

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
THE ESTATES AT CEDAR RIDGE PHASE I**

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ARTICLE I.

DEFINITIONS

As used herein, the terms set forth below shall have the meanings indicated:

1.1 Additional Property. Such tract or tracts of land, other than the Property, made subject to these Covenants in accordance with the provisions of Article IX hereof.

1.2 Articles of Incorporation. The Articles of Incorporation of the Association.

1.3 Assessment(s). Any one or more of the following Assessments:

(a) Regular Assessment(s). The amount which is to be paid by each Member and/or Owner to the Association for Common Expenses.

(b) Special Assessment(s). A charge against a particular Owner or Owners, and his or their respective Lot(s), as applicable, directly attributable to such Owner(s) and/or their respective Lot(s), equal to the cost incurred by the Association for corrective action or special services performed, or attorneys' fees and other charges payable by such Owner(s), pursuant to the provisions of this Declaration, plus interest thereon and costs of collection thereof as provided for in these Covenants, and also including any Fines levied against such Owner.

1.4 Association. The Estates at Cedar Ridge Property Owners' Association, Inc., a Texas nonprofit corporation, its successors and assigns.

1.5 Board or Board of Directors. The Board of Directors of the Association, whether same shall be appointed by Declarant or elected by the Members of the Association in accordance with the provisions of these Covenants.

1.6 Builder. The grantee of a Lot within the Property to whom such Lot was conveyed for the purpose of such grantee constructing a Residential Dwelling Unit and related improvements thereon for resale to another party and not for occupation by such grantee.

1.7 Bylaws. The Bylaws of the Association.

1.8 Common Area(s). Any and all portions of the Property (excluding those portions thereof which are or have been dedicated to the Austin, County of Travis, or other governmental or quasi-governmental authority or utility corporation), together with the improvements thereon, including, without limitation, any roadways, drives, traffic control monuments, signs, sidewalks, gates, fences, entryway monuments, community mailboxes, ponds, pump stations, gardens and landscaped areas, security facilities, and similar improvements or facilities, available to, or dedicated for the use, enjoyment and benefit of, all Owners of Lots within the Property.

1.9 Common Expense(s). The actual and estimated: costs of maintenance, management, operation, repair and replacement of and security for the Common Areas and

Common Facilities, including, without limitation, costs of any capital improvements to the Common Areas; costs, if any, of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, employees, accountants, attorneys, agents and such other personnel as the Board shall determine to be necessary or proper for the operation of the Association; costs, if any, of utilities, trash pickup and disposal, gardening and landscape services, security services and other services benefitting the Common Areas and/or other portions of the Development; costs, if any, of fire, casualty, liability, workers' compensation and other insurance coverages maintained in force and effect from time to time by the Association; costs, if any, to the Association in administering and/or correcting any unusual or emergency matter; reasonable reserves as deemed appropriate by the Board; costs of bonding any of the members of the Board, the Architectural Committee or any other management or supervisory body authorized by these Covenants; taxes, assessments and other charges paid by the Association; amounts paid by the Association for the discharge of any lien or encumbrance levied against the Common Areas, or portions thereof; costs incurred in connection with the care and preservation of the Common Areas and the furnishing and upkeep of any desired Common Facilities for use in the Common Areas; costs of exterior maintenance on the Common Areas, including, without limitation, maintenance of driveways, parking lots and sidewalks, care of trees, shrubs and landscaping, and maintenance of walkways, ponds, lighting and utility systems and sprinkler systems (if any such improvements or facilities shall be installed); costs, if any, of maintenance of portions of the Property dedicated to Austin, County of Travis, or other governmental or quasi-governmental authority or utility corporation in the event the appropriate authority fails or refuses to maintain same; other costs for materials, supplies, insurance on Association-owned property, labor, services, maintenance, repairs, structural alterations, taxes or assessments which the Association is required to obtain or pay for pursuant to the terms of this Declaration or by law, or which, in the opinion of the Board, shall be necessary or proper for the operation or protection of the Association, the Common Areas and/or the Common Facilities, or for the enforcement of the provisions of this Declaration; and the costs of any other item or items designated by, or in accordance with other expenses incurred by, the Association for any reason whatsoever which, in the good faith judgment of the Board, or in connection with the Common Areas, the Common Facilities, the Development, the Articles of Incorporation or the Bylaws, are in furtherance of the purpose of the Association or in the discharge of any obligations imposed upon the Association by this Declaration.

1.10 Common Facilities. All personal property owned by the Association for the common use and enjoyment of the Owners of Lots within the Development.

1.11 Covenants. The covenants, conditions, restrictions, easements, reservations, charges, liens and stipulations set forth herein that shall be applicable to, and will govern the development, improvement, ownership, use, occupancy, conveyance, administration and maintenance of, the Property and the Common Areas thereof.

1.12 Declarant. The Declarant named herein, and its successors and assigns that have been designated as such pursuant to a written instrument duly executed and recorded in the Office of the County Clerk of Travis County, Texas.

1.13 Declaration. This Declaration of Covenants, Conditions and Restrictions for The Estates at Cedar Ridge Phase I, together with all amendments or supplements hereto which are hereinafter filed of record in the Real Property Records of Travis County, Texas, whether any such amendments or supplements shall modify, amend, restrict, amplify or supersede the terms, provisions, covenants, conditions and restrictions set forth herein.

1.14 Development. The Property, together with all Structures and improvements now or hereafter situated thereon and all rights and appurtenances thereto, and all Additional Property, if any, together with the Structures and improvements thereon and rights and appurtenances thereto, made subject to these Covenants in accordance with the provisions of Article IX hereof.

1.15 Development Period. The period of time commencing on the date on which this Declaration is recorded in the Real Property Records of Travis County, Texas, and ending on the date on which all Lots situated within the Development, except for Lot 1, Block C has been conveyed to bona fide third parties unrelated to any Builder or the Declarant.

1.16 Lot. Any plot or tract of land shown upon any recorded subdivision map(s) or plat(s) of the Property, as amended from time to time, which is designated as a lot thereon or therein and which is or will be improved for residential purposes. Lots in their improved state shall be deemed to include the Structures and improvements thereon. In the event two (2) or more Lots within the Property as shown on the Plat are resubdivided and combined into a single lot, such resulting lot shall thereafter be deemed a "Lot" for purposes of this Declaration.

1.17 Member or Members. A Member or Members of the Association, as more particularly described in Article IV hereof.

1.18 Architectural Committee. The Architectural Committee, which shall be formed and shall function as contemplated in Article VI hereof.

1.19 Owner or Owners. Any person or persons, firm, corporation or other entity, or any combination thereof, that owns, of record, fee title to, or an undivided fee interest in, any Lot. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

1.20 Plat. The subdivision plat of the Property recorded at Document No. 199900285, Real Property Records of Travis County, Texas, and all amendments and supplements thereto, if any.

1.21 Residential Dwelling Unit. Any Structure on a Lot which is designed and intended for occupancy and use as a residence by one person, by a single family, or by persons maintaining a common household.

1.22 Structure(s). Anything erected, constructed, placed or installed upon any portion of a Lot, including, but not limited to, foundations, walls, walks, drives, fences, buildings, terraces, patios, garages, pools.

1.23 Supplemental Declaration. Any supplement to this Declaration filed for record by Declarant in the Office of the County Clerk of Travis County, Texas, to bring Additional Property within these Covenants in accordance with the provisions of Article IX hereof.

ARTICLE II.

USE RESTRICTIONS

2.1 Residential Use. With the exception of the Common Areas and those portions of the Property which are or have been dedicated or conveyed to the City of Austin, County of Travis, other governmental or quasi-governmental authority, utility corporation, no Lot shall be used for any purpose other than construction and occupation thereon of no more than one (1) Residential Dwelling Unit, including such accessory improvements as are customarily incidental to single-family residential use and not in conflict with the Declaration or any applicable law. Mobile homes, manufactured housing, and all similar housing units are expressly prohibited.

2.2 No Commercial Use. Subject to the provisions of Section 8.4, and except to an incidental extent or in connection with rental of any dwelling by the owner thereof for residential purposes, no part of the Property shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial manufacturing, mercantile or other such nonresidential purposes.

2.3 Home Occupations. Notwithstanding Section 2.2 to the contrary, the practice of an occupation within a Residential Dwelling Unit (“Home Occupation”), accessory to residential use and as permitted in single-family residential zoning districts under the zoning jurisdiction of Austin, Texas, shall be permitted on the Property, but only to the extent that any such Home Occupation is in compliance with the applicable zoning regulations of Austin, Texas, as amended, and is additionally in compliance with the following limitations:

(a) The residential character of the Lot and Structure in which the Home Occupation is conducted shall be maintained. Neither the interior nor the exterior of the Structure shall be structurally altered so as to require compliance with non-residential construction codes to accommodate the Home Occupation.

(b) The Home Occupation shall not generate customer or service related vehicular traffic in excess of three (3) vehicles per twenty-four hour day.

(c) No direct selling of merchandise shall occur on the Property.

(d) No equipment or materials associated with the Home Occupation shall be displayed or stored where visible from adjoining properties or from any street.

(e) The Home Occupation shall not produce external noise, vibration, smoke, dust, odor, heat, glare, fumes, electrical interference or waste run-off outside the Structure.

(f) No vehicle used in connection with the Home Occupation which requires a commercial driver's license to operate shall be parked on the Property or on any street adjacent to the Property.

(g) The Home Occupation shall not be advertised by any signs on the Property, nor shall the street address of the Home Occupation be advertised through signs, billboards, television, radio or newspapers.

(h) Nothing herein shall be construed to allow the following businesses or occupations as Home Occupations: animal hospitals, animal breeding, clinics, hospitals, daycare or childcare facilities, contractors' yards, dancing schools, junk yards, lodging house residential uses, massage parlors, restaurants, rental outlets, or vehicle repair shops.

2.4 Signs. Subject to the provisions of Section 8.4, no sign or billboard of any nature whatsoever shall be displayed to the public view on any portion of the Property, except (a) as may be expressly authorized and permitted by Declarant or the Architectural Committee, or (b) one (1) sign no larger than four (4) square feet on a Lot advertising such Lot and the residence thereon as being "for sale."

2.5 Offensive Activities; Nuisances. No noxious or offensive noise, trade or activity shall be carried on upon any part of the Property, nor shall anything be done thereon which may be, or may become an annoyance or nuisance to the neighborhood or to the Property as a whole, or which shall in any way interfere with the quiet enjoyment of each of the Owners of his respective Lot or Residential Dwelling Unit, or which shall in any way increase the rate of insurance for policies held by the Association or the individual Owners.

2.6 Temporary Structures. No Structure of a temporary character, including, without limitation, a trailer, tent, shack, barn or other outbuilding, shall hereafter be used on any part of the Property at any time as a residence, either temporarily or permanently, and, except temporarily during periods of construction or repair of improvements on a Lot or within the Common Areas, no such temporary structure shall be constructed or installed on any Lot at any time.

2.7 Vehicles. No camper, boat, automobile, truck or other vehicle of any kind shall be permitted to remain upon any part of the Property except for automobiles and trucks parked within approved garages, provided that temporary parking of vehicles shall be permitted. Trailers or other equipment used for transport are also prohibited from remaining upon any part of the Property unless placed or maintained in a manner approved by the Architectural Committee pursuant to Article VI hereof, which approval may be conditioned upon screening such equipment from public view in such manner as the Architectural Committee may deem appropriate. As used herein, temporary parking shall mean parking of vehicles belonging to guests or invitees of an Owner, parking of delivery trucks, service vehicles and other commercial vehicles being used in the furnishing of services to the Association or an Owner, and parking of vehicles belonging to or being used by Owners for temporary loading and unloading purposes. The Board of Directors of the Association may adopt rules to regulate the parking of vehicles within the Common Areas, including the assessment of charges to Owners who violate, or whose invitees violate, such rules.

Any charges so assessed shall be Special Assessments. No vehicle of any kind shall be allowed to park overnight on any portion of the common driveway within the Property.

2.8 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept on the Lots, provided (i) they are not kept, bred or maintained for any commercial purpose, or in numbers deemed unreasonable by the Board of Directors and (ii) they are kept indoors, on a leash or within a Board-approved enclosure at all times. Outdoor enclosures for pets must be located under the house structure unless otherwise approved by the Board. Notwithstanding the foregoing, no animals or fowl may be kept on the Lots which result in an annoyance or are obnoxious to residents in the vicinity.

2.9 Mineral Extraction. No oil drilling, oil development operation, oil refining, quarrying or mining operations of any kind shall be permitted upon or in the Property, nor, subsequent to the recording of this Declaration, shall oil wells, water wells, tanks, tunnels or mineral excavations or shafts be installed upon the Property or any portion thereof. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon the Property.

2.10 Trash Disposal. All rubbish, trash and garbage shall be regularly removed from the Lots and shall not be allowed to accumulate thereon. All clotheslines, trash containers, woodpiles, storage areas and machinery and equipment are prohibited upon any Lot unless obscured from view of adjoining properties and streets by a fence or appropriate screen, the construction and placement of which must be approved by the Architectural Committee as provided in Article VI.

