifetime warranty of at least thirty (30) years, and shall be either slate, tile, factory fire-treated wood, or metal as approved by the Architectural Control Committee.

The Architectural Control Committee shall have the authority to approve other roof treatments and materials when, in its determination, such treatments and materials in the form utilized will not be a detriment to the quality of the neighborhood. Simplicity in the overall building design is desirable to provide visual continuity throughout the neighborhood, creativity is encouraged; however, a distracting roof design is not permissible. Major roof masses which slope toward the street are preferred. Roof design is a feature subject to approval by the Architectural Control Committee.

All stacks, vents, approved antennae and other roof mounted accessories shall be placed and erected behind the ridge of the roof so they are not visible from the street abutting the front of the residence and shall not extend above the ridge line.

ARTICLE XXIII.SETBACK LINES

All buildings, habitable or not, must be constructed, placed and maintained in conformity with platted setback lines, if any, and in no event shall any such building or other structure be constructed, placed or maintained within forty feet (40') of the front boundary of a lot, fifteen feet (15') of the side boundary of a lot or fifteen feet (15') of the rear boundary of a lot.

Notwithstanding the provisions set forth in the preceding paragraphs, all setback line requirements herein specified or set forth on recorded plats may be waived by the Architectural Control Committee in the event the variance requested by the owner of a lot will not, in the opinion and at the sole discretion of said Committee, detract from the general appearance and/or character of the neighborhood or in any way be injurious or harmful with respect to contiguous

development, and which may be required to allow for the development in deference to the size and/or shape of a lot, its topography and/or the saving of significant trees.

Dwellings shall be situated, to the extent possible, at a location which is in a central position in relation to the side boundaries of the lot; and, in Kerr County, shall be situated at the highest elevation on the lot. Notwithstanding the objective of central and elevated dwellings, the Architectural Control Committee shall have the authority to approve variances when requested by the owner of a lot, if in the opinion and at the sole discretion of the Committee, the variance will not detract from the general appearance and/or character of the neighborhood or in any way be injurious or harmful with respect to contiguous development, and which may be required to allow for the development in deference to the size and/or shape of the lot, its topography and/or the saving of significant trees. Approval of a variance shall not be unreasonably withheld.

ARTICLE XXIV.

TERM

The foregoing covenants are made and adopted to run with the land and shall be binding upon the undersigned and all parties and persons claiming through and under them until January 1, 2029, at which time said covenants shall be automatically extended for successive periods of ten (10) years unless and until an instrument executed by a majority of the then owners of the lots in the Subdivision controlled by these covenants has been recorded agreeing to change and/or terminate said covenants in whole or in part.

ARTICLE XXV.

ENFORCEMENT

Declarant, its successors or assigns, the Association, its successors or assigns, or any Owner of any lot in the Subdivision, shall have the right to enforce, by proceedings at law or in equity, these restrictive covenants. Failure of Declarant or the Association to take any action upon any breach or default shall not be deemed a waiver of their right to take action upon any subsequent breach or default. Declarant, for itself, its successors or assigns, reserves the right to enforce these restrictive covenants, though it may have previously sold and conveyed all subdivided lots in the Subdivision controlled by these covenants. The reservation by Declarant or the Association of this right of enforcement shall not create a duty or obligation of any kind to enforce same, and neither Declarant nor the Association shall not be subjected to any claim, demand, or cause of action from any lot owner by virtue of not enforcing any restrictions herein contained.

The Association shall have the authority to employ self-help to enforce compliance with any provision of the Declaration. Upon the occurrence of a default or other violation of the Declaration, the Association may provide notice to the defaulting owner of the matter of noncompliance, the action necessary to cure the noncompliance, and a date by which the

noncompliance shall be cured. In the event the owner fails to cure the matter of noncompliance within the required time, the Association may take action to cure the matter of noncompliance.

Notice of default or other violation of the Declaration and of the Association's intent to act pursuant to this provision shall be in the form and in the manner as required by Article XXXII. In the event of continuing noncompliance, a second notice, at least ten (10) days subsequent to the date of the mailing of the first notice, shall be sent to the noncomplying property owner. Not sooner than thirty-five (35) days after date of the mailing of the original notice, the Association may send notice to the noncomplying property owner of the Association's intent to act to cure the noncomplying condition. Such notice shall be sent by United States Certified Mail, return receipt requested, and shall otherwise conform to Article XXXII of the Declaration. In the event the noncomplying condition continues from and after ten (10) days from the date of the mailing of the Association's intent to act to remedy the noncomplying condition, the Association may commence actions to remedy the noncomplying condition at the sole expense of the noncomplying property owner. The Association may avail itself of all methods for recovery of funds expended as provided under the Declaration including nonjudicial foreclosure as provided in Article XXVIII, of the Covenants.

ARTICLE XXVI.

PARTIAL INVALIDITY

The invalidation of any one of these covenants by judgement or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

ARTICLE XXVII.

AMENDMENT

After "turnover" of the Association has occurred, the owners (but expressly excluding their respective mortgagee's, if any) of the legal title to ninety percent (90%) of the lots within the Subdivision may amend the restrictions and covenants set forth herein (except for the terms and conditions of any loan or assessments due to Declarant by the Association) by filing an instrument containing such amendment, along with proof of the 90% consent, in the office of the County Clerk of Kendall and Kerr Counties, Texas.

Notwithstanding anything to the contrary, Declarant shall have the right at any time, at its sole discretion and without any joinder or consent of any other party, to amend this Declaration for the purposes of correcting any error, ambiguity or inconsistency appearing herein or for any reason whatsoever deemed necessary for the benefit of the overall development as determined by Declarant, in its sole discretion. Said amendment shall be effective upon filing the said amended restrictions with the County Clerk of Kendall and Kerr Counties, Texas.

ARTICLE XXVIII.NONJUDICIAL FORECLOSURE

Section 1. To secure the payment of maintenance assessments and to ensure compliance with the applicable covenants, conditions, restrictions and easements set forth herein, each Owner, upon acceptance of his or her deed to a Lot governed by this Declaration conveys the Lot to the Trustee hereinafter named, in trust, for so long as these covenants, conditions, restrictions and easements shall remain in effect, such conveyance operating as a Special Deed of Trust. If an Owner fails to tender payment of maintenance assessments or reimbursements when due, or if an owner fails to perform any of the Obligations under or maintain any condition required by this Declaration, the Association may perform those obligations, advance whatever funds may be required, and then be reimbursed by the Owner on demand for any sums so advanced, including attorney's fees, plus interest on those sums from the dates of payment at the highest legal rate permitted by law for the Owner. The sum to be reimbursed shall be secured by this Special Deed of Trust.

