

## KEY STONE SECTION 3

### RESTRICTIONS

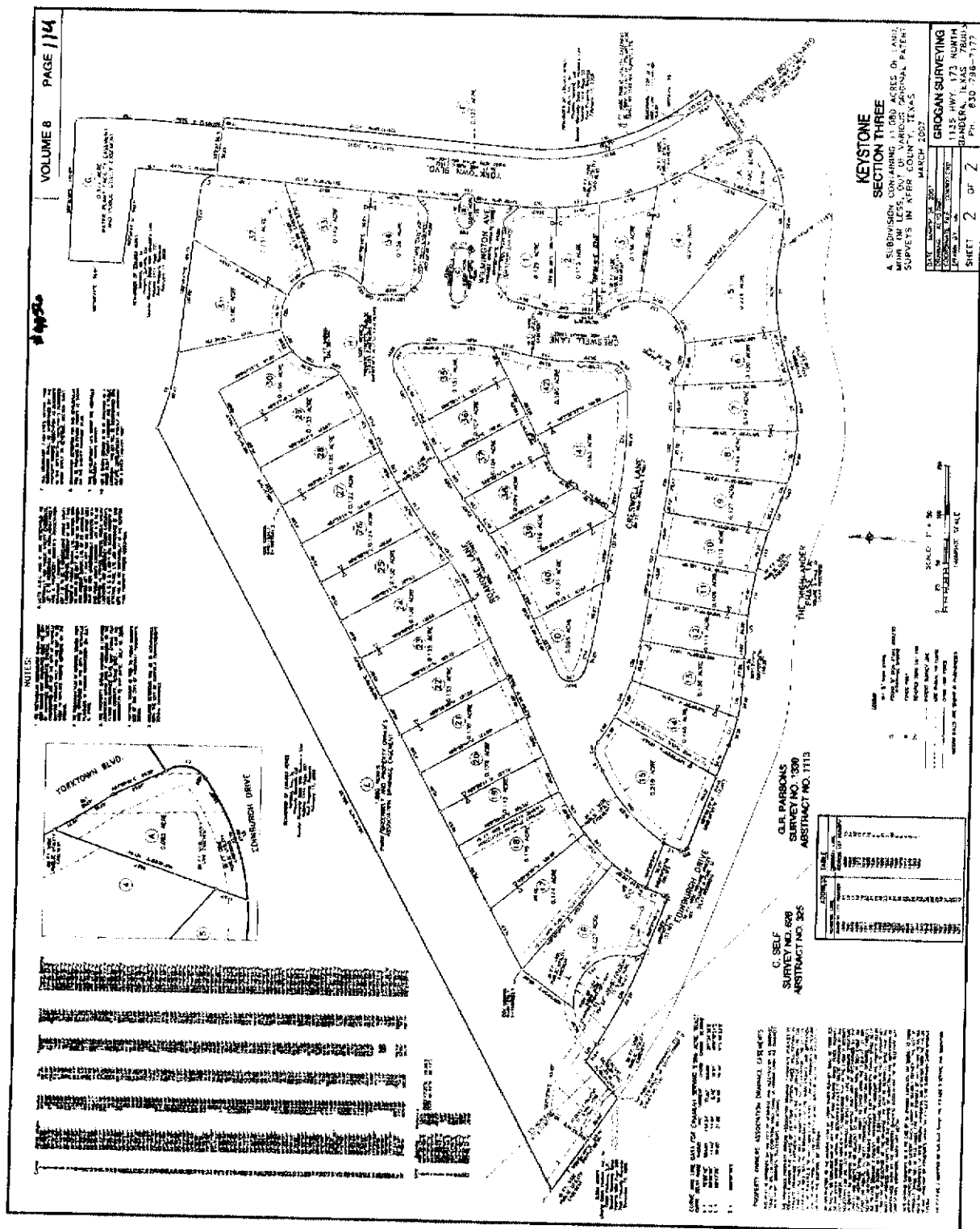
Volume 8, Pages 113-114, Plat Records of Kerr County, Texas; Volume 1761, Page 812, and Volume 1767, Page 539; Volume 1767, Page 541, and Volume 1767, Page 543, Official Public Records of Kerr County, Texas, BUT OMITTING ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

### OTHER EXCEPTIONS

- Easement dated August 22, 1927 to Texas Power and Light Company, recorded in Volume 47, Page 560, Deed Records of Kerr County, Texas.
- Easement dated October 1, 1930 to Texas Power & Light Company, recorded in Volume 52, Page 555, Deed Records of Kerr County, Texas.
- Easement dated February 11, 1965 to L.C.R.A., recorded in Volume 4, Page 183, Easement Records of Kerr County, Texas.
- Easement dated December 6, 1965 to L.C.R.A., recorded in Volume 4, Page 262, Easement Records of Kerr County, Texas.
- Easement dated May 12, 1966 to L.C.R.A., recorded in Volume 4, Page 297, Easement Records of Kerr County, Texas.
- Easement and Right of Way dated September 26, 1975 to L.C.R.A., recorded in Volume 8, Page 596, Easement Records of Kerr County, Texas.
- Easement reserved in Warranty Deed dated January 14, 1976, to Hill Country Cablevision, Inc., recorded in Volume 184, Page 719, Deed Records of Kerr County, Texas.
- Easements as per the Plat recorded in Volume 8, Pages 113-114, Plat Records of Kerr County, Texas.
- Easement Agreement effective August 30, 2007, recorded in Volume 1640, Page 163, Official Public Records of Kerr County, Texas.
- City of Kerrville, Texas Ordinance No. 2006-15 passed and approved on first reading the 22nd day of August, 2006, and recorded in Volume 1693, Page 82, Official Public Records of Kerr County, Texas.
- Annual assessments and/or current maintenance charges as set forth in instruments recorded in Volume 1761, Page 812, Official Public Records of Kerr County, Texas.
- Easement as per the Restrictions recorded in Volume 1761, Page 812, Official Public Records of Kerr County, Texas.

- Bylaws of Keystone Section Three Property Owners Association filed on December 15, 2014 under File No. 14-07668, Official Public Records of Kerr County, Texas.
- Keystone Section Three Property Owners Association Schedule of Charges for Providing Copies of Public Information filed on April 7, 2015 under File No. 15-02118, Official Public Records of Kerr County, Texas.
- Keystone Section Three Property Owners Association Alternative Payment Plan for Past due Payments filed on April 7, 2015 under File No. 15-02119, Official Public Records of Kerr County, Texas.
- Keystone Section Three Property Owners Association "Property Owners Association Management Certificate" filed on January 11, 2016 under File No. 16-00142, Official Public Records of Kerr County, Texas.
- Keystone Section Three Property Owners Association "Property Owners Association Management Certificate" filed on February 21, 2017 under File No. 17-01271, 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'S POLICY ONLY)
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**DECLARATION OF RESTRICTIONS, COVENANTS & CONDITIONS OF  
KEYSTONE SECTION THREE  
SUBDIVISION IN KERR COUNTY, TEXAS**

WHEREAS, KEYSTONE PLACE, LTD., a Texas limited partnership, ("Keystone Place"), herein called "Developer" or "Declarant" is the record owner of all of the land shown and described on that certain map designated as KEYSTONE SECTION THREE in Kerr County, Texas, according to the map or plat filed of record in Volume 8, Page 113 of the Plat Records of Kerr County, Texas, on the 5th day of December, 2008, to which reference is hereby made for all purposes.

WHEREAS, the restrictions, covenants, and conditions are established for the purposes of creating and carrying out a uniform plan for the improvement, development and sale of KEYSTONE SECTION THREE.

NOW, THEREFORE, Developer does hereby declare the land described in the aforesaid map and plat of KEYSTONE SECTION THREE on file with the County Clerk of Kerr County, Texas, to which reference is hereby made for all purposes, is held and shall hereafter be held, sold, occupied, and conveyed subject to the following restrictions, covenants and conditions:

1. Purpose and Extent of Restrictions, Covenants and Conditions: These restrictions, covenants and conditions are established for the purpose set forth above and for the further purpose of preserving the value, attractiveness, and desirability and for the mutual benefit of the owners of same. These restrictions, covenants and conditions shall, as hereafter provided, be construed as covenants running with said land and binding upon the Developer, its successors, assigns and all owners and purchasers of said property, their heirs, successors, executors, administrators, and assigns, as provided herein.