2.11 Antennae. No television, radio or other electronic antenna or device of any type shall hereafter be erected, constructed, placed or permitted to remain on any of the Lots, or upon any of the houses or buildings constructed on such Lots, unless and until the same shall have been approved in writing by the Architectural Committee, or unless the same be wholly contained within a house or building and cannot be seen from the street or Joint Use Driveway. The Architectural Committee may require as much screening as possible while not substantially interfering with reception. No satellite dishes shall be permitted which are larger than one meter in diameter. No broadcast antenna mast may exceed the height of the center ridge of the roofline. No Multichannel Multipoint Distribution Service ("MMDS") antenna mast may exceed the height of twelve feet (12') above the center ridge of the roofline. No exterior antennas, aerials, satellite dishes, or other apparatus shall be permitted which transmit television, radio, satellite or other signals of any kind shall be placed, allowed or maintained upon any portion of the Property. The Declarant, by promulgating this Section, is not attempting to violate the Telecommunications Act of 1996 (the "Telecommunications Act"), as same may be amended from time to time. This Section shall be interpreted to be as restrictive as possible while not violating the Act.

2.12 Air Conditioners. No air conditioning or heating units, compressors or similar devices shall be erected, constructed, placed or installed or permitted to remain on the rooftop or within a window frame of any Structure upon any Lot. All other such devices shall be located within or adjacent to a Residential Dwelling Unit, shall be screened from view from the street and

neighboring property by exterior materials which match those approved for the Residential Dwelling Unit adjacent thereto, and shall otherwise have been approved pursuant to the provisions of Article VI herein.

2.13 Underground Service Lines. Gas, electric, power, telephone, water, sewer, cable television and other utility or service lines of every nature whatsoever shall be placed and kept underground (except to the extent, if any, that such underground placement prevents the lines from being functional). This restriction shall apply to the service and utility lines for each and every Lot, as well as to the distribution lines located in the Common Areas. The foregoing shall not prohibit service pedestals, above-ground switch cabinets, transformers and the like, where required.

2.14 Gas. Each Owner shall install and use only gas-fired water heaters, furnaces and fireplaces and install gas hook-ups for ranges in each Residential Dwelling Unit constructed by such Owner within the Property. In the event an Owner fails to comply with the foregoing or desires a waiver therefrom, such Owner shall be subject to charge of a waiver fee in a amount to be determined, payable to the gas utility provider. The installation of any of the items mentioned in this Section 2.14 must be installed in accordance with the requirements of the Gas Services Division of the Texas Railroad Commission, if applicable.

2.15 Water Recovery Systems. An Owner may install a rainwater recovery system, including cisterns, on such Owner's Lot, provided that any above-ground portion of such system must be screened in the manner required under Section 2.12 hereof and must otherwise be approved by the Architectural Committee under Article VI hereof.

2.16 Sewage Systems. All sewage shall be disposed of into a properly constructed septic tank or other underground on-site treatment system approved by all applicable health authorities and designed by a registered sanitation engineer, or, if available, into an organized sewage collection and treatment system as approved by the public utility serving the particular portion of the Property.

2.17 Fences and Walls. No fence, wall, screen or similar Structure shall be constructed or installed on any Lot, provided that a wall or fence constructed or installed with black or dark green wrought iron or wrought iron-like material pickets and wrought iron, wrought iron-like material or masonry posts and extending from and adjacent to a Residential Dwelling Unit may be constructed for the purpose of enclosing a courtyard or swimming pool on a Lot if such a wall or fence is otherwise approved by the Architectural Committee. Invisible fences are allowed on Lots.

2.18 Clearing Restrictions. No native vegetation (e.g., plants, bushes, shrubs and trees) may be cleared on any Lot unless approved in advance and in writing by Declarant and the Architectural Committee. In approving construction of a Residential Dwelling Unit or other Structure, the Architectural Committee shall specify the native vegetation which may be cleared in connection with such construction based on the tree survey to be provided to the Architectural Committee by the Declarant pursuant to Article VI hereof. All clearing for construction of Structures or other areas of impervious cover shall be minimized to the greatest extent possible.

Areas that are disturbed during construction but not occupied by Structures or other areas of impervious cover shall be replanted with native vegetation species. Any clearing permitted hereunder shall be in compliance with applicable governmental regulations and the landscape plan approved by the Architectural Committee for such Lot.

2.19 Maintenance of Landscaping; Prevention of Oak Wilt Disease. Unless such maintenance is carried out by the Association, each Owner shall keep all shrubs, trees, grass and other plantings made by such Owner on such Owner's Lot pursuant to a landscape plan approved by the Architectural Committee alive, cultivated and pruned and/or mowed, free of trash, weeds and other unsightly material. Owners should avoid pruning or cutting oak trees between mid-February and mid-June of any year; pruning during the hottest or coldest times of the year is advised. All pruning equipment should be sterilized with a solution of bleach and water before an oak tree is cut. Fresh wounds greater than ½ inch on oak trees should be immediately painted with any type of paint, preferably an asphalt or latex base wound paint. All firewood should be stored under a clear plastic cover, with the edges of the plastic tucked under a few inches of soil to keep insects out. Firewood should be burned in the season it was purchased. Owners are encouraged to consult a professional arborist prior to any landscaping work associated with oak trees on such Owner's Lot in order to help prevent the spread of oak wilt disease, and must in any event follow professional arborist guidelines such as those of the Texas Forest Service.

2.20 Wildlife Management Restrictions. No Owner or family member, tenant, guest, agent, employee or invitee of an Owner shall (i) provide supplemental feed for deer on the Property or (ii) use organochlorine or organophosphate pesticides or use any other types of pesticides unless in accordance with the manufacturer's directions therefor.

2.21 Building Requirements. All Structures shall be subject to the following requirements, in addition to the requirements of Article VI hereof:

(a) Setbacks. All Structures (other than approved fences) shall be subject to the setback requirements which meet all applicable city and county building setback requirements, except that the Architectural Committee shall have the right to impose greater setback requirements from all Lot lines at the building plan review stage. The Architectural Committee may also adopt uniform setback requirements. The Architectural Committee shall also have the authority to approve variances to the requirements set forth herein and to allow a Lot owner to seek variances from setback requirements imposed by a governmental entity.

(b) Minimum Floor Areas. All Residential Dwelling Units on Lots (including any combination thereof) shall have a floor area of not less than four thousand (4,000) square feet, exclusive of open porches, patios, garages, balconies and terraces. In addition, the first floor of all two-story Residential Dwelling Units within the Property shall have a floor area which constitutes not less than two-thirds (2/3) of the total floor area in such Structure.

(c) Height Limitations. The Architectural Committee shall have the right to impose limitations on the height of any Structure. No Residential Dwelling Unit erected on any Lot shall have more than two (2) stories, or exceed a maximum height of thirty-five feet (35') from

the highest point on the first floor slab, exclusive of towers and chimneys, or exceed a maximum height of forty-two feet (42') from the lowest point on the first floor slab, inclusive of towers and chimneys. The Architectural Committee shall have the right, in its discretion, to approve a subfloor, basement or similar improvement, as an addition to a two-story Residential Dwelling Unit where necessary due to topographical considerations on such Lot.

(d) Exterior Color Schemes and Materials. In addition to those set forth herein, the Architectural Committee shall have the right to impose limitations on the exterior color and materials to be used on all Structures. The exterior walls (including chimney walls) of all Structures, exclusive of all door and window openings, must have one hundred percent (100%) masonry, stone or stucco coverage and must use only muted earth-tone colors. Other materials and colors may be used on exterior surfaces provided the use is specifically approved in writing by the Architectural Committee.

(e) Roofing Materials. All roofs on the Lots must be constructed using standing seam sheet metal and only in pumice color or other color scheme approved by the Architectural Committee. The Architectural Committee will only approve roofing materials which are fire-proof and are of high grade and quality and which are consistent with the exterior design, color and appearance of other Structures. No wood, tile or composition shingles are allowed. Further, no roofing materials which produce a glare are permitted on any Structure. Roof pitch for any Structure shall be a 6:12 pitch.

(f) Garages. Construction of each Residential Development Unit shall be accompanied by construction of a garage. The design, size, location and orientation of all garages shall be subject to the approval of the Architectural Committee pursuant to Article VI hereof. All garages shall have capacity for not less than two (2) nor more than three (3) standard-sized passenger automobiles, provided that an Owner may, with the Architectural Committee's approval, also construct a porte cochere adjacent to a Residential Dwelling Unit. Each garage shall have a minimum width, as measured from inside walls, of ten feet (10') per car and a minimum depth for each car of twenty-one feet (21'). Garages may also contain appropriately sized storage rooms, recreational workshops and tool rooms as approved by the Architectural Committee. Garages must have garage doors that are operated by electric door openers kept in operable condition and which remain closed at all times save and except for the temporary opening of same in connection with the ingress and egress of vehicles and the loading or placement and unloading or removal of other items customarily kept or stored therein.

(g) Driveways. The design and location of, and the materials to be used for, all driveways, driveway curbing, driveway aprons, culverts and related facilities on a Lot must be approved in advance by the Architectural Committee pursuant to Article VI hereof. No Lot shall have more than one (1) point of ingress/egress for vehicles and such point must connect to the Joint Use Driveway unless otherwise permitted by the ACC. The Joint Use Driveway shall mean that main access drive in the Subdivision by which the Owner's access their Lot.

(h) Lot Development Limitations. Except with the approval of the Architectural Committee as provided herein, development on any Lot shall be limited to a maximum of 21,825 square feet (i.e., one-half of an acre) in the aggregate and shall occur generally between the front

Lot line and the mid-line of the Lot (i.e., a straight line connecting the mid-point of each side Lot line), subject to subsection (a) of this Section 2.21. As used herein, “development” of a Lot shall mean construction or installation of any Structure (other than fences or walkways approved hereunder), together with installation and/or maintenance of a septic field, irrigated landscaping, or any impervious surface.

2.22 Construction. In order to maintain and uphold cohesive standards of construction and development of the Property, the identity of all builders and general contractors constructing Structures on the Property during the Development Period must be approved in advance and in writing by Declarant, provided that Declarant is deemed to have approved for construction on a Lot any builder with whom Declarant contracts for the conveyance of such Lot. Upon commencement of construction of improvements on a Lot, construction shall thereafter continue in an uninterrupted manner and shall be completed in a reasonable time, not to exceed twelve (12) months from the date construction commences.

2.23 Exterior Lighting and Sound Systems. The Architectural Committee shall have the right to approve the location, number, size, type and design of all proposed exterior lighting and sound systems or other noise-making devices. Exterior lighting shall not produce an excessive glare.

2.24 Swimming Pools. All swimming pools must be of a permanent nature built into the structure itself and enclosed with self-closing and self-latching gates approved by the Architectural Committee. In-ground or movable, above ground pools are prohibited. Blow-up or “kiddie pools” used on a temporary basis are permitted subject to the discretion of the Architectural Committee

2.25 Maintenance Obligations. Except where such obligations are expressly assumed by or imposed upon the Association, every Owner shall maintain or cause to be maintained all exterior portions of such Owner’s Residential Dwelling Unit and any other Structure located or placed on such Owner’s Lot by such Owner in a good state of repair and in a clean, safe, neat and orderly condition.

2.26 Helicopters. Except in the case of emergency and the use of helicopters by Emergency Medical professionals, the use of helicopters within the Property is prohibited.

2.27 Playscapes. Playscapes are not allowed on the Lots unless approved by the Board.

ARTICLE III.

COMMON AREAS

3.1 Owners' Easements in Common Areas. Subject to the provisions of this Declaration and the right of the Declarant and/or the Association, as applicable, to control the use, operation and maintenance of the Common Areas as hereinafter provided, every Owner shall have a right and easement of use and enjoyment in and to the Common Areas, and such right and easement of ingress and egress over and across the Common Areas as shall be reasonably necessary for such Owner to have access to his Lot, and such rights and easements shall be appurtenant to, and shall pass with the title of, each respective Lot; provided, however, such rights and easements as aforesaid shall not give any such person or persons the right to make alterations, additions or improvements of any kind or nature to the Common Areas.

3.2 Title to the Common Areas. The Declarant will hold record title to, and shall control the use, operation and maintenance of, the Common Areas for an indefinite period of time, subject to the rights and easements set forth in Section 3.1 above. Until such time as title to the Common Areas is conveyed to the Association as hereinafter provided, Declarant shall have the right and option (without the joinder and/or consent of any other person or entity) to encumber, mortgage, alter, improve, landscape, irrigate, control and maintain the Common Areas. In the event that the Common Area is in the nature of an easement, than the title held shall be in the nature of an easement estate. At some point in time after the Association has been incorporated (as deemed reasonable and appropriate by the Declarant, but in any event prior to the expiration of the Development Period) the Declarant will convey record title to all or a portion of the Common Areas to the Association for the purposes herein envisioned, whereupon the Association, acting by and through the Board, shall assume control over the Common Areas in accordance with these Covenants.

