

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
OF

05429

THE HIGHLANDS RANCH

VOL. 381 PAGE 519

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "Declaration") made by WILLIAMS-McCLENNAHAN JOINT VENTURE, a Texas joint venture partnership ("Declarant");

W I T N E S S E T H:

A. Declarant is the owner of that certain real property known as THE HIGHLANDS RANCH, a subdivision of Kerr County, Texas, according to the plat thereof being recorded concurrently herewith in Volume 5, Page 233, et seq., Plat Records, Kerr County, Texas, reference being made thereon to this Declaration, and reference being hereby made to said plat, and Declarant desires to create a residential community with residential lots, open spaces, and other common facilities for the benefit of the community on and within all of the lots and property within and covered by said plat recorded in Volume 5, Page 233, except Lot 10, Block One (said lots and property covered by said plat, except Lot 10, Block One being herein called the Property).

B. Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said open spaces and other common facilities, and to this end desires to subject the Property to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said Property and each owner thereof.

C. Declarant has deemed it desirable for the efficient preservation of the values and amenities in such community, to create an agency to which would be delegated and assigned the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants and restrictions and collecting and distributing the assessments and charges hereinafter created and provided for.

D. Declarant will cause to be incorporated under the laws of the State of Texas, a non-profit corporation, HIGHLANDS RANCH OWNERS ASSOCIATION.

NOW, THEREFORE, Declarant declares that the Property is and shall be held, transferred, sold, conveyed and occupied

subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes referred to as "Covenants, Conditions and Restrictions") hereinafter set forth.

ARTICLE I

DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to HIGHLANDS RANCH OWNERS ASSOCIATION.

(b) "Property" shall mean and refer to the Property herein specified and described and any additional real property owned by Declarant as long as such additional real property is:

(i) contiguous or adjacent to the real property herein described or to any real property contiguous or adjacent to such additional real property;

(ii) to be subdivided by Declarant, its successors or assigns, pursuant to plat filed of record in Kerr County, Texas, indicating that such additional property will constitute an addition to THE HIGHLANDS RANCH; and

(iii) to be developed by Declarant in a manner consistent with the concept contemplated by this Declaration.

Such additional real property may become subject to this Declaration in any of the following manners:

(i) Declarant may, without the consent of any Member (hereinafter defined), which consent is expressly waived by each Member, at any time and from time to time, add to THE HIGHLANDS RANCH and to the concept hereof any such property which it presently owns or which it may hereafter own, by filing of record a Supplement to this Declaration, which shall extend the concept of the covenants, conditions and restrictions of this Declaration to such additional real property; provided, however, that such supplement may contain such complementary additions and modifications of the different character, if any, of the added properties and as are not inconsistent with the concept of this Declaration. In no event, however, shall such supplement modify or add to the covenants established

by this Declaration. Declarant may make any such addition even though at the time such addition is made, Declarant is not the owner of any portion of the property described herein. Each supplement may designate the number of separate lots or tracts comprising the properties added or such designation may be deferred to further and subsequent supplements as herein provided. Each such separate lot or tract shall constitute a lot within the meaning of this Declaration.

(ii) Upon the approval of the Members entitled to cast two-thirds (2/3rds) of the votes of the Members of the Association who are voting in person or by proxy at a meeting duly called for that purpose, the owner of any property who desires to add it to the concept of this Declaration and to subject it to the jurisdiction of the Association, may file of record a supplement as described above. Any additions made pursuant to paragraph (j) immediately preceding and this paragraph when made shall automatically extend the jurisdiction, functions, duties and membership of the Association to the properties added.

(c) "Common Properties" shall mean and refer to those areas of land designated as parks, roads, streets, alleys, common areas or common properties by Declarant in a recorded Supplemental Declaration or in any plat of the Property covered hereby or subjected hereto, together with any and all improvements that are now or may hereafter be constructed thereon.

(d) "Lot" shall mean and refer to each of the lots within the Property, which shall be designated and described, from time to time, by the plat of such property, together with the home, residential unit and other improvements thereon, but which shall exclude said Lot 10, Block One shown on said plat.

(e) "Owner" shall mean and refer to every person or entity who is a record owner of a fee or undivided fee interest in any Lot, including contract sellers, or who becomes a record owner of a fee or undivided fee interest by the acquisition of such title to any such Lot from such a record owner. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or any persons or entities who lease any Lot.

(f) "Member" shall mean and refer to each Owner.

(g) "Declarant" shall mean and refer to WILLIAMS-McCLENNAHAN JOINT VENTURE, its successors and assigns; provided that any such successors and assigns shall receive by recorded assignment all or a portion of the rights of WILLIAMS-McCLENNAHAN JOINT VENTURE hereunder as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot (including the transferee of such Owner who becomes an Owner by the acquisition of a fee or undivided fee interest in a Lot) shall, upon the acquisition by original purchase or transfer of the fee or undivided fee interest in such Lot, automatically be a Member of the Association and entitled to all rights of the Members, as herein provided, including the rights with respect to the Common Properties, subject, however, to the terms and provisions hereof.

Section 2. Classes of Membership. The Association shall have one class of voting membership. Each Member shall be entitled to one vote for each Lot in which such Member holds the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

Section 3. Quorum and Notice Requirements.

(a) Subject to the provisions of paragraph (c) of this Section, any action authorized by Sections 4 and 5 of Article IV shall require the assent of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called for that purpose, written notice of which shall be given to all Members not less than thirty (30) days nor more than sixty (60) days in advance and shall set forth the purpose of such meeting.

(b) The quorum required for any action referred to in paragraph (a) of this Section shall be as follows:

At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast sixty (60) percent of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present at the meeting, one additional meeting may be called,

subject to the notice requirement hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

(c) Any provision of this Declaration to the contrary notwithstanding, any action referred to in paragraph (a) of this Section may be taken with the assent given in writing and signed by two-thirds (2/3) of the Members of each class.

(d) Except as specifically set forth in this Declaration, notice, voting and quorum requirements for all action to be taken by the Association shall be as set forth in its Articles of Incorporation and By-Laws, as same may be amended from time to time.

Section 4. Leases. Every Owner shall own a fee or undivided fee interest in a Lot, as herein provided, but an Owner may lease a Lot pursuant to a written lease agreement and may delegate to such tenant the right and easement of use and enjoyment in and to the Common Properties subject to, and as provided in, the provisions of this Declaration and the By-Laws and Articles of Incorporation of the Association; and any such lease or lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Articles of Incorporation and By-Laws of the Association and that any failure by the lessee thereunder to comply with the terms and provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association shall be and constitute a default under such lease.

### ARTICLE III

#### PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, every Member and every tenant of every Member who resides on a Lot, and each individual who resides with either of them or who is a guest of either of them, respectively, on such Lot shall have a right and easement of use and enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot; PROVIDED, HOWEVER, such easement shall not give such person the right to make alterations, additions or improvements to the Common Properties.

Section 2. Title to the Common Properties. The Declarant shall dedicate and convey the fee simple title to the

Common Properties to the Association, free and clear of all encumbrances and liens other than the lien of current taxes and assessments not in default and utility easements and mineral interests outstanding and of record in Kerr County, Texas, prior to the date of the conveyance of the first Lot to an Owner subject to, and Declarant hereby reserves and retains, the right to convey and grant undivided ownership and/or easements therein to such other parties as Declarant shall determine, including without limitation the undivided ownership, easement and right of the Bear Paw Owners Association to use the Park shown on the Plat, in common with the Association and its Members, and the easement and right of the owners of adjacent properties to use the roads, shown in the plat of the Property.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association to prescribe rules and regulations ("Rules and Regulations") governing the use, operation and maintenance of the Common Properties (including limiting the number of guests of Members);

(b) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present and which is duly called and held for the following purpose, the right of the Association, in accordance with its Articles of Incorporation, to borrow money for the purpose of improving the Common Properties and facilities and in aid thereof to mortgage the Common Properties and facilities, and the rights of such mortgagee in the Common Properties shall be subordinate to the rights of the Owners hereunder;

(c) The right of the Association to take such steps as are reasonably necessary to protect the Common Properties against foreclosure;

(d) The right of the Association, as provided in its By-Laws, to suspend membership rights for any period during which any assessment against a Lot remains unpaid, and for any period not to exceed sixty (60) days for an infraction of its rules and regulations; provided, that the Association shall not deny the use of such of the Common Properties as is necessary for access to each Lot, including without limitation streets and sidewalks.

(e) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities on the Common Properties; and

(f) Subject to the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a meeting at which a quorum is present and which is duly called and held for the following purpose, the right of the Association to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility for such purposes and upon such conditions as the Board of Directors of the Association may determine.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Properties, hereby covenants and agrees, and each purchaser of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association (or to a mortgage company or other collection agency designated by the Association): (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided. The regular annual assessments thus collected by the Association shall constitute the maintenance fund of the Association. The annual and special capital assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on, and shall be a continuing lien upon each Lot against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such property at the time when the assessment became due. The annual assessment shall be payable in monthly installments as provided in Section 7 of this Article IV.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used (i) for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties, and in particular for the improvement and maintenance of private roadways, walkways, or other properties, services and facilities devoted to this purpose and directly related to the use and enjoyment of the Common Properties and of the homes situated upon the Property, including, but not limited to, the payment of taxes on and insurance in connection with the Common Properties and the repair, replacement and additions thereto; (ii) for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties, landscaping and security for the Property (e.g.,

security guards); (iii) for carrying out the duties of the Board of Directors of the Association as set forth in Article V hereafter (including but not limited to the payment by the Association of all assessments and charges payable in connection with the installation and maintenance of streets and street lighting for the Property); (iv) any utility costs for the Property; and (v) for carrying out the purposes of the Association as stated in its Articles of Incorporation.

Section 3. Improvements and Maintenance of the Common Properties Prior to Conveyance to the Association. After the date of the conveyance of the first Lot to an Owner, the Declarant shall have, at its election, the right in common with the Association to improve and maintain the Common Properties, and to exercise the duties of the Board of Directors of the Association and to pay taxes on and insurance in connection with the Common Properties and the cost of repairs, replacements and additions thereto, and for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties. In this regard, all assessments, both annual and special, collected by the Association (less such amounts required for the operation of the Association) 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 Properties as set forth in this paragraph and to carry out the duties of the Board of Directors of the Association. 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 Properties hereunder and to carry out the duties of the Board of Directors of the Association.

Section 4. Basis and Amount of Annual Assessments.

(a) The initial annual assessment for each Lot shall be set by Declarant.

(b) Although the Board of Directors shall not be required to fix assessments in each year, starting with calendar year 1989, or sooner if the Declarant so specifies in a Supplemental Declaration, the Board of Directors may fix the annual assessments at an amount specified by the Board of Directors.

(c) Commencing with the year beginning January 1, 1989, and each year thereafter, the amount of the maximum annual assessment for the following year for each Lot may not be increased more than an amount specified by Declarant in a Supplemental Declaration which shall be a percent of the assessments for the previous year (no matter the amount of the annual assessment actually fixed for the previous

year), without a vote of the membership taken in accordance with the provisions of Section 3 of Article II.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 4 hereof, the Board of Directors may in its discretion levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any unexpected construction, reconstruction, repair or replacement of a capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto; PROVIDED, THAT any such assessment shall have the affirmative approval of the Association's Members, as provided in Section 3 of Article II. The Board of Directors shall not be required to levy in any assessment year a special assessment.

Section 6. Uniform Rate of Assessments. Both annual and special assessments must be fixed at a uniform rate for all Lots except as otherwise expressly provided in this Declaration.

Section 7. Date of Commencement of Assessments: Due Dates.

(a) The annual assessments provided for herein shall commence as to all Lots on the first day of the month following conveyance of the Common Properties and shall be payable in equal installments, in advance, on the first day of each month, quarter, or as otherwise specified in the specification of said assessment as herein provided; the first annual assessment shall be made for the balance of the calendar year in which it is levied. The amount of the annual assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessments provided for in Section 4 hereof as the remaining number of months in that year bears to twelve. The first annual assessment shall be due and payable in as many equal installments as there are payment dates remaining the first year, said installments to be due and payable on said payment dates. The assessment period for the annual assessments after the first year shall be the calendar year.