2. Definitions. In construing these restrictions, covenants and conditions, the following words when used in this Declaration or any Supplemental or Amended Declaration shall have the following meanings:

a) "ACC" shall mean and refer to the Architectural Control Committee of the K3POA established pursuant to Paragraph 4 of the restrictions, covenants and conditions.

b) "Association" shall mean and refer to the Keystone Section Three Property Owners Association, its successors and assigns and is synonymous with K3POA.

c) "Board of Directors and Board" are synonymous and mean the Board of Directors of the K3POA, the election and procedures of which are set forth in the Certificate of Formation and Bylaws of the K3POA. The Board of Directors shall be the elected body having its normal meaning under the TNPCA, if and when established.

d) "Builder" shall mean any home builder, contractor, investor or other person or entity who purchases a Lot in KEYSTONE SECTION THREE for the purposes of resale thereof to a public purchaser, or for the purpose of constructing Improvements thereon for resale to a public purchaser.

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e) "Common Areas" means lots "A", "B", "C", "D", and "E" as shown on the recorded plat, all real and personal property leased, owned or maintained by the K3POA for the common use and benefit of the Members of the K3POA.

f) "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Keystone Property Owners Association and any amendment and/or supplements hereto.

g) "Declarant" or "Developer" shall mean and refer to KEYSTONE PLACE, LTD., its successors and assigns.

h) "Garden home" is defined as a residence having a zero Lot line on one side property line of a Lot with at least a 10 foot setback from the other side property line of said Lot.

i) "Governing Documents" means this Declaration and the certificate of formation, Bylaws, rules of the Association, and standards of the ACC, as amended.

j) "Improvements", shall include, but shall not be limited to the erection of any structure, including but not limited to additions to, alterations of, any buildings, detached buildings, storage buildings, tool sheds, kennels or other buildings for the care of animals, and greenhouses (all such detached buildings being hereinafter referred to as "outbuildings"); the erection of any fence; the erection of any satellite receiver and/or dish or other external apparatus designed to receive radio, television and/or other communication signals; the moving of any structure from another location to a Lot; the grading, scraping, excavation, or other rearranging of the surface of any Lot; the construction of any driveway, alleyway, walkway, entryway, patio or other similar item, and the alteration or replacement of any exterior surface, including the repainting of any painted surfaces and the painting of formerly unpainted surfaces.

k) "K3POA" means the Keystone Section Three Property Owners Association of Kerrville, Texas, a Texas non-profit corporation, its successors and assigns as provided for herein.

l) "Lawns" mean:

(1) **Approved lawns** means those Lots having lawns where the residential dwelling faces a street both back and front and said lawn is approved by the ACC.

(2) **Front lawn** means that part of the Lot that is listed as the official Kerr County Appraisal District registration address of the Lot and is with the front part of each Lot from the lawn border of the street or sidewalk, if one is present, to the front of the Living Unit or the setback line, whichever is greater. Any side lawn adjacent to a street shall be treated as a front lawn for the area extending from the lawn border of the street or sidewalk, if one is present, to the side of the Living Unit or the setback line, whichever is greater.

(3) **Back lawn** means that part of each Lot not defined as a front lawn or as an approved lawn in (1) or (2) above.

m) "Living Unit" means a Single Family Residence and its private garage, if any, situated on a Lot, and is synonymous with single family dwelling.

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n) "Lot" means any Lot shown or designated on the plat of land shown upon any recorded plat of the Properties but may be modified in areal extent by the recorded deed which shall prevail. Lot constitutes a wide range of entities and shall include but not be limited to:

(1) **Developed Lot** means a Lot with the street on which it faces, opened and improved and with utilities installed and ready to furnish utility service to such Lot.

(2) **Improved Lot** means, with respect to any residential use Lot in the Properties, a Lot on which one or more structures or buildings, intended for occupancy or use, have been substantially completed and to which structure(s) utility service has been connected and/or initiated.

(3) **Unimproved Lot** is any Developed Lot that has been platted, but on which no structures or buildings intended for occupancy or use have been erected.

(4) **Replatted Lot** means an unimproved or improved Lot that results from combining two adjacent Lots into one larger Lot that is shown on a plat, legally defined, and recorded in Plat Records of Kerr County, Texas and the plat of the Subdivision. If the Lot is improved, one (1) residential dwelling may exist on the Lot.

o) "Member" means all those Owners or entities who are members of the K3POA by virtue of being an Owner, spouse of an owner or joint owner of a Lot as provided herein.

p) "Original Plat" shall mean or refer to the aforesaid plat filed of record in Volume 8, Page 113 of the Plat Records of Kerr County, Texas, on the 5th day of December, 2008, designating the Lots of KEYSTONE SECTION THREE.

q) "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot within the Properties. The foregoing does not include any persons or entities who hold an interest in any Lot merely as security for the performance of an obligation. The term "Owner" shall not include a Builder.

r) "Property", "Properties" and "Subdivision" mean the above-described Properties and such additions thereto as may hereafter be brought within the jurisdiction of the Association, if and when formed.

s) "Public Purchaser" shall mean the first person or entity other than the Developer or a Builder who becomes an Owner of any Lot within KEYSTONE SECTION THREE.

t) "Single Family" means and refers to a Single Family related by blood, adoption or marriage.

u) "Single Family Residence" shall refer to a structure containing one dwelling unit only and occupied by not more than one family.

v) "Townhouse" is defined as a residence constructed with a zero Lot line on both side property lines of a Lot.

w) "TNPCA" means the Texas Non-Profit Corporation Act.

x) "Vehicle" means any automobile, truck, motor homes, buses, trailer, or other wheeled conveyance, whether self-propelled or towed.

y) "Zero Lot line attached" means the location of living units that may have a common wall or walls located on a Lot line, or the location of building(s) on a Lot in a manner that one or more building edges rest directly on a Lot line, or Lots specifically designed to allow living units to be built on adjacent Lots so that such buildings have a common wall located on a property line.

3. Land Use and Building Type: No Lots shall be used for any purpose except for residential purposes. The term "residential purposes", as used herein shall be held and construed to exclude hospitals, clinics, duplex houses, apartment houses, boarding houses, hotels, and to exclude commercial and professional uses whether from homes, residences, or otherwise, and all such uses of said property are hereby expressly prohibited. No building shall be erected, altered, placed, or permitted to remain on any Lot other than single family dwellings and permitted accessory structures. Construction and sales offices may be constructed on specific Lots as designated by the Architectural Control Committee.

4. Architectural Control and Restrictions:

a) Membership of ACC: The Architectural Control Committee shall consist of not more than three (3) voting members ("Voting Members") and such additional non-voting members serving in an advisory capacity ("Advisory Members") as the Board deems appropriate. Initially, there shall be only one (1) Voting Member and the following person is hereby designated as the initial Voting Member of the Committee: A. B. Phillips

b) Action by Committee: Items presented to the Committee shall be decided by a majority vote of the Voting Members.

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

d) Developer's Rights of Appointment: Developer, its successors or assigns, shall have the right to appoint and remove all members of the ACC, and Developer shall retain this right at Developer's option for as long as Developer owns any portion of the Properties.

e) Adoption of Rules: The Architectural Control Committee may adopt such procedural and substantive rules, not in conflict with this Declaration, as it may deem necessary or proper for the performance of its duties.

f) Architectural Review:

(1) Approval of Plans and Specifications: No Improvements of any kind will be erected, placed, constructed, maintained or altered on any portion of the Property until the Plans and Specifications for such Improvements have been submitted to and approved



in writing by the Architectural Control Committee. Whenever in this Declaration or in any Supplemental Declaration the approval of the Architectural Control Committee is required, it shall have the right to consider all of the Plans and Specifications for the Improvements or proposal in question and all other facts which, in its sole discretion, are relevant. Except as provided in Sections 4 p) and 4 q) below, prior to commencement of any construction of any Improvements on the Property or any portion thereof, the Plans and Specifications thereof shall be submitted to the Architectural Control Committee, and construction thereof may not commence unless and until the Committee has approved such Plans and Specifications in writing. The Committee shall consider and act upon any and all Plans and Specifications submitted for its approval pursuant to this Declaration, and in determining whether such Plans and Specifications shall be approved, the Architectural Control Committee may take into consideration factors deemed appropriate by the Board. Such factors may include without limitation the following: (i) compliance with this Declaration; (ii) quality of the building materials or Improvements; (iii) harmony of external design of such Improvements with existing and proposed Improvements and with the design or overall character and aesthetics of the Improvements within the Property; (iv) location of such Improvements within the Lot on which it will be constructed or placed; (v) the number of square feet to be contained in such Improvements; and (vi) compliance with laws, ordinances, rules or regulations of any county, state, municipal or other governmental authority. No Improvements shall be allowed on any Lot, which is of such size or architectural design or involves the use of such landscaping, color schemes, exterior finishes and materials and similar features as to be incompatible, within the sole opinion of the Architectural Control Committee with residential development within the Property and the surrounding area.