3.3 Designation and Conveyance by Declarant. All or any part of the Property and/or any Additional Property, together with the improvements, if any, located thereon, owned by Declarant, or any interest held by Declarant therein, or an easement estate therein, may be conveyed, transferred or assigned to the Association and, if not already done so hereunder, designated as Common Areas by the Declarant at its sole discretion and without the approval, assent or vote of the Association or of its Members; provided, however, that any such property so conveyed shall be free and clear of any and all mechanic's and materialmen's liens and that all taxes and governmental assessments against any such property which are then due and payable shall have been paid prior to the date of such conveyance, unless otherwise approved by the Board of Directors of the Association. It is Declarant's intent to use all or a portion of Lot 1, Block C for entry and landscaping feature purposes. Declarant shall be entitled to use Lot 1, Block C for such purposes, dedicate easements across Lot 1, Block C and convey Lot 1, Block C in fee title to the Association as a Common Area, subject to such easements. Unless and until Lot 1, Block C is formally dedicated to the Association, Declarant reserves the right to transfer any interest in Lot 1, Block C to any third party in fee or for any other purposes.

3.4 Extent of Owners' Easements. The Owners' rights and easements created hereby shall be subject to all covenants, conditions and restrictions contained in this Declaration and the Plat and to the rights of the Declarant (for so long as Declarant shall own and control the use, operation and maintenance of the Common Areas) and the Association, acting by and through the Board (from and after such time as Declarant shall convey the Common Areas to the Association), to:

(a) Prescribe, adopt and enforce (through all available means) rules and regulations governing the use, operation and maintenance of the Common Areas (including limiting the number of guests of Owners and limiting the use of the Common Areas by persons not in possession of a Lot, but owning a Lot or undivided fee interest therein), and prescribe and levy such fines and/or other penalties as the Declarant or the Board, as applicable, may deem appropriate for violation of such rules and regulations;

(b) Borrow money for the purpose of maintaining, operating or constructing improvements in the Common Areas and, in connection therewith, to grant a lien or mortgage against the Common Areas to secure the obligation to repay such indebtedness, provided that the rights of any such lienholder or mortgagee shall be subordinate and inferior to the rights of the Owners hereunder;

(c) Take such steps as are or may be reasonably necessary to protect the Common Areas, or any portion thereof, from foreclosure or levy;

(d) Dedicate or transfer all or any portion of the Common Areas to any municipality, public agency, governmental or quasi-governmental authority, school district or utility (including, without limitation, any municipal utility district);

(e) Contract for and cause to be built and maintained in or on the Common Areas such improvements and facilities as the Declarant or the Association, as applicable, shall deem to be necessary in the best interests of the Owners, and as the subject property itself will reasonably allow;

(f) Suspend or restrict the voting rights and/or the rights to the use of the Common Areas of any Owner who violates any of the provisions of (i) these Covenants, (ii) any rules or regulations established from time to time by Declarant or the Board, as applicable, governing the use, operation and maintenance of the Common Areas, or (iii) any other rule, regulation, covenant, condition or restriction applicable to such Owner and/or such Owner's Lot pursuant to any document or instrument, whether or not filed of record, establishing or creating covenants, conditions and/or restrictions governing the ownership, use, occupancy and/or development of such Owner's Lot or other portions of the Property;

(g) Suspend the voting rights and/or the rights to the use of the Common Areas of an Owner for any period during which any Assessment against his Lot remains unpaid;

(h) Set aside a portion or portions of the Common Areas for a particular activity or facility and to condition the use thereof on the payment of a fee or charge;

(i) Levy, against any Owner and his Lot(s), a Special Assessment to cover the costs of maintenance and/or repair to the Common Facilities and/or the Common Areas, or any portion thereof, caused by the willful or negligent acts of any Owner, or his family members, tenants, guests, agents, employees or invitees, as applicable.

3.5 Disclaimer of Warranty or Representation. Notwithstanding anything which could be construed to the contrary contained herein, the rights of Declarant and the Association, as applicable, to control the use, maintenance and operation of the Common Areas as provided for herein are not, and shall not be or be deemed to be, a warranty or representation that any of such rights as are contemplated herein will be exercised, any such warranty or representation, whether express, implied, statutory or otherwise, being hereby expressly disclaimed. DECLARANT MAKES NO REPRESENTATION OR WARRANTY HEREIN CONCERNING THE PROPOSED OR INTENDED USE OF THE COMMON AREAS OR ANY PROPOSED FACILITIES OR OTHER IMPROVEMENTS, WHETHER RECREATIONAL OR OTHERWISE.

3.6 Delegation of Use. Subject to the terms and provisions of the Bylaws and/or any rules and regulations as shall be established and adopted from time to time by the Declarant and/or the Association in accordance with these Covenants, any Owner may delegate his rights of use, recreation and enjoyment of the Common Areas to his family members and/or tenants, and their respective guests and invitees, as applicable.

3.7 Waiver of Use. No Member or Owner may exempt itself or himself from personal liability for Assessments duly levied by the Association hereunder, nor release any Lot from the liens and charges established pursuant to this Declaration, by waiver of the use, recreation and enjoyment of the Common Areas and the facilities thereon, or abandonment of its or his Lot.

3.8 Restricted Actions by Owners. No Owner shall permit anything to be done on the Property, or any portion thereof, or in the Common Areas, which would violate any applicable zoning ordinance, or which will result in the cancellation of or increase of any insurance carried by the Association, or which would be in violation of any covenant, condition or restriction set forth in these Covenants or in any other written instrument, whether or not filed of record, governing in any manner the ownership, use, occupancy and/or development of the Property, or any portion thereof, all of which covenants, conditions and restrictions are and shall be incorporated herein by reference, or which would be in violation of any law.

3.9 Damage to the Common Areas. Each Owner shall be liable to the Declarant and/or the Association, as applicable, for any damage to any portion of the Common Areas and/or Common Facilities caused by the negligence or willful misconduct of the Owner, or his family members, tenants, agents, employees, invitees or guests, as applicable.

3.10 Rules and Regulations. All Owners shall abide by any rules and regulations from time to time adopted by the Declarant and/or the Board pursuant to the terms hereof, which rules and regulations, when made and in force and effect from time to time, shall be deemed to be incorporated herein by reference. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner in violation of said rules and regulations shall be liable to the Association for all damages and costs, including reasonable attorneys' fees, incurred by the Association in enforcing any of such rules and regulations.

3.11 Caretaking of the Common Areas. Without limiting any of the foregoing, the Common Areas presently intended by Declarant are the Joint Use Driveway, Entry Feature, Landscape Areas and Septic Drainfield areas. Declarant intends to develop a common irrigation system for the Common Areas which will be approved and maintained by the Association. Additionally, each Owner will be required to install an individual irrigation if required by the Architectural Committee as part of the plan review process. Declarant also intends and may elect for the Association to maintain, mow, trim and prune all landscaped or yard areas within the Property for which each Owner, by acceptance of its deed, allows and accepts and consents to the assessment of such costs as a Common Expense.

3.12. Septic Easement. Declarant reserves the right to dedicate a septic drainfield easement across Lot 1, Block A of the Subdivision for purposes of meeting the septic requirements for one or more of the homes built on the Property. In the event that such easement is granted across Lot 1, Block A, Declarant or the owner of such lot may remove the easement if the homes being served by such septic easement are converted to an alternative wastewater system and Lot 1, Block A is no longer needed as a septic drainfield for such homes.

ARTICLE IV.

THE ASSOCIATION

4.1 Purpose. The general purpose and function of the Association shall be to preserve the values and amenities of the Development and to supervise its continued orderly development and administration. To such end, but without limiting the generality of the foregoing, the Association, acting by and through its Board of Directors, in addition to the other powers conferred upon the Association herein or otherwise by statute or at law, shall be authorized and empowered to (i) establish, supervise and enforce rules, regulations and procedures designed to ensure the architectural and landscaping harmony of all portions of the Development; (ii) provide for the management, construction, maintenance, repair, replacement, administration, insuring and use of the Common Areas and the Common Facilities as herein provided for; (iii) establish and maintain a working capital and contingency fund in an amount to be determined by the Board of Directors; (iv) enter into such contracts and agreements concerning the Common Facilities, the Common Areas and/or other portions of the Property with such persons and on such terms as the Board deems necessary or appropriate, including, without limitation, the right to grant such easements for such uses and purposes as the board shall deem appropriate and the right to enter into agreements with adjoining or nearby land owners or governmental or quasi-governmental

authorities on matters of maintenance, repair, administration, security, operation of any matters of mutual interest; (v) enforce, through all available means, the terms, provisions, covenants and conditions of this Declaration, and/or those contained in any other written instrument, whether or not filed of record, governing the ownership, use, occupancy, administration and/or development of any portion of the Property, and any rules and regulations made hereunder or thereunder, all of which are and shall be incorporated herein by reference, and to enjoin and seek damages from any Owner in violation of any such provisions, rules and/or regulations; (vi) subject to the provisions of the Articles of Incorporation and Bylaws, borrow funds to pay costs of operation of the Association, secured by an assignment or pledge of rights against delinquent Members and/or Owners, if the Board sees fit; (vii) enter into contracts, maintain one or more bank accounts, and, generally, to exercise and enforce the powers necessary or incidental to the operation and management of the Association; (viii) grant easements where necessary for utilities, transformers and related facilities over, across and/or under the Common Areas to serve the Common Areas and other portions of the Property; (ix) employ a manager, engineers, gardeners, consultants or other persons deemed appropriate by the Board, and to contract with independent contractors or managing agents, including Declarant or any other person, firm or entity, whether or not affiliated with Declarant, to perform all or any part of the duties and responsibilities of the Association and to assist the Architectural Committee; and (x) in general, perform and take such other actions or steps as shall, in the discretion of the Board, be reasonably necessary to ensure the continued orderly development, administration, use and occupancy of the Development.

4.2 Board of Directors. The business and affairs of the Association shall be managed by its Board of Directors. Until such time as the first meeting of the members is held in accordance with the provisions of Section 4.7 hereof and a Board of Directors is elected by the Members, the Declarant shall determine the number of directors and shall appoint, dismiss and reappoint all of the members of the Association's Board of Directors to ensure the stability of the Association and to administer the Association's affairs. The Board of Directors appointed from time to time by Declarant pursuant to the provisions of this Section 4.2 is herein referred to as the "Appointed Board." The Board of Directors elected at the first meeting of Members of the Association is herein called the "First Elected Board."

4.3 Membership in Association. The Association shall be composed of (a) all Lot Owners within the Property and (b) the Declarant. The terms and provisions set forth in this Declaration shall be binding upon all Owners, but are not exclusive. All Owners and Members shall, in addition, be subject to the terms and provisions of the Articles of Incorporation and the Bylaws of the Association to the extent the provisions thereof are not in conflict with this Declaration.

4.4 Memberships Not Severable. Membership of Owners in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. The membership of the Declarant in the Association shall be appurtenant to and may not be separated from the fee ownership of any portion of the Property. Ownership of a Lot of the Property shall be the sole qualification for the respective membership of an Owner in the Association and of the Declarant in the Association.

4.5 Transfer. Membership in the Association held by any Owner shall not be transferred, pledged or alienated in any way, except upon the conveyance of fee title to the applicable Lot to which the membership pertains, and then only to the purchaser of such Lot. Any attempt to make a prohibited transfer is void and will not be reflected upon the books of the Association. Upon receipt of actual notice that a Lot has been conveyed and that the benefits and rights of enforcement of this Declaration have been specifically assigned to the grantee thereof, the Association shall record the transfer upon its books.

4.6 Classes of Membership and Voting. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be the Members in the Association other than Declarant. Class A Members shall each be entitled to one (1) vote in respect of each matter coming before the Association for a vote of the Association's membership. Each Class A Member shall designate, from its board of directors, a person to attend the meetings of Members of the Association, to cast at any such meeting the Member's votes and to otherwise represent such Member in Association matters.

Class B. The sole Class B Member shall be the Declarant. The Class B Member shall be entitled to the number of votes which, when added to the total number of votes outstanding from time to time for Class A memberships, shall equal fifty-one percent (51%) of the total votes outstanding for the Class A and Class B memberships. At any time, the Declarant may forever relinquish such Class B voting power by recording a document to such effect and notifying the Board that such filing has occurred and that Declarant has withdrawn its Class B membership from the Association.

Except as otherwise specifically set forth in this Declaration, notice, quorum, proxy and other requirements regarding voting by the Members of the Association shall be set forth in the Articles of Incorporation and Bylaws, as same may be amended from time to time.

4.7 Meetings of the Members. The first meeting of the Members of the Association shall be held when called by the Appointed Board upon no less than ten (10) and no more than fifty (50) days' prior written notice to the Members. Such written notice must be given not later than the conclusion of the Development Period. The First Elected Board shall, in accordance with the procedures set forth in the Bylaws, be elected at the first meeting of the Members of the Association. Thereafter, annual and special meetings of the Members of the Association shall be held at such places and times and on such dates as shall be specified in the Bylaws.