(b) The due date or dates, if it is to be paid in installments, of any special assessment under Section 5 hereof, shall be fixed in the respective resolution authorizing such assessment.

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(b) The due date or dates, if it is to be paid in installments, of any special assessment under Section 5 hereof, shall be fixed in the respective resolution authorizing such assessment.

the date of delinquency at the rate of twelve percent (12%) per annum, and the Association may, at its election, bring an action at law against the Owner personally obligated to pay the same in order to enforce payment and/or to foreclose the lien against the Property subject thereto and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action and in the event a judgment is obtained such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action.

(c) No Owner shall, without the prior written consent of the Association (which consent need only be approved by the Board of Directors of the Association), sell, convey or in any way transfer any Lot, in whole or in part, unless and until such Owner shall obtain from the Board of Directors of the Association, and shall furnish to such Owner's purchaser or transferee, a certificate (dated not more than ten (10) days prior to the date of such transfer or conveyance) in writing signed by an officer or agent of the Association setting forth that all assessments payable by such Owner have been paid to the date thereof, that such Owner is not delinquent in the payment of such assessments as of the date thereof, that such Owner is not in violation of any Covenants, Conditions and Restrictions or Rules and Regulations of the Association, and that such Owner is otherwise in good standing with the Association. Such certificate shall be furnished by the Board of Directors in accordance with subparagraph (c) of Section 8 of this Article IV. Any sale, transfer or conveyance by any Owner not in compliance with this subparagraph (c) of this Section 9, Article IV, shall be void and of no force and effect. Any transfer or conveyance by virtue of foreclosure, or in lieu thereof, with respect to first mortgages or deeds of trust constituting and creating a first and prior lien on a Lot are expressly excluded from the provisions and requirements of this subparagraph (c) of Section 9, Article IV.

Section 10. Subordination of the Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinate and inferior to the lien or equivalent security interest of any first mortgage or deed of trust now or hereafter placed upon a Lot subject to assessment if the mortgage or deed of trust is placed upon the Lot at a time when no default has occurred and is then continuing in the payment of any portion of the annual assessment for such Lot; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the time when the holder of any first mortgage or deed of trust comes into possession of a Lot under

the provisions of the mortgage, by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or the time when a purchaser at any such foreclosure sale comes into possession, except for claims for a share of such charges or assessments resulting from a reallocation of such charges or assessments to all Lots including the mortgaged Lot in question. Such sale shall not relieve such Lots from liability for the amount of any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

Section 11. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charge and lien created herein:

(a) All properties dedicated and accepted by the local public authority and devoted to public use.

(b) All Common Properties as defined in Article I hereof.

Section 12. Omission of Assessments. The omission of the Board of Directors, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is filed.

Section 13. Rights of First Mortgagees. The holders of the first mortgages or deeds of trust constituting and creating a first and prior lien on a Lot ("First Mortgagee") shall, upon written request to the Association, be entitled to written notification of any default by the mortgagor of any Lot covered by a First Mortgagee's first lien deed of trust or mortgage in the performance of such mortgagor's obligations under the Declaration, the By-Laws of the Association, or the Articles of Incorporation of the Association, which is not cured within thirty (30) days. First Mortgagees shall, upon written request to the Association, have the right to (i) examine and inspect the books and records of the Association during normal business hours; (ii) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association; (iii) receive written notice of all meetings of the Association and designate a representative to attend all such meetings; (iv) receive timely written notice of any substantial damage to or destruction of any improvements on any portion of the Property, including any improvements on the Common Properties; and (v) receive timely written notice of any condemnation or eminent domain proceedings with respect to any portion of the

Properties, including the Common Properties. First Mortgagees shall have the right, at their option, to jointly or singly, pay taxes or other charges which are in default or which may or have become a charge against any portion of the Common Properties and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Properties, and the First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. First Mortgagees shall, upon written request to the Association, be entitled to not less than thirty (30) days prior written notice of any meeting of the members of the Association called for the purpose of considering (i) abandonment or termination of the development created and established by the Declaration, and (ii) any material amendments to this Declaration, the By-Laws of the Association or the Articles of Incorporation of the Association. Unless all First Mortgagees shall have given their prior written approval, the Association shall not be entitled by act or omission:

(a) to abandon, alienate, release, hypothecate, partition, subdivide, encumber, sell or transfer the Common Properties, except the grant of easements for utilities and similar or related purposes;

(b) to change the method of determining the obligations, assessments, dues or other charges which may be levied against Owners and Lots;

(c) to change, waive or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of any residential dwelling on any Lots, exterior maintenance, maintenance of common fences and driveways, or the upkeep of lawns and plantings within the Property;

(d) to fail to maintain fire and extended coverage on insurable Common Properties on a current replacement cost basis in an amount not less than 100% of the insurable value (based on current replacement cost); and

(e) to use hazard insurance proceeds or condemnation proceeds for losses to any of the Common Properties by virtue of casualty damage or condemnation for other than the repair, replacement or reconstruction thereof.

#### ARTICLE V

#### GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS OF THE ASSOCIATION

Section 1. Powers and Duties. The Board, for the

benefit of the Property and the Owners, shall provide, and shall pay for out of the maintenance fund provided for in Section 1 of Article IV above, the following:

(a) Assessments and charges for installation and maintenance charges for streets and street lighting, if any, for the Property, and taxes, assessments and other charges which shall properly be assessed or charged against the Common Properties.

(b) Exterior maintenance on and for the Property and the Common Properties, which shall include and be limited to (i) maintenance (including painting) of the exterior walls, pool, park, downspouts, gutters, fences and roof, (ii) maintenance of streets, driveways and sidewalks, and (iii) maintenance of exterior grounds, including care of trees, shrubs and grass and sprinkler system (if installed).

(c) Care and preservation of the Common Properties and full maintenance of a utility service for the Common Properties; the furnishing and upkeep of any desired personal property for use in the Common Properties.

(d) The services of a person or firm to manage the Association or any separate portion therewith to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager; provided, however, that any management agreement will be terminable by the Association for cause upon thirty (30) days' written notice thereof, will have a term not to exceed one year and will be renewable by agreement of the parties for successive one-year periods.

(e) Legal and accounting services.

(f) A policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants), incident to the operation of the Association, in an amount not less than \$100,000 to indemnify against the claim of one person, \$300,000 against the claim of two or more persons in any one occurrence, and property damage insurance in an amount not less than \$100,000 per occurrence; which policy or policies shall contain an endorsement providing that the rights of the named

insureds shall not be prejudiced with respect to actions against other named insureds; provided, that under no circumstances shall the Board be authorized to provide or pay for fire, casualty or other insurance insuring the interest of any Owner in his Lot.

(g) Workmen's Compensation insurance to the extent necessary to comply with any applicable laws.

(h) Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.

(i) Any other materials, supplies, insurance on Association owned property, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration.

The Board shall have the following additional rights, powers and duties:

(j) To execute all declarations of ownership for tax assessment purposes with regard to the Common Properties on behalf of all owners.

(k) Subject to the provisions of its Articles of Incorporation, to borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(l) To enter into contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association, expressly including the power to enter into management and maintenance contracts.

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

(n) To make Rules and Regulations for the operation of the Common Properties and to amend them from time to time, provided that any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the Members, or, with respect

to a rule applicable to less than all of the Property, by the Members in the portions affected (without limiting the generality of the foregoing language, the Rules and Regulations may provide for limitations on use of the lake or other common recreational areas during certain periods by youthful persons, visitors or otherwise).

(o) To make available to each Owner within sixty (60) days after the end of each year an annual report.

(p) To adjust the amount, 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 in proportionate amounts to cover the deficiency.

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

Section 2. Board Powers, Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made from the maintenance fund, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

Section 3. Owner's Obligations to Repair. Except as herein expressly provided, each Owner shall, at his sole cost and expense, maintain and repair his Lot and the dwelling and other improvements situated thereon, keeping the same in good condition and repair and shall be responsible for the repair of the portion of security fence(s) situated on each Lot. In the event that any Owner shall fail to maintain and repair his Lot and such dwelling and improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and the dwelling and other improvements situated thereon; and each Owner (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Owner to pay the same shall carry with it the same consequences as the failure to pay any assessment hereunder when due.

Section 4. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner 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.

ARTICLE VI

USE OF LOTS AND COMMON PROPERTIES - PROTECTIVE COVENANTS

The Property (and each Lot situated therein) and the Common Properties shall be occupied and used as follows:

Section 1. Residential Purposes Only. Each Lot shall be used exclusively for single family residential purposes, and carports and parking spaces shall be used exclusively for the parking of passenger automobiles, other than automobiles designed and used for competitive racing. No planes, trailers, boats, campers, abandoned cars or trucks shall be parked or housed outside garages or in carports and parking spaces, except as otherwise provided in Section 15 of this Article. Each residence shall face the street fronting each Lot, and ingress and egress to each Lot shall be via the streets and roads shown on the plat of and covering the Property, and no ingress and egress to, or entrance and exit from, any Lot shall be onto any road outside of the Property nor onto any adjoining road, so that the only entrance from any road outside the Property or adjoining the Property shall be through the main entrance for the Property, except as to said specified Lots. All driveways shall be concrete or concrete asphalt.

Section 2. No Mobile Homes. There shall be no mobile homes, single or doublewide, placed on a lot regardless of whether said mobile home is intended for temporary or permanent use. The term "mobile home" (as used herein) shall include modular homes. The Architectural Control Committee (hereinafter defined) as provided for herein shall have the exclusive right to determine if a structure is a mobile home.

Section 3. Minimum Square Feet. Not more than one single family residence shall be constructed on any Lot and no single family residence shall be constructed which contains less than 1,850 square feet of heated and cooled space.

Section 4. Obstructions, Etc. There shall be no obstruction of the Common Properties, nor shall anything be kept or stored in the Common Properties, nor shall anything be altered, or constructed or planted in, or removed from the Common Properties, without the written consent of the Board.

Section 5. Restricted Actions by Owners. No Owner shall permit anything to be done or kept on his Lot or in the Common Properties which will result in the cancellation of or increase of any insurance carried by the Association, or which would be in violation of any law. No waste shall be committed in the Common Properties.

Section 6. Signs. No sign of any kind shall be displayed to the public view on or from any part of the Property, without the prior consent of the Architectural Control Committee, except signs temporarily used by Declarant in the development, sale or leasing of Lots, units and homes. All signs shall be the same or similar in size, design and color and shall comply with the specifications prescribed for signs set forth in Exhibit "A," attached hereto and made a part hereof for all purposes.

Section 7. Nuisances. Nothing shall (i) be done in any part of the Property, nor shall (ii) any noxious or offensive activity be carried on, nor shall (iii) any outside lighting or loudspeakers or other sound-producing devices be used, which, in the judgment of the Architectural Control Committee, may be or become an unreasonable annoyance or nuisance to the other Owners. Said Architectural Control Committee's decision as to all such matters shall be conclusive and binding on all parties.

Section 8. Attachments. No permanent attachments of any kind or character whatsoever (including, but not limited to, television and radio antennas) shall be made to the roof or walls of any structure, unless such attachments shall have been first submitted to and approved by the Architectural Control Committee, as hereinafter defined.

Section 9. Damage to the Common Properties. Each Owner shall be liable to the Association for any damage to the Common Properties caused by the negligence or willful misconduct of the Owner or his family, guests, or invitees, to the extent that the damage shall not be covered by insurance.

Section 10. Rules of the Board. All Owners and occupants shall abide by any Rules and Regulations adopted by the Board. The Board shall have the power to enforce compliance with said Rules and Regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said Rules and Regulations shall be liable to the Association for all damages and costs, including attorneys' fees.

Section 11. Animals. No animals, livestock or poultry shall be raised, bred or kept in any portion of the Property except that dogs, cats or other household pets may be kept, but

not for any commercial purposes, provided that they do not create a nuisance.