(2) Content of Plans and Specifications: All proposed Plans and Specifications submitted to the Committee shall include (i) a site plan (at no less than 1" = 20') showing the Lot and all proposed Improvements, including all driveways and parking areas with the proposed grading plan for such driveways and parking areas, and showing existing and proposed topography; (ii) roof plan and floor plan (at not less than 1/8" = 1'0"); (iii) all exterior elevations with both existing and proposed grade lines at same scale as floor plans; (iv) indication of all exterior materials and colors; (v) civil engineer's site plan showing cut and fill, if any; and (vi) any other drawings, materials or samples requested by the Committee. In addition, the applicant shall pay a reasonable review fee established by the Committee in connection with the review of such proposed Plans and Specifications. Until receipt by the Committee of the review fee and any information or documents deemed necessary by the Committee, it may postpone review of any Plans and Specifications submitted for approval. Prior to final approval, all Plans and Specifications shall be supplemented with a proposed schedule indicating starting and completion dates of construction, utility hook-up, completion of landscaping work and anticipated occupancy date.

(3) Decisions by the Committee: The Committee shall have the authority to disapprove any proposed Improvements based upon the restrictions set forth herein and the decision of the Committee shall be final and binding so long as it is made in good faith. The Committee shall not be responsible for reviewing any proposed Improvements, nor shall its approval of any Plans or Specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes, including the International Residential Code and/or International Building Code. No approval of Plans and Specifications, and no publication of building guidelines or a standard bulletin shall ever be construed as representing or implying that any approved Plans and Specifications or any required building standards will, if followed, result in a properly designed structure. Such approvals and

standard shall in no event be construed as a representation or guarantee by the Committee or any member thereof that any structure will be built in a good or workmanlike manner.

g) Meetings of the Committee: The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may, by resolution, unanimously adopted in writing, designate one or more of its members or designate other individuals to serve as a review board to take any action or perform any duties for and on behalf of the Committee, except the granting of variances as hereinafter provided. In the absence of such designation, the vote of a majority of all of the Voting Members of the Committee taken without a meeting shall constitute an act of the Committee. Owners, architects, or builders shall have no right to attend any meetings of the Committee unless specifically requested by the Committee. The Committee will respond to any proposed Plans and Specifications within 30 days after the final Plans and Specifications have been submitted and all review fees, instruments and documents requested by the Committee in connection therewith have been supplied. Failure of the Committee to respond within said 30 day period shall be conclusively deemed a disapproval of the requested action.

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

i) Work in Progress: The Committee at its option, may inspect all work in progress to insure compliance with approved Plans and Specifications.

j) Non-liability of Committee Members: Neither the Developer, nor the Committee or any member thereof, nor the Board of any member thereof, shall be liable to the Association or to any Owner or to any other person for any loss, damage or injury arising out of their being in any way connected with the performance of the Committee's or of the Board's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Committee or its members or the Board or its members, as the case may be. Neither the Committee nor the members thereof shall be liable to any Owner due to the construction of Improvements within the Property or the creation thereby of an obstruction to the view from such Owner's Lot or Lots. Every person who submits Plans and Specifications to the Committee for approval agrees, by submission of such Plans and Specifications, and every Owner or lessee of any portion of the Property agrees, by acquiring title thereto or interest therein, that he will not bring any action or suit against Developer or the members of the Committee or the Board, or their representatives, to recover any damages whatever from them, save and except for damages directly attributable to willful misconduct or bad faith on their part.

k) Variances: The Committee may grant variances from compliance with any of the provisions of this Declaration, any Supplemental Declaration, or the design guidelines promulgated by the Architectural Control Committee, including but not limited to restrictions upon height, bulk, size, shape, floor area, land area, placement of structures, setbacks, building envelopes, colors, materials, or land use including without limitation change in use of a Lot or Lots to provide access to other property owned by the Developer adjacent to such Lot or Lots and to join with Developer in dedicating such Lot or Lots to the public for use as a public street or right-of-way, when in the opinion of the Committee, in its sole and absolute discretion, such variance will not be adverse to the overall development plan for the Property. Such variances

must be evidenced in writing and must be signed by at least a majority of the Voting Members of the Committee. If a variance is granted, no violation of the covenants, conditions or restrictions contained in this Declaration, any Supplemental Declaration or any of the provisions of the architectural guidelines shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any Supplemental Declaration or the architectural guidelines for any purpose except as to the particular property and in the particular instance covered by the variance.

l) Guidelines for Building at KEYSTONE SECTION THREE: The Architectural Control Committee may promulgate a set of guidelines not in conflict with this Declaration and any Supplemental Declarations for building and developing within the Property which shall be amended from time to time and at any time by the Committee. Each Owner shall comply with said guidelines as the same may be amended from time to time, and failure to comply with said guidelines shall constitute a default of this Declaration, and any Owner, including Developer, at its sole expense and/or the Board may seek any of the remedies set forth herein for default of this Declaration.

m) Address: Plans and Specifications shall be submitted to the Committee in care of KEYSTONE SECTION THREE, P.O. Box 291697, Kerrville, Texas 78029-1697 or, such other address as may be designated from time to time.

n) Delegation of Appointment Powers: The Developer shall have the right to delegate when and if Developer so chooses, to the Board the right to appoint and remove members of the Architectural Control Committee and upon such delegation of authority the Board shall have the power to appoint and/or remove all Voting Members and Advisory Members of the Architectural Control Committee.

o) Certificate of Compliance: Upon completion of any Improvements approved by the Architectural Control Committee and upon written request by the Owner of the Lot, the Architectural Control Committee shall issue a certificate of compliance in a form suitable for recordation. The certificate shall identify the Lot and the Improvements, the use or uses to be conducted thereon, and the Plans and Specifications on file with the Architectural Control Committee pursuant to which the Improvements were made, and shall specify that the Improvements comply with the approved Plans and Specifications. The certificate shall not be construed to certify the acceptability, sufficiency or approval by the Architectural Control Committee of the actual construction of the Improvements or of the workmanship or materials thereof. The Owner is hereby notified that the certificate in no way warrants the sufficiency, acceptability or approval by the Architectural Control Committee of the construction, workmanship, materials or equipment of the Improvements. Preparation and recordation of such a certificate shall be at the expense of the Owner of the improved Lot.

p) Construction Activities: This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Developer) upon any portion of the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence, is otherwise in compliance with the provisions of this Declaration, and conforms to usual construction practices in the area. In the event of any dispute

regarding such matters, a temporary waiver of the applicable provision, including but not limited to any provision prohibiting temporary waiver of the applicable provision and any provision prohibiting temporary structures, may be granted by the Architectural Control Committee, provided that such waiver shall be only for the reasonable period of such construction.

q) Exemption of Developer: Notwithstanding any provision in this Declaration to the contrary, neither Developer nor any of Developer's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural Control Committee. Without in any way limiting the generality of the preceding sentence, this Declaration shall not prevent or limit the right of Developer to excavate and grade, to construct and alter drainage patterns and facilities, to construct any and all roads or streets and other types of Improvements, sales and leasing offices and similar facilities, and to post signs incidental to construction, sales and leasing anywhere within the Property.

5. Dwelling Size, Construction and Height. The livable area of each main single family residential structure, exclusive of open or screen porches, stoops, open terraces, garages or detached servants quarters shall be not less than 1,600 square feet on all Lots excluding those Lots designated as townhouse or garden house Lots. The minimum living area on all townhouses and garden homes shall be 1,250 square feet. The exterior walls of any residence or out building shall consist of not less than sixty (60) percent masonry construction. All driveways from any roads as shown on the plat of KEYSTONE SECTION THREE to a residence on any Lot shall be paved of either concrete. All roofs in KEYSTONE SECTION THREE, shall be composed of 300 pound or better dimensional composition shingles, tile or standing seam metal. No shingles will be allowed as roofing material unless they are fire treated and approved by the Architectural Control Committee prior to installation. All residences must have a two car garage with doors. No carports will be allowed.

6. Building Location: All construction shall be located within the setback lines as shown on the plat of KEYSTONE SECTION THREE as referenced in paragraph 2 (p) hereof. If two or more Lots are consolidated into a building site, these building set back provisions shall be applied to such resultant building site as if it were one original platted Lot.

7. Construction Type & Term: Any construction commenced on any Lot must be completed within one (1) year of the time construction was initiated and all buildings erected shall be of new construction, being constructed on site on the respective Lot. Modular or ready built homes or buildings are prohibited. No house trailer, mobile home, truck body, tent, shack, garden, barn or other building (other than the main residence) shall at anytime be used for dwelling purposes or for any permanent purpose, nor shall any residence of a temporary character be permitted. Travel trailers and other small trailers belonging to individual owners of said property must be stored off site (is this the right place for this restriction?).