4.8 Election and Meetings of the Board of Directors. From and after the election of the First Elected Board, the Board of Directors shall be elected and shall meet in the manner set forth in the Bylaws. Except as may be otherwise expressly set forth in this Declaration, requirements concerning the number of Board members, notice to the Board members of meetings of the Board, voting of Board members and Board actions shall be set forth in the Articles of Incorporation and Bylaws, as same may be amended from time to time; provided, however, notwithstanding anything which could be construed to the contrary contained herein, or in the Articles of Incorporation or Bylaws, during the Development Period and for three (3) years thereafter, no Board action may be

taken without the prior written consent of Declarant, which consent shall not be unreasonably withheld. However, in the event of any disagreement between the Declarant and the Board during such period of time concerning any Board action to be considered or taken, the decision and opinion of the Declarant will prevail and control.

4.9 Board Powers and Duties. The Board, for the benefit of the Property and the owners, and on behalf of the Association, shall have, in addition to the other rights, powers and duties conferred upon it pursuant to these Covenants or by statute or otherwise at law, the following rights, powers and duties:

(a) To execute all replats of the Property and all declarations of ownership for tax assessment purposes with regard to the Common Areas and/or Common Facilities on behalf of all Owners.

(b) To pay, from the Assessments collected in accordance with Article V hereof, the Common Expenses and other costs and expenses incurred by the Association in connection with these Covenants.

(c) To provide for the maintenance, repair, replacement, administration and operation of the Common Facilities and the Common Areas.

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

(e) To make rules and regulations for the operation of the Common Areas and/or the Common Facilities, and to amend them from time to time as the Board shall see fit.

(f) To make available to the Owners within a reasonable time after the end of each fiscal year an annual report.

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

(h) To fix, establish, levy and collect the Assessments of the Members and/or the Owners as set forth in Article V hereof.

(i) To obtain, for the benefit of the Common Areas as necessary, water, sewerage, gas, electric and other applicable utility services and refuse collections.

(j) To suspend the rights of an Owner to use the Common Areas.

(k) From and after such time as the Declarant shall convey the Common Areas to the Association as contemplated in Article III hereof, to own, hold, maintain and otherwise

manage all of the Common Areas, together with all facilities, improvements, easements and landscaping thereon.

4.10 Board Powers Exclusive. Except as otherwise provided by the provisions of these Covenants, the Board shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made from the Assessment fund, and the exclusive right and obligation to perform the powers, duties and functions of the Association. The Board shall, however, have the power and authority to delegate, from time to time as the Board, in its sole discretion, shall deem advisable, its powers, duties and functions to one or more Association officers, any committee(s) appointed and/or established by the Board, or such other persons or parties as the Board shall see fit.

4.11 Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner, any group or neighborhood of Owners, any owner association, or any combination of the foregoing identified parties, for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and to the best interest of the Association.

4.12 Emergency Powers. The Board of the Association, or any person authorized by the Association or the Board, may enter upon any Lot and the Structures and other improvements thereon in the event of any emergency involving potential danger to life or property, or to perform and do such other actions as shall be reasonably necessary for the proper supervision of the Development. All police officers, fire fighters, ambulance personnel and other emergency personnel shall have a similar right of entry in connection with the performance of their duties in response to emergency conditions on or about the Property.

4.13 Self-Help. In addition to any other rights or remedies provided for herein, the Association, or its agents or employees, shall have the power and authority to enter upon any Lot and/or the Structures and other improvements thereon, or any portion of the Common Areas, to remedy (including by removal, replacement and/or abatement) any thing or condition which violates the terms and provisions of these Covenants, the Bylaws, any other written instrument, whether or not filed of record, governing in whole or in part the ownership, use, occupancy and/or development of the Property, or any portion thereof, and any rules or regulations established hereunder or thereunder, using such force as may be reasonably necessary in the circumstances. Except in an emergency, the Association shall give the Owner in violation of such foregoing matters not less than ten (10) days' written notice of the Association's intent to exercise self-help. Any and all costs and expenses incurred by the Association in entering upon any Lot and/or the Structures and other improvements thereon, including reasonable attorneys' fees and costs of collection thereof, shall be assessed against the violating Owner(s) and shall be collected through the establishment of a Special Assessment against such violating Owner(s).

4.14 Maintenance of Common Areas. The Declarant (for so long as Declarant shall own and control the use, operation and maintenance of the Common Areas as provided in Article III hereof) and the Association (from and after such time as Declarant shall convey the Common

Areas to the Association as contemplated in Article III hereof) shall maintain the Common Areas in good repair and condition. Notwithstanding the foregoing, and without limiting the effect thereof, the maintenance obligations provided herein shall include the maintenance of landscaping in an attractive and viable condition and the maintenance in good condition and repair of all roadways, streets, the Joint Use Driveway or other improvements located in the Common Areas. Declarant or the Association may, at their option, accomplish the maintenance obligations provided herein with their own employees and equipment or contract with another party or parties to accomplish said maintenance obligations.

4.15 Right of Declarant to Maintain Common Areas. In the event that the Declarant determines that the Association is not maintaining the Common Areas or any part thereof according to the standards set forth in Section 4.14, then the Declarant, after giving notice to the Association, may itself assume the maintenance responsibility thereof. In the event of a disagreement between the Declarant and the Association as to whether the Association is maintaining the Common Areas therein according to the standards set forth in Section 4.14 above, the decision and opinion of the Declarant shall control and prevail. In the event that the Declarant, pursuant to the provisions of this Section 4.15, exercises its right to accomplish the Association's maintenance obligations, either with its own employees and equipment or by contract to a third party, the Association shall pay the Declarant for the entire cost thereby incurred, including costs of management and administration incurred by Declarant. In the event that the Declarant brings an action at law or in equity with respect to the Association's nonperformance of such maintenance obligations and prevails against the Association, the Association shall pay the costs of such action and the reasonable attorneys' fees incurred by the Declarant; provided, however, in the event that the Association is unable to make such payments or secures a court judgment or order preventing the Declarant from collecting such payments, then the Owners shall jointly be liable for all such payments. In all events, the amount of any monies or sums paid from the Association to Declarant to reimburse Declarant for its costs incurred in performing such maintenance obligations and/or the costs incurred by Declarant in maintaining an action against the Association shall be a Special Assessment.

ARTICLE V.

ASSESSMENTS

5.1 Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Property, hereby covenants and agrees, and each Builder and Owner, by acceptance of a deed or other conveyance of a Lot, is deemed to covenant and agree, to pay or cause to be paid to the Association (or to a mortgage company or other collection agency designated by the Association) Regular Assessments and Special Assessments, such Assessments to be fixed, established and collected from time to time as hereinafter provided. All such Assessments, together with interest thereon, any late charges and costs of collection thereof as provided for in these Covenants, shall be a charge on the land and shall be a continuing lien upon each Lot with respect to which each such Assessment is made. Each such Assessment, together with interest thereon, any late charges and costs of collection thereof as provided for in these Covenants, shall also be the continuing personal obligation of the person who was the Owner of

such Lot at the time when the Assessment fell due. Upon the sale of any Lot in compliance with the terms of this Section, the Builder shall be released from liability with respect to Assessments attributable to such Lot arising after the date of the conveyance. The Builder shall, however, remain liable for Assessments arising prior to such conveyance of a Lot. Each Owner of any Lot within the Property, by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association his portion of all Regular Assessments and Special Assessments, such Assessments to be fixed and established as hereinafter provided and collected from time to time by the Association. The portions of such Assessments as aforesaid, together with interest thereon, late charges and costs of collection thereof as hereinafter provided, shall be a lien and charge on the land and shall be a continuing lien (hereinafter "Assessment Lien") upon each Lot. Each such portion of any such Assessment, together with such interest, late charges, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, but, subject to the provisions of Section 5.15 hereof, the Assessment Lien for the full amount of Assessments unpaid at the date of a transfer of the Lot shall continue as a charge and lien against the Lot in the hands of the subsequent Owner. There is hereby retained a present vendor's lien ("Vendor's Lien") upon each Lot within the Property to secure the payment of all Assessments, whether Regular or Special, which may be levied by the Association pursuant to the terms hereof, which Vendor's Lien shall be further secured by a separate valid and subsisting deed of trust lien ("Deed of Trust Lien") retained herein, and each Builder or Owner, by acceptance of a deed or other conveyance to any Lot within the Property, does hereby grant, bargain, sell and convey unto the Association, as Trustee, such Lot, IN TRUST, upon the terms and conditions hereinafter contained, to secure payment of all Assessments and all late charges, interest, expenses and attorneys' fees and costs incurred in connection with any such Assessment. Said Vendor's Lien and Deed of Trust Lien are, where the context may require, included within the references in this Declaration to the "Assessment Lien." It is expressly intended that, by acceptance of a deed or other conveyance or muniment of title to a Lot within the Property, each Builder and Owner acknowledges that title is accepted subject to the Assessment Lien, which shall, in addition to the subrogation rights described above, be deemed to be an express contractual lien and shall be superior to any defense of homestead or other exemption, the Assessment Lien having been created prior to the creation or attachment of any homestead right with respect to any Lot. Nothing contained in this Section 5.1 or otherwise in these Covenants shall be deemed to subordinate the Assessment Lien to any homestead claim hereafter arising. In addition to, and as further evidence of, the Assessment Lien rights described above, each initial Owner, at the time of the first transfer of a Lot by a Builder to such Owner, shall execute, acknowledge and deliver, and each Builder shall require each such Owner to execute, acknowledge and deliver, a written instrument, in form for recording and in substance reasonably acceptable to Declarant and to the Board evidencing the Assessment Lien against such Lot in favor of the Association, which such instrument shall be recorded in the Real Property Records of Travis County, Texas, evidencing the agreement of the Owner, and his successors and assigns, to pay Assessments and the existence of the Assessment Lien running with the land and acknowledging and agreeing to the power of sale under the right of foreclosure in accordance with the provisions of this Declaration, subject to the priority and subordination of lien provisions of this Declaration.

5.2 Purpose and Allocation of Assessments. The Assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety and welfare of the Development and the Members, enhancing the quality of life within the Development, and enhancing and protecting the value, desirability and attractiveness of the Property. In particular, the Assessments may be used, without limitation, for the maintenance of Common Areas and perimeter landscaping, including, but not limited to, fences, private roads, the Joint Use Driveway, monuments, gates, entry features, mailboxes, and any utility easement improvement; maintenance deemed necessary or desirable for the benefit of the Development and the improvement and maintenance of the properties, services and facilities devoted to the foregoing purposes; and the discharge of the Association's rights, powers and duties under this Declaration and other agreements to which the Association is a party. The amount and allocation of all Assessments levied by the Association hereunder shall be established and determined by the Board of Directors. Assessments may be allocated equally to each Lot, or proportionately based upon relative size or value, or in any other equitable and reasonable manner as the Board, in its sole discretion, shall determine.

5.3 Improvement and Maintenance of the Common Areas Prior to Conveyance to the Association. Prior to the conveyance of the Common Areas from the Declarant to the Association as contemplated in Section 3.2 hereof, the Declarant shall have the right to improve and maintain the Common Areas, to manage and supervise the same, and, in general, to exercise the duties which otherwise would be exercised by the Board of Directors of the Association in respect thereof, and to pay taxes on and insurance in connection with the Common Areas and the cost of repairs, replacements and additions thereto, and to pay the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Areas. In this regard, all Assessments collected by the Association (less such amounts required for the normal operation of the Association and less those portions of any Special Assessments levied for purposes other than to defray the costs of maintenance and/or repair to the Common Areas) shall be forthwith paid by the Association to Declarant, to the extent that such Assessments are required by Declarant to improve and maintain the Common Areas as set forth in this Section 5.3 and to carry out the duties which otherwise would be exercised by the Board of Directors of the Association with respect to the Common Areas. The Association shall rely upon a certificate executed and delivered by the Declarant with respect to the amount required by Declarant to improve and maintain the Common Areas hereunder and to carry out the duties which otherwise would be exercised by the Board of Directors of the Association in respect thereof. Any sums required by Declarant to improve and maintain the Common Areas and to carry out the duties which otherwise would be exercised by the Board of Directors in respect thereof in excess of the Assessments paid over to Declarant in accordance with this Section 5.3 shall be borne and paid exclusively by Declarant.

5.4 Regular Assessments. The amount and time of payment of Regular Assessments shall be determined by the Board pursuant to the Articles of Incorporation and Bylaws, after giving due consideration to the current maintenance costs and future needs of the Association, and the amount of funds which are or will be sufficient to establish an adequate reserve fund for repair, replacement and maintenance of the Common Areas and Common Facilities. Not later than thirty (30) days prior to the beginning of each calendar year, the Board shall estimate the total Common Expenses to be incurred for the forthcoming year. The Board shall then determine the installment

amount of the Regular Assessment to be collected from each Member. Written notice of the amount of Regular Assessments shall be sent to each Member. Each Member shall thereafter pay to the Association such Regular Assessment in a lump sum or in regular installments as established by the Board. In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall determine the approximate amount of such inadequacy and issue a supplemental estimate of the total Common Expenses and determine the revised amount of the Regular Assessment against each Member. In the event the Board shall determine that the amount collected or to be collected through Regular Assessments is in excess of the Association's need for the current year and reserves appropriate for future years, the Board in its discretion may refund all or a portion of such excess to the Members, reduce the amount of the Regular Assessments or abate collection of Regular Assessments as it deems appropriate. Each Owner, upon the acquisition of record title to any Lot within the Development, shall cause to be paid an amount equal to one-sixth (1/6) of the amount of the then applicable Regular Assessment for such Lot as determined by the Board. Such amount shall be deposited by the purchaser with the escrow agent at the closing of the purchase of the Lot, and shall thereafter be distributed directly from such escrow agent to the Association.