Section 12. Outbuildings. Any and all permanent outbuildings or accessory buildings must be constructed of the same material as the principal residence and must be approved by the Architectural Control Committee (as hereinafter defined).

Section 13. Setbacks. The minimum depth of building setback lines from the roads fronting the Lots in the subdivision shall be not less than 50 feet and not less than 25 feet from side and rear Lot lines; provided that as to Lots on Sheppard-Rees Road and Four Bears Trail the rear and side setback line shall be 50 feet from the side and rear Lot lines.

Section 14. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any part of the Property except in sanitary containers. No burning of trash or rubbish and no open fires shall be allowed at any time. No trash, garbage, construction debris, or other refuse may be dumped or disposed of or be allowed to remain upon any Lot (vacant or otherwise). No building materials of any kind or character shall be placed or stored upon a Lot until the Member is ready to commence improvements, and then such material shall be placed within the property lines of the Lot.

Section 15. Boats/Campers. Neither a motorboat, houseboat or other similar water-borne vehicle nor any "camper" vehicle may be maintained, stored or kept on any parcel of the Property except in an enclosed garage thereon; provided, that the Board of Directors may, but shall not be required, to designate any area where such motorboats, etc. may be stored, parked or housed, for which storing, etc. the Board of Directors may, but still not be required, to prescribe fees.

Section 16. Drainage and Maintenance. Each Owner shall not alter or change the drainage or seepage on, over and across, nor the grade of, his Lot by channeling, filling, grading, excavating or any other means or acts and shall not do, permit or cause to be done any act that results or might reasonably be expected to result in any adverse change or affect on such drainage or seepage. Each Owner shall not obstruct or in any way prevent other Owners from exercising their rights of ingress and egress over and upon his Lot for the maintenance and repair of such other Owner's Lot.

Section 17. Fences, Walls, Hedges and Shrubs. No fence, wall, hedge or shrub shall be placed or permitted to remain on any Lot, nor shall any screen or other planting or

garden be permitted on any Lot without the prior approval of the Architectural Control Committee, and all fencing shall comply with the specifications set forth in Exhibit "B," attached hereto and made a part hereof for all purposes.

Section 18. No Prefabricated Construction. All residences and other structures constructed or erected upon any Lot shall be new construction, and in no event shall any prefabricated buildings, mobile home, modular home, or existing residences or garages be moved onto any Lot.

Section 19. Communication Equipment. No communication receiving or transmitting device or equipment shall be used on any Lot which interferes with the television reception on any other Lot without the prior written consent of the Committee, which consent may be withheld or, once given, revoked for any reason. No satellite receiver may be installed on any Lot without the prior written approval of the Architectural Control Committee herein specified, and if maintained thereon the same shall be screened from view in a manner approved by the Architectural Control Committee.

Section 20. Hunting. Hunting is prohibited on or within the Property.

Section 21. Temporary Structures. No temporary structure of any kind shall be erected or placed on any Lot, except porta-can or similar on-job toilet facilities during construction, which shall be required and shall be located away from any street, and in no instance shall more than one dwelling or residence be erected or placed on any one Lot as the same is shown on the Plat. Any garage and/or servants quarters erected more than one hundred twenty (120) days prior to the completion of the main dwelling or residence shall be considered temporary structures. In no event shall any residential dwelling upon any Lot be occupied until it is has been fully completed in accordance with the plans approved by the Committee. No trailer, basement, tent, shack or garage erected or placed on any Lot shall at any time be used as a residence temporarily or permanently, nor shall any structure of a temporary character be used as a residence.

Section 22. Repair. Each Member shall, at his sole cost and expense, maintain and repair his Lot and the dwelling and other improvements situated thereon, keeping the same in good condition and repair. In the event that any Member shall fail to maintain and repair his Lot and such dwelling and improvements as required hereunder, the Association, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right, through

its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the improvements situated thereon; and each Member (by acceptance of a deed for his Lot) hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the failure of any such Member to pay the same shall carry with it the same consequences as the failure to pay any assessment hereunder when due. During construction all Lots shall be kept clean and neat, with periodic (at least weekly) trash removal, including without limitation removal of masonry and sheetrock debris.

Section 23. Oil and Gas/Timber. No oil exploration, drilling, development or refining operations and no quarrying or mining operations of any kind, including oil wells, surface tanks, tunnels or mineral excavations or shafts shall be permitted upon or under any Lot; and no derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Lot. No timber or tree of any kind may be cut by any Member on any of the Common Properties nor on any Lot (except for construction as herein provided), without the express consent of the Architectural Control Committee. No open fires or burning shall be permitted on any Lot at any time and no incinerators or like equipment shall be placed, allowed or maintained upon any Lot. Nothing herein contained shall be deemed to preclude the use, in customary fashion, of outdoor residential barbecues or grills.

Section 24. Construction of Buildings and Other Structures. All buildings and structures on each Lot shall be one or two story and of new construction and architecturally in harmony with the primary residential buildings. Not more than one residence shall be constructed on any one Lot and any structure on any Lot shall have not less than fifty percent (50%) masonry construction, unless otherwise approved by the Committee and subject to the approval of the Committee.

Section 25. Re-Subdivision. No Lot shall be further subdivided and no portion less than all of any such Lot, or any easement or any other interest therein, shall be conveyed by any Owner without the prior written authorization and approval of the Declarant.

Section 26. Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot which shall induce, breed or harbor plant disease or noxious insects.

Section 27. Sewer. All sewer facilities shall comply with all applicable rules, laws and regulations. No outside toilets will be permitted on any Lot, and no installation of any kind for disposal of sewage shall be allowed on any Lot which

would result in raw, treated or untreated sewage or septic tank drainage on or into the surface, ditches or water bodies. No septic tank or sewage disposal system may be installed without the prior approval of the Architectural Control Committee and the proper governmental authorities. All state, county and other governmental authorities (if any) health and sanitation statutes, rules, ordinances and regulations must be complied with at all times.

Section 28. Machinery, Fixtures and Equipment. No machinery, fixtures or equipment of any type, including without limitation heating, air conditioning or refrigeration equipment and clothes lines, shall be placed, allowed or maintained upon the ground on any Lot, except with prior written approval and authorization of the Declarant, and then only in areas attractively screened or concealed (subject to all required approvals as to architectural control) from view of neighboring property, pathways and streets; and no such machinery, fixtures or equipment shall be placed, allowed or maintained anywhere other than on the ground (such as on the roof) except if screened or concealed (subject to all required approvals as to architectural control) in such manner that the screening or concealment thereof appears to be part of the integrated architectural design of the building and does not have the appearance of a separate piece or pieces of machinery, fixtures or equipment.

Section 29. Burning and Incinerators. No open fires or burning shall be permitted on any Lot at any time and no incinerators or like equipment shall be placed, allowed or maintained upon any Lot. The foregoing shall not be deemed to preclude the use, in customary fashion, of outdoor residential barbecues or grills.

Section 30. Repairs. No repairs of any detached machinery, equipment or fixtures, including without limitation motor vehicles, shall be made upon any portion of any Lot within view of neighboring property, pathways and streets, without the prior written approval and authorization of the Declarant.

Section 31. Change in Intended Use. No portion of the Property may be developed or redeveloped otherwise than in accordance with its original intended use, without the prior written authorization and approval of the Declarant.

Section 32. Misuse and Mismaintenance. No Lot shall be maintained or utilized in such manner as in Declarant's judgment to present an unsightly appearance (including but not limited to clothes drying within public view), or as to unreasonably offend the morals of, or as to constitute a nuisance or unreasonable annoyance to, or as to endanger the health of, other

Owners or residents of the Property; and no noxious or otherwise offensive condition or activity shall be allowed to exist or be conducted thereon.

Section 33. Violation of Statutes, Ordinances and Regulations. No Lot shall be maintained or utilized in such manner as to violate any applicable statute, ordinance or regulation of the United States of America, the State of Texas, the County of Kerr, if applicable, or any other governmental agency or subdivision having jurisdiction in the premises.

Section 34. Violation of Covenants. No Lot shall be maintained or utilized in violation of the Covenants.

Section 35. Prosecution of Construction, Maintenance and Repairs. All construction, maintenance and repair work shall be prosecuted diligently from commencement until completed.

Section 36. Maintenance. No Lot or any improvement thereon shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair, adequately painted or otherwise finished.

Section 37. Exemption for Purpose of Construction, Development and Sale. The Declarant shall have the right during the period of construction, development and sale, to grant reasonable and specifically limited exemptions from these restrictions to itself and any other developer or contractor. Any such exemptions shall be granted only upon specific written request, itemizing the exemption requested, the location thereof, the need therefor and the anticipated duration thereof; and any authorization and approval thereof shall be similarly itemized. No such exemption shall be broader in terms of activity, location or time than is reasonably required.

Section 38. Construction of Covenants. Nothing herein stated shall be construed as preventing an Owner from combining two or more adjacent and contiguous Lots and building thereon a unit.

#### ARTICLE VII

##### ARCHITECTURAL CONTROL

Anything contained in the foregoing Article VI of this Declaration to the contrary notwithstanding, no erection of buildings or exterior additions or alterations to any building situated upon the Property nor erection of or changes or additions in fences, hedges, walls and other structures, nor construction of any improvements nor any changes in the exterior

color of any building, structure, fence, wall or other improvement, shall be commenced, erected or maintained until (1) a preliminary sketch showing the basic plan and general specifications of same shall have been submitted to and approved by an Architectural Control Committee consisting of at least three (3) members (hereinafter called the "Committee") which shall be Declarant and its designated representative(s), (who may be appointed, removed and replaced as Declarant shall determine) until January 1, 1989, and thereafter until successors are appointed by the Board of Directors of the Association, and (2) the final plans, drawings and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design, appearance, and location in relation to surrounding structures and topography by the Committee; provided, however, that the provision of this Article VII shall not apply to buildings, structures, additions and alterations commenced, erected or maintained by Declarant. A copy of the approved plans, drawings and specifications shall be furnished by the Owner to the Committee and retained by the Committee. In the event the Committee fails to approve or disapprove such design and location within thirty (30) days after the said plans, drawings and specifications have been submitted to it, or, in any event, if no suit to enjoin the addition, alteration or change has been commenced prior to the completion thereof, approval will not be required and this Article will be deemed to have been fully complied with. The members of the Committee shall not be entitled to compensation for, or liable for damages, claims or causes of action arising out of, services performed pursuant to this Article. The Committee shall be designated by Declarant unless and until Declarant otherwise specifies in a supplement to this Declaration. Any two members of the Committee may approve or disapprove any matter before the Committee; provided that the Committee may for good cause shown approve variances as to any Covenant, Condition or Restriction but such variance shall require approval of a majority of the members of the Committee; and provided, further, that any person (including any Owner, Member, Declarant or member of the Committee) may request approval of any matter by the Committee, and a majority of the members of the Committee shall then be required. The Committee may grant variances to this Declaration upon the request of any Member or any Committee Member and upon the determination by the Committee that such variance is appropriate and that such variance is necessary to avoid any undue hardship or to carry out and apply the intent of this Declaration and as interpreted by the Committee, provided that any such variance shall not adversely affect or impair the rights and interests of other Members or tracts within THE HIGHLANDS RANCH. The determination and decision by the Committee as to whether a variance should be granted shall be final and binding on all Members, and neither

the Committee nor any of its Members shall be liable for damages, claims or causes of action arising out of any decision or action performed or taken hereunder. The Committee may consider in granting or denying any variance the nature of the use of the land, the structure to be constructed, the topography of the land, land use and structures on surrounding areas, and the effect, if any, of the variance on the appearance of the completed structure. The Committee may impose such conditions as it deems appropriate in granting any such variance. Any such variance, if granted, shall apply only to the particular property and situation specified, and shall not amend this Declaration, or any provisions hereof nor shall it be a variance as to any other property or situation.