8. Temporary Buildings: No temporary buildings shall be erected on any Lot except during actual construction of a dwelling be erected therein and then such temporary building must be on the Lot on which construction is in progress and not an adjoining Lot, street, or easement; and at completion of construction, the temporary building must be removed immediately. Developer shall be permitted to erect and use a temporary building as a sales office. No such temporary building shall be used for residential purposes.

9. Sewage Disposal and Water Supply: No private water wells, water supply, or sewerage systems will be permitted in the subdivision.

10. Nuisances: No noxious or offensive activity shall be permitted upon any Lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odor shall be permitted to arise thereon, so as to render any such property or any portion thereof unsanitary, unsightly, offensive, or detrimental to any other property in the vicinity thereof or to its occupants.

11. Animals: No swine or poultry of any kind shall be raised, bred, or kept on any Lot. No livestock shall be maintained on any Lot. Only two cats and/or two dogs shall be allowed per single family dwelling.

12. Inoperable Vehicles: No automobile, truck, trailer, or other vehicle or parts thereof shall be abandoned on this Property. No repair or maintenance on automobiles, trucks, trailers, or other Vehicles shall be conducted or performed on the Property, provided that an individual land owner may perform maintenance on his privately owned Vehicles if such maintenance is conducted in an enclosed structure and any such Vehicle upon which such maintenance is performed shall not remain exposed to public view thereby creating an unsightly appearance to said Property.

13. Hunting and Firearms: No hunting shall be allowed on KEYSTONE SECTION THREE. No firearms including pellet and B-B guns shall be discharged in KEYSTONE SECTION THREE.

14. Easement Use. The use of easements as shown on the recorded plat is granted to the public and to the utility companies as set forth on the said plat for the purposes of drainage, sanitary, and storm sewer lines, the location of gas, electrical, television cable, and television lines and conduits, and the maintenance thereof. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction of flow of easements or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all Improvements in it shall be maintained continuously by the owner of the Lot, except for those Improvements for which a public authority or utility company is responsible.

15. Temporary Encroachment. During construction of any structure permitted herein, a contractor or Owner may encroach upon the adjoining property only to the extent required to construct the structure being erected on the adjoining Lot. Upon completion of construction, the contractor/Owner shall replace the adjoining property to its original condition prior to construction.

16. Maintenance of Lots: No Owner of any Lot either vacant or improved, shall be permitted to let such Lot go un-maintained and no weeds or grass shall be permitted upon any Lot in excess of twelve (12) inches in height except in inaccessible areas. Lot owner shall keep their property clean at all times. No rock or gravel yards will be permitted in the subdivision.

17. Garbage and Refuse Disposal: No Lot shall be used or maintained as a dumping ground for trash or garbage. Trash, garbage or other waste shall be kept in sanitary containers. No trash or garbage shall be burned on the property and no fire shall be permitted on the Property unless written approval is obtained in advance from the Architectural Control

Committee. All containers or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

18. Storage of Materials: Storage of any type or kind of materials or products is prohibited upon all Lots except that building materials may be placed or stored upon a Lot when a builder is ready to commence Improvements and then such material shall be placed within the property lines of the Lot or parcel of land upon which Improvements are to be erected and shall not be placed in the street or between the pavement or property line. No stumps, trees, underbrush, bricks, stones or other building materials or any refuse of any kind or scrap metal from the Improvements being erected on any Lot shall be placed on any adjoining Lots, streets, or easements. All such materials, if not disposed of immediately must remain on the property upon which construction is in progress, and at the completion of such Improvements, such material must be immediately removed from the property.

19. Television Antennas. No television antenna shall be allowed in the Subdivision. Television satellite dish receivers in not more than 24 inches in diameter may be allowed upon the express written consent of the Architectural Control Committee. However, any such receiver shall be placed in an area properly landscaped so that it is concealed from view by the adjoining and adjacent landowners.

20. Fences and Walls: No fence, wall, or hedge that exceeds six (6) feet in height shall be placed, constructed, or permitted to remain on any Lot.

21. Motorcycles. No motorcycle, motorized bicycle, go-cart, dirt bike or all terrain vehicle shall be operated on any road within KEYSTONE SECTION THREE, as shown on the plat of same or on any Lot unless such motorcycle, motorized bicycle, go-cart, dirt bike or all terrain vehicle is properly muffled. The determination of what constitutes "properly muffled" shall be solely within the discretion of the Architectural Control Committee. The primary purpose of this restriction is to prohibit noise pollution that is contrary to the common scheme of development of KEYSTONE SECTION THREE as it creates a nuisance to the Owners of KEYSTONE SECTION THREE.

22. Vehicles. No Vehicle shall be left parked in the road or roads adjoining any Lot except for construction and repair equipment while a residence or residences are being built or repaired in the immediate vicinity. No Vehicle shall be parked on the driveway or any portion of the Lot in such a manner as to be visible from any road within KEYSTONE SECTION THREE as described on the plat of same in excess of 72 hours within a ten (10) day period.

23. Prohibition Against Moving in Houses. No dwelling, house or other structure shall be moved into the Property from outside the said Subdivision, except with the express written consent of the ACC.

24. Parking. Permanent on the street parking of a Vehicle is prohibited.

25. Signs. No signs whatsoever (movable or affixed), including, but not limited to, commercial, political and similar signs, which are visible from neighboring property shall be erected or maintained on any Lot except:

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- a) Such signs as may be required by law.
- b) A residential identification sign.
- c) During the time of construction of any building or other Improvements, on job identification sign not larger than 5 square feet.
- d) A "for sale" or a "for rent" sign, of a reasonable type, size and appearance, which is similar to other signs customarily used in Kerr County, Texas, to advertise individual parcels of residential real property.

The content and location of all signs shall be subject to such rules as the Architectural Control Committee and Association may promulgate. The provisions of this paragraph shall not prevent Developer from commencing, erecting, or maintaining structures or signs of any content or size on Lots owned by it when Developer, in its sole discretion, deems necessary or convenient to the development, sale, operation, or other disposition of the Lots.

THE INITIAL RULES FOR SIGNS FOR KEYSTONE SECTION THREE ARE AS FOLLOWS:

- 1) LIMIT OF ONE SIGN PER LOT, EXCEPT THAT DURING CONSTRUCTION OF IMPROVEMENTS ON A LOT, THE BUILDER SHALL BE ENTITLED TO PLACE ITS SIGN (IDENTIFYING THE NAME, ADDRESS AND TELEPHONE NUMBER OF BUILDER) ON THE LOT PROVIDED THAT SUCH SIGN SHALL COMPLY WITH THESE RULES AND THE APPLICABLE RESTRICTIONS. ANY SUCH BUILDER SIGN SHALL BE IN ADDITION TO A "FOR SALE" SIGN.
- 2) A "FOR SALE" SIGN
  - a) WILL BE TASTEFULLY DESIGNED IN KEEPING WITH "FOR SALE" SIGNS IN USE IN THE KERRVILLE COMMUNITY.
  - b) WILL CONTAIN WORDING LIMITED TO THE WORDS "FOR SALE", THE NAME AND PHONE NUMBER OF A CONTACT PERSON AND THEIR ADDRESS.
  - c) WILL BE LIMITED IN SIZE TO "STANDARD" REAL ESTATE "FOR SALE" SIGN OF 24 X 24 INCHES.
  - d) WILL NOT CONTAIN SPECIFIC REFERENCE TO PRICE OR INCLUDE WORDING WHICH COULD BE DAMAGING TO OTHER PROPERTY VALUES INCLUDING, BUT NOT LIMITED TO: REDUCED, DISCOUNTED, PRICE CUT, MUST SELL.
- 3) NO FLAGGING OR BANNERS WILL BE PERMITTED.

4) INFORMATION TUBES ARE ALLOWED THROUGH WHICH SPECIFIC PRICING AND OTHER INFORMATION MAY BE CONVEYED.

26. Right of Mortgagees: Any violation of any of the easements, agreements, restrictions, reservations, or covenants contained herein shall not have the effect of impairing or affecting the rights of any mortgagee, guarantor, or trustee under any mortgage or deed of trust outstanding against the Lot, at the time that the easement, agreements, restrictions, reservations, or covenants are violated. In order to encourage the granting of first mortgage liens on property within this subdivision, Developer or Association may proceed to enforce its prior lien, granted and reserved under these restrictions upon any property upon which there is outstanding a valid first mortgage lien, it shall be necessary that a sixty (60) day notice be sent to the nearest office of such first mortgage lien holder by certified mail of such intent, which notice may be a statement of the charges delinquent, together with the notation "Final sixty (60) day notification to proceed to collect maintenance fund lien. Upon request by any first lien mortgage holder, or proposed holder, Developer or Association shall furnish, for the mortgage holder's file, an executed form relating the provisions of this paragraph to the applicable individual Lot.