5.5 Special Assessments. Special Assessments shall be levied by the Board of Directors of the Association against one or more Owners and/or Lots with respect to which particular costs have been incurred by the Association, including, but not limited to, maintenance or repair of exterior surfaces and perimeter walls and the performance of any duty imposed upon any Owner by these Covenants. In the event the Association undertakes to provide materials or services which benefit individual Owners or Lots (as opposed to the entire Development) and which can be accepted or not by individual Owners, such Owners, in accepting such materials or services, shall be deemed to have agreed in writing that statements therefor from the Association shall be Special Assessments. Nothing in this Section 5.5 shall authorize the Association to engage in any business for profit, but is intended solely to provide for reasonable compensation and reimbursement to the Association for materials and services rendered incidentally to the performance of its stated purposes if and to the extent that such materials and services are rendered for the benefit of individual Owners and their property rather than for the benefit of all Owners and Members, whether rendered at the express request of such Owner or to cure a default by such Owner hereunder. Special Assessments may also be levied against any Owner and his Lot(s) to cover the costs of any maintenance and/or repair to the Common Facilities and/or the Common Areas necessitated by the willful or negligent acts of any Owner, or his family members, tenants, guests, agents, employees or invitees, as applicable.

5.6 Certificate of Payment. The Association shall, upon demand, furnish to any Member or Owner liable for an Assessment, or portion thereof, a certificate in writing signed by an officer or authorized agent of the Association, setting forth whether the Assessments on a specified Lot have been paid, and the amount of delinquency, if any, and whether any other violations pursuant to this Declaration exist as to such Lot and the nature of such violations, if any. A reasonable charge as provided from time to time by the Bylaws or the Association may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

5.7 Exempt Property. All properties dedicated to and accepted by a local public authority and all Common Areas shall be exempt from the Assessments created herein. However, no land or improvements devoted to residential use shall be exempt from said Assessments, but any foreclosure of an Assessment Lien as hereinafter provided against a Lot shall be limited to that particular Lot and the undivided interest, if any, of such Lot Owner in the Common Areas.

5.8 Date of Commencement of Assessments; Due Dates. The Regular Assessments provided for herein shall commence on the date fixed by the Board of Directors of the Association to be the day of commencement, and, as may then be determined and prescribed by the Board of Directors, shall be payable annually or monthly, in advance, on the first day of the year or month (as the case may be). The due date or dates, if to be paid in installments, of any Special Assessment under Section 5.5 hereof shall be fixed in the respective Board resolution authorizing such Assessment. Declarant owned Lots that are unimproved shall be responsible for their pro-rata share of Common Expenses, however, development may be phased such that landscaping and other expenses associated with un-built Lots will be minimized. Declarant owned Lots that are unimproved and used for Common Area purposes shall not be responsible for their pro rata share of the Common Expenses, however, development may be phased such that landscaping and other expense associated with un-built Lots will be minimized. Declarant owned Lots that are unimproved and used for Common Area purposes only shall not be responsible for any share of the Common Expenses.

5.9 Duties of the Board of Directors with Respect to Assessments.

(a) The Board of Directors of the Association shall fix and determine the amount of the Assessment against each Lot at least thirty (30) days in advance of the due date thereof or, for any Assessments to be paid hereunder in installments, at least thirty (30) days prior to the due date of the first installment; provided, however, in the case of a Special Assessment levied against any individual Owner or Owners as authorized under Section 5.5 above, the Board shall not be obligated to fix and determine the amount of such Special Assessment until the costs to the Association for which such Special Assessment is levied are known or are capable of being reasonably determined by the Board, and any such Special Assessment may be required by the Board to be due and payable within ten (10) days from the time the Owner being assessed is notified by the Board of the Assessment.

(b) Written notice of any Assessment shall, upon the determination thereof, be delivered or mailed to the Members.

(c) The Board shall prepare and keep current a roster of the Lots and Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.

5.10 No Offsets. No Assessment shall be payable in an amount less than that specified by the Assessment and no offsets or defenses against such amount shall be permitted for any reason including, without limitation, a claim that the Association is not properly exercising its duties in maintenance or enforcement or the nonuse of all or any portion of the Common Areas.

5.11 Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the delinquency date, to the extent permitted by applicable law, a late charge may be added to each delinquent Assessment chargeable against the Owner and Lot(s) in question. The Board may from time to time by resolution adjust the amount of such late charges to any other legally permissible amount as the Board may reasonably deem appropriate to cover the expenses of recording and collecting delinquent Assessments. In addition, all delinquent Assessments shall bear interest from the date which is thirty (30) days after the delinquency date until paid at the lesser of (i) the highest nonusurious rate of interest allowed by applicable law or (ii) eighteen percent (18%) per annum. In addition, if foreclosure shall become necessary or if any legal action has commenced for the collection of any delinquent Assessment(s), there shall be added to the amount of such Assessment, but only to the extent permitted by applicable law, such late charge(s) and interest, together with costs and expenses, including reasonable attorneys' fees, incurred in connection with collection of the debt secured by the Assessment Lien, the costs of preparing and filing the complaints and/or other legal documents in any such legal or foreclosure action, and in the event a judgment is obtained, such judgment shall include said late charge(s), interest and reasonable attorneys' fees, together with the other costs of collection; provided, however, that such items shall in each case be limited to those charges and in such amounts as are permissible by applicable law. Each Member vests in the Association, or its assigns, the right and power to bring all actions at law or lien foreclosure against such Owner or other Owners for the collection of such delinquent Assessments. The Association may, at its option, bring an action at law against each Owner personally obligated to pay the same, and/or foreclose the Assessment Lien against the Lot(s) in accordance with the then prevailing law of the State of Texas relating to the foreclosure of liens upon real property, either by judicial foreclosure or by private sale pursuant to then prevailing law governing foreclosure of contract liens upon real property. Notwithstanding anything to the contrary contained in this Section 5.11 or otherwise in these Covenants, the terms of these Covenants are expressly limited so that in no contingency or event whatsoever shall the amount paid for the use, forbearance or detention of money, or for the payment or performance of any covenant or obligation contained herein, exceed the maximum amount permissible under applicable federal or state law. If, from any circumstance whatsoever, fulfillment of any provision hereof, at the time the performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any circumstance the Association shall ever receive, as interest or otherwise, an amount which would exceed the highest lawful rate of interest that may be charged, such amount which would be excessive interest would be applied to the reduction of the principal amount of Assessments and other sums then owing and not to the payment of interest, or if such excessive interest exceeds such amount of the unpaid Assessments and such other sums as shall be due hereunder, then such excess shall be refunded to the Owner.

5.12 Notice Required Prior to Enforcement Action.

(a) Before the Association may suspend an Owner's right to use a Common Area, file a suit against an Owner other than a suit to collect a Regular or Special Assessment or foreclose under the Association's lien, charge an Owner for property damage, or levy a fine for a violation of the Declaration or Bylaws or Rules of the Association, the Association or its agent

must give written notice (the “First Notice”) to the owner by certified mail, return receipt requested.

(b) The First Notice must:

(1) describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner; state that the Owner may be subject to the collection of attorneys fees and other reasonable costs incurred by the Association in pursuing the enforcement action beyond the hearing date or the deadline for requesting the hearing, whichever is later; and

(2) inform the Owner that the Owner:

(a) is entitled to a reasonable period to cure the violation and avoid the fine or suspension unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six months; and

(b) may request a hearing pursuant to Section 5.13 herein on or before the 30th day after the date the owner receives the notice.

5.13 Hearing Before Board; Alternative Dispute Resolution.

(a) If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board or before the Board if the Board does not appoint a committee.

(b) If a hearing is to be held before a committee, the First Notice prescribed by Section 5.12 above must state that the Owner has the right to appeal the committee's decision to the Board by written notice to the Board.

(c) The Association shall hold a hearing under this section not later than the 30th day after the date the Board receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the 10th day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

(d) The notice and hearing provisions of Section 5.12 above and this section do not apply if the Association files a suit seeking a temporary restraining order or temporary injunctive relief or files a suit that includes foreclosure as a cause of action. If a suit is filed relating to a matter to which those sections apply, a party to the suit may file a motion to compel mediation. The notice and hearing provisions of Section 5.12 above and this section do not apply to a temporary suspension of a person's right to use Common Areas if the temporary suspension is the result of a violation that occurred in a Common Area and involved a significant and immediate

risk of harm to others in the subdivision. The temporary suspension is effective until the Board makes a final determination on the suspension action after following the procedures prescribed by this section

(e) An Owner or the Association may use alternative dispute resolution services.

5.14 Attorney's Fees.

(a) The Association may collect reimbursement of reasonable attorney's fees and other reasonable costs incurred by the Association relating to collecting amounts, including damages, due the Association for enforcing this Declaration or the Bylaws or Rules of the Association only if the Owner is provided a written notice that attorney's fees and costs will be charged to the Owner if the delinquency or violation continues after a date certain.

(b) An Owner is not liable for attorney's fees incurred by the Association relating to a matter described by the First Notice under Section 5.12 above if the attorney's fees are incurred before the conclusion of the hearing under Section 5.13 above or, if the Owner does not request a hearing under that section, before the date by which the owner must request a hearing. The Owner's presence is not required to hold a hearing under Section 5.13.

(c) All attorney's fees, costs, and other amounts collected from an Owner shall be deposited into an account maintained at a financial institution in the name of the Association or its manager. Only members of the Board or the Manager may be signatories on the account.

(d) On written request from the Owner, the Association shall provide copies of invoices for attorney's fees and other costs relating only to the matter for which the Association seeks reimbursement of fees and costs.

(e) The notice provisions of Subsection 5.14(a) do not apply to a counterclaim of the Association in a lawsuit brought against the Association by an Owner.

(f) For a nonjudicial foreclosure, the amount of attorney's fees the Association may include in such sale for an indebtedness covered by an Assessment Lien is limited to the greater of:

(1) one-third of the amount of all actual costs and assessments, excluding attorney's fees, plus interest and court costs, if those amounts are permitted to be included by law or by this Declaration; or

(2) \$2,500.

(g) Subsection 5.14(f) does not prevent the Association from recovering or collecting attorney's fees in excess of the amounts prescribed by Subsection (f) by other means provided by law.

5.15 Foreclosure of Assessment Lien.

(a) At any time following the notice and hearing process described above in Sections 5.12 and 5.13, if the Owner remains in default, the Association may elect to record a Notice of Assessment Lien (herein so called) against the Lot(s) of such delinquent Owner. Such Notice of Assessment Lien shall state (1) the name of the record Owner, (2) a description of the Lot(s) against which the Assessment is made, (3) the amount claimed to be due and owing, (4) that the Notice of Assessment Lien is made by the Association pursuant to the terms of this Declaration (giving the date of execution and the date, volume and page references of the recording hereof in the Office of the Clerk of the County of Travis, Texas), and (5) that a lien is claimed against the described Lot(s) in an amount equal to the amount of the stated delinquency. Upon recordation of a duly executed original or duly executed copy of such Notice of Assessment Lien by the Clerk of the County of Travis, the Assessment Lien herein created shall immediately become subject to foreclosure, subject only to the limitations hereinafter set forth. The priority of the Assessment Lien shall be governed by the provisions of these Covenants and the recordation of the Notice of Assessment Lien shall be solely for the purpose of public notice of the delinquency and the amount thereof then secured by the Assessment Lien, the priority of which shall be governed as herein provided. Each default shall constitute a separate basis for a Notice of Assessment Lien. If any Owner shall continue to default in the payment of any Assessment payable hereunder for a period of twenty (20) days after the delivery and recordation of any said Notice of Assessment Lien, the Association may undertake such actions at law for the collection thereof and the foreclosure of the Assessment Lien or the Association, as Trustee, acting through any authorized officer or by any agent or attorney-in-fact properly authorized by any such officer, may sell the Lot(s) owned by the delinquent Owner at public auction to the highest bidder for cash pursuant to the provisions of Texas Property Code Section 51.002 as in force and effect on the date of this Declaration, or in accordance with the prescribed manner for foreclosure of contract liens provided by any future amendment to such Section 51.002, or any other statute or article enacted in substitution therefor, after giving such notices as are prescribed therein in addition to the notices described above. In lieu of the foregoing, the Association may enforce any such lien as a mortgage lien in accordance with the provisions of the laws of the State of Texas, now or hereafter in effect, which provisions (including matters incorporated therein by reference) are hereby incorporated herein by reference.