ARTICLE VIII

EASEMENTS

Section 1. Utility Easement. Easements for installation, maintenance, repair and removal of utilities (including, but not limited to, water, telephone, power, gas and street lighting and drainage facilities and floodway easements over, under and across the Property) are reserved by Declarant for itself, 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, or with the use, maintenance, operation or installation of such utility. Notwithstanding the foregoing, however, Declarant covenants that at any such time as the utilities referred to in this Section shall have been installed or otherwise located on the Property, Declarant will by written instrument recorded in the Deed Records of Kerr County, Texas, define the exact location of each such easement and will release the remainder of the Property from the provisions of this Section. Any such instrument when executed and filed of record by Declarant shall be effective to limit the location of the easement provided for therein in accordance with its terms and conditions, notwithstanding that the utility company may not have executed such instrument.

Section 2. Ingress and Egress by the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon each Lot for the maintenance and repair of each Lot in accordance with the provisions hereof, and for the carrying out by the Association of its functions, duties and obligations hereunder; provided, that any such entry by the

Association upon any Lot shall be made with as minimum inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Association at the expense of the maintenance fund.

Section 3. Ingress and Egress by Owners. Each Owner shall have the right of ingress and egress at all times over and upon the roads shown in the plat of the Property in common with Declarant and its successors and assigns (Declarant reserving and retaining the right to grant the use and easement over said roads to others on such terms as it shall determine) each adjoining Lot for the maintenance and repair of each such Owner's Lot; provided, that any entry by each such Owner upon any such adjoining Lot shall be made with as minimum inconvenience to the Owner of each such adjoining Lot as practical, and any damage caused thereby shall be repaired by each such entering Owner at his expense.

Section 4. Ingress and Egress by Police, Etc. The police, fire department, emergency units, ambulance company, utility companies, and any governmental agency or department having jurisdiction, shall have the right of ingress and egress at all times over and upon the Common Properties, including without limitation streets and sidewalks, for the performance of their respective duties and responsibilities with respect to the Property and Lots and in order to service the Property and Lots.

Section 5. Surface Drainage Easements. Surface drainage easements as shown in the plat of the Property are intended for either periodic or occasional use as conductors for the flow of surface water runoff to a suitable outlet, and the land surface shall be constructed and maintained so as to achieve this intention. Such easements shall be maintained in an unobstructed condition and the Association or the proper public authority having jurisdiction over storm drainage shall have the right to repair and maintain such easements, or to require such repair and maintenance, as shall be reasonably necessary to keep the conductors unobstructed.

#### ARTICLE IX

##### GENERAL PROVISIONS

Section 1. Duration. The Covenants, Conditions and Restrictions 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 Association and/or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty-five (35) years from the date that this Declaration is recorded,

after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the Members entitled to cast a majority of the votes of the Association has been recorded, agreeing to abolish said Covenants, Conditions and Restrictions in whole or in part; provided, however, that no such instrument abolishing said Covenants, Conditions and Restrictions shall be effective unless made and recorded ninety (90) days in advance of the effective date of such abolition.

Section 2. Amendments. Except as provided in Section 1 or this Section 2 of Article IX, the Covenants, Conditions and Restrictions of this Declaration may be abolished, amended and/or changed in whole or in part, only with the consent of a majority of the Members, if abolished, amended and/or changed during the first twenty (20) year period of this Declaration, and thereafter only with the consent of seventy-five percent (75%) of the Members, and in each case such amendment shall be evidenced by a document in writing bearing the signatures of such members; provided, however, that the Declarant shall have the right to amend this Declaration at any time, and from time to time, without the consent of any other Member, to the extent that such amendments are required by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any other governmental or quasi-governmental authority or any financial institution involved in financing the improvement, purchase or sale of any of the Lots or the improvements to be constructed thereon. All amendments, if any, shall be recorded in the office of the County Clerk of Kerr County, Texas.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate them, or to recover damages, or to enforce any lien created by these covenants; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these Covenants and Restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

Section 5. 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.

Section 6. Notices. Any notice required to be given

to any Member or Owner or otherwise under the provisions of this Declaration shall be deemed to have been properly delivered when deposited in the United States mails, postage prepaid, addressed to the last known address of the person to whom it is addressed, as appears on the records of the Association at the time of such mailing.

Section 7. Disputes. Matters of dispute or disagreement between Owners with respect to interpretation or application of the provision of this Declaration or the By-Laws, shall be determined by the Board of Directors, which determination shall be final and binding upon all Owners.

Section 8. Resubdivision. No Lot may be resubdivided or replatted without the prior written consent of Declarant; each Owner (as defined in the Declaration) hereby delegating to the Declarant the right and authority to approve or disapprove the same and each Owner hereby expressly waiving any right to approve the same and any notice of the same. Subject to the approval of any and all appropriate governmental agencies having jurisdiction thereof, Declarant hereby reserves the right at any time while it is the owner thereof to resubdivide replat any Lot without the consent of any other Owner and each such Owner expressly waives any notice of, and any right to consent to, any such resubdivision, replat, modification or waiver, as herein set forth, without any notice to, or consent of, any such Owner. Further, each Owner expressly waives any rights such Owner may have to notice of, consent to or approval of any such resubdivision or replat, under any applicable laws, ordinances, rules or regulations.

Section 9. Power of Attorney. An irrevocable power of attorney coupled with an interest is granted by the Owners to the Board to the extent of the powers and rights given to the Board by the provision of this Declaration.

Section 10. Improper Maintenance by Owner. In the event any portion of a Lot or unit thereon is in Declarant's judgment so maintained by the Owner as to not comply with these Covenants or present a public or private nuisance or as to substantially detract from the appearance or quality of the neighboring Lots or units or other areas of the Property which are substantially affected thereby or related thereto, the Declarant may by resolution make a finding to this effect, specifying the particular condition or conditions which exist, and pursuant thereto deliver notice thereof to the offending Owner that unless corrective action is taken within ten (10) days, the Declarant will cause such action to be taken at such Owner's cost. If at the expiration of said ten (10) day period of time the requisite corrective action has not been taken, the

Declarant shall be authorized and empowered to cause such action to be taken and the cost thereof shall be assessed against the Lot and unit of the offending Owner and shall be secured by the maintenance or assessment lien herein provided. Written notice of such assessment shall be delivered to the offending Owner, which notice shall specify the amount of such cost and shall demand payment thereof within thirty (30) days after the date of said notice.

Section 11. Interpretation of the Covenants. Except for judicial construction, the Declarant shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Declarant's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the Covenants and provisions hereof.

Section 12. Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the Rule Against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be those which would be used in determining the validity of the challenged interest.

Section 13. Successors and Assigns of Declarant. Any reference in this Declaration to Declarant shall include any successors or assignees of Declarant's rights and powers hereunder.

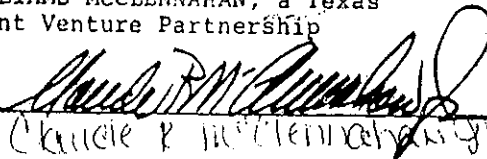
Section 14. Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed in its name and on its behalf on this 1st day of May, 1986.

DECLARANT:

WILLIAMS-McCLENNAHAN, a Texas  
Joint Venture Partnership

By:

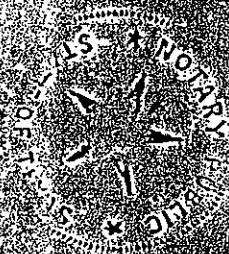
  
Charles R. McClellan

THE STATE OF TEXAS §

VOL. 381 PAGE 548

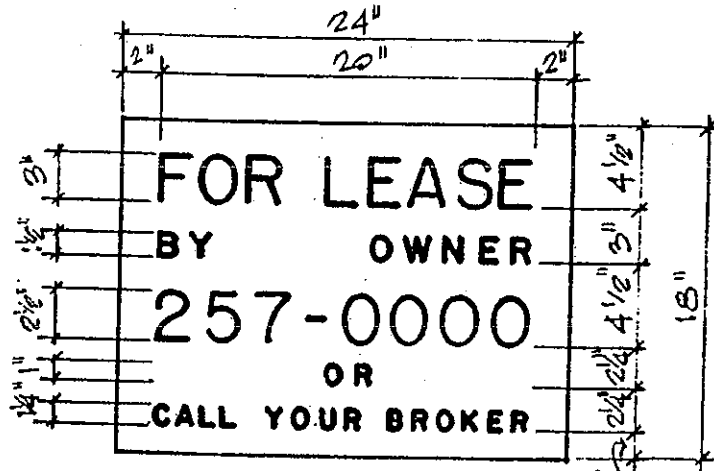
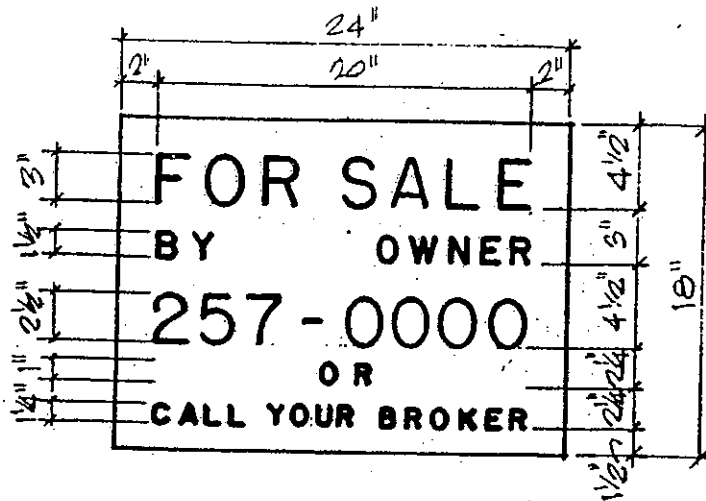
THE COUNTY OF KERR §

This instrument was acknowledged before me on this 1st day of May, 1986, by Claude R. McClellan, a partner of WILLIAMS-MCCLLENNAHAN, a Texas joint venture partnership, on behalf of said partnership.



Keith E. Lee  
Notary Public, State of Texas  
My Commission Expires: 5-3-87  
KEITH E. LEE  
(Type or Print Name of Notary)

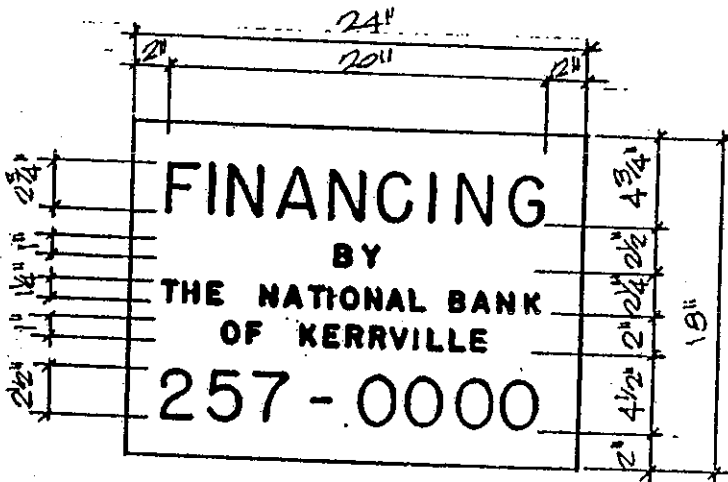
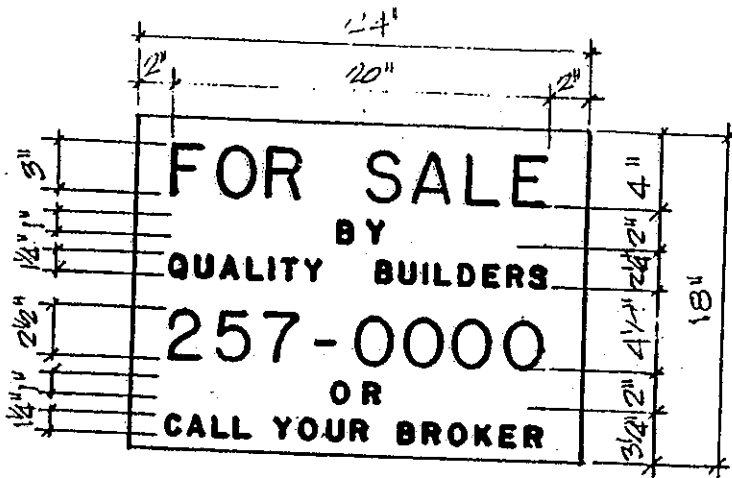
EXHIBIT "A" SHEET N°1 VOL. 381 PAGE 549  
THE HIGHLANDS RANCH SIGN DESIGN



**SIGN CONSTRUCTION**

1. ALL METAL
2. DARK BROWN LETTERING ON LIGHT TAN BACKGROUND
3. HEIGHT - NOT TO EXCEED 40"
4. LOCATION - 25' FROM FRONT LOT LINE ONLY

THE HIGHLANDS RANCH SIGN DESIGN



**SIGN CONSTRUCTION**

1. ALL METAL
2. DARK BROWN LETTERING ON LIGHT TAN BACKGROUND
3. HEIGHT - NOT TO EXCEED 40"
4. LOCATION - 25' FROM FRONT LOT LINE ONLY

FENCING SPECIFICATIONS

1. All fences shall comply with the Covenants, Conditions and Restrictions set forth in the attached Declaration, including without limitation the provisions of Article VII as to Architectural Control and the provisions thereof requiring approval prior to construction.