Section 2. If the Owner fails on demand to reimburse the Association for the sums advanced or for the assessments owed, and such failure continues after the Association gives the owner notice of the failure and the time within which it must be cured, as may be required by law or by written agreement, then the Association, as the Beneficiary of this Special Deed of Trust, may:

(a) Request the Trustee appointed herein, or his successor, to foreclose the liens created herein, in which case the Association shall give notice of the foreclosure sale as provided by Section 51.002 et. seq. of the Texas Property Code then in effect or any successor statute thereto; and

(b) Purchase the Lot at any foreclosure sale by offering the highest bid and then have the bid credited to the reimbursement or satisfaction of the outstanding indebtedness owed to the Association.

Section 3. If requested by the Association to foreclose this lien, the Trustee shall:

(a) Either personally or by agent give notice of the foreclosure sale as required by, Section 51.002 et. seq. of the Texas Property Code then in effect or any successor statute thereto;

(b) Sell and convey the Lot to the highest bidder for cash with a general warranty binding the Owner, subject to prior liens and to other exceptions to conveyance and warranty; and

(c) From the proceeds of the sale, pay, in this order:

- (1) expenses of foreclosure, including a commission to Trustee of five percent (5%) of the successful bid;
- (2) to the Association, the full amount advanced, attorney's fees, and other charges due and unpaid;
- (3) any amounts required by law to be paid before payment to the owner; and
- (4) to the Owner, any remaining balance.

Section 4. Carroll J. Bryla, Attorney at Law, is appointed Trustee for the purpose of enforcing the covenants, conditions and restrictions imposed by this Declaration, and also for the collection of maintenance assessments. The Association, as Beneficiary, may appoint a substitute or successor trustee, succeeding to all rights and responsibilities of the Trustee appointed herein, by filing an appropriate designation of substitute trustee among the Real Property Records of Kendall and Kerr Counties, Texas.

Section 5. From and after any such foreclosure, the occupants of such Lot shall be required to pay a reasonable rent for the use of such Lot and such occupancy shall constitute a tenancy-at-sufferance. The purchaser at such foreclosure shall be entitled to the appointment of a receiver to collect such rents and, further, shall be entitled to sue for recovery of possession of such Lot by forcible detainer without further notice.

Section 6. It is the intent of the provisions of this Section to comply with the provisions of Texas Property Code Section 51.002 as may be amended hereafter, and, which amendment is applicable hereto. The President of the Association, acting without joinder of any Owner or mortgagee of any owner, may, by amendment to this Declaration filed in the office of the County Clerk of Kendall and Kerr Counties, Texas, amend the provisions hereof so as to comply with said amendments to Section 51.002.

Section 7. Any liens created by Article III, Article V, Article XII or Article XVI hereof, shall be superior to all other liens and charges against any Lot covered hereby except only for tax liens and all sums secured by a first-priority mortgage or deed of trust lien of record, securing in either instance sums borrowed for the purchase or improvement of the Lot in question.

ARTICLE XXIX.

SUBDIVISION OF LOTS

No further subdivision of platted Lots in the Subdivision shall be permitted unless the owner has obtained unanimous approval of the Association's Board of Directors.

Notwithstanding the above, platted lots in the subdivision may be resubdivided by the

Declarant without approval by the Association's Board of Directors provided that after the resubdivision of platted lots the average acreage size of lots in the subdivision shall be at least eight (8) acres per lot.

ARTICLE XXX.

WAIVER AND LACHES

The obligation to abide by the provisions contained in this Declaration shall be deemed to be of a continuing and continual basis. Each and every day an owner allows a condition to exist on his or her Lot which is not in compliance with the requirements contained herein shall constitute a separate and individual violation hereof, and shall give rise to a new cause of action for such breach. The intended effect and express purpose of this provision shall be that every owner, by accepting title to a Lot, hereby waives the affirmative defenses of the statute of limitations, waiver and laches with respect to covenant violations. Noncompliant conditions shall be allowed to exist on a Lot only upon the Owner obtaining a written variance in accordance with the applicable provisions herein. Failure of Declarant, the Association, the Committee, or of any Owner to enforce the terms of this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE XXXI.

ASSESSMENTS BY AWARD OR JUDICIAL DECREE

In the event arbitration or litigation is necessary to enforce any provision contained within this Declaration, any and all awards granted by the arbitrator, or damages, penalties, fees, costs, and/or any other charges awarded in the decree shall also constitute an assessment, which shall likewise run with the land, and which shall have the same priority as the lien created in Article V herein. Failure to pay assessments imposed under this Article shall constitute an event which may give rise to the remedies provided in Article XXVIII, herein.

ARTICLE XXXII.

NOTICE BY ASSOCIATION

Whenever written notice to a member (or members) of the Association is permitted or required hereunder, such shall be given by the mailing of such to the member at the address of such member appearing on the records of the Association, unless such member has given written notice to the Association of a different address, in which event such notice shall be sent to the member at the address so designated. In such event, such notice shall conclusively be deemed to have been given by the Association by placing same in the United States Mail, properly addressed, whether received by the addressee or not.

ARTICLE XXXIII.
MISCELLANEOUS

(1) HUNTING AND FIREARMS

No hunting shall be permitted on any lot of the subdivision; provided the taking or harvesting of wildlife upon lots owned by Declarant under a wildlife management plan is authorized.

No firearms shall be discharged on the properties other than for the purpose of the protection of the health, safety or welfare of an individual or in the protection of the health, safety or welfare of an individual property or in implementing a wildlife management plan. At times of discharge of firearms, due regard shall be given to the personal safety of the owners of neighboring lots and shall be done in such a manner as not to pose a hazard or a nuisance to other property owners.

(2) WAIVER AND ESTOPPEL

All streets and roadways of this Subdivision shall be privately maintained by the Association. The Counties of Kendall and Kerr shall not be responsible for the maintenance and repair of the streets and roadways. By acceptance of a deed to a lot within the Subdivision, each purchaser covenants and agrees to waive any right the purchaser may have to demand or compel the maintenance or repair of the streets and roadways of the subdivision by the Counties of Kendall and Kerr and is estopped from doing so. All contracts for sale of lots within the Subdivision shall provide notice of the waiver of public maintenance.

(3) ANTENNAS, SATELLITE DISH AND OTHER TOWERS

No television antenna, satellite dish, radio tower, or other type or mode of transmission tower shall be erected, installed, or maintained without the prior approval of the Architectural Control Committee.

(4) UNDERGROUND UTILITY SERVICE

All utility service provided upon a lot within the subdivision, including but not limited to electrical, gas, telephonic and cable TV, shall be installed and maintained underground.

(5) WATER WELLS

No owner of a lot within this subdivision shall drill, operate or maintain a private water well on a lot, except for Lots 57, 58 and 59 for irrigation purposes only. A central water distribution system licensed by the Texas Commission on Environmental Quality which serves all or substantially all lots of the subdivision shall not be subject to the prohibitions and restrictions of this paragraph.

(6) FIREWORKS

The use and discharge of fireworks including, but not limited to, firecrackers,

bottle rockets, roman candles, sparklers and similar items shall be prohibited within The Reserve at Falling Water Subdivision. The Board of Directors of The Reserve at Falling Water Homeowner's Association may designate a specific area for the discharge of fireworks for a limited duration at such special occasions as the Board of Directors may deem appropriate.