The commencement by the Association of any remedy permitted hereby shall not be deemed an election of remedies so as to bar the subsequent exercise of any other or similar remedy, so that the Association may at any time thereafter abandon or discontinue the pursuit of any specific remedy without waiver of its right to institute any other remedy, either by suit at law or by foreclosure of the Assessment Lien. In the event the foreclosure is accomplished, as in the case of a deed of trust under power of sale, the Association, or any person designated by it in writing, shall be deemed to be acting as the agent of the lienor and shall be entitled to actual expenses and such fees as may be allowed by law or as may be prevailing at the time the sale is conducted. The deed upon foreclosure shall be executed and acknowledged by any Member of the Association, by any member of the Board or by the person conducting the sale. For the purposes of this Section 5.15, a deed upon foreclosure executed and acknowledged by any Member of the Association, by any member of the Board or by the person conducting the sale shall be conclusive upon the Association and the Owners in favor of any and all persons who rely thereon in good faith as to the matters therein contained.

(b) From and after any such foreclosure, the former Owner or Owners, their heirs and assigns, shall forthwith upon the making of such sale surrender and deliver possession of

the property so sold to the purchaser at such sale, and in the event of their failure to surrender possession of said property upon demand, the purchaser, his heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said property in the Justice of the Peace Court in the Justice Precinct in which such Lot, or any part thereof, is situated.

(c) The Board in any event is hereby authorized to appoint a substitute trustee, or a successor trustee, to act in the place of the trustee originally designated without any formality other than the designation in writing of a substitute or successor trustee, and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the delinquent Assessment has been paid in full, or until said property is sold, and each substitute trustee shall succeed to all the rights and powers of his predecessor trustee appointed by the Board.

(d) At any foreclosure sale of a Lot, the Association, through its duly authorized agents, shall have the power to bid on such Lot, using Association funds or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same.

5.16 Foreclosure Sale Prohibited in Certain Circumstances. The Association may not foreclose an Assessment Lien if the debt securing the lien consists solely of;

- (1) Fines assessed by the Association; or
- (2) attorney's fees incurred by the Association solely associated with Fines assessed by the Association.

5.17 Notice After Foreclosure Sale.

(a) The Association must send to the Owner not later than the 30th day after the date of the foreclosure sale a written notice (the "Redemption Notice") stating the date and time the sale occurred and informing the Owner of the Owner's right to redeem the property under Section 5.18 below.

(b) The Redemption Notice must be sent by certified mail, return receipt requested, to the Owner's last known mailing address, as reflected in the records of the Association.

(c) Not later than the 30th day after the date the Association sends the notice required by Subsection (a) above, the Association must record an affidavit in the Real Property Records of Travis County, stating the date on which the Redemption Notice was sent and containing a legal description of the Property foreclosed. Any person is entitled to rely conclusively on the information contained in the recorded affidavit.

(d) The Redemption Notice requirements of this section also apply to the sale of an Owner's lot by a sheriff or constable conducted as provided by a judgment obtained by the Association.

5.18 Right of Redemption after Foreclosure. The process and requirements required for an Owner exercising a right of redemption for a foreclosed property shall be governed by Section 209.011 of the Texas Property Code.

5.19 Curing of Default. Upon the timely curing of any default for which a Notice of Assessment Lien was provided by the Association, officers of the Association are hereby authorized to issue and/or record an appropriate release of such notice, upon payment by the defaulting owner of a reasonable fee to be determined by the Association to cover the costs of preparing and recording such release, together with the payment of such other authorized costs, including, without limitation, authorized legal fees and court costs, interest or fees and charges as shall have been incurred. The execution and recording of any such release of the notice shall not constitute a release of the continuing lien for Assessments, but only of the claim for past due Assessments to which the notice applied.

5.20 Cumulative Remedies. The Assessment Lien and the rights to foreclosure thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid Assessments.

5.21 Priority and Subordination of Assessment Lien. An Assessment Lien upon a Lot shall be superior to any and all other charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon such Lot; provided, however, if any Lot subject to any lien created by any provision hereof shall be subject to a lien of a deed of trust or mortgage securing purchase money financing of a Lot or securing the payment for construction of improvements to the Lot subject to such deed of trust or mortgage, the Assessment Lien shall be subordinated to payment of such deed of trust or mortgage lien in the following respects: (1) the foreclosure of any lien created by anything set forth in this Declaration shall not operate to affect or impair the lien of such deed of trust or mortgage; and (2) the foreclosure of the lien of a deed of trust or mortgage, the acceptance of a deed in lieu of foreclosure of the deed of trust or mortgage or sale under a power of sale included in such deed of trust or mortgage (such events shall be hereinafter referred to as "Events of Foreclosure") shall not operate to affect or impair these Covenants or the continuing lien for Assessments, except that Events of Foreclosure shall extinguish and forever release from the security of the Assessment Lien (but without releasing any Owner from personal liability or such lien as to subsequent Assessments) the claims for Assessments which were payable prior to the occurrence of such Events of Foreclosure; provided, however, that any Assessments which have been released from the security of the Assessment Lien pursuant to the foregoing may, at the election of the Board, be reallocated and assessed to all Owners as a Common Expense. Nothing contained herein shall relieve any purchaser or transferee acquiring title through any Events of Foreclosure from liability, nor the Lot so sold or transferred from the Assessment Lien of any Assessment levied or coming due thereafter. Nothing in this Section 5.21 shall be construed to release any owner from his obligation to pay for any Assessment levied pursuant to this Declaration, which Assessment shall be a personal, separate and distinct obligation of the owner against whom the same is assessed. Notwithstanding the foregoing provisions of this Section 5.21, the Assessment Lien shall not be deemed to be waived, nor shall any statement with respect to priority contained in this Section 5.21 shall be deemed to release the Assessment Lien in

the event that any lien as to which the Assessment Lien would be subordinated by this Section 5.21 shall be determined to be invalid or unenforceable.

5.22 Fines. The Board of the Association shall have the right at any time and from time to time to establish, impose and collect fines ("Fines") which accumulate on a daily basis. The Fines may be imposed in the discretion of the Board against Owners who or which are in violation of any provision of this Declaration. Once Fines are imposed upon any Owner by written notice to the Owner at its last known address on the books and records of the Association, all such Fines shall also be secured by the Assessment Lien.

ARTICLE VI.

ARCHITECTURAL AND LANDSCAPING CONTROL

6.1 Obligation to Submit Plans for Approval. No Residential Dwelling Unit, building, fence, wall, storage facility, pool, driveway, walkway or other Structure or improvement of any kind shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration in any such Structure, including, without limitation, awnings, patio covers, window coverings and antennae, or the color of any such Structure, be made:

(a) until there has been approved by the Architectural Committee plans and specifications therefor (including, but not limited to, grading plans and septic system design plans) showing the nature, kind, size, area, height, materials, exterior color and surface, shape and design, and location of such Structures. Before granting such approval, the Architectural Committee shall have in its judgment determined that the plans and specifications conform to such architectural standards, if any, as may from time to time be adopted in writing by the Board (the "Architectural Standards"), which Architectural Standards may be more restrictive than those otherwise provided herein or by applicable codes, ordinances or laws, and provide for a Structure which is in harmony as to external design and location with surrounding Structures and topography;

(b) until the Declarant has either reviewed and approved such plans and specifications or failed to approve or disapprove the same as provided below in Section 6.3; and

(c) which are not constructed in accordance with such approved plans and specifications.

The examination and approval of plans and specifications shall be nontechnical approval. Such plans and specifications are not approved for engineering design and, by approving such plans and specifications, neither the Architectural Committee, the members thereof, the Association, nor Declarant assumes liability or responsibility therefor, or for any defect in any Structure constructed from such plans and specifications, whether such defect arises from defective design thereof or otherwise. In determining whether to approve or disapprove such plans and specifications, the Declarant and the Architectural Committee shall have the right to reject and disapprove any such plans or specifications which, in the opinion of either, are not suitable or desirable with respect to the individual Structure, the Lot on which the Structure is proposed to be

built or the Property as a whole. In this regard, the Declarant or the Architectural Committee shall have the right to take into consideration the matters mentioned above, as well as the aesthetics of the proposed building or other Structures, the harmony thereof with the surroundings, the effect of the building or other Structures on the view of the adjacent or neighboring property and the effect on the Property as a whole. In order to assist in this determination, the Declarant may, at the time an Owner submits plans and specifications under Section 6.1(a) and/or Section 6.2 hereof, also submit to the Architectural Committee a one-inch (1") topographical and tree survey of such Owner's Lot, showing all trees on the Lot having a caliper of six inches (6") or more and identifying their species.

6.2 Landscaping Approval. No trees, bushes, shrubs, grasses, plants or other landscaping shall be planted or replaced upon any Lot until the plans and specifications identifying the species and proposed placement of any such trees, bushes, shrubs, grasses or plants have been submitted to and approved in writing by the Architectural Committee and until the Declarant has either reviewed and approved in writing such plans and specifications or failed to approve or disapprove the same as provided below in Section 6.3 hereof. Before granting such approval, the Architectural Committee shall have in its judgment determined that the plans and specifications conform to such landscaping standards, if any, as may from time to time be adopted by the Board, which standards shall be made a part of the Architectural Standards. Said plans and specifications as submitted shall show in detail the proposed elevations and locations of said trees, bushes, shrubs, grasses or plants, including the location and elevation of the same in relation to adjacent portions of the Property. The Architectural Committee or the Declarant may disapprove said plans and specifications if, in the opinion of the Architectural Committee or the Declarant, the aesthetic beauty of any Lot or of the Development or portion thereof would be unduly marred by the location of any such tree, bush, shrub, grass or plant. The requirements and standards implemented by the Architectural Committee need not be uniform among all Lots, but may take into account proposed elevations and locations of the Lot involved and its proximity to Common Areas and other Structures or improvements. Said landscaping plans and specifications shall include detail as to the type and location of any sprinkler or irrigation system, and same shall be subject to approval in accordance with this Section 6.2.

6.3 Approval and Conformity of Plans. In the event that the Architectural Committee shall disapprove of any plans and specifications submitted to it pursuant to the provisions of Sections 6.1 and 6.2 above, the Architectural Committee shall give the reasons for its disapproval of the specific elements thereof. Such decision shall be appealable to the Board as provided below, and the Board's decision that approval was properly withheld shall be final and nonappealable. In the event that (i) the Architectural Committee approves such plans and specifications, or (ii) the Board approves or is deemed to have approved such plans and specifications after the Architectural Committee has disapproved the same, or (iii) the Architectural Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the same have been submitted to it, then such plans and specifications shall be submitted to the Declarant for review. If the Declarant shall thereupon disapprove in writing of such plans and specifications, this decision is final and nonappealable. In the event that the Declarant fails to approve or disapprove such plans and specifications within thirty (30) days after the same have been submitted to it, and provided that there is submitted to the Declarant the certificate of a licensed architect stating that in his judgment the plans and specifications submitted

are substantially in conformity with these Covenants and/or the Architectural Standards, as the case may be, such plans and specifications will be deemed approved. In the event that a disagreement arises between the Architectural Committee and the Declarant with respect to whether such plans and specifications shall be approved or disapproved, the decision of the Declarant shall control and take precedence.

6.4 Appeal. Decisions of the Architectural Committee shall be appealable to the Board. Appeals may be taken to the Board by written notice to the Board not more than ten (10) days following the final decision of the Architectural Committee, and within thirty (30) days following the receipt of such notice of appeal, the Board shall render a decision with respect to such appeal. The failure of the Board to render a decision within said thirty (30) day period shall be deemed a decision against the appellant. The Board may, by rule duly adopted, establish an Architectural Appeal Committee (herein so called) to which appeals from decisions of the Architectural Committee may be taken, and provide that decisions of the Architectural Appeal Committee shall be final or that decisions of the Architectural Appeal Committee shall be appealable to the Board. In any event, the Board may establish rules regarding the procedures for considering appeals and may from time to time amend such rules regulating such procedures or such rules establishing an Architectural Appeal Committee.

6.5 Appointment of Architectural Committee. The Declarant shall initially appoint all members to the Architectural Committee and it shall consist of not less than three (3) members who shall serve until a replacement or successor is appointed as herein provided. The Declarant shall retain the right to appoint, augment or replace members of the Architectural Committee until the termination of the Class B membership, provided that the Declarant may, at its sole option, transfer this right to the Board by written notice thereof prior to the end of such period. If such notice has not been given prior to the termination of the Class B membership, the right to appoint, augment or replace members of the Architectural Committee shall automatically be transferred to the Board at such time without further action by the Declarant.

6.6 Variance Procedure. In the event any plans and specifications submitted to the Architectural Committee are disapproved thereby for the reason that, in the judgment of the Architectural Committee, the Board and/or Declarant such plans and specifications are not in conformity with these Covenants or the Architectural Standards, the party or parties making such submission may submit a Request for Variance (herein so called). Said Request shall be reviewed by the Architectural Committee, whose written recommendations of approval or disapproval shall be submitted to the Board of Directors of the Association. The Board of Directors shall, in writing, either approve or disapprove the Request for Variance. In the event the Board of Directors either (i) approves said Request, or (ii) fails to approve or disapproves said Request within thirty (30) days after said Request has been submitted to the Architectural Committee, said Request shall be submitted to the Declarant, whose decision to approve or disapprove such Request shall be final and nonappealable. If the Declarant fails to approve or disapprove said Request within thirty (30) days after said Request has been submitted to it, said Request shall be deemed to be denied.