27. Replat: Developer hereby reserves the sole and exclusive right without joinder of any third party to replat any portion of KEYSTONE SECTION THREE in order to carry out the development plan as long as Developer, its successors or assigns owns 40% or more of the property in said Subdivision.

28. The Association:

a) Organization: The Association shall be a non-profit corporation created for the purposes, charged with the duties, and vested with the powers prescribed by law or set forth in its Articles and Bylaws or in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Nothing in this Declaration shall prevent the creation, by provision therefor in Supplemental Declarations executed and recorded by Developer, of Subassociations to own, develop, assess, regulate, operate, maintain or manage the property subject to such Supplemental Declarations.

b) Membership: All Owners shall automatically be Members of the Association; provided, however, that no Person shall be a Member by reason of ownership of lands used for public school or governmental or quasi-governmental purposes, or by reason of ownership of any park, public land, road, easement, right-of-way, mineral interest, or mortgage. Membership in the Association shall be appurtenant to and shall run with the property interest the ownership of which qualifies the Owner thereof for membership. Membership may not be severed from or in any way transferred, pledged, mortgaged or alienated except together with the title to the property interest, the ownership of which qualifies the Owner thereof for membership, and then only to the transferee of title to said property interest. Any mortgage or alienation of any membership other than in connection with the mortgage or alienation of the appurtenant property interest shall be void.

c) Voting Rights:

(1) Entitlement: The Association shall have 1 class of voting membership being the Owners of Lots on which single-family residences are to be or have been

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constructed. Members shall be entitled to one vote for each Lot owned.

(2) Joint or Common Ownership: Any property interest entitling the owner thereof to vote as herein provided, held jointly or in common by more than one person shall require that the owner thereof designate, in writing, the person who shall be entitled to cast such vote and no other person shall be authorized to vote on behalf of such property interest. A copy of such written designation shall be filed with the Board before any such vote may be cast, and upon the failure of the owner thereof to file such designation, such votes shall neither be cast nor counted for any purpose whatsoever.

(3) Proxy Voting: Any Owner, including Developer, may give a revocable written proxy to any person authorizing such person to cast the Owner's votes on any matter. Such written proxy shall be in such form as may be prescribed by the Bylaws, but no such proxy shall be valid for a period of greater than eleven months.

(4) Cumulative Voting: Cumulative voting shall not be allowed.

(5) Vote Casting: The person holding legal title to the property shall be entitled to cast the vote allocated to such property and not the person merely holding beneficial title to the same unless such right is expressly delegated to the beneficial owner thereof in writing.

d) Meetings: There shall be an annual meeting of the Members of the Association at such reasonable place and time as may be designated in the Bylaws. No notice need be given of any annual meeting held at the time and place specified in the Bylaws, but the Board shall have the power to designate a different time and place of any annual meeting, and in such case, written notice of the meeting shall be delivered not less than ten nor more than fifty days prior to the date fixed for said meeting, to all Members. All notices of meetings shall be addressed to each Member as his address appears on the books of the Association.

(1) Quorum: The presence at any meeting, in person or by proxy, of Members entitled to vote at least a majority of the total votes outstanding shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours nor more than 30 days from the time set for the original meeting, at which adjourned meeting the quorum requirement shall be waived. Action may be taken by a vote of a majority of the votes present at such adjourned meeting.

(2) Presiding Officer: The President, or in his absence the Vice-President, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both officers, any Member entitled to vote or any proxy of any such Member may call the meeting to order, and a chairman of the meeting shall be elected.

(3) Vote Necessary: Except as provided otherwise in this Declaration, any action may be taken at any legally convened meeting of the Members upon the affirmative vote of the Members having a majority of the total votes present at such meeting in person or by proxy.

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(4) Bylaws: The Board may adopt Bylaws and such other rules and regulations as it deems appropriate to govern the Association and its procedures, including but not limited to the procedures for calling special meetings.

e) Duties of the Association: Subject to and in accordance with these restrictions, the Association acting through the Board shall have and perform each of the following duties:

(1) Association Property:

aa) Ownership and Control: To accept, own, operate and maintain all Common Area which may be conveyed or leased to it by Developer, together with all Improvements of whatever kind and whatever purpose which may be located in said areas and subject to any restrictions or encumbrances of record, including but not limited to the rights of any utility provider to spray treated affluent (what?) thereon; and to accept, own, operate and maintain all other property, real and personal, conveyed or leased to the Association by Developer.

bb) Repair and Maintenance: To maintain in good repair and condition all Association Property.

cc) Taxes: To pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any Association Property, to the extent that such taxes and assessments are not levied directly upon the Members. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.

(2) Maintenance Obligation: To operate, maintain, repair, replace, landscape and improve, as appropriate, all of the following described facilities constructed within the Property: (i) all streets and roadways within the Property which have been completed but not accepted for maintenance by the appropriate governmental entity; (ii) all stormwater detention, retention and filtration systems (to the extent that such facilities are not operated and maintained by the City of Kerrville, Texas); (iii) all entrances, median strips, roadway islands or other non-paved areas within any Common Area; and (iv) all street lights and other lighting facilities within any Common Area or any dedicated rights-of-way, including without limitation, all electrical and maintenance expenses incurred in connection with said lighting facilities.

(3) Insurance: To obtain and maintain in effect policies of insurance adequate, in the opinion of the Board, in kind and amount to carry out the Association functions.

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

(5) Other: To carry out and enforce all duties of the Association set forth in this Declaration.

f) Powers and Authority of the Association: The Association has the powers of a Texas non-profit corporation, subject only to such limitations upon the exercise of such

power as are expressly set forth in this Declaration. It shall further have the power to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers granted to it by the laws of Texas or by this Declaration. Without in any way limiting the generality of the two preceding sentences, the Association shall have the power and authority at all times as follows:

(1) Assessments: To levy assessments as provided in Paragraph 30 below. An assessment is defined as that sum which must be levied in the manner and against the property set forth in Paragraph 30 hereof in order to raise the total amount for which the levy in question is being made.

(2) Right of Entry and Enforcement: To enter at any time in an emergency or in a non-emergency after 24 hours written notice, without being liable to any Owner, upon any portion of the Property or into any Improvements thereon, or onto any Common Area for the purpose of enforcing this Declaration or for the purpose of maintaining or repairing any area herein established, at the expense of the Owner thereof, if, for any reason whatsoever, the Owner thereof fails to maintain or repair any such area as required by this Declaration. The Association shall also have the power and authority from time to time in its own name and on its own behalf, or in the name and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain or enjoin, any breach or threatened breach of this Declaration.

(3) Rules and Bylaws: To make, establish and promulgate, and in its discretion to amend or repeal and re-enact such Rules and Bylaws of KEYSTONE SECTION THREE as it deems proper, covering any and all aspects of its functions, including the use and occupancy of Association Property, provided only that such Rules and Bylaws are not in conflict within this Declaration. Without limiting the generality of the foregoing, such rules may set dues and fees and prescribe the regulations governing the operation of Association Property. Such rules may also prescribe regulations governing the use of the Common area owned by the Association and establish charges for the use of such Common Area by Owners of non-Owners. Each Member shall be entitled to examine such rules and Bylaws of KEYSTONE SECTION THREE at any time during normal working hours at the principal office of the Association.

(4) Financing: To execute mortgages, both construction and permanent, for the construction of facilities, including Improvements on property owned by or leased to the Association, and to accept lands in the Common area whether or not improved, from Developer subject to mortgages or by assuming mortgages. Financing may be effected through conventional mortgages or deeds of trust, the issuance and sale of development or other bonds, or in any other form or manner as may be deemed appropriate by the borrower, whether Developer or the Association. The mortgage or other security interest given to secure repayment of any debt may consist of a first, second or other junior lien as shall be deemed appropriate by borrower, whether Developer or the Association on the Improvements or other facility to be constructed, together with such underlying and surrounding lands as the borrower deems appropriate. The debt secured by such mortgage or other security instrument may be retired from and secured by the revenues generated by dues, use fees, assessment of the Members of the Association, or otherwise, or any combination thereof, as may be deemed appropriate by Developer or the Association, as the case may be, but subject to the limitations imposed by this

Declaration.

(5) Conveyances: To grant and convey to any person or entity the real property and/or other interest therein, including fee title, leasehold estates, easements, rights-of-way, or mortgages out of, in, on, over, or under any Association property, subject however, to all limitations, restrictions and conditions thereon, including all those set forth herein, for the purpose of constructing, erecting, operating or maintaining thereon, therein or thereunder:

aa) Parks, parkways, campgrounds or other recreational facilities or structures;

bb) Roads, streets, walks, driveways, trails and paths;

cc) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;

dd) Sewers, water systems, storm water drainage systems, sprinkler systems, and pipelines; and

ee) Any similar public, quasi-public or private Improvements or facilities.