(7) LIVESTOCK LEASES

Each owner of a lot in the subdivision, designates the President of the Association as each lot owner's agent to enter into a lease or leases for the grazing of livestock upon the property owned by the lot owner. All lease income received shall be delivered to the Association to be used for its operations.

(8) A WILDLIFE MANAGEMENT COOP.

Each owner of a lot containing 12.5 acres or more, designates the President of the Association as each lot owner's agent to enter into and form a Wildlife Management Coop. to qualify the lot for appraisal as qualified open-space land through a wildlife management plan which complies with the requirements of the Texas Property Code.

(9) FENCES

Plans and sketches detailing material composition and location of any proposed fence shall be submitted to, and subject to the approval of, the Architectural Control Committee.

EXECUTED by said Declarant, this 26 day of May, 2003.

THE RESERVE AT FALLING WATER LTD., A
Texas Limited Partnership

By Its General Partner, DANCING HILL, LLC, A
Texas Limited Liability Company

By: Dale A. Crenwelge
Dale A. Crenwelge, President of DANCING
HILL, LLC

THE STATE OF TEXAS §

COUNTY OF Kerr §

This instrument was acknowledged before me on this the 28 day of May, 2003 by DALE A. CRENWELGE, President of DANCING HILL, LLC, a Texas Limited Liability Company, General Partner of THE RESERVE AT FALLING WATER, LTD., a Texas Limited Partnership, on behalf of said entity.



Diane H. Green
Notary Public, State of Texas

NY 22422

Return to:
Dale Crenwelge
P.O. Box 717
Comfort, Texas 78013

FILED BY: KERR COUNTY
ABSTRACT & TITLE CO.

FILED FOR RECORD
at 4:03 o'clock P.M.
MAY 28 2003

JANNETT PIERER
County Clerk, Kerr County, Texas
Jannett Pierer

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

RECORD Real Property
VOL. 1271 PG. 725
RECORDING DATE

MAY 29 2003



Jannett Pierer
COUNTY CLERK, KERR COUNTY, TEXAS

29

MAY 29 2003



Jannett Pierer
COUNTY CLERK, KERR COUNTY, TEXAS

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THE RESERVE AT FALLING
WATER, LTD.

TO

THE PUBLIC

FIRST AMENDMENT OF DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF THE RESERVE AT
FALLING WATER SUBDIVISION

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF KERR

§

WHEREAS, THE RESERVE AT FALLING WATER SUBDIVISION (hereinafter referred to as "the Subdivision") is described in the map or plat of said subdivision as recorded in Volume 7, Page 215, of the Plat Records of Kerr County, Texas; and

WHEREAS the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER SUBDIVISION (herein "Declaration"), is recorded at Volume 1271, Page 725, of the Real Property Records of Kerr County, Texas; and

WHEREAS, THE RESERVE AT FALLING WATER, LTD. is the Declarant as defined in the Declaration; and

WHEREAS, pursuant to ARTICLE XXVII, AMENDMENT, of the Declarations, Declarant has reserved to itself, in Declarant's sole discretion without any joinder or consent of any other party, the right to amend the Declaration for the purpose of correcting any error, ambiguity, or inconsistency appearing therein, or for any other reason whatsoever deemed necessary for the benefit of the overall development as determined by the Declarant, in its sole discretion. Declarant determines that the Amendments contained herein, are necessary to correct

6- 22636

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errors, ambiguities, or inconsistencies or for the benefit of the overall development of the subdivision;

NOW, THEREFORE, the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER SUBDIVISION are amended as follows:

AMENDMENT NO. 1

Article III, PROPERTY RIGHTS, Section 4., Indemnification, shall be amended to add the following paragraph to such Section 4, Indemnification, as follows:

Notwithstanding the foregoing, the indemnification of Declarant by the Association shall not include any obligation of construction of improvements in or upon the common areas, nor shall it include any obligation of performance contained within the plat for the subdivision or in any requirement of any county, governmental agency or regulatory board or commission in the obtaining of plat approval for the subdivision.

AMENDMENT NO. 2

Article V, THE RESERVE AT FALLING WATER OWNER'S ASSOCIATION AND COVENANTS FOR MAINTENANCE ASSESSMENTS, of the Declaration is deleted in its entirety from the Declaration, and in substitution therefore, the following shall be added and become enforceable as Article V, Section 2. Turnover:

Section 2. Turnover. At anytime after the commencement of operations of the Association, at Declarant's sole discretion, the property owners may be required to take over the management of the Association and relieve Declarant of all duties associated therewith. Upon such "Turnover" by the Declarant, the property owners within the subdivision will be required to choose their own board of directors to represent them and to manage the Association in accordance with the terms and conditions of these restrictions and to establish any and all bylaws, procedures and other management devices by which the Association shall operate. Any board member/directors need not be members of the Association.

Notwithstanding anything to the contrary, until such "Turnover" has taken place, the management of the Association shall be by Declarant and its staff, any expenses incurred in such management shall be reimbursed to Declarant by the Association. Said reimbursable expenses shall include the cost of Declarant's staff for the time spent in the management thereof of this Association. From and after the time of such turnover, the Association shall indemnify and hold Declarant, its officers and partners, harmless from and against any and all claims or damages of every kind, arising out of the development and operation of the properties or the Association.

Notwithstanding the foregoing, the Declarant shall "turnover" the common areas to the Association not later than one year after completion of construction thereof and the acceptance by the governmental entity having jurisdiction over the same. Until such time as the turnover occurs, Developer shall have the sole responsibility for the upkeep, construction, supervision, and maintenance of the common areas. Developer shall obtain casualty and/or general liability insurance policies for the common areas until such time as "turnover" occurs.

AMENDMENT NO. 3

Article V, THE RESERVE AT FALLING WATER OWNER'S ASSOCIATION AND COVENANTS FOR MAINTENANCE ASSESSMENTS, Section 5. Initial Annual Assessment, shall be amended regarding the maximum annual assessments paid by Class B Members, and as amended shall become enforceable as follows:

* Class B: \$25.00 per individual lot prior to "Turnover" and \$200.00 per each individual lot after "Turnover".

AMENDMENT NO. 4

Article V, THE RESERVE AT FALLING WATER OWNER'S ASSOCIATION AND COVENANTS FOR MAINTENANCE ASSESSMENTS, Section 5., Initial Annual Assessment, paragraph (b) shall be amended, and as amended shall become enforceable as follows:

(b) From and after January 1 of the calendar year immediately following the conveyance of the first lot to an owner, the maximum Class A annual assessment may be increased above 15% by a vote of two-thirds of the Class A

THE RESERVE AT FALLING
WATER, LTD.

TO

THE PUBLICDEDICATORY INSTRUMENTS

THE STATE OF TEXAS §

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF KERR §

In compliance with Section 202.006 of the Texas Property Code, attached hereto for filing are copies of the original Articles of Incorporation and the Bylaws of The Reserve at Falling Water Property Owners' Association, Inc., pertaining to The Reserve at Falling Water Subdivision in Kerr County, Texas, as such Subdivision is shown, described and delineated on the map or plat thereof recorded at Volume 7, Page 215, Plat Records of Kerr County, Texas.