6.7 Waiver and Estoppel. The approval by the Architectural Committee of any plan, specifications or drawings or any materials accompanying it, or any Request for Variance, shall

not be deemed to constitute a waiver of, or create any right of estoppel or precedent against the Architectural Committee's right to withhold approval of any similar plan, drawing, specification, Request for Variance or matter subsequently submitted for approval.

6.8 Compliance with Legal Requirements. Nothing in this Declaration shall relieve or be interpreted as purporting to relieve any Owner from complying with all laws, ordinances, rules, regulations, restrictive covenants and other legal requirements applicable to such Owner's Lot or from securing such approval(s), certificate(s) or permit(s) of a governmental agency or entity with jurisdiction as may be required by law as a condition to the commencement, construction, maintenance, addition, change or alteration to or occupancy of any Structure. The Architectural Committee may, at its option, require that a copy of any required approval(s), certificate(s) or permit(s) be provided to the Architectural Committee as a final condition to approval of an Owner's plans and specifications, or as additional assurance to the Architectural Committee that the Structures and uses shown on approved plans and specifications meet governmental requirements, or for both such purposes.

6.9 General Provisions.

(a) The Architectural Committee may establish procedural or substantive rules, subject to adoption by the Board, in connection with its review of plans and specifications, including, without limitation, the number of sets to be submitted, the payment of a fee per submission, providing that approval or disapproval of plans and specifications may be made by one or more of the members of the Architectural Committee and providing for one or more subcommittees, the members of which shall be appointed by the Architectural Committee subject to confirmation by the Board and to which plan review responsibilities may be delegated. Unless such rules as shall be established by the Architectural Committee are complied with, such plans and specifications shall not be deemed to be submitted for approval.

(b) The Declarant may establish its own rules with the same purpose and effect as those referred to in subsection (a) immediately above.

(c) For purposes of submitting plans and specifications for approval pursuant to this Article, the address of the Declarant shall be:

The Estates At Cedar Ridge
12712 Cedar Street
Austin, Texas 78732
Attn: Richard Hollamon

or such other address as the Declarant may from time to time designate by written instrument recorded in the Office of the County Clerk of Travis County, Texas; and the address of the Architectural Committee shall be such place as the Board may from time to time designate by a written instrument recorded in the Office of the County Clerk of Travis County, Texas; and the last instrument so recorded by each shall be deemed the proper address thereof. Such addresses shall be the places for the submission of plans and specifications, and the current Architectural Standards shall be kept at the address of the Architectural Committee.

6.10 Enforcement; Remedies. The Declarant and/or the Association may, at their option, enforce the provisions of this Article by means of any remedy available at law or in equity, including, without limitation, the right to seek specific performance or to enjoin the continuance of the noncompliance with or violation of said provisions, or by means of any other remedy deemed appropriate by the Association or the Declarant. The failure of any of such remedies to be employed upon any one or more of any occurrence giving rise to such remedies shall not be a waiver of the right to employ such remedies. If in any action to enforce said provisions the Association and/or the Declarant prevails against the party in violation of said provisions, said party in violation shall pay the costs of action and the reasonable attorneys' fees incurred by the Association or the Declarant.

6.11 Compliance with Restrictions. No proposed plan, specifications, landscape plan or other proposal shall be approved which would, in the judgment of the Architectural Committee or the Declarant, violate the restrictions contained in this Declaration, subject to a Request for Variance approved in accordance with Section 6.6 hereof.

ARTICLE VII.

INSURANCE; REPAIR AND RESTORATION; EMINENT DOMAIN

7.1 Insurance. The Association shall obtain, as is customarily carried with respect to other developments similar in construction, design and use, and continue in force and effect (i) comprehensive general liability insurance covering all areas of the Property within the Association's control, (ii) casualty insurance and fire insurance with extended coverage for the full insurable value of the Common Areas, which shall, to the extent possible, be for the full replacement cost thereof without deduction for depreciation, and with clauses waiving subrogation against the Declarant, Owners, Members, the Association and persons upon the Property with permission of an Owner and (iii) fidelity bond or similar coverage for any person responsible for the collection or disbursement of Association funds. All such insurance coverages shall be maintained by the Association for the benefit of the Association. As to each of said policies which will not be voided or impaired thereby, the Members and Owners hereby waive and release all claims against the Association, the Board, the Declarant, and the respective agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by the negligence of or breach of any agreement by said persons, but only to the extent of such insurance proceeds received in compensation for such loss. The Association may, but shall not be obligated to, carry and maintain in force such other insurance coverages as the Board, in its sole discretion, shall deem necessary, including, without limitation, plate glass insurance, workers' compensation insurance and officers' and directors' liability insurance. The Association is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers and/or adjusters and, to such end, each Member and Owner hereby appoints the Association to execute, in connection with the settlement of any loss or claim, such loss claim forms and release forms as the Board, in its sole discretion, shall deem to be appropriate in the best interest of the Members and Owners.

7.2 Destruction of Improvements. In the event of a partial or total destruction of all or any portion of the Common Areas and/or the improvements thereon, it shall be the duty of the Board, on behalf of the Association, to make a determination as to whether to (i) restore and repair the same to their former condition or (ii) clear the affected or destroyed portion of the Common Areas and landscape the same for park or other similar purposes. In the event the Board shall make a determination to restore and repair such damaged or destroyed portions of the Common Areas and/or improvements to their former condition, such restoration and repairs shall be accomplished as promptly as practical in the circumstances and proceeds of any insurance maintained pursuant to the provisions hereof covering such damaged or destroyed portions of the Common Areas and/or improvements shall be used for such purposes. In the event the Association shall, despite the receipt of insurance proceeds covering any such damage or destruction to the Common Areas and/or the improvements thereon, make a determination not to restore and repair the same to their prior condition, then in such event the Association shall promptly undertake to have such damaged or destroyed portions of the Common Areas and/or improvements to be cleared and shall thereafter cause the affected area to be landscaped for use as park or other purposes as shall be determined by the Board. Any insurance proceeds received by the Association in respect of such damaged or destroyed portions of the Common Areas and/or improvements may be used to effect such clearing, landscaping or other measures. Any balance of the proceeds of any insurance received by the Association remaining after satisfactory completion of such restoration and repairs, or of such clearing and landscaping, shall be retained by the Association as a part of a general reserve fund for the application toward costs of repair, replacement and maintenance services provided from time to time hereunder by the Association, or, at the Board's discretion, refunded to the Members. In all events, if the insurance proceeds received by the Association in respect to any damage or destruction to the Common Areas and/or the improvements thereon shall be insufficient to conduct such restoration and repairs or, alternatively, to conduct such clearing and landscaping as aforesaid, the Association may levy a Special Assessment as provided for in Article V of this Declaration to cover the deficiency.

7.3 Owner Insurance. Each Owner shall be responsible for insuring his Lot(s) and any Structures or other improvements thereon, together with the contents and furnishings thereof, against loss or damage by casualty, fire or other hazards through a standard policy of homeowner's insurance or other appropriate coverage. All policies of casualty insurance maintained by each Owner shall be without contribution with respect to any policies of casualty insurance maintained in effect by the Association as provided for herein.

7.4 Covenant of Owner to Repair. Each individual Owner further covenants and agrees that, in the event of a fire or other casualty causing partial damage to a Lot or the Structures located thereon, the Owner of such Lot shall, within ninety (90) days after such fire or casualty, contract to repair or reconstruct the damaged portion of such Lot and/or Structures thereon, and shall thereafter cause such Lot and/or Structures to be fully repaired or reconstructed in a manner consistent with their original condition to the end that such partially damaged Lot and/or Structures shall not remain in a partially finished condition any longer than reasonably necessary for the completion thereof. In the event of any fire or other casualty causing total destruction to a Lot or the Structures located thereon, the Owner of such Lot shall, within a reasonable time following such fire or casualty, either (i) contract to repair, reconstruct and restore such Lot and the Structures, and thereafter cause such Lot to be repaired, reconstructed and restored to its prior

condition in a diligent manner or (ii) in the event the individual Owner shall make a determination not to rebuild, reconstruct or restore such destroyed Lot and Structures thereon, such Owner shall clear his Lot of all debris and return such Lot as nearly as possible to the condition in which it existed in its unimproved state.

7.5 Waiver of Recovery and Subrogation. Declarant shall not be liable to the Association, the Board or any Member or Owner for any damage to property, improvements, fixtures or merchandise caused by fire or other hazards normally covered by fire and extended coverage insurance, whether such coverage is in force or not, regardless of the cause thereof, and the Association, the Board and each Member and Owner, on behalf of themselves and their respective successors and assigns, hereby expressly release Declarant, and its successors and assigns, from all liability for such damages. In addition, each Member and Owner, the Association and the Board of Directors hereby waive, on behalf of their respective insurance carriers, all rights of subrogation against the Declarant that they may now or in the future have under or with respect to any such insurance policies.

7.6 Eminent Domain. The term "taking," as used in this Section 7.6, shall mean condemnation by eminent domain or sale under threat of condemnation. In the event of a threatened taking of all or any portion of the Common Areas, the Members and all Owners hereby appoint the Board of Directors of the Association and such persons as the Board may delegate to represent all of the Members and Owners in connection with the taking. The Board, or its designee, shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action. Any awards received on account of the taking shall be paid to the Association. In the event of a taking of less than all of the Common Areas, the rules as to restoration and replacement of the Common Areas and the improvements thereon shall apply as in the case of destruction of improvements upon the Common Areas as provided in Section 7.2 above. In the event of a total taking, the Board may, in its sole discretion, retain any condemnation award in the general funds of the Association or, alternatively, distribute such award to the Members.

ARTICLE VIII.

EASEMENTS

8.1 Utility Easements. Non-exclusive easements for installation, maintenance, repair and removal of utilities (including, but not limited to, sewer, water, fire hydrants and lines, telephone, electrical power, gas, street lighting, fiber optic, broadband or other communications lines and television cables, if any) and drainage facilities and floodway easements over, under and across the Property and the Common Areas thereof are reserved by Declarant for itself, and its successors and assigns. Declarant shall have the right to grant easements for such purposes over, under and across the Property. Full rights of ingress and egress shall be had by Declarant, and its successors and assigns, at all times over the Property for the installation, operation, maintenance, repair or removal of any utility, together with the right to remove any obstruction that may be placed in such easement that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility. Declarant shall have the right to

assign and convey, in whole or in part, the easements reserved by it hereunder to the Association, to one or more public utility companies, or to any governmental or quasi-governmental authority or district.

8.2 Pedestrian Easement; Ingress and Egress. There is hereby reserved to the Declarant, and its successors and assigns, and to the Association, together with the right to grant and transfer the same, the exclusive right of pedestrian access across any pedestrian easement within the Property shown on the Plat, together with full rights of access, ingress and egress at all times over and upon each Lot for the carrying out and/or enforcing of their respective rights, powers, functions, duties and obligations hereunder.

8.3 Inspection and Maintenance Easement. There is hereby reserved to the Declarant, and its successors and assigns, and to the Association, together with the right to transfer and grant same, non-exclusive easements over and across the Property of inspection for and accomplishing compliance with these Covenants, including, without limitation, for the purpose of inspection for and accomplishing compliance with the terms and provisions of Article IV hereof.

8.4 Sales Activities; Signs. Notwithstanding any provision in this Declaration, or in any other instrument, whether or not filed of record, governing, in whole or in part, the ownership, use, occupancy and/or development of the Property, or any portion thereof, which could be construed to the contrary, for so long as the initial construction and development of Lots within the Development shall continue, Declarant hereby reserves for itself, together with the right to transfer and convey the same, the right and privilege to conduct and maintain such activities and facilities on or upon the Property (including, without limitation, the Common Areas thereof) as, in Declarant's sole discretion, shall be reasonably necessary or convenient to facilitate and further such construction, development, marketing and/or sale of Lots within the Development, together with the right of access, ingress and egress over and across the Property for such purposes. The right and privilege of Declarant and/or its transferee to conduct and maintain such activities and facilities as aforesaid shall include, without limitation, the right to (i) erect and maintain such signs, monuments, banners and other means of advertisement as, in Declarant's sole discretion, shall be appropriate, (ii) erect and maintain model units, and/or (iii) erect, maintain and staff business and sales offices.

8.5 Landscaping Easement. Any landscaped areas on the Property, including, without limitation, landscaped areas within the Common Areas and landscaped areas within the Lots shall be referred to herein as the "Landscape Areas". The Association will have the right to enter into and maintain, mow, trim and prune all Landscape Areas and the Association shall have an easement over the Landscape Areas for such purpose. Included with the rights of the Association in the Landscape Areas shall also be the right to control and monitor the individual irrigation systems within the Common Areas and associated with each of the individual Lots.

8.6 Other Easements. During the Development Period, Declarant may also dedicate by separate instrument additional easements of any nature on areas of the Property provided such easements are reasonably necessary for the orderly development and use of the Property by the Declarant, Association and/or the Owners.

ARTICLE IX.