2. Subject to the requirements referenced in item 1 above, all fences will consist of one (or a combination of) the following materials:

1. Wrought Iron
2. Masonry (rock or cement)
3. Stucco
4. Chain Link (no barbs)
5. Cedar

3. No fencing will be permitted within any front set back area nor between the front building or set back line as specified in the attached Declaration and the front lot line, nor in front of the dwelling (excluding any porch) on any lot, nor between the dwelling (excluding any porch) and the front lot line.

4. On the following lots (which are adjacent to Sheppard Rees Road and Four Bears Trail, Bear Paw Ranch) a five foot (5') solid cedar fence must be erected and completed at the same time as the dwelling thereon is completed:

The Highlands Ranch (Sheppard Rees Road)  
Lot 1, Block No. 4  
Lots 1 through 8, Block No. 1

The Highlands Ranch (Four Bears Trail)  
Lots 14, 15, 16, Block No. 1  
Lots 23, 24, 25, Block No. 1

THE STATE OF TEXAS:  
THE COUNTY OF KERR:

KNOW ALL MEN BY THESE PRESENTS:

THAT, Williams - McClennahan Joint Venture, being the owners of Lots 7, 8, and 9, of Block Two and Lots 9 and 10 of Block Three of The Highlands Ranch in Kerr County, Texas, as shown on the map or plat records in Volume 5 on Pages 233 and 234 of the Plat Records of Kerr County, Texas, do hereby declare such property bound by the hereinafter set out restrictions and covenants and agree that said purchasers and subsequent owners of said lots or parts thereof shall comply with same. These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of two (2) years from date these covenants are recorded, after which time said covenants shall be automatically extended until the use of this water well as a source of water for a public water system ceases.

Enforcement shall be proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.

Invalidation of any one of these covenants by judgement or court order shall not in any wise affect any of the other provisions which shall remain in full force and effect

Such restrictions are as follows, to-wit:

1. Sanitation control upon all of that area of land of said Lots 7, 8 and 9 of Block Two and Lots 9 and 10 of Block Three of The Highlands Ranch, as is included within a 150 foot radius of a deep water well located 40 feet at a radial of 10 degrees from the East corner of said Lot 7, Block Two, being the South corner of well lot, and specifically prohibiting the construction and/or operation of stock pens, feed lots, dump grounds, privies, tile or concrete sanitation sewers, cess pools, septic tanks, septic tank drain fields, drilling of improperly constructed water wells of any depth and all other construction or operation that could create an insanitary condition within, upon or across the above described tract of land.

2. This sanitation control permits the construction of homes or building upon same, provided, however, that all stock pens, feed lots, privies, tile or concrete sanitation sewers, cess pools, septic tanks, septic tank drain fields, drilling of improperly constructed wells of any depth and other construction and/or operations that could create an insanitary condition within, upon or across same are specifically prohibited.

3. Normal farming and ranching operations are permitted except that livestock shall not be allowed within 50 feet of the proposed well.

IN WITNESS WHEREOF the said owners have executed this instrument this 13th day of February, 1987.

*Claude R. McClennahan, Jr.*  
\_\_\_\_\_  
Claude R. McClennahan, President

THE STATE OF TEXAS:  
THE COUNTY OF KERR:

BEFORE ME, the undersigned authority, on this day personally appeared Claude R. McClennahan, Jr., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and consideration therein expressed.

My Commission Expires:  
August 20, 1988

*D. J. Wynn*  
\_\_\_\_\_  
D. J. Wynn, Notary Public and for  
KERR COUNTY, TEXAS

Recorded at Yerrville, Kerr County Courthouse, Texas, on this \_\_\_\_\_ day of February, 1987.

\_\_\_\_\_  
Patricia Dye, County Clerk  
KERR COUNTY, TEXAS

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE,  
RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND  
UNENFORCEABLE UNDER FEDERAL LAW

*Filed by*  
DOMINGUES & ASSOC., INC.  
608 SIDNEY BAKER ST  
KERRVILLE, TX 78028

FILED FOR RECORD  
at *W. H. Steick* *W. H. Steick*

FEB 17 1987

PATRICIA DYE  
Clerk Family Court, Kerr County, Texas  
By *Patricia Dye*

09197

DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS (this "Declaration") made this 30 day of November, 1994, by the undersigned ("Declarant", whether one or more);

W I T N E S S E T H:

Declarant is the owner of Lots 14, 15, 16, 23, 24 and 25, The Highlands Ranch, according to the plat thereof recorded in Volume 5, Page 233, Plat Records, Kerr County, Texas ("Properties") and desires to subject the Properties to the covenants, conditions and restrictions, hereinafter set forth, each and all of which is and are for the benefit of the owner of Lot 10 and Park in said Subdivision ("Park") which is being conveyed concurrently to the Bear Paw Homeowners Association ("Association") in consideration of and in connection with this Declaration and this Declaration is being required for such transfer.

NOW, THEREFORE, Declarant declares that the Properties are and shall be held, transferred, sold, conveyed and occupied subject to the restrictions (sometimes referred to as "Restrictions") hereinafter set forth.

ARTICLE I

COVENANTS CONDITIONS AND RESTRICTIONS

The Properties (and each separate Lot situated therein) shall be owned, occupied and used subject to the restriction that access to, and ingress and egress from the Properties shall not be to or from Four Bear Trail and each and every entry to the Properties shall be from Skye Drive or Mackey Drive as the case may be.

ARTICLE II

GENERAL PROVISIONS

Section 1. Duration. The Restrictions of this Declaration shall run with and bind the land subject to this Declaration for a term of thirty-five (35) years from the date that this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the Association and the owners of the Park has been recorded, agreeing to abolish said Restrictions in whole or in part; provided, however, that no such agreements to change shall be effective unless made and recorded.

Section 2. Amendments. The Restrictions of this Declaration may be abolished, amended and/or changed in whole or in part, only with the consent of the Association and the owners the Park and in each case such amendment shall be evidenced by a document in writing bearing such of their signatures as are required for

Consent as herein provided. All amendments, if any shall be recorded in the office of the County Clerk of Kerr County, Texas.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by the Association and the Owners of the Properties by any proceeding at law or in equity against any person or persons violating or attempting to violate them, including without limitation restraint and/or injunctive relief for violations and/or recovery of damages for violations; and failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in nowise affect any other provision which shall remain in full force and effect.

Section 5. Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, have executed this instrument this 30 day of November, 1994.

Curtis Spearman  
CURTIS SPEARMAN

James Marlin Addison, Jr.  
JAMES MARLIN ADDISON, JR.

THE STATE OF TEXAS §  
COUNTY OF KERR §

This instrument was acknowledged before me this 2 day of December, 1994, by CURTIS SPEARMAN.



Diane H. Green  
Notary Public, State of Texas

FILED FOR RECORD  
at 3:36 o'clock P M

DEC - 9 1994

Patricia Lyle  
Patricia Lyle  
Clerk County Court, Kerr County, Texas  
Deputy

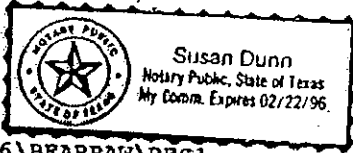
FILED BY AND RETURN TO:

KERR COUNTY ABSTRACT & T  
303 Earl Garrett Street  
Kerrville, Texas 78028

14950

THE STATE OF TEXAS S  
COUNTY OF *KERR* S

This instrument was acknowledged before me on *Nov 30,* 1994, by JAMES MARLIN ADDISON, JR.



*Susan Dunn*  
Notary Public, State of Texas

6\BEARPAW\RES1

RECORD *Real Property*  
VOL *776* PG *566*

RECORDING DATE  
DEC 09 1994

None - an instrument affecting the sale, rental or use of the described property  
of color of title is invalid and unenforceable under Federal Law.  
STATE OF TEXAS  
COUNTY OF KERR  
I hereby certify that this instrument was FILED in File Number *776-566* on the  
10th day of *December* 1994, and was duly RECORDED in the  
Public Records of *Kerr* County, Texas on

DEC 09 1994



*Patricia Dye*  
COUNTY CLERK, KERR COUNTY, TEXAS



*Patricia Dye*  
COUNTY CLERK, KERR COUNTY

RECORDER'S NOTE  
AT TIME OF RECORDATION INSTRUMENT FOUND  
TO BE INADEQUATE FOR BEST PHOTOGRAPHIC  
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FIRST AMENDMENT TO DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS OF THE HIGHLANDS RANCH

Pursuant to ARTICLE IX of the DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE HIGHLANDS RANCH, recorded in Volume 381, Page 519, of Real Property Records of Kerr County, Texas, the undersigned owners of more than 75% of the Lots in The Highlands Ranch and who constitute more than 75% of the Members of The Highlands Ranch, do hereby amend said Covenants, Conditions and Restrictions as follows:

1. Article I is hereby amended by adding the following to the end of paragraph (b):

"That real property more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes shall not be or constitute any portion of the Property or any of the Common Properties or Lots within the Highlands Ranch and the property described in Exhibit "A" attached hereto shall no longer be subject to and is hereby released and withdrawn from this Declaration of Covenants, Conditions, and Restrictions and from this amendment as well as from any prior or subsequent amendments thereto."

2. Article II is hereby amended by adding the following new Section 5:

"Section 5. Water System. The water system for the Property is or will be located on Lot 8, Block 2 and the Well Lot.

FIRST AMENDMENT TO DECLARATION OF COVENANTS,  
CONDITIONS, AND RESTRICTIONS OF THE HIGHLANDS RANCH

Pursuant to ARTICLE IX of the DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF THE HIGHLANDS RANCH, recorded in Volume 381, Page 519, of Real Property Records of Kerr County, Texas, the undersigned owners of more than 75% of the Lots in The Highlands Ranch and who constitute more than 75% of the Members of The Highlands Ranch, do hereby amend said Covenants, Conditions and Restrictions as follows:

1. Article I is hereby amended by adding the following to the end of paragraph (b):

"That real property more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes shall not be or constitute any portion of the Property or any of the Common Properties or Lots within the Highlands Ranch and the property described in Exhibit "A" attached hereto shall no longer be subject to and is hereby released and withdrawn from this Declaration of Covenants, Conditions, and Restrictions."

2. Article II is hereby amended by adding the following new Section 5:

"Section 5. Water System. The water system for the Property is or will be located on Lot 8, Block 2 and the Well Lot. These Lots shall not be used for residential development.

The Owner of Lot 8, Block 2, and the Well Lot shall have no voting rights by virtue of ownership of said lots."

3. Section 11 of Article IV is hereby amended by adding the following new paragraph (c):

"(c) All of Lot 8, Block 2 and The Well Lot."