The Reserve at Falling Water, Ltd., the developer of the Subdivision, declares that the attached are true and correct copies of the same.

SIGNED this the 2nd day of July, 2003.

THE RESERVE AT FALLING WATER,
LTD., a Texas Limited Partnership

BY: DANCING HILL, L.L.C., A
Limited Liability Company, its
General Partner

By: Debra A. Cosens
Printed
Name: Debra A. Cosens
Title: Manager

FILED FOR RECORD
at 4:05 o'clock P.M.

JUL 30 2003

JANNETT PIEPER
Clerk, County Court, Kerr County, Texas
Jannett Pieper Deputy
39-5-1

GF 22636

THE STATE OF TEXAS §

COUNTY OF KENDALL §

This instrument was acknowledged before me on this the 28 day of July, 2003,
by DALE CRENNELGE, MANAGER of
DANCING HILL, L.L.C., a Limited Liability Company, General Partner of THE RESERVE AT
FALLING WATER, LTD., a Texas Limited Partnership, on behalf of said entity.



Michael D. Lang
Notary Public, State of Texas

HOMEOWNERS' ASSOCIATION - BY-LAWS

ARTICLE I.

The name of this incorporated non-profit corporation shall be the "THE RESERVE AT FALLING WATER PROPERTY OWNERS' ASSOCIATION, INC.", hereinafter called "Association".

ARTICLE II.

DEFINITIONS

Section 1. "Association" shall mean and refer to The Reserve at Falling Water Property Owners' Association, Inc. (a Texas non-profit corporation), its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding 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 described as The Reserve at Falling Water Subdivision, according to the plat of said Subdivision as recorded in Volume 7, page 215 of the Plat Records of Kerr County, Texas, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) leased, owned or maintained by the Association for the common use and enjoyment of the owners. By way of illustration, common Area may include, but not necessarily be limited to, the following: private streets, signs, street medians, entry gates, landscaping, lighting, entrance signs, walls, bridges, and other similar or appurtenant improvements.

Section 5. "Lot" shall mean and refer to any plot of land shown upon a recorded Subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to THE RESERVE AT FALLING WATER LTD., its successors and assigns, if such successors or assigns should acquire all of the undeveloped and unsold lots or acreage from the Declarant for the purpose of development.

Section 7. "Member" shall mean and refer to all those Owners who are members of the Association as provided for below.

Section 8. "Subdivision Plat" shall mean and refer to the map(s) or plat(s) of portions of the Properties in the Real Property Records of Kendall and Kerr Counties, Texas.

Section 9. "Improvement" or "Improvements" shall mean or refer to all structures or other improvements to any portion of the Property, whether above or below grade, including, but not limited to, buildings, recreation area, utility installations, storage, loading and parking facilities, walkways, driveways, landscaping, signs, site lighting, side grading, and any exterior additions including any changes or alterations thereto.

Section 10. "Dwelling" shall mean and refer to any building or portion of a building situated upon the Property which is designed and intended for use and occupancy as a residence by a single person, a couple, a family, or a permitted family size group of persons.

Section 11. "Committee" shall mean the Architectural Control Committee as referred to in Article VI, Section 2 of the Declaration of Covenants, Conditions, and Restrictions of the Reserve at Falling Water Subdivision.

ARTICLE III.

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to own, maintain, and govern the common areas and common property and to promote the health, safety and welfare of the members within the Reserve at Falling Water Subdivision and any additions thereto as may hereafter be brought within the jurisdiction of this association, and for this purpose to:

- a. Exercise all the powers and privileges and to perform all of the duties and obligations of the members of the association as set forth in that certain Declaration of Covenants, Restrictions, and Maintenance Agreements, hereinafter called "the Declaration" applicable to the property and recorded at Volume 1271, Page 725 of the Official Public Records of Real Property Records of Kerr County, Texas, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;
- b. Fix, levy and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration and all assessments and charges made by the Association in furtherance of the purposes of the Association; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association; and
- c. To have and exercise any and all powers, rights, privileges, which the Association may hereafter adopt and approve.

ARTICLE IV.

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any tract which is a part of the property shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any tract which is subject to assessment under the terms of the Declaration.

ARTICLE V.

VOTING RIGHTS

The Association shall have two classes of voting membership.

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

Class B: Class B Members shall be those individuals or entities who are herein defined as Declarant, and for each Lot owned they shall be entitled to three votes on each matter coming before the Members at any meeting or otherwise. Once a Lot is sold to an individual or individuals who would be classified as Class A members, the three votes attached to that Lot shall be extinguished.

ARTICLE VI.

BOARD OF DIRECTORS

Section 1. Number. The affairs of this Association shall be managed by a Board of up to five (5) Directors who need not be members of the Association. The number of Directors may be changed by an amendment of the Bylaws of the Association. Names and addresses of the persons who are to act in the capacity of Directors until the election of their successors are:

Name:

Address:

Dale A. Crenwelge

527 Hwy. 27
Comfort, Texas 78013

Abbie Crenwelge

527 Hwy. 27
Comfort, Texas 78013

Carroll J. Bryla

105 West San Antonio Street
Fredericksburg, Texas 78624

Section 2. Term of Office. At the first annual meeting the members shall elect one (1) Director for a term of one (1) year, one (1) Director for a term of two (2) years, and one (1) Director for a term of three (3) years; and at each annual meeting thereafter the members shall elect one (1) Director for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VII.

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more individuals. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII.

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held semi annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE IX.

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of the commencement of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 5:00 o'clock P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president or by the Board of Directors, or upon written request of the members who are entitled to vote 51% of all of the votes of the Association.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, 51% of the votes of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these

Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot.

ARTICLE X.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- a. Adopt and publish rules and regulations governing the use of the common area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- b. Suspend the voting rights and right to use of any facilities owned or operated by the Association by a member during any period in which such member shall be in default of the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- c. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- d. Employ a manager, independent contractors, or such other employees as they may deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- a. Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting which such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;
- b. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- c. As more fully provided in the Declaration, to:
 - (1) fix the amount of the annual assessment against each tract at least thirty

- (30) days in advance of each annual assessment period;
- (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;
- (3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;
- d. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- e. Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- f. Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
- g. Cause the common area to be maintained; and
- h. To perform such other acts as are delegated to the Association or which are authorized by not less than ninety percent (90%) of the total votes of the members of the Association.

ARTICLE XI.

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members. The initial officers of the Association shall be as follows:

<u>Office</u>	<u>Name</u>
President	Dale A. Crenwelge
Vice President	Abbie Crenwelge
Secretary/Treasurer	Dale A. Crenwelge

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of president, secretary and treasurer may be held by the same person. No other person shall simultaneously hold more than one of the offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The Duties of the officers shall be those which are customarily bestowed upon the respective office.