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

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

(7) Legal and Accounting Services: To retain and pay for legal and accounting services necessary or proper in the operation of the Association, the operation and management of the Association Property, the enforcement of the Restrictions Covenants and Conditions of KEYSTONE SECTION THREE or in the performance of any other duty, right, power or authority of the Association.

(8) Association Property Services: To pay for water, sewer, garbage removal, landscaping, gardening, and all other utilities, services and maintenance for the Association Property.

(9) Other Areas: To maintain and repair easements, roads, roadways, rights-of-way, parks, parkways, median strips, sidewalks, paths, trails, ponds, lakes and other areas of the Property, as appropriate.

(10) Recreational Facilities: To own and operate any and all types of facilities for both active and passive recreation. The Association, with the consent of Developer, may open the Common Area for use by non-Owners and may levy charges in such amounts as may be deemed reasonable by the Association for the use of the Common Area by either Owners or non-Owners.

(11) Other Services and Properties: To obtain and pay for any other property and services, and to pay any other taxes or assessments which the Association or the Board is required to secure or to pay for pursuant to applicable law or the terms of the Restrictions, Covenants and Conditions of KEYSTONE SECTION THREE.

(12) Construction on Association Property: To construct new Improvements or additions to the Association Property.

(13) Collection for Subassociation: To levy and collect on behalf of and for the account of any Subassociation any assessment made by a Subassociation created in conformance with the requirements of this Declaration.

(14) Contracts: To enter into contracts with Developer and with Subassociations, Major Developers, and other Persons on such terms and provisions as the Board shall determine, to operate and maintain any Common Area, or to provide any service or perform any function on behalf of Developer, Subassociation, Major Developer or other person.

(15) Permit and Licenses: To obtain and hold any and all types of permits and licenses, and to operate restaurants and club facilities, if applicable.

(16) Own Property: To acquire and own and to dispose of all manner of real and personal property, whether by grant, lease, gift, or otherwise, subject however to all limitations, restrictions and conditions thereon, including all those set forth herein.

(17) Create Another Association: To create a subsidiary or other association to have the rights and powers and to perform the duties, obligations, or functions necessary to the obtaining of a tax exemption, if it shall ever be ruled or held that an exemption under the Internal Revenue Code is unavailable to the Association under this Declaration; or alternatively, the Association may retain the rights, powers, duties, obligations or functions which prevent the obtaining of the tax exemption and transfer some or all of its other rights, powers, duties, obligations and functions to such subsidiary or other association.

g) Indemnification:

(1) Determination by Board: The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative by

reason of the fact that he is or was a director, officer, committee member, employee, servant or agent of the Association against expenses (including attorney's fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by him in connection with such action, suit or proceeding if it is found and determined by the Board or a Court that he (i) acted in good faith and in a manner he reasonably believe to be in, or not opposed to, the best interests of the Association, or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of Nolo Contendere or its equivalents, shall not of itself create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(2) Insurance: The Board may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member, employee, servant or agent of the Association, against any liability asserted against him or incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability hereunder or otherwise.

29. Association Property:

a) Use: Each Owner, the members of his family who reside with him and each lessee of any portion of the Property and the members of his family who reside with him within the Property shall be entitled to use the Association Property subject to:

(1) the provisions of the Restrictions, Covenants and Conditions of KEYSTONE SECTION THREE and each person who uses any Association Property, in using same, shall be deemed to have agreed to comply therewith;

(2) the right of the Association to charge reasonable dues and use fees;

(3) the right of the Association to suspend the rights to the use of any Association Property by any Member or lessee and their respective families, guests and invitees for any period during which any Assessment against the Member's property remains past due and unpaid; and, after notice and hearing by the Board, the right of the Association to invoke any remedy set forth herein for any other infraction;

(4) the right of the Association, upon demand to require that a security deposit be made and kept with the Association to secure all sums, and to guarantee performance of all duties, due and owing or to become due and owing to the Association;

(5) such rights to use Association Property as may have been granted to others by the Association or prior owners of the Association Property; and

(6) such covenants, conditions and restrictions as may have been imposed by the Association or prior owners of the Association Property.

b) Damages: Each Member and lessee described above shall be liable to the Association for any damage to Association Property which may be sustained by reason of the negligent or intentional misconduct of such person or of his family, guests or invitees. If the property, the ownership or leasing of which entitles the Owner or lessee thereof to use Association Property, is owned or leased jointly or in common, the liability of all such joint or common Owners or lessees shall be joint and several. The amount of such damage may be assessed against such person's real and personal property on or within the Property, including that leasehold estate of any lessee or the lessor of such lessee, and may be collected as provided in Paragraph 30 below for the collection of Assessments.

c) Damage and Destruction: In case of destruction of or damage to Association Property by fire or other casualty, the available insurance proceeds shall be paid to the Association, which may contract to repair or rebuild the Association Property so damaged. Should the insurance proceeds be insufficient to pay all of the costs of repairing or rebuilding the damage, the Association may levy a special assessment to make good any deficiency. If the Board determines not to rebuild any property so destroyed or damaged or to build facilities substantially different from those which were destroyed or damaged, it shall call a special meeting of the Members to consider such decision. If the Members by 3/4 of the votes cast at such meeting elect to ratify such decision, the Board shall act accordingly; but if the Members do not by such percentage elect to ratify such decision, the Board shall proceed to repair or rebuild the damaged or destroyed facility with payment therefor to be made as set forth in this section.

30. Funds and Assessments:

a) Assessments:

(1) The Association may levy from time to time an assessment against each Owner for a sum equal to a percentage of or a dollar amount associated with each \$1,000.00 of assessed value of that portion of the Property (land and Improvements) owned by such Owner as assessed by Kerr County, Texas for ad valorem tax purposes for the preceding year.

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

(3) Each unpaid Assessment together with such interest thereon and costs of collection thereof as hereinafter provided, shall be the personal obligation of the Owner of the property against which the assessment fell due, and shall become a vendor's lien against each such Lot and all Improvements thereon. The Association may enforce payment of such assessments in accordance with the provisions of this paragraph.

b) Maintenance Fund: The Board shall establish a fund (the "Maintenance Fund") into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association under this declaration. The funds of the Association must be used solely for purposes related to the areas and Improvements owned by or leased to the Association, or subject to these restrictions for maintenance or operation by the Association or otherwise for purposes authorized by this Declaration, as it may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment of other maintenance funds by a Subassociation pursuant to

any Supplemental Declaration.

c) Regular Annual Assessments: Prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under the Restrictions, Covenants and Conditions of KEYSTONE SECTION THREE, including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund. Except in the case of specific area assessments provided for herein, uniform and equal assessments (i.e., assessments based on uniform and equal percentages of tax valuation or uniform and equal dollar charges per \$1,000.00 of tax valuation) sufficient to pay such estimated net expenses shall then be levied against all Owners as herein provided. If the sums collected prove inadequate for any reason, including nonpayment of any individual assessment, the association may at any time and from time to time levy further assessments in the same manner as aforesaid. All such regular assessments shall be due and payable to the Association during the fiscal year in equal monthly installments on or before the first day of each month or in such other manner as the board may designate in its sole and absolute discretion.

d) Special Assessments: In addition to the regular annual assessments provided for above in paragraph 30(c), the Board may levy special assessments whenever in the Board's opinion such special assessments are necessary to enable the Board to carry out the mandatory functions of the Association under the Restrictions, Covenants and Conditions of KEYSTONE SECTION THREE and whenever in the Board's opinion, special assessments are necessary to enable the Board to carry out the optional functions of the Association under the Restrictions, Covenants and Conditions of KEYSTONE SECTION THREE.

e) Assessment Benefitting Special Areas: The Association shall also have authority to levy Special Assessments against specific local areas and Improvements to be expended for the benefit of the properties so assessed. The assessments levied under this Section shall be levied in proportion to the benefits conferred or to be conferred as determined by the Board and therefore the amount levied against each parcel of land or Improvements need not be equal. Any such assessments shall constitute a lien on the properties so assessed and such liens shall be enforced in the same manner and to the same extent as provided for regular and special assessments in this paragraph.

f) Subassociation Assessments: The Association shall have the authority to levy and collect assessments on behalf of any Subassociation created pursuant to the Declaration. No Subassociation shall have the authority to levy and collect assessments independently of the Association without the prior written consent of the Association acting through the Board. All assessments levied by the Association on behalf of any Subassociation shall be tendered by the Association to the Subassociation within a reasonable time; provided; however, that the Association shall be allowed to retain out of such funds a reasonable collection fee. The assessments levied by the Association on behalf of any Subassociation shall constitute a lien on the properties assessed and such liens shall be enforced in the same manner and to the same extent as provided for regular and special assessments in this section.

g) Late Charges: If any assessment, whether regular or special is not paid within 15 days after it is due, the Owner may be required by the Board to pay a late charge at such rate as the Board may designate from time to time; provided however such charge shall never exceed the maximum charge permitted under applicable law.