4. Section 1 of Article VI is hereby rescinded and the following is added in its place:

"Section 1. Residential Purposes Only. Each Lot shall be used exclusively for single family residential purposes, and carports and parking spaces shall be used exclusively for the parking of passenger automobiles, other than automobiles designed and used for competitive racing. No planes, trailers, boats, campers, abandoned cars or trucks shall be parked or housed outside garages or in carports and parking spaces, except as otherwise provided in Section 15 of this Article. Each residence shall face the street fronting each Lot, and ingress and egress to each Lot shall be via the streets and roads shown on the plat of and covering the Property, and no ingress and egress to, or entrance and exit from, any Lot shall be onto any road outside of the Property nor onto any adjoining road, so that the only entrance from any road outside the Property or adjoining the Property shall be through the main entrance for the Property, except as to said specified Lots. All driveways shall be concrete

or asphalt. At the location where a driveway connects with the street right-of-way, the driveway shall have a slight swell, hump or a culvert, as the case may be, which will promote normal drainage down the street. Lot 8, Block 1 and the Well Lot are exempted from the provision of this paragraph."

5. Section 24 of Article VI is hereby rescinded and the following is added in its place:

"Section 24. Construction of Buildings and Other Structures. All buildings and structures on each Lot shall be one or two story and of new construction and architecturally in harmony with the primary residential buildings. Not more than one residence shall be constructed on any one Lot and any structure on any Lot shall have not less than seventy-five percent (75%) masonry construction, unless otherwise approved by the Committee and subject to the approval of the Committee. The roofs of any structure on any Lot shall be standing seam metal roof #1 cedar or cedar shakes, tile, masonite, aluminum shingle, or \_\_\_\_\_ composition."

6. Section 1 of Article VIII is hereby rescinded and the following is added in its place:

"Section 1. Utility Easement. Easements for the use and benefit of any public utility operating in Kerr County, Texas, and for the Declarant, are hereby reserved along and

within ten (10) feet of the front, rear, and side lines of all lots. These easements are for the purpose of installing, maintaining, repairing, and removing utilities (including, but not limited to, water, telephone, power, gas, and street lighting and drainage facilities and floodway easement over, under, and across the Property) as well as removing any obstruction placed in such easement that would interfere with the installation, maintenance, operation, or removal of such utility."

In all other respects the DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH are hereby ratified and confirmed.

Dated the 30 day of November, 1994.

FILED FOR RECORD  
at 3:36 o'clock P M

Curtis Spearman  
CURTIS SPEARMAN

DEC - 9 1994

PATRICIA DYE  
Clerk County Court, Kerr County, Texas  
Patricia Dye Deputy

James Marlin Addison, Jr.  
JAMES MARLIN ADDISON, JR.

THE STATE OF TEXAS           §  
COUNTY OF KERR           §

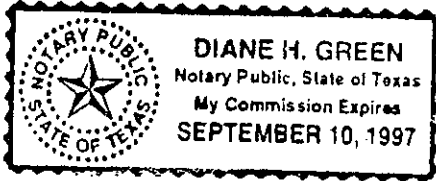
BEFORE ME, the undersigned authority, on this day personally appeared CURTIS SPEARMAN, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me

FILED BY AND RETURN TO:

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

that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 2 day of December, A.D. 1994.



Diane H. Green  
Notary Public, State of Texas

My Commission Expires:  
9-10-97

THE STATE OF TEXAS            §  
COUNTY OF KAUAMAN       §  
~~KERR~~

BEFORE ME, the undersigned authority, on this day personally appeared JAMES MARLIN ADDISON, JR., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 30th day of NOVEMBER, A.D. 1994.



✓ Susan Dunn  
Notary Public, State of Texas

My Commission Expires:  
2-22-96

EXHIBIT 'A'

Lot 10 and Park Tract, Block One, The Highlands, a subdivision in Kerr County, Texas, according to the plat thereof recorded in Volume 5, Pages 234 and 235, Plat Records, Kerr County, Texas.

RECORD Real Property  
VOL. 776 PG 369

RECORDING DATE

DEC 09 1994

Provisions which restrict the sale, rental or use of the described property because of color or race is invalid and unenforceable under Federal Law (THE STATE OF TEXAS) COUNTY OF KERR  
I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records of Real Property of Kerr County, Texas on

DEC 09 1994



*Patricia Dye*  
COUNTY CLERK, KERR COUNTY



*Patricia Dye*  
COUNTY CLERK, KERR COUNTY, TEXAS

RECORDER'S NOTE

AT TIME OF RECORDATION INSTRUMENT FOUND TO BE INADEQUATE FOR BEST PHOTOGRAPHIC REPRODUCTION DUE TO DEPTH & DARKNESS OF PRINT, COLOR OF PRINT OR INK, BACKGROUND OF PAPER, ILLEGIBILITY, CARBON OR PHOTO COPY, ETC.

14950

FIRST AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH

STATE OF TEXAS \*  
\* KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF KERR \*

WHEREAS, VISTA CONSTRUCTION, L.L.C., a Texas Limited Liability Company and CEDAR CONTRACTING, INC. d/b/a CEDAR CORP., a Texas Corporation (hereinafter "Majority Owner") are the Majority Owner of the lots at HIGHLANDS RANCH, a subdivision in Kerr County, Texas, filed of record in Volume 5, Page 233 of the Plat Records of Kerr County, Texas; VISTA CONSTRUCTION, L.L.C. owning the following Lots:

Lots Two (2), Twenty-One (21), Twenty-Eight (28), Twenty-Nine (29), Thirty-Seven (37), Thirty-Eight (38), Thirty-Nine (39), Forty-one (41), Forty-Two (42), Forty-Three (43), Forty-Four (44), Fifty-Two (52) and Fifty-Three (53), Block One (1), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas; and

Lots One (1), Two (2), Three (3), Four (4), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Twenty (20) and Twenty-One (21), Block Three (3), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas; and

And, CEDAR CONTRACTING, INC. d/b/a CEDAR CORP. owning the following Lots:

Lots 1 (One), 3 (Three), 4 (Four), 5 (Five), 6 (Six), 7 (Seven), 8 (Eight), 9 (Nine), 11 (Eleven), 12 (Twelve), 13 (Thirteen), 14 (Fourteen), 15 (Fifteen), 16 (Sixteen), 17 (Seventeen), 23 (Twenty-Three), 24 (Twenty-Four), 25 (Twenty-Five), 26 (Twenty-Six), 27 (Twenty-Seven), 30 (Thirty), 31 (Thirty-One), 32 (Thirty-Two), 33 (Thirty-Three), 35 (Thirty-Five), 36 (Thirty-Six), 45 (Forty-Five), 46 (Forty-Six), 47 (Forty-Seven), 48 (Forty-Eight), 49 (Forty-Nine), 50 (Fifty) and 51 (Fifty-One), Block One (1), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.

Lots 1 (One), 2 (Two), 3 (Three), 4 (Four), 5 (Five), 6 (Six), 7 (Seven), 9 (Nine), 10 (Ten), 11 (Eleven) and 12 (Twelve), Block Two (2), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.

Lots 1 (One), 2 (Two), 3 (Three), 4 (Four), 5 (Five), 6 (Six), 7 (Seven), 8 (Eight), 9 (Nine), 10 (Ten), 11 (Eleven), 13 (Thirteen) and 14 (Fourteen), Block Four (4), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.

And, for additional owners supporting this First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch (hereinafter "Supporting Owners") see the Addendum attached hereto and herein incorporated by reference for all purposes.

WHEREAS, the Declaration Of Covenants, Conditions And Restrictions Of HIGHLANDS RANCH, dated May 1, 1986 and filed of record in Volume 381, Page 519 of the Deed Records of Kerr County, Texas (hereinafter "Original Restrictions"), provided that the "...Declaration may be abolished, amended and/or changed in whole or in part, only with the consent of a majority of the Members, if abolished, amended and/or changed during the first twenty (20) year period of this

*PL*  
*PL*

Declaration..." (See, Article IX, GENERAL PROVISIONS, Section 2. Amendments); and,

WHEREAS, Majority Owner has satisfied all the pre-conditions to abolish, amend and/or change the Original Restrictions, and now desires to amend them in their entirety and replace them with this First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch; provided however, this First Amended Declaration Of Highlands Ranch shall not affect the validity or enforceability of the Original Restrictions during the time in which they were in effect;

WHEREAS, these First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch (hereinafter also referred to as "Restrictions, Covenants And Conditions") are established for the purpose of creating and carrying out a uniform plan for the improvement and development of HIGHLANDS RANCH.

NOW, THEREFORE, the Majority Owner, with the support of the Supporting Owners, does hereby declare the land described on the aforesaid Plat of HIGHLANDS RANCH on file with the County Clerk of Kerr County, Texas, to which reference is hereby made for all purposes, is held and shall hereafter be held, sold, occupied and conveyed subject to the following restrictions, covenants and conditions, which replaces the Original Restrictions:

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

2. Definitions. In construing these Restrictions, Covenants and Conditions, the following words shall have the following meanings:

A. "Original Plat" shall mean and refer to the aforesaid Plat filed for record in Volume 5, at Page 233, of the Map and Plat Records of Kerr County, Texas, on the 5th day of May, 1986, designating the tracts of HIGHLANDS RANCH.

B. "HIGHLANDS RANCH" shall mean and refer to the land hereinabove described and that subdivision of Kerr County, Texas, named HIGHLANDS RANCH recorded in the Deed Records of Kerr County, Texas, and designated according to the Original Plat.

C. "Tract" shall mean and refer to any tract or parcel of land (with the exception of Common Areas) shown as such on the Original Plat.

D. "Owner" shall mean and refer to the person or persons, entity or entities, who either own of record fee simple title to a tract or have entered, as an original party, successor or assignee, into a Contract For Deed for a tract; the term "Owner" to exclude any person or persons, entity or entities, having an interest in a tract merely as security for the performance of an obligation. The Owner of each tract shall be entitled to one vote per tract wherever voting is described in these restrictions.

E. "Committee" shall mean and refer to the Architectural Control Committee established pursuant to Paragraph 9 of these, Restrictions, Covenants and Conditions.

F. "Residence" shall mean and refer to a permanent structure erected on a tract for use as a single family dwelling.

3. Non-Commercial Use of Tract.

A. Each tract shall be used for residential purposes. The

*Handwritten initials: JF*

term "residential" as used herein shall mean and be construed to exclude hospitals, clinics, duplex houses, apartment houses, boarding houses, hotels, motels and commercial and professional uses whether from homes, residences or otherwise, and all such uses of said property are hereby expressly prohibited. No buildings shall be erected, altered, placed or permitted to remain on any tract other than the two (2) detached single family dwellings, not to exceed two (2) stories in height, together with a private garage or carport (attached or detached), for not more than three (3) cars and servant's type quarters for each such dwelling, which may be occupied by an integral part of the family occupying the residences on the building sites, or by servants employed on the tract. In addition, a barn or ranch type building may be erected on each tract.

B. No building shall be erected, placed, or altered on any tract in HIGHLANDS RANCH until the building plans, specifications and plot plan showing the location of each such building have been approved in writing by the Committee, as hereinafter provided.

4. Construction of Buildings and Other Structures. All buildings and structures on each tract shall be of new construction and architecturally in harmony with the overall residential scheme of HIGHLANDS RANCH as determined by the Committee. No unpainted sheet metal or fiberglass structures shall be placed on any of the tracts for the use as an accessory building or otherwise. No tent, house trailer, mobile home, or temporary structure of any character may be placed, constructed or maintained on any of the tracts (except in connection with construction of permanent buildings and structures and then only during such construction).

5. Size of Buildings and Structures. In no event shall any residence be erected on any of the tracts having an air conditioned or heated area of less than one thousand three hundred (1,300) square feet, exclusive of porches, garages or other appendages. All garages or carports on any tract shall have a capacity of not less than two (2) standard size automobiles.

6. Architectural Theme. An area initially designated as Lots 1-9, 11, 19, 39-44, 52, 53, Block One, Lots 1-12, Block Two, Lots 1-21, Block Three and Lots 1-14, Block Four, shall be designated as Lots to be Architecturally approved under a Theme to be determined by the Committee. Initially the theme is to be designated as a home whose exterior design and appearance exhibits the characteristics associated with "Country Style" homes which typically maintain front porches and natural and/or traditional materials. This broad category and the approval hereunder rests entirely with the Committee. The Architectural Theme as stated herein may be modified by the Committee.