Section 9. Committees. The Association shall appoint and nominate a committee as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

Section 10. Records. The books, records, and papers of the Association shall at all times, within reasonable business hours, be subject to inspection and copying by members. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by members at the principal offices of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII.

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual assessments. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the highest rate provided by law, or

if there is no such highest rate, then at 10% per annum, and the Association may bring an action at law against the owner personally obligated to pay the same, and interest, costs, and reasonable attorney's fees of any action which shall be added to the amount of such assessment and in addition may request the court to judicially foreclose the lien upon owner's property.

ARTICLE XIII.

DISSOLUTION

The Association may dissolve with the assent given in writing and signed by not less than seventy-five percent (75%) of each class of members. Upon dissolution of the Association, the assets of the Association will be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. If no such organization exists, the assets shall be distributed for one or more exempt purposes within the meaning of Section 501C(3) of the Internal Revenue Code, or corresponding section of any future Federal Tax Code, or shall be distributed to the federal, state or local government for a public purpose.

ARTICLE XIV.

DURATION


This Association shall exist perpetually.

ARTICLE XV.

AMENDMENT

Amendment of these Articles shall require the assent of two-thirds (2/3) of the voting membership of the Association.

EXECUTED this the 23rd day of July, 2003.


Secretary

FILED
In the Office of the
Secretary of State of Texas

MAY 19 2003

Corporations Section

ARTICLES OF INCORPORATION
OF
THE RESERVE AT FALLING WATER
PROPERTY OWNERS' ASSOCIATION, INC.

I, the undersigned natural person, DALE A. CRENWELGE, of the age of eighteen (18) years or more, a resident of the State of Texas, residing at 527 Highway 27, Comfort, Texas 78013, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following as Articles of Incorporation for such:

ARTICLE I.

The name of the corporation is THE RESERVE AT FALLING WATER PROPERTY OWNER'S ASSOCIATION, INC. hereafter called the Association. The Corporation is a nonprofit corporation.

ARTICLE II.

The principal office of the Association is located at 527 Highway 27, Comfort, Texas 78013.

ARTICLE III.
and registered office

C.J.B.
A.A. DALE A. CRENWELGE, whose address is 527 Highway 27, Comfort, Texas 78013, is hereby appointed the initial registered agent of the Association.

ARTICLE IV.

PURPOSES AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide the maintenance, preservation and architectural control of the common areas within that certain tract known as the Reserve at

Falling Water Subdivision, according to plat thereof filed for record in the Map or Plat Records of Kerr County, Texas, and to promote health, safety and welfare of the residents within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association, and for the purpose to :

A. Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain declaration applicable to the property and recorded or to be recorded in the office of the County Clerk of Kerr County, Texas, and as the same may be amended from time to time as therein provided, said declaration being incorporated herein as if set forth at length;

B. Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the declaration and By-laws; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

C. Acquire (by gift, purchase or otherwise) own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or dispose of real or personal property in connection with the affairs of the Association;

D. Borrow money, and with the consent of two-thirds (2/3) of the votes of its membership, mortgage, pledge, Deed in Trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

E. Dedicate, sell, 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 has been signed by two-thirds (2/3) of the votes of its membership, agreeing to such dedication, sale or transfer;

F. Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger consolidation or annexation shall have the assent of two-thirds (2/3) of the votes of the membership;

G. Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of

Texas by law may now or hereafter have or exercise.

ARTICLE V.

MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association, including Contract Sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

ARTICLE VI.

VOTING RIGHTS

The Association shall have two (2) classes of voting membership:

Class A members shall be all owners of lots with the exception of the Declarant and shall be entitled to one vote for each lot owned. When more than one person holds an interest in a lot, all such persons shall be members. 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 one lot.

Class B members shall be those individuals or entities who are herein defined as Declarant, and for each lot owned they shall be entitled to three votes on each matter coming before the Members at any meeting or otherwise. Once a lot is sold to an individual or individuals who would be classified as Class A members, the three votes attached to that lot shall be extinguished.

ARTICLE VII.

BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of up to five (5) Directors who need not be members of the Association. The number of directors may be changed by approval of 2/3 of the votes of the membership, but may not be decreased to fewer than two.

The members of the initial board of directors, or their successors, shall serve until January 1, 2004. In case of the resignation, death, or failure, incapacity, or refusal to serve of any of the said initial directors prior to said time, the remaining directors may appoint a substitute director or directors to serve the remainder of said period.

The judgment of the directors, whether the directors are the initial directors or substitute directors, in the expenditure of funds of this corporation shall be final and conclusive, so long as such judgment is exercised in good faith. A director is not liable to the Corporation or members for monetary damages for an act or omission in the director's capacity as director except as otherwise provided by a Texas statute. The Corporation may indemnify a person who was, is, or is threatened to be made a named defendant or respondent in litigation or other proceedings because the person is or was a director or other person related to the Corporation regardless of the provisions of the Texas Non-Profit Corporation Act governing indemnification.

C.J.B.
A.A.
The names of the initial directors and their addresses are DALE A. CRENWELGE, 527 Highway 27, Comfort, Texas 78013 and ABBIE CRENWELGE, 527 Highway 27, Comfort, Texas 78013. and Carroll J. Bryla, 105 W. San Antonio Street, Fredricksburg, TEXAS 78624

ARTICLE VIII.

DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than seventy-five percent (75%) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, all of its assets will be distributed to the State of Texas or an organization exempt from taxes under Internal

Revenue Code Section 501(c) (3) for one or more purposes exempt under the Texas franchise tax.

ARTICLE IX.

DURATION

This corporation shall exist perpetually.

ARTICLE X.

AMENDMENTS

Amendments of these Articles shall require the assent of two-thirds (2/3) of the voting membership of the Association.

ARTICLE XI.

LIABILITIES

The highest amount of indebtedness or liability, direct or contingent, to which the Association may be subject at any one time shall not exceed \$1,000,000.00 while there is a class B membership, and thereafter shall not exceed one hundred fifty percent (150%) of its income for the previous fiscal year, provided that additional amounts may be authorized by seventy-five percent (75%) of the entire membership.

ARTICLE XII.

ANNEXATION OF ADDITIONAL PROPERTIES

The Association may, at any time, incorporate additional residential properties and Common Areas to the properties described in Article IV., and so add to its membership under the provisions of Article v., provided that any such annexation shall have the assent of two-thirds (2/3) of the voting membership of the Association.

ARTICLE XIII.

MERGERS AND CONSOLIDATIONS\

To the extent permitted, the Association may participate in mergers and consolidations with other non-profit corporations or associations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the voting membership of the Association.

ARTICLE XIV.

AUTHORITY TO MORTGAGE

Any mortgage by the Association of the Common Area defined in this Declaration shall have the assent of two-thirds (2/3) of the entire voting membership of the Association.

ARTICLE XV.

AUTHORITY TO DEDICATE

The Association shall have the power to dedicate, sell 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 nor transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of the voting membership of the Association, agreeing to such dedication, sale, or transfer. In the event a proposed dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes and uses that would most nearly reflect the purposes and uses to which they were required to be devoted by the Association.