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h) Unpaid Assessments as Liens: The amount of any delinquent assessment, whether regular, special or for the benefit of a specific area or a subassociation, assessed against any property and any late payment charge attributable thereto, plus interest on such assessment and late payment charge at a rate of eighteen (18%) percent per annum simple interest (not to exceed the maximum charge permitted under applicable law) and the costs of collecting the same, including reasonable attorney's fees, shall be the personal obligation of the Owner of the property against which the assessment fell due and shall be a lien upon such property, including any Lot and the Improvements thereon and any condominium unit. A certificate executed and acknowledged by any member of the Board stating the indebtedness secured by such lien shall be conclusive upon the Association as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee.

i) Mortgage Protection: Notwithstanding any other provision of the Restrictions, Covenants and Conditions of KEYSTONE SECTION THREE, no lien created under this Section 30 or under any other section of this Declaration, nor any lien arising by reason of any breach of the Restrictions, Covenants and Conditions of KEYSTONE SECTION THREE nor the enforcement of any provision of this Declaration or of any Supplemental Declaration shall defeat or render invalid the rights of the beneficiary under any recorded mortgage of first and senior priority now or hereafter given upon a Lot or condominium unit, made in faith and for value. However, after the foreclosure of any such first mortgage or after conveyance in lieu of foreclosure, such Lot or condominium unit shall remain subject to the Restrictions, Covenants and Conditions of KEYSTONE SECTION THREE and shall be liable for all regular and special assessments levied prior to completion of such foreclosure or delivery of such conveyance whether falling due before or after such completion or such delivery.

j) Effect of Amendments on Mortgages: Notwithstanding the provision of Section 31 (d) below, no amendment of this Declaration shall affect the rights of any Beneficiary whose mortgage has the first and senior priority as in Section 30 i) provided and who does not join in the execution thereof, provided that such mortgage is recorded in the Real Property Records of Kerr County, Texas prior to the recordation of such amendment; provided however that after foreclosure, or conveyance in lieu of foreclosure the property which was subject to such mortgage or deed of trust shall be subject to such amendment.

k) Subordination: By subordination agreement executed by the Board, the benefits of Sections 30 i) and 30 j) above may in the sole and absolute discretion of the Board be extended to a beneficiary not otherwise entitled thereto if the Board deems such action to be appropriate.

31. Universal Easements:

The Owner of each Lot (including Declarant so long as Declarant is the Owner of any Lot) is hereby granted an easement not to exceed three (3) foot in width over all adjoining Lots for the purpose of accommodating any encroachment or protrusion due to engineering or fence line errors, errors in original construction, surveying, settlement or shifting of any building, or any other cause. There shall be easements for the maintenance of said encroachment, protrusion, settling or shifting; provided, however, that in no event shall an easement for encroachment or protrusion be created in favor of an Owner or Owners of said encroachment or protrusion occurred due to willful misconduct of said Owner or Owners. In addition, the Owner of each Lot is hereby granted an easement for encroachments not to exceed three (3) feet in

width by misplaced fences or fence lines and overhanging roofs, caves or other improvements as originally constructed over each adjoining Lot and for encroachments due to the location of trees or retaining walls and the maintenance thereof. Each of the easements hereinabove referred to shall be deemed to be established upon the recordation of this Declaration and shall be appurtenant to each affected Lot and shall pass with each conveyance of said Lot.

32. General Provisions:

a) Term: These covenants of restrictions are to run with the land and shall be binding on all parties having any right, title or interest in the Lots in KEYSTONE SECTION THREE, and all persons claiming under them until December 31, 2038, after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by not less than 2/3rds of the then owners of the Lots is filed for record in Kerr County, Texas, altering, rescinding or modifying said covenants and restrictions in whole or in part.

b) Enforcement: The covenants, reservations, easements and restrictions set out herein are for the benefit of the undersigned, their heirs, successors and assigns and equally for the benefit of any subsequent owner of a Lot or Lots in KEYSTONE SECTION THREE, his heirs, executors, administrators and assigns. Accordingly, all of the covenants, reservations, and easements and restrictions contained herein shall be construed to be covenants running with the land, enforceable at law or in equity, by any one or more of said parties. The covenants, restrictions, and reservations shall be enforceable by owners of Lot or Lots in KEYSTONE SECTION THREE. The covenants, restrictions, easements and obligations herein contained are performable and shall be enforceable in Kerr County, Texas.

c) Severability: The invalidity, abandonment or waiver of any one of these covenants, reservations, easements, and restrictions shall in no way effect or impair the other covenants, reservations, easements and restrictions which shall remain in full force and effect.

d) Amendment: This Declaration shall be amended during the first 10 year period by an instrument signed by not less than 2/3rds of the Lot owners. After 10 years, this Declaration may be amended by an instrument signed by not less than 2/3rds of the Lot owners. To be valid, any amendment must be recorded in the Deed Records of Kerr County. For purposes of this paragraph, Developer shall be entitled to the number of votes as calculated by Section 28 c) (1) hereof that Developer is entitled pursuant to such Section as of the date such vote is taken.

e) Acceptance of Declaration: By acceptance of a deed, or by acquiring any ownership interest in any real property included within this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the real property covered thereby.

33. Arbitration:

Any controversy involving the construction, interpretation, application or enforcement of any of the terms, covenants, restrictions or conditions set out in this document, shall on the written request of the Association, be submitted to arbitration, and such arbitration shall comply with and be governed by the provisions of the Texas General Arbitration Act. Each of the parties to any controversy regarding these restrictions shall appoint one person as an arbitrator to hear and determine the dispute, and if they shall be unable to agree, then the arbitrators so chosen shall select another impartial arbitrator whose decision shall be final and conclusive upon the parties to the controversy. The expenses of arbitration proceedings conducted pursuant to this Paragraph shall be borne by the parties in such proportions as the arbitrators shall decide.

EXECUTED the 16<sup>th</sup> day of October, 2009.

KEYSTONE PLACE:

KEYSTONE PLACE, LTD.

By: ONEKEY, LLC, its general partner

By:   
A. B. Phillips, Manager

STATE OF TEXAS §

COUNTY OF KERR §

This instrument was acknowledged before me on the 16<sup>th</sup> day of October, 2009, by A. B. Phillips, Manager of OneKey, LLC, a Texas limited liability company, general partner of KEYSTONE PLACE, LTD., a Texas limited partnership, on behalf of said partnership.

  
Notary Public, State of Texas

PREPARED IN THE OFFICE OF,  
AFTER FILING RETURN TO:

✓ H. RITMAN JONS  
JONS LAW FIRM  
829 Main Street, Suite B  
Kerrville, Texas 78028  
(830) 896-8383



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VOL. 1761 PAGE 0835

FILED AND RECORDED  
At 4:50 o'clock PM  
STATE OF TEXAS  
COUNTY OF KERR



OCT 19 2009

I hereby certify that this instrument was filed in the true numeric  
sequence on the date and time stamped herein by me and was duly  
recorded in the Official Public Records of Kerr County Texas.

James R. Jones, Kerr County Clerk  
By: [Signature] Deputy

008208

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AMENDMENT TO DECLARATION OF RESTRICTIONS, COVENANTS AND  
CONDITIONS OF KEYSTONE SECTION THREE SUBDIVISION  
IN KERR COUNTY, TEXAS

The undersigned, being all the Lot Owners of the property covered by the Declaration of Restrictions, Covenants and Conditions of Keystone Section Three Subdivision in Kerr County, Texas (the "Declaration"), dated October 16, 2009, recorded in Volume 1761, Page 812, of the Official Public Records of Kerr County, Texas, and the "Declarants" or "Developers" under said Declaration, hereby amend the Declaration as follows:

The Owner of Lots 14 and 15 and Lots 23, 24, 25 and 26 of Keystone Section Three shall be exempt from any assessments under Paragraph 30 of the Declaration until the earlier of (a) four (4) years from and after the date of this Amendment; or (b) as to each exempted Lot, upon the sale or transfer of such Lot by EDMUND JENSCHKE, INC.

Except as herein amended, the Declaration is and shall remain in full force and effect in accordance with its terms.