7. Set Back Requirements. No building or other structure shall be erected on any tract nearer than forty (40) feet from the front and rear property line and no nearer than twenty (20) feet from the side property. In the event that the tract is a corner tract the front property line shall be determined to that side fronting the street with the greatest distance.

8. Activities. No noxious or offensive activity shall be carried on upon any tract nor shall anything be done thereon which may be or become an annoyance or nuisance to any adjoining tract. No tract shall be maintained or utilized in such manner as to violate any applicable statute, ordinance or regulation of the United States of America, the State of Texas, the County of Kerr, if applicable, or any other governmental agency or subdivision having jurisdiction thereof.

9. The Architectural Control Committee. There is hereby established an Architectural Control Committee herein referred to as the "Committee". The Committee shall determine if the plans and specifications for any fence, building or other Structure on any tract meet the requirements of these Restrictions, Covenants and

R  
F

Conditions, determine if the appearance, design and quality of workmanship and materials are in harmony with the proposed scheme or plan of development of HIGHLANDS RANCH as established by the Committee, and approve the location of any such structure with respect to topography and ground elevation. No construction of any structure nor any addition or alteration of any structure may begin until a plot plan and plans and specifications for the same have been approved by the Committee. If approval is granted construction shall be commenced within six (6) months thereafter and, if not, said approval shall be automatically withdrawn. The building of any approved structure must be completed within twelve (12) months of commencement of construction. Construction plans and specifications shall, as a minimum, include plans of all floors, their square footage, breakdowns and levels involved together with elevations of all sides of the proposed structure, a section through the structure to explain the relationship of the floor levels and stairs, and notes and/or specifications that describe the materials to be used on the exteriors.

The Committee shall be comprised of five (5) Owners all of whom shall be initially appointed by the Majority Owner until such time as ninety percent (90%) of the tracts have been sold. When the title to ninety percent (90%) of the tracts is vested in Owners other than the Majority Owner, then Majority Owner shall no longer appoint the Committee and the Committee shall then be composed of the Majority Owner and four (4) persons, each elected for a three (3) year term by the Owners through an open meeting, and they shall thereupon be vested with all the rights, powers and authority herein granted to the Committee. A majority of the Committee may designate in writing a representative to act for it. There shall be no payment of compensation for services performed by the Committee or its members pursuant to these Restrictions, Covenants and Conditions and no member of the Committee shall be liable for damages, claims or causes of action arising out of any service performed pursuant thereto.

The Committee may grant variances to these Restrictions, Covenants and Conditions upon the request of any Owner or any Committee Member and upon the determination by the Committee that such variance is appropriate and that such variance is necessary to avoid any undue hardship or to carry out and apply the intent of these Restrictions, Covenants and Conditions as interpreted by the Committee. The determination and decision by the Committee as to whether a variance should be granted shall be final and binding on all Owners, and neither the Committee nor any of its Members shall be liable for damages, claims or causes of action arising out of any decision or action performed or taken hereunder. The Committee may consider in granting or denying any variance the nature of the use of the land, the structure to be constructed, the topography of the land, land use and structures on surrounding areas, and the effect, if any, of the variance on the appearance of the completed structure. The Committee may impose such conditions as it deems appropriate in granting any such variance. Any such variance, if granted, shall apply only to the particular property and situation specified, and shall not amend these Restrictions, Covenants and Conditions, or any provisions hereof, nor shall it be a variance as to any other property or situation.

10. Hunting. Hunting is prohibited on all tracts.

11. Sanitation and Sewage. No outside toilets will be permitted on any tract, and no installation of any kind for disposal of sewage shall be allowed on any tract which would result in raw, treated or untreated sewage or septic tank drainage on or into (lie surface, ditches or water bodies). No septic tank or sewage disposal system may be installed without prior approval of the Committee and the proper governmental authorities. All State, County and municipal (if any) health and sanitation statutes, rules, ordinances and regulations must be complied with at all times.

12. Fencing. No chainlink or metal (other than ornamental) fencing may be erected on any lot any closer to the street than the rear line of the main residence. Any fencing from the rear line of the main residence to the front property line may not be of a height greater than four (4) feet and must be constructed of natural materials.

13. Signs/Satellite Receivers/Motor Homes. No sign or advertising device may be displayed on any tract except in the event of sale of said tract. There may be one (1) for sale sign on each tract containing no more than five (5) square feet. No satellite dish over eighteen inches (18") in diameter may be installed on any tract without the prior written approval of the Architectural Control Committee. Any dish installed and maintained thereon shall be screened from view in a manner approved by the Architectural Control Committee. No motor homes, travel vehicles or recreational vehicles shall be kept on any tract, unless parked in a garage, or otherwise screened from view in a manner approved by the Architectural Control Committee.

14. Animals. The raising or keeping of hogs on any tract is prohibited; except that the raising and keeping of dogs, cats and usual household pets is permitted on a tract. The raising and keeping of horses and cattle is not permitted. The raising, keeping or selling of animals for commercial purposes on any tract in HIGHLANDS RANCH is strictly prohibited.

15. Off Road Vehicles. The operation of any off road vehicle is prohibited on any lot, roadway or easement.

16. Intoxicants. No spirituous, vinous, or malt liquors, or medicated bitters, capable of producing intoxication, shall ever be sold, or offered for sale, on any tract in HIGHLANDS RANCH, nor shall the tract or any part thereof be used for vicious, illegal, or immoral purposes, nor for any purpose in violation of any laws, rules, statutes or regulations of the State of Texas, the United States or any other governmental body, or of police, health, sanitary, building or fire codes, regulations or instructions relating to or affecting the use, occupancy or possession of any Tract.

17. Trash and Garbage; Repair. No trash, garbage, construction debris, or other refuse may be dumped or disposed of or be allowed to remain upon any tract vacant or otherwise. No building materials of any kind or character shall be placed or stored upon a tract until the Owner is ready to commence improvements, and then such materials shall be placed within the property lines of the tract. No noxious or undesirable thing or use whatsoever shall be permitted on any tract. The Committee shall determine noxiousness or undesirability and its decisions shall be conclusive and binding on all parties. Each Owner shall, at his sole cost and expense, maintain and repair his tract and the dwellings and other improvements situated thereon, keeping the same in good condition and repair. In the event that any Owner shall fail to maintain and repair his tract and such dwelling and improvements as required hereunder, the Committee, in addition to all other remedies available to it hereunder or by law, and without waiving any of said alternative remedies, shall have the right, through its agents and employees, to enter upon said tract and to repair, maintain, and restore the tract and the improvements situated thereon. No tract shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any tract except in sanitary containers.

18. Timber; Oil and Gas. No timber or tree of any kind may be cut by any Owner on any tract (except for construction as herein provided), without the express consent of the Committee. No oil exploration, drilling, development or refining operations and no quarrying or mining operations of any kind, including oil wells, surface tanks, tunnels, or mineral excavations or shafts shall be permitted upon or under any tract; and no derrick or other structure designed for use in boring for oil or natural gas shall be erected,

maintained or permitted on any tract. No open fires or burnings shall be permitted on any tract at any time and no incinerators or like equipment shall be placed, allowed or maintained upon any tract. The foregoing shall not be deemed to preclude the use, in customary fashion, of outdoor residential barbecues or grills.

19. Obstructions. No tract, as that term is defined herein may be re-subdivided or re-platted by an Owner without the prior written consent of the Committee; each Owner hereby delegating to the Committee the right and authority to approve or disapprove the same and each Owner hereby expressly waiving any right to approve the same and any notice of the same. Each Owner shall not alter or change the drainage or seepage on, over or across, nor the grade of, his tract by channeling, filling, grading, excavating or any other means or acts and shall not do, permit or cause to be done any act that results or might reasonably be expected to result in any adverse change or affect on such drainage or seepage. Each Owner shall not obstruct or in any way prevent other Owners from exercising their rights of ingress and egress as herein set forth.

20. Covenants Running With The Land. These restrictions and covenants are hereby declared to be covenants running with the land and shall be fully binding upon all persons acquiring property in HIGHLANDS RANCH or any additional property, whether by descent, devise, purchase, assignment, contract or otherwise, and any person by the acceptance of title to any tract or entering into a contract for the purchase of same shall thereby agree and covenant to abide by, and fully perform all these Restrictions, Covenants and Conditions. These Restrictions, Covenants and Conditions shall be binding for a period of thirty (30) years from the date they are filed for record in the Real Property Records of Kerr County, Texas, unless changed or amended as provided herein. Said covenants shall be automatically extended, upon the expiration of said term, for successive periods of ten (10) years each unless fifty-one (51%) percent of the Owners shall in writing (and duly recorded in the Real Property Records of Kerr County, Texas) elect to terminate the same prior to the expiration of such term. Fifty-one (51%) percent of the Owners may amend or change these Restrictions, Covenants and Conditions in whole or in part at any time. Any change or amendments shall be set forth and evidenced by a successor or supplemental instrument bearing the signatures of the requisite number of Owners and the recording of same in the Real Property Records of Kerr County, Texas. A copy of any change or amendment to these Restrictions, Covenants and Conditions shall be forwarded by prepaid mail to all Owners. Failure to furnish said copy shall not affect the validity of such change or amendment. Anything herein to the contrary notwithstanding, Majority Owner reserves the right to amend all or any part of these Restrictions, Covenants and Conditions to such an extent and with such language as may be requested by any federal, state or local agency which requests such an amendment as a condition precedent to any approval by any such agency, or by any federally or state chartered lending institution as a condition precedent to lending funds upon the security of any tract thereof. Any such amendment shall be effected by the recordation, by Majority Owner, of a Certificate of Amendment signed by a duly authorized agent of Majority Owner, with his signature acknowledged, specifying the Federal, state or local governmental agency or the federally or state chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate, when recorded, shall be binding upon HIGHLANDS RANCH and all persons having an interest therein; such persons having such interest thereby expressly waiving any notice thereof or right to consent thereto.

21. Severability of all Terms and Provisions. If any term or provision of this instrument, or the application thereof shall be held invalid, all other terms and provisions of this instrument, or the application thereof shall not be affected thereby, nor shall any

*AKR*

failure of the Majority Owner, the Committee or any Member to seek enforcement of any term or provision constitute waiver of any right to do so in the future or the validity or enforceability of such term or provision.

22. Enforcement. The Majority Owner, the Committee and every other person, firm or corporation hereinafter having any right, title or interest in any tract or parcel of land in HIGHLANDS RANCH, shall have the right to prevent the violation of any of said restrictions by injunction or other lawful procedure to recover any damages resulting from such violations. Damages for the purpose of this paragraph shall include court costs and necessary attorney fees.

23. Interpretation. The right is expressly reserved to the Majority Owner/and the Committee and their successors and assigns, to interpret any and all conditions, limitations and restrictions contained in these restrictions, but such right shall be without prejudice to the rights of enforcement prescribed herein. In the event of a conflict between the interpretation of the Majority Owner and the Committee, the interpretation of the Majority Owner shall control.

24. Abatement and Removal of Violation. Violation of any restriction or condition or breach of any covenant herein contained shall all give the Majority Owner, the Committee, or any Owner, or their agents, in addition to all other remedies, the right to enter upon the tract on which the violation occurs, and to abate and remove the violation at the expense of the Owner in whose tract said violation occurred and the Majority Owner, the Committee, or any Owner or their agents, shall not thereby be deemed guilty of any manner of trespass for such entry, abatement or removal.

25. Easements. Easements for installation, maintenance, repair and removal of utilities, drainage facilities and floodway easements over, under and across HIGHLANDS RANCH are reserved by Majority Owner for itself, its successors and assigns. Majority Owner shall have the right to grant easements for such purposes over, under, and across HIGHLANDS RANCH. Full rights of ingress and egress shall be had by Majority Owner and its successors and assigns, at all times over HIGHLANDS RANCH 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. Full rights of ingress and egress shall be had by the Committee at all times over and upon each tract for the maintenance and repair in accordance with the provisions hereof, and for the carrying out by the Committee of its functions, duties and obligations hereunder, provided, that any such entry by the Committee upon any shall be made with as minimum inconvenience to the Owner as practical, and any damage caused thereby shall be repaired by the Committee.