ARTICLE XVI.

MEETINGS FOR ACTIONS GOVERNED BY ARTICLES X THROUGH XV

In order to take action under Articles X. through XV., there must be a duly held meeting. Written notice, setting forth the purpose of the meeting shall be given to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The percent of members or of proxies entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above, and the required quorum as such subsequent meeting shall be one-half (1/2) of the quorum of the preceding meeting devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association.

In witness whereof, for the purpose of forming this corporation under the laws of the State of Texas, I, the undersigned, constituting the incorporator of this Association, have executed these Articles of Incorporation this 14th day of May, 2003

C.J.B.
A.A.

Dale A. Crenwelge
DALE A. CRENWELGE, Incorporator
527 Highway 27
Comfort, Texas 78013

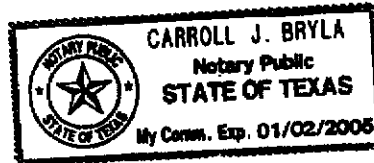
THE STATE OF TEXAS §

COUNTY OF GILLESPIE §

I, CARROLL J. BRYLA, Notary Public, do hereby certify that on this 14th day of MAY, 2003, personally appeared before me, DALE A. CRENWLEGE, being by me first duly sworn, declared that he is the person who signed the foregoing document as incorporator, and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

Carroll J. Bryla
Notary Public, State of Texas



RECORD Real Property
VOL 1287 PG 646
RECORDING DATE

JUL 31 2003



Janet Pieper
COUNTY CLERK, KERR COUNTY, TEXAS

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

JUL 31 2003



Janet Pieper
COUNTY CLERK, KERR COUNTY, TEXAS

FILED BY AND RETURN TO:

KERR COUNTY ABSTRACT & TITLE CO.
303 Earl Garrett Street
Kerrville, Texas 78028

RECORDER'S NOTE
AT TIME OF RECORDATION INSTRUMENT FOUND
TO BE INADEQUATE FOR BEST PHOTOGRAPHIC
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Kerr

23561

05384

THE RESERVE AT FALLING
WATER, LTD.

TO

THE PUBLIC

SECOND AMENDMENT OF DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF THE RESERVE AT
FALLING WATER SUBDIVISION

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTIES OF KERR AND
KENDALL

§

WHEREAS, THE RESERVE AT FALLING WATER SUBDIVISION (hereinafter referred to as "the Subdivision") is described in the map or plat of said subdivision as recorded in Volume 7, Page 215, of the Plat Records of Kerr County, Texas, and Volume 4, Pages 201-203 of the Plat Records of Kendall County, Texas; and

WHEREAS the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER SUBDIVISION (herein "Declaration"), is recorded at Volume 1271, Page 725, of the Official Public Records of Real Property of Kerr County, Texas, and at Volume 826, Page 493 of the Official Records of Kendall County, Texas; and

WHEREAS, the FIRST AMENDMENT OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER (herein "FIRST AMENDMENT"), is recorded at Volume 1287, Page 639 of the Official Public Records of Real Property of Kerr County, Texas; and

WHEREAS, THE RESERVE AT FALLING WATER, LTD. is the Declarant as defined in the Declaration; and

WHEREAS, pursuant to ARTICLE XXVII, AMENDMENT, of the Declarations, Declarant has reserved to itself, in Declarant's sole discretion without any joinder or consent of any other party, the right to amend the Declaration for the purpose of correcting any error, ambiguity, or inconsistency appearing therein, or for any other reason whatsoever deemed necessary for the benefit of the overall development as determined by the Declarant, in its sole discretion. Declarant determines that the Amendments contained herein, are necessary to correct errors, ambiguities, or inconsistencies or for the benefit of the overall development of the subdivision;

NOW, THEREFORE, the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER SUBDIVISION are amended as follows:

AMENDMENT NO. 1

Article II, USE OF RESIDENTIAL PROPERTY, shall be amended to add the following paragraph (E) which shall be enforceable as a part of the Declaration, as follows:

(E) No residence shall be constructed upon Lots 7W, 8W, 9W, or 24E unless 80% of the Owners of lots in the Subdivision have approved the construction of a residence upon the lot. Approval shall be evidenced by a instrument in writing recorded in the Official Public Records of Kerr and Kendall Counties, Texas.

AMENDMENT NO. 2

The FIRST AMENDMENT recorded at Volume 1287, Page 639 of the Official Public Records of Real Property of Kerr County, Texas, by error or mistake deleted in its entirety Article V, THE RESERVE AT FALLING WATER OWNERS ASSOCIATION AND COVENANTS FOR MAINTENANCE ASSESSMENTS, and partially amended the Declaration

by the addition and insertion of a new Section 2. Turnover. To correct the error or mistake this Amendment deletes in its entirety AMENDMENT NO. 2 of the FIRST AMENDMENT and in substitution therefore, the following shall be added and become enforceable as Article V. THE RESERVE AT FALLING WATER OWNER'S ASSOCIATION AND COVENANTS FOR MAINTENANCE ASSESSMENTS:

Section 1. Membership and Voting. Declarant shall take all steps necessary to create the Association to which Association the Declarant may assign or delegate on a permanent or temporary basis one or more of the rights, powers, obligations and duties of the Declarant under these restrictions. Every Owner of a Lot within the Properties shall be a member of the Association.

The Association shall have two classes of voting membership.

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

Class B: Class B Members shall be those individuals or entities who are herein defined as Declarant, and for each Lot owned they shall be entitled to three votes on each matter coming before the Members at any meeting or otherwise. Once a Lot is sold to an individual or individuals who would be classified as Class A members, the three votes attached to that Lot shall be extinguished.

Section 2. Turnover. At any time after commencement of operations of the Association, at Declarant's sole discretion, the property owners may be required to take over the management of the Association and relieve Declarant of all duties associated therewith. Upon such "Turnover" by the Declarant, the property owners within the Subdivision will be required to choose their own Board of Directors to represent them and to manage the Association in accordance with the terms and conditions of these restrictions and to establish any and all bylaws, procedures and other management devices by which the Association shall operate. Any Board Members/Directors need not be members of the Association.

Notwithstanding anything to the contrary, until such "Turnover" has taken place, the management of the Association shall be by Declarant and its staff, and any expenses incurred in such management shall be reimbursed to Declarant by the Association. Said reimbursable

expenses shall include the cost of Declarant's staff for the time spent in the management thereof of this Association. From and after the time of such turnover, the Association shall indemnify and hold Declarant, its officers and partners, harmless from and against any and all claims or damages of every kind, arising out of the development and operations of the Properties or the Association.

Notwithstanding the foregoing, the Declarant shall "turnover" the common areas to the Association not later than one year after completion of construction thereof and the acceptance by the governmental entity having jurisdiction over the same. Until such time as the turnover occurs, Developer shall have the sole responsibility for the upkeep, construction, supervision, and maintenance of the common areas. Developer shall obtain casualty and/or general liability insurance policies for the common areas until such time as "turnover" occurs.