ANNEXATION OF ADDITIONAL PROPERTY; JUNIOR DECLARATIONS

9.1 Additions by Declarant. Declarant hereby declares that it presently contemplates that the Development may, at some future time or times, be expanded by annexing or adding, from time to time, Additional Property; provided, however, Declarant does not hereby obligate itself to expand the Development. The Additional Property may include, without limitation, Lot 1, Block A of the Subdivision, Lots 99 and 100 of the Hughes Park Lake Subdivision, No. 1, a subdivision of record in Book 4, Page 64 of the Public Records of Travis County, Texas and Lots 191, 192 and 193 of the Hughes Park Lake Subdivision, No. 2, a subdivision of record in Book 4, Page 66 of the Public Records of Travis County, Texas. These Covenants shall automatically become effective with respect to any such annexed Additional Property on the date on which there is filed for record in the Office of the County Clerk of Travis County, Texas, a Supplemental Declaration to that effect signed and acknowledged by Declarant. Such Supplemental Declaration shall describe specifically the Additional Property being annexed, shall refer to these Covenants and shall state the degree to and manner in which these Covenants shall apply to and affect such Additional Property and may include, at Declarant's option, such other or further covenants, conditions and restrictions which shall be applicable to the Additional Property. The Supplemental Declaration shall, in addition, specify the number of Lots that are being annexed to the Development by reason of the filing of record of said Supplemental Declaration. Upon the filing of the Supplemental Declaration, each Lot comprising a part of the Additional Property shall thenceforth be included within the definition of "Lots" as set forth in Article I hereof, and remaining areas shall thenceforth be included within the definition of "Common Areas" as set forth in Article I hereof. Declarant may cause to be recorded as many separate Supplemental Declarations as may be desired from time to time and at any time to effect the annexation of Additional Property. Annexation of Additional Property may be accomplished by Declarant without the consent of any other party or entity.

9.2 Application of Covenants to Additional Property. Upon the filing of a Supplemental Declaration in compliance with the provisions of Section 9.1 above annexing Additional Property to the Development, these Covenants shall further apply to and affect all of the land described in these Covenants and the land described in any such Supplemental Declaration, and shall also bind all Owners of any part of such Additional Property with the same effect as if the land described in the Supplemental Declaration were originally (i) subject to and described in these Covenants and (ii) included within the definition of "Property" as set forth in Article I hereof. Thereafter, the powers of the Association shall be coextensive with regard to all land included within the Development, as expanded, and the Board shall, pursuant to the provisions of these Covenants, constitute the Board for the Development, as expanded, and the rights, obligations and duties of each Owner shall be determined in the same manner as the rights, obligations and duties of the Owners were determined prior to the recordation of such Supplemental Declaration.

9.3 Declarant's Power of Attorney. Notwithstanding that the annexation of Additional Property may be accomplished by Declarant without the joinder or consent of any other party or

entity as provided in Section 9.1 above, each Owner, in recognition of Declarant's right to annex Additional Property as aforesaid, by such Owner's acceptance of a deed or other conveyance with respect to such Owner's Lot(s), hereby covenants and agrees that it will, upon the request of Declarant, execute promptly any certificate, instrument or Supplemental Declaration evidencing the annexation of Additional Property that Declarant reasonably may request. Each Owner hereby constitutes Declarant as such Owner's true and lawful attorney-in-fact to execute any such certificate, instrument or Supplemental Declaration on such Owner's behalf. Such appointment is irrevocable and is one coupled with an interest.

9.4 Merger of Association. Upon a merger or consolidation of the Association with another association, the Association's properties, rights and obligations may be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association shall administer the Covenants established by this Declaration for the Property, together with the covenants, conditions and restrictions established upon any other properties for which the surviving or consolidated association may have jurisdiction; provided, however, no such merger or consolidation shall effect in any manner a revocation, change or addition to these Covenants.

9.5 Junior Declarations. Declarant, at its option, may, with respect to any portion of the Property, record a declaration of covenants, conditions and restrictions (hereinafter referred to as a "Junior Declaration") which shall bind and run with such portion of the Property and inure to the benefit of the Owners of such portion, and their successors and assigns; provided, however, that any such Junior Declaration shall be compatible with the provisions of this Declaration. In the event of a conflict between this Declaration and any covenants, conditions or restrictions contained in any such Junior Declaration now or hereafter recorded, this Declaration shall prevail and be controlling, but the foregoing shall not prohibit the Declarant or any owner's association formed pursuant to any such Junior Declaration from imposing, with respect to any portion of the Property, restrictions more stringent or restrictive than those contained herein. Any such Junior Declaration shall require the creation of an owner's association for the purpose of enforcing the provisions of such Junior Declaration, maintaining the common facilities and Common Areas of the applicable portion of the Property covered by such Junior Declaration, and performing other functions similar to those performed by the Association hereunder.

ARTICLE X.

DURATION AND AMENDMENT

10.1 Duration. The Covenants of this Declaration shall run with and bind the land subject to this Declaration, and shall inure to the benefit of and be enforceable by the Declarant, the Association and/or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date that this Declaration is recorded in the Real Property Records of Travis County, Texas, after which time said Covenants shall be automatically extended for successive periods of ten (10) years.

10.2 Amendments. Notwithstanding Section 10.1 of this Article, these Covenants may be amended and/or changed as follows:

(a) Until such time as the sale by Declarant of the first Lot to a bona fide third party unrelated to any Builder or the Declarant is made, Declarant, at its sole discretion and without the joinder or consent of any other party, may abolish, amend or change these Covenants in whole or in part;

(b) Thereafter, Declarant shall have and hereby reserves, during the Development Period, the right, with the joinder and consent only of the Board of Directors, to amend or change these Covenants in whole or in part;

(c) Subsequent to the Development Period and during the one (1) year period immediately following the Development Period, the Declarant may amend or change these Covenants with the consent of at least fifty-one percent (51%) of the outstanding votes of the Association;

(d) In all other situations, these Covenants may be amended or changed upon the express written consent of at least seventy-five percent (75%) of the outstanding votes of the Association.

Any and all amendments, if any, shall be recorded in the Office of the County Clerk of Travis County, Texas.

ARTICLE XI.

GENERAL PROVISIONS

11.1 Enforcement. Enforcement of these Covenants (and any rules and regulations established by the Declarant or the Board in accordance with the terms of these Covenants) may be by any proceeding at law or in equity against any person or persons violating or attempting to violate them, whether the relief sought is an injunction or recovery of damages, or enforcement of any lien created by these Covenants; and failure by the Declarant, the Association or any Owner to enforce any Covenant herein contained shall in no event be deemed a waiver of the right to do so thereafter.

11.2 Severability. Invalidation of any one of these Covenants by judgment or court order shall in no wise affect the other provisions which shall remain in full force and effect.

11.3 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.

11.4 Singular and Plural; Gender. Whenever the context of this Declaration shall require, the singular shall include the plural, and vice-versa, and the use of any word of gender

shall include any other gender as the context shall require.

11.5 Consent Discretionary. Except as expressly set forth otherwise herein, any judgment or approval decision to be made and any opinion to be given by Declarant, the Association, the Board and/or the Architectural Committee hereunder shall be made or given, as the case may be, in such party's sole discretion.

11.6 Notices. Unless otherwise provided by the terms hereof, in each instance in which notice is to be given to a Member or to an Owner, the same shall be in writing and shall be given and be deemed to have been served and given (i) if hand delivered, when delivered in person to the last known address of the Member or Owner as set forth in the records of the Association at the time of such notice, or (ii) if mailed, forty-eight (48) hours following deposit in the United States mail, postage prepaid, addressed to the last known address of the Member or Owner as reflected in the records of the Association at such time. Each Member and Owner shall be responsible for providing the Association with their respective addresses for notices hereunder and keeping those addresses current.

11.7 Power of Attorney. Each and every Owner hereby makes, constitutes and appoints, with respect to any action or power which the Declarant is authorized to exercise pursuant to the provisions of these Covenants, the Declarant their true and lawful attorney-in-fact for them and in their name, place and stead and for their use and benefit:

(a) To exercise, do or perform any act, right, power, duty or obligation whatsoever in connection with, or arising out of, or relating to any matter whatsoever involving this Declaration and/or the Development;

(b) To sign, execute, acknowledge, deliver and record any and all instruments which modify, amend, change, enlarge, contract or abandon the terms within this Declaration, or any part hereof, with such clause(s), recital(s), covenant(s), agreement(s) and restriction(s) as Declarant or the Association shall deem necessary, proper and expedient under the circumstances and conditions as may then be existing; and

(c) To sign, execute, acknowledge, deliver and record any and all instruments which modify, amend, change, enlarge, contract or abandon the Plat, or any portion thereof, with such easements and rights-of-way to be therein contained as the Association shall deem necessary, proper and expedient under the conditions as may then be existing.

The rights, powers and authority of said attorney-in-fact to exercise any and all of the rights and powers herein granted shall commence and be in full force upon recordation of this Declaration and shall remain in full force and effect thereafter throughout the Development Period. The appointment by each and every Owner of the Declarant as attorney-in-fact in accordance with the foregoing provisions is irrevocable and is an appointment coupled with an interest.

11.8 Attorneys' Fees. In the event any action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto, as part of the judgment, reasonable attorneys' fees and costs of such suit.

In the event the Association is a prevailing party in such action, the amount of such attorneys' fees and costs shall be deemed to be a Special Assessment with respect to the Owner and/or the Lot involved in the action.

11.9 Compliance with FHA, VA, FHLMC, FNMA and HUD Regulations. Notwithstanding any other provision of this Declaration, Declarant shall have the right at any time to amend this Declaration, in whole or in part, without the consent, joinder or approval of the Association, or any Members or Owners, or any other party, when in Declarant's sole judgment such amendment shall be necessary to comply with the regulations of the Federal Housing Association (FHA), the United States Veterans' Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) or the Department of Housing and Urban Development (HUD), or their successor entities or agencies. Any such amendment by Declarant in accordance with this Section 11.9 may be limited to portions of the Property as specified in any such amendment.

11.10 Nonliability of Officials. To the fullest extent permitted by law, neither the Declarant, the Association, the Board, the Architectural Committee or any committee or person to which powers of the Board have been delegated pursuant to the provisions of this Declaration, nor any officer, director or employee of any of the above, shall be liable to any owner, Member or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of any matter, course of action, act, omission or the like made in good faith, whether or not erroneous or negligent, and which such Declarant, Association, Board, Architectural Committee, committees or persons reasonably believed to be within the scope of their powers and duties. The Association shall, to the fullest extent permitted by law, indemnify and hold harmless such Declarant, Board, Architectural Committee, committees or persons with respect to any of such decisions, approvals, disapprovals, courses of action, acts, omissions or the like, and to defray the costs of this indemnification obligation, the Board shall be entitled to assess each Owner for such Owner's share of such costs.

11.11 Availability of Association Documents. The Association shall, within ten (10) days of the request of any Owner or Owner's agent, make available to such requesting person or party copies of this Declaration, the Articles of Incorporation, the Bylaws, the Architectural Standards, any then current and effective rules and regulations promulgated pursuant to the provisions of this Declaration, and other Association constituent documents, including a promulgated resale certificate; provided, however, the Association shall be entitled to charge a reasonable fee to cover any assembly, copy or delivery costs incurred in connection with the furnishing of such documentation. In addition, the Association shall cause true and legible copies of all such documentation to be available for review and inspection by any such Member or Owner during reasonable hours at a location situated within the Development as, from time to time, shall be designated by the Board.

11.12 Resubdivision. No Lot within the Property shall be further subdivided or separated into smaller Lots or parcels by any Owner, other than Declarant, and no portion of any such Lot, or any easement or any other interest (other than a security interest or a rental or lease) therein, shall be conveyed or transferred by any Owner. Declarant reserves, together with the right to transfer and convey the same, the right to change or remove Lot lines and resubdivide the Property

at any time and from time to time. Each Owner expressly acknowledges in the event the Additional Property, or a portion thereof, is annexed, that it is likely that Declarant will re-subdivide such lots, possibly in conjunction with portions of the Property. Each Owner hereby makes, constitutes and appoints Declarant, with full power of substitution, as his or its lawful attorney-in-fact, with power to execute, acknowledge, file and record with any governmental authority any appropriate documents for the purpose of effecting the resubdivision of any Lot or portion thereof, in accordance with the terms of this Declaration. The foregoing power (i) is coupled with an interest, (ii) is irrevocable, (iii) shall survive the dissolution of or resignation of Declarant, (iv) may be exercised for each Owner individually or by listing all of the Owners and executing any instrument with a single signature as attorney-in-fact for all of them, and (v) shall be binding upon all assignees and successors of each Owner.

11.13 Rule Against Perpetuities. If any of the covenants, conditions and/or restrictions created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then any such covenant(s), condition(s) or restriction(s) shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the United States, George W. Bush.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Declarant has executed this instrument as of the ____ day of _____, 2005.

DECLARANT:

THE ESTATES AT CEDAR RIDGE, INC.,
a Texas Corporation

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2004 by _____, as _____ of The Estates at Cedar Ridge, Inc., a Texas corporation, on behalf of said corporation.

Notary Public for the State of Texas

WHEN RECORDED, RETURN TO:
William P. McLean
McLean & Howard, L.L.P.
1004 Mopac Circle, Suite 100
Austin, Texas 78746