26. Headings. The headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation hereof.

27. Notices. Any notice required to be given to any Owner or otherwise shall be deemed to have been properly delivered when deposited in the United States mails, postage prepaid, addressed to the last known address of the person to whom it is addressed, as appears on the records of the Committee at the time of such mailing.

28. Disputes. Matters of dispute or disagreement between Owners with respect to interpretation or application of the provisions hereof, shall be determined by the Committee, which determination shall be final and binding upon all Owners, except as otherwise expressly provided herein in paragraph 23.

29. Rule Against Perpetuities. If any interest purported to be created hereby is challenged under the Rule against Perpetuities or

any related rule, the interest shall be construed as becoming void and of no effect as the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be those which would be used in determining the validity of the challenged interest.

30. No tract shall permit, or be used for, access to or from any road, highway or street and no Owner shall cause or permit any access from or to a tract except across and through the roads as shown and specified on the plat of HIGHLANDS RANCH (e.g. no access road from a tract outside of HIGHLANDS RANCH shall be permitted). Access to, from and through HIGHLANDS RANCH shall be limited and restricted to only the roads as shown and specified on the plat of HIGHLANDS RANCH.

Notwithstanding any provision, covenant and restriction herein set forth to the contrary, any improvements now situated upon any portion of HIGHLANDS RANCH which do not conform or comply with the restrictions and covenants herein set forth shall be permitted as presently constructed, but any repairs, alterations and remodeling change or reconstruction of any such existing improvements shall comply with the provisions hereof.

Executed this 28<sup>th</sup> day of December, 1996.

VISTA CONSTRUCTION, L.L.C., A  
TEXAS LIMITED LIABILITY COMPANY

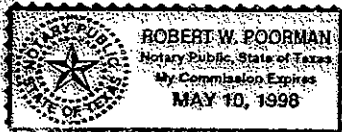
CEDAR CONTRACTING, INC. D/B/A  
CEDAR CORP., A TEXAS CORPORATION

BY: [Signature]  
REAGAN LEHMANN, MEMBER

BY: [Signature]  
Name: F.S. Rebeiz  
Title: Pres.

STATE OF TEXAS \*  
\*  
COUNTY OF KERR \*

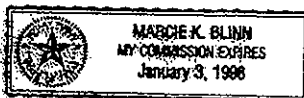
This instrument was acknowledged before me on the 4<sup>th</sup> day of February, 1996, by REAGAN LEHMANN, Member of VISTA CONSTRUCTION, L.L.C., a Texas Limited Liability Company, on behalf of said Limited Liability Company.



[Signature]  
Notary Public, State of Texas  
My Commission Expires: 5/10/98  
Robert W. Poorman  
Notary's Typed/Printed Name

STATE OF TEXAS \*  
\*  
COUNTY OF Travis \*

This instrument was acknowledged before me on the 23<sup>rd</sup> day of December, 1996, by F.S. Rebeiz, President of CEDAR CONTRACTING, INC., a Texas Corporation d/b/a CEDAR CORP., on behalf of said Corporation.



[Signature]  
Notary Public, State of Texas  
My Commission Expires: 1/3/98  
Marcie K. Blinn  
Notary's Typed/Printed Name

AFTER RECORDING RETURN TO:  
Vista Construction, L.L.C.  
P. O. Box 1589  
Kerrville, Texas 78029

PREPARED IN THE LAW OFFICE OF:  
Robert J. Parmley  
222 Sidney Baker South, Suite 615  
Kerrville, Texas 78028


ADDENDUM

FIRST AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH;  
APPROVAL OF ADDITIONAL LANDOWNERS

STATE OF TEXAS \*  
\* KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF KERR \*

THAT, I, the undersigned Landowner, support VISTA CONSTRUCTION, L.L.C., a Texas Limited Liability Company and CEDAR CONTRACTING, INC. D/B/A CEDAR CORP., a Texas Corporation (hereinafter "Majority Owner") in the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch, and I, by my signature below, hereby VOTE, CONSENT, SUPPORT and AGREE to the replacement of the Original Restrictions (filed of record in Volume 381, Page 519, of the Deed Records of Kerr County, Texas) with the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch to which this instrument is attached. I am the owner of the following tract of land:

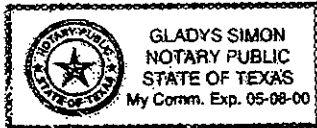
Lot 34 (Thirty-Four), Block One (1), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.


LANDOWNER:  
  
EMIL L. LEISMAN

ADDRESS:  
419 Meadow View Lane  
Kerrville, Texas 78028

STATE OF TEXAS \*  
\*  
COUNTY OF Kerr \*

This instrument was acknowledged before me on the 7th day of January, 1997, by EMIL L. LEISMAN.




  
Notary Public, State of Texas  
My Commission Expires:  
Gladys Simon  
Notary's Printed Name

RECORD Real Property  
VOL 885 PG 802

RECORDING DATE  
FEB 05 1997

  
Patricia Dye  
COUNTY CLERK, KERR COUNTY

Provision herein which restricts the sale, rental or use of described property because of color or race is invalid and unenforceable under Federal Law.  
THE STATE OF TEXAS,  
COUNTY OF KERR  
I hereby certify that this instrument was FILED in File Number \_\_\_\_\_ Sequence on the date and at the time stamped hereon by me, and was duly RECORDED in the Official Public Records of Real Property of Kerr County, Texas on

FEB 05 1997  
  
Patricia Dye  
COUNTY CLERK, KERR COUNTY, TEXAS

ADDENDUM

FIRST AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH;  
APPROVAL OF ADDITIONAL LANDOWNERS

STATE OF TEXAS \*  
\* KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF KERR \*

THAT, WE, the undersigned Landowners, support VISTA CONSTRUCTION, L.L.C., a Texas Limited Liability Company and CEDAR CONTRACTING, INC. D/B/A CEDAR CORP., a Texas Corporation (hereinafter "Majority Owner") in the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch, and we, by our signature below, hereby VOTE, CONSENT, SUPPORT and AGREE to the replacement of the Original Restrictions (filed of record in Volume 381, Page 519, of the Deed Records of Kerr County, Texas) with the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch to which this instrument is attached. We are the owners of the following tract of land:

Lot 22 (Twenty-Two), Block One (1), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.

LANDOWNERS:

R. Troy Smith  
R. TROY SMITH

ADDRESS:

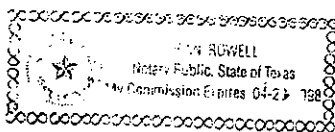
1913 Singing Wind Dr.  
Kerrville, Texas 78028

Michele Smith  
MICHELE SMITH

1913 Singing Wind Dr.  
Kerrville, Texas 78028

STATE OF TEXAS \*  
\*  
COUNTY OF Kerr \*

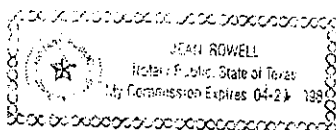
This instrument was acknowledged before me on the 27 day of Jan, 1996, by R. TROY SMITH.



Jean Rowell  
Notary Public, State of Texas  
My Commission Expires: 4.28.98  
Jean Rowell  
Notary's Printed Name

STATE OF TEXAS \*  
\*  
COUNTY OF Kerr \*

This instrument was acknowledged before me on the 27 day of Jan, 1996, by MICHELE SMITH.



Jean Rowell  
Notary Public, State of Texas  
My Commission Expires: 4.28.98  
Jean Rowell  
Notary's Printed Name


ADDENDUM

FIRST AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH;  
APPROVAL OF ADDITIONAL LANDOWNERS

STATE OF TEXAS \*  
\* KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF KERR \*

THAT, I, the undersigned Landowner, support VISTA CONSTRUCTION, L.L.C., a Texas Limited Liability Company and CEDAR CONTRACTING, INC. D/B/A CEDAR CORP., a Texas Corporation (hereinafter "Majority Owner") in the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch, and I, by my signature below, hereby VOTE, CONSENT, SUPPORT and AGREE to the replacement of the Original Restrictions (filed of record in Volume 381, Page 519, of the Deed Records of Kerr County, Texas) with the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch to which this instrument is attached. I am the owner of the following tract of land:

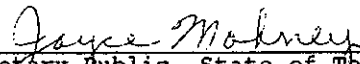
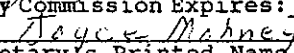
Lot 40 (Forty), Block One (1), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.

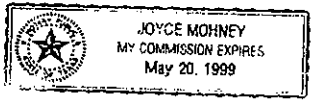
LANDOWNER:  
  
MARVIN BOND

ADDRESS:  
213 Stephanie  
Kerrville, Texas 78028

STATE OF TEXAS \*  
\*  
COUNTY OF KERR \*

This instrument was acknowledged before me on the 18th day of December, 1996, by MARVIN BOND.

  
Notary Public, State of Texas  
My Commission Expires: 5-20-99  
  
Notary's Printed Name



RECORDER'S NOTE  
AT TIME OF RECORDATION INSTRUMENT FOUND  
TO BE INADEQUATE FOR BEST PHOTOGRAPHIC  
REPRODUCTION DUE TO DEPTH & DARKNESS OF  
PRINT, COLOR OF PRINT OR INK, BACKGROUND OF  
PAPER, ILLEGIBILITY, CARBON OR PHOTO COPY, ETC.

ADDENDUM

FIRST AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH;  
APPROVAL OF ADDITIONAL LANDOWNERS

STATE OF TEXAS \*  
COUNTY OF KERR \* KNOW ALL MEN BY THESE PRESENTS:

THAT, I, the undersigned Landowner, support VISTA CONSTRUCTION, L.L.C., a Texas Limited Liability Company and CEDAR CONTRACTING, INC. D/B/A CEDAR CORP., a Texas Corporation (hereinafter "Majority Owner") in the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch, and I, by my signature below, hereby VOTE, CONSENT, SUPPORT and AGREE to the replacement of the Original Restrictions (filed of record in Volume 381, Page 519, of the Deed Records of Kerr County, Texas) with the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch to which this instrument is attached. I am the owner of the following tract of land:

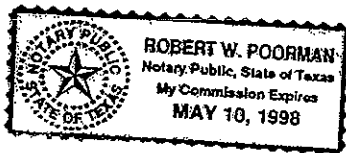
Lots 15 (Fifteen) and 16 (Sixteen), Block Three (3), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.

LANDOWNER:  
*Chuck Campbell*  
CHUCK CAMPBELL

ADDRESS:  
1350 Bandera Hwy., #208  
Kerrville, Texas 78028

STATE OF TEXAS \*  
COUNTY OF KERR \*

This instrument was acknowledged before me on the 13<sup>th</sup> day of December, 1996, by CHUCK CAMPBELL.



*Robert W. Poorman*  
Notary Public, State of Texas  
My Commission Expires: 5-10-98  
Robert W. Poorman  
Notary's Printed Name

*Filed by: Vista Construction  
998 Sidney Baker St.  
Kerrville, Tx. 78028  
(or P.O. Box 1589)*

FILED FOR RECORD  
at 10:14 o'clock A M

FEB 04 1997

PATRICIA DYE  
Clerk County Court, Kerr County, Texas  
*Manuela Medina* Deputy

ADDENDUM

FIRST AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH;  
APPROVAL OF ADDITIONAL LANDOWNERS

STATE OF TEXAS \*  
\*  
COUNTY OF KERR \* KNOW ALL MEN BY THESE PRESENTS:

THAT, WE, the undersigned Landowners, support VISTA CONSTRUCTION, L.L.C., a Texas Limited Liability Company and CEDAR CONTRACTING, INC. D/B/A CEDAR CORP., a Texas Corporation (hereinafter "Majority Owner") in the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch, and we, by our signature below, hereby VOTE, CONSENT, SUPPORT and AGREE to the replacement of the Original Restrictions (filed of record in Volume 381, Page 519, of the Deed Records of Kerr County, Texas) with the First Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch to which this instrument is attached. We are the owners of the following tract of land:

Lot 13 (Thirteen), Block