Section 3. Personal Obligation and Lien Rights Associated with Collection of Dues and Assessments. Each lot owner, by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to agree to pay to the Association regular annual assessments and all other Association dues, fees, fines, assessments or charges of any kind, including special assessments for capital improvements, which may be established and collected as hereinafter provided.

(a) 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, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall pass to any successors or assigns in title.

Section 4. Purpose of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents and/or owners of the Properties and for the improvement and maintenance of the Common Area. These expenses may include, but shall not necessarily be limited to, payment of taxes and insurance, construction, repair or replacement of streets, security gates and entry, and other improvements to the Common Area, cost of trash and debris clean-up, street and lot cleaning, cost of professional or other outside services, and labor, equipment, materials, outside management and supervision necessary to carry out its authorized functions. Additionally, any other expenses which, in Declarant's sole discretion, are deemed necessary to uphold the Subdivision's property values and/or are for the overall betterment of the development and its appearance, shall be the responsibility of the Association and shall be paid out of assessments including, but not necessarily limited to, cost of security, lot cleaning, general maintenance and road cleaning.

Section 5. Initial Annual Assessment. Until adjusted pursuant to the terms as noted in this document, the maximum Annual Assessments shall be initially as follows:

- * Class A: \$ 480.00 per individual lot (except Lot 25 which shall be 5/8 of the Class "A" assessment);
- * Class B: \$ 25.00 per individual lot prior to "Turnover" and \$200.00 per each

individual lot after "Turnover."

(a) From and after January 1 of the calendar year immediately following the conveyance of the first lot to an owner, the maximum Class A annual assessment may be increased each year by the Board of Directors by not more than 15% above the maximum assessment for the previous year without a vote of membership.

(b) From and after January 1 of the calendar year immediately following the conveyance of the first lot to an owner, the maximum Class A annual assessment may be increased above 15% by a vote of two-thirds (2/3) 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 Directors may fix the annual assessment at an amount not in excess of the maximum.

(d) In no event will Class B assessments stated above be altered or adjusted.

Section 6. Special Assessments. In addition to the annual assessments authorized above, the Board of Directors of the Association may levy a special assessment for the purpose of defraying the cost of any construction, reconstruction, repair or replacement of a capital improvement upon or which is a part of the Common Area, including fixtures and personal property related thereto, or for carrying out other purposes of the Association as stated herein or in the Articles of the Association.

Section 7. Notice and Quorum for any Action Authorized Under Section 5 and 6. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 or 6 above shall be sent to all members not less than 30 days nor more than 60 days in advance of any meeting. At the first such meeting called, the presence of members or proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called by the same notice requirement, 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 60 days following the preceding meeting.

Section 8. Uniform Rate of Assessment. Any and all dues of the Association or special assessments must be fixed at a uniform rate for all lots owned by Class A Members and at a uniform rate for all lots owned by Class B Members, and may be collected on a monthly basis in lieu of annually by a majority vote of the Board of Directors, or by the Declarant. In these restrictions pertaining to the association dues or special assessments, it shall be construed to mean monthly whenever the above event occurs.

Section 9. Date of Commencement of The Annual Assessments. The annual assessments for any particular lot, by the Owners' Association provided for herein shall not

commence until January 1, 2004.

(a) For billing purposes, the annual assessment period will be the 1st day of each January and shall commence as to each portion of the property on the first day of the month following the time of commencement, as noted above, and shall be prorated according to the appropriate membership class during the assessment period. All dues are payable in advance at the closing (or by billing if Lot already sold) up to the time of the next future billing. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto.

(b) 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. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

(c) Notwithstanding any other terms or conditions set forth in these restrictions, any expenses which are incurred by Declarant prior to the establishment of the Association, or prior to sufficient income being received from assessment billings, and which would normally be the responsibility of the Association, shall be reimbursed to Declarant from proceeds of the Association as funds become available from dues and assessments, but, in any case not later than 1 year after the time of establishment of the Association and/or the expense was incurred.

Section 10. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest legal rate permitted by law to be charged the non-paying Owner, and in addition thereto, for each thirty day period thereafter for which the assessment shall remain unpaid, there shall be charged a monthly fee of \$20.00 per month. The Owners' Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien again such Owners' Lot. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 11. Subordination of the Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of the Lot pursuant to a mortgage foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Exempt Property. All Common Areas and other portions of the Properties, if any, which are dedicated to public authorities shall be exempt from Assessment.

Section 13. Option to Cure. Declarant, or the Association, has the option, but not the obligation to perform any action required of any owner by these restrictions. In the event that

Declarant or the Association elects to do so, all sums incurred by the Declarant or the Association in performing the required action shall be charged against the owner and if not paid within thirty (30) days after it is due said sums shall bear interest at the highest legal rate permitted by law to be charged the owner and shall be secured by a lien (the same as if said sums were due and/or assessments) on all Lots(s) owned by said owner. The Declarant or the Association may bring an action at law against the Owner of the lot subject to the assessment for payment thereof and/or bring an action to foreclose the lien which secures the assessment.

The amendment herein shall be effective from and after the date that they are duly filed in the Official Public Records-Real Property of Kerr County, Texas, and the Official Public Records of Kendall County, Texas.

The amendment herein and restrictions created hereby shall be burdens running with the land and be enforceable by and against the undersigned, its heirs, successors and assigns, and all other owners of property in the Subdivision.

In all other respects, the provisions of THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER SUBDIVISION and FIRST AMENDMENT as amended shall continue in full force and effect as written without change.

EXECUTED this the 4 day of June, 2004.

THE RESERVE AT FALLING WATER,
LTD., a Texas Limited Partnership

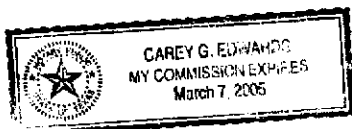
BY: DANCING HILL, L.L.C., A
Limited Liability Company, its
General Partner

By: Dale A. Crenwelge
DALE A. CRENWELGE,
President

THE STATE OF TEXAS §

COUNTY OF KENDALL §

This instrument was acknowledged before me on this the 4 day of June, 2004, by DALE A. CRENWELGE, President of DANCING HILL, L.L.C., a Limited Liability Company, General Partner of THE RESERVE AT FALLING WATER, LTD., a Texas Limited Partnership, on behalf of said entity.



Carey G. Edwards
Notary Public, State of Texas

FILED BY: KERR COUNTY
ABSTRACT & TITLE CO.

OF # 24060

Return to:
Dale Crenwedge
P.O. Box 37
Comfort, TX
78013

FILED FOR RECORD
at...3:57... o'clock... P...M

JUN 08 2004

JANNETT PIEPER
Kerr County Court, Kerr County, Texas
Cheryl 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 the 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

JUN 09 2004



Janet Pieper
COUNTY CLERK, KERR COUNTY, TEXAS

RECORD *Real Property*
VOL. 1361 PG 384
RECORDING DATE

JUN 09 2004



Janet Pieper
COUNTY CLERK, KERR COUNTY, TEXAS

C:\B\mk\REAL ESTATE\restrictions

12 - 7774

THE RESERVE AT FALLING
WATER, LTD.