Executed effective as of the date of the first acknowledgement hereto.

PHOENIX SUMMIT, LTD.

BY: Phicof, LLC, General Partner

By: 

Andrew B. Phillips, Manager

SUNMEADOW HOMES, INC.

By: 

Ralph Robertson, President

THE STATE OF TEXAS §

COUNTY OF KERR §

This instrument was acknowledged before me on this the 30th day of October, 2009, by ANDREW B. PHILLIPS, Manager of PHICOF, LLC, General Partner of PHOENIX SUMMIT, LTD., a Texas limited partnership, on behalf of said limited partnership.



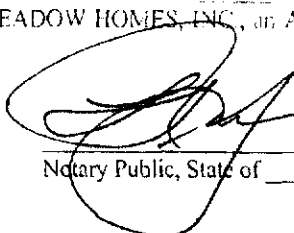
  
Notary Public, State of Texas

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THE STATE OF Texas §COUNTY OF Kerr §

This instrument was acknowledged before me on this the 23<sup>rd</sup> day of November, 2009, by RALPH ROBERTSON, President of SUNMEADOW HOMES, INC., an Arizona corporation, on behalf of said corporation.



  
Notary Public, State of Texas

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

FILED AND RECORDED  
At 4:50 o'clock P M  
STATE OF TEXAS  
COUNTY OF KERR



NOV 30 2009

I hereby certify that this instrument was filed in the file numbered  
sequence on the date and time stamped hereon by me and was duly  
recorded in the Official Public Records of Kerr County Texas.

Jennett Propper, Kerr County Clerk

By Ruth L. Propper, Deputy

008209

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DECLARATION OF RESTRICTIVE COVENANTS  
FOR

LOTS 13 AND 14, KEYSTONE SECTION THREE

THIS DECLARATION OF RESTRICTIVE COVENANTS (the "Declaration") is made by PHOENIX SUMMIT, LTD. ("Declarant");

WITNESSETH:

Declarant is the owner of the Property described in this Declaration and desires to subject the Property to the restrictions hereinafter set forth.

NOW, THEREFORE, Declarant declares that the Property is and shall be held, transferred, sold and conveyed subject to the restrictions hereinafter set forth (herein collectively sometimes called "Restrictions").

ARTICLE I

DEFINITIONS

The following words when used in this Declaration shall have the following meanings:

- (a) "Owner" shall mean and refer to every person or entity who is or becomes a record owner of a fee interest in any Lot within the Property.
- (b) "Property" shall mean and refer to Lots 13 and 14 of Keystone Section Three (the "Subdivision"), according to the map or plat ("Plat") recorded in Volume 8, Page 113 of the Plat Records of Kerr County, Texas.

ARTICLE II

RESTRICTIONS ON LOTS 13 AND 14

Lots 13 and 14 are restricted to single-family detached residential structures, with five foot (5') side building set back lines on each side of the common boundary between Lots 13 and 14, notwithstanding that the Plat allows for a "zero lot line" on said common boundary.

ARTICLE III

TERM AND AMENDMENT

The foregoing restrictions shall run with and bind the land subject to this Declaration and shall inure to the benefit of and be enforceable only by the Owners of Lots 13 and 14.

These restrictions are for a term of thirty-five (35) years from the date that this Declaration is recorded, after which time said restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then Owners of the Property has been recorded, agreeing to abolish or amend said restrictions in whole or in part.

Such restrictions may be abolished, amended and/or changed at any time upon recordation of an instrument executed by the then Owners of Lots 13 and 14.

ARTICLE IV

GENERAL PROVISIONS

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Section 1. Enforcement. Enforcement of these covenants and restrictions, as provided in this Declaration, shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate them, or to recover damages; and failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed this 30 day of OCTOBER, 2009.

Declarant:

PHOENIX SUMMIT, LTD.

BY: Phicof, LLC, General Partner

By: 

Andrew B. Phillips, Manager

THE STATE OF TEXAS §

COUNTY OF KERR §

This instrument was acknowledged before me on this the 30<sup>th</sup> day of October, 2009, by ANDREW B. PHILLIPS, Manager of PHICOF, LLC, General Partner of PHOENIX SUMMIT, LTD., a Texas limited partnership, on behalf of said limited partnership.



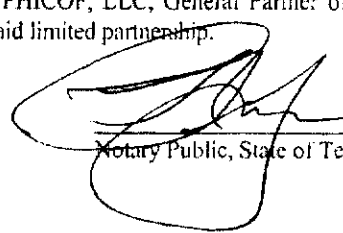
FILED AND RECORDED  
At 4:15 o'clock P.M.  
STATE OF TEXAS  
COUNTY OF KERR



NOV 30 2009

I hereby certify that this instrument was filed in the file numbered sequence on the date and time stamped hereon by me and was duly recorded in the Official Public Records of Kerr County Texas.

Jannett Pieper, Kerr County Clerk

By:  Deputy  
Notary Public, State of Texas

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



008210

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DECLARATION OF RESTRICTIVE COVENANTS  
FOR

LOTS 22 AND 27, KEYSTONE SECTION THREE

THIS DECLARATION OF RESTRICTIVE COVENANTS (the "Declaration") is made by SUNMEADOW HOMES, INC. ("Declarant");

WITNESSETH:

Declarant is the owner of the Property described in this Declaration and desires to subject the Property to the restrictions hereinafter set forth for the benefit of Lots 23 and 26 of Keystone Section Three and each owner thereof.

NOW, THEREFORE, Declarant declares that the Property is and shall be held, transferred, sold and conveyed subject to the restrictions hereinafter set forth (herein collectively sometimes called "Restrictions").

ARTICLE I

DEFINITIONS

The following words when used in this Declaration shall have the following meanings:

- (a) "Owner" shall mean and refer to every person or entity who is or becomes a record owner of a fee interest in Lot 23 and Lot 26 of the Subdivision.
- (b) "Property" shall mean and refer to Lot 22 and Lot 27 of Keystone Section Three (the "Subdivision"), according to the map or plat ("Plat") recorded in Volume 8, Page 113 of the Plat Records of Kerr County, Texas.

ARTICLE II

RESTRICTIONS ON LOTS 22 AND 27

Lots 22 and 27 are restricted as follows:

- 1. Section 1. As to construction on Lot 22 of any residence other than a single-family detached dwelling with five foot (5') side building set back lines, the side building set back line on Lot 22 adjoining Lot 23 shall be fifteen feet (15'); and
- 2. Section 2. As to construction on Lot 27 of any residence other than a single-family detached dwelling with a five foot (5') side building set back lines, the side building set back line on Lot 27 adjoining Lot 26 shall be fifteen feet (15').

ARTICLE III

TERM AND AMENDMENT

The foregoing restrictions shall run with and bind the land subject to this Declaration and shall inure to the benefit of and be enforceable only by (A) as to Article II, Section 1 hereof, by the Owner of Lot 23, and (B) as to Article II, Section 2 hereof, by the Owner of Lot 26.

These restrictions are for a term of thirty-five (35) years from the date that this Declaration is

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recorded, after which time said restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then Owner entitled to enforce same has been recorded, agreeing to abolish or amend said restrictions in whole or in part.

Such restrictions may be abolished, amended and/or changed at any time upon recordation of an instrument executed by the then Owner entitled to enforce same.

#### ARTICLE IV

#### GENERAL PROVISIONS

Section 1. Enforcement. Enforcement of these covenants and restrictions, as provided in this Declaration, shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate them, or to recover damages; and failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed this 23<sup>rd</sup> day of November, 2009.

*#11-23-2009 but effective as of the 30<sup>th</sup> of October 2009.*

Declarant:

SUNMEADOW HOMES, INC.

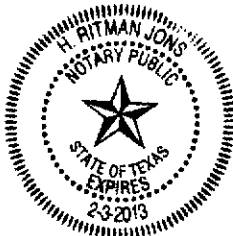
By: 

Ralph Robertson, President

THE STATE OF Texas §

COUNTY OF Kerr §

This instrument was acknowledged before me on this the 23<sup>rd</sup> day of November, 2009, by RALPH ROBERTSON, President of SUNMEADOW HOMES, INC., an Arizona corporation, on behalf of said corporation.



  
Notary Public, State of Kerr

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

VOL. 1767 PAGE 0545

FILED AND RECORDED  
At 4:15 o'clock P M  
STATE OF TEXAS  
COUNTY OF KERR



NOV 8 0 2009

I hereby certify that this instrument was filed in the file numbered  
sequence on the date and time stamped herein by me and was duly  
recorded in the Official Public Records of Kerr County, Texas.  
Jasmeet Payer, Kerr County Clerk

By Ruth L. Payer, Deputy