TO

THE PUBLIC

AMENDMENT OF DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF THE RESERVE AT
FALLING WATER SUBDIVISION - 2012

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTIES OF KERR AND
KENDALL

§

WHEREAS, THE RESERVE AT FALLING WATER SUBDIVISION (hereinafter referred to as "the Subdivision") is described in the map or plat of said subdivision as recorded in Volume 7, Pages 215-217, of the Plat Records of Kerr County, Texas, and Volume 4, Pages 201-203 of the Plat Records of Kendall County, Texas; and

WHEREAS the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER SUBDIVISION (herein "Declaration"), is recorded at Volume 1271, Page 725, of the Official Public Records of Real Property of Kerr County, Texas, and at Volume 826, Page 493 of the Official Records of Kendall County, Texas; and

WHEREAS, pursuant to ARTICLE XXVII, AMENDMENT, of the Declaration, the Owners of lots within the Subdivision have the right to amend the Declaration, by filing an instrument containing such amendment, along with proof of the required consent, in the offices of the County Clerks of Kendall and Kerr Counties, Texas. Pursuant to Section 209.0041 of the Texas Property Code the required percentage of Owners consenting to the amendment is 67%.

C:\b\real\REAL ESTATE\restrictions

NOW, THEREFORE, the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER SUBDIVISION is amended as follows:

AMENDMENT

Article V. THE RESERVE AT FALLING WATER OWNER'S ASSOCIATION AND COVENANTS FOR MAINTENANCE ASSESSMENTS, shall be amended to add the following

Section 14 which shall be enforceable as a part of the Declaration, as follows:

Section 14. Re-Subdivision, Consolidation or Modification of a Lot. For purposes of imposition of annual and/or special assessments, a lot shall be defined as a plot of land shown upon the recorded Subdivision Map of the Reserve at Falling Water Subdivision recorded in Volume 4, Pages 201-203, Plat Records of Kendall County, Texas and as recorded in Volume 7, Pages 215-217, Plat Records of Kerr County, Texas ("original platted lots") unless the imposition of annual and/or special assessment is modified as provided herein:

1. If two or more of the original platted lots have been consolidated and replatted, the resultant consolidated lot shall be subject to an assessment equal to that which would have been imposed upon the original platted lots;
2. In the event an original platted lot is re-subdivided into two or more lots, each of the re-subdivided lots shall be subject to an assessment for each subdivided lot as if it were an original platted lot;
3. In the event original platted lots are modified or revised and after such modification or revision the resultant lots are equal in number to the number of lots as originally platted, each revised or modified lot shall be subject to a single assessment.
4. Notwithstanding the foregoing, the following original platted lots shall be subject to the imposition of annual and special assessments as is herein provided. Original platted Lots 6 and 7, now Lot 6R, shall be subject to a single assessment; original platted Lot 8, now platted as Lot 8E and 8W shall be subject to a single assessment; original platted Lots 21 and 22, now platted as Lot 21A, shall be subject to a single assessment.

CJB/mw/REAL ESTATE/restrictions

The amendment herein shall be effective from and after the date that it is duly filed in the Official Public Records-Real Property of Kerr County, Texas, and the Official Public Records of Kendall County, Texas.

The amendment herein and restrictions created hereby shall be burdens running with the land and be enforceable by and against all owners, their heirs, successors and assigns.

In all other respects, the provisions of THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RESERVE AT FALLING WATER SUBDIVISION as amended shall continue in full force and effect as written without change.

The undersigned President of The Reserve at Falling Water Property Owners' Association, Inc. certifies that written consent of more than 67% of the Owners of legal title to the lots within the subdivision have consented and approved this amendment. Original consents by Owners are maintained in the business records of the Association.

EXECUTED this the 10th day of December, 2012.

THE RESERVE AT FALLING WATER
PROPERTY OWNERS' ASSOCIATION,
INC.

By: Rhonda Bayless
Printed Name RHONDA BAYLESS
President

Attest:

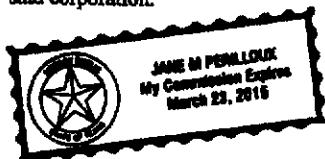
[Signature]
Printed Name [Signature]
Secretary

CJB/kk/REAL ESTATE/restrictions

THE STATE OF TEXAS §

COUNTY OF Kendall §

This instrument was acknowledged before me on this the 10th day of December, 2012, by Rhonda Bayless President of THE RESERVE AT FALLING PROPERTY OWNERS' ASSOCIATION, INC., a Texas corporation, on behalf of said corporation.




Notary Public, State of Texas

FILED BY AND RETURNED TO:

RHONDA BAYLESS
202 PAINTED SKY
COMFORT TX 78013

FILED AND RETURNED
At 4:20 o'clock P.M.
STATE OF TEXAS
COUNTY OF KERR



DEC 10 2012

certify that the instrument was filed in the file numbered
and on the date and time stamped hereon by me and was duly
recorded in the Official Public Records of Kerr County Texas.
August Pinner, Kerr County Clerk

Chad Keller Date: BD

13-06286

DALE A. CRENWELGE

TO

PUBLIC

THE STATE OF TEXAS

AFFIDAVIT

COUNTY OF GILLESPIE

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

BEFORE ME, the undersigned authority, on this day personally appeared Dale A. Crenwelge, Affiant, known to me to be the person who subscribed his name below, who, after having first been duly sworn by me, on oath swears that the following statements are true:

That he knows of his own personal knowledge that the turnover of authority from The Reserve at Falling Water, Ltd., the Declarant, to The Reserve at Falling Water Property Owner's Association, Inc. in accordance with the provisions in the Declaration of Covenants, Conditions and Restrictions of the Reserve at Falling Water Subdivision, was subsequent to the execution and delivery of that certain Easement Agreement for Access from said Falling Water, Ltd. to R. Scott Ulrich and Diane J. Farnsworth dated July 27, 2006 and recorded in Volume 1546 page 223 et seq Official Public Records of Kerr County, Texas.

EXECUTED this 19th day of August, 2013.

Dale A. Crenwelge
Dale A. Crenwelge

SUBSCRIBED AND SWORN TO before me by the said Dale A. Crenwelge, this 19th day of August, 2013, to certify which witness my hand and seal of office.

PAT FINNEGAN MCGOWAN
Notary Public in and for
the State of Texas



THE STATE OF TEXAS §

COUNTY OF GILLESPIE §

This instrument was acknowledged before me on this the 19th day of August, 2013, by Dale A. Crenwelge.

PAT FINNEGAN MCGOWAN
Notary Public in and for
the State of Texas

Stamped or printed name of notary

FILED BY AND RETURN TO:
34610
KERR COUNTY ABSTRACT & TITLE CO.
712 Earl Garrett Street
Kerrville, Texas 78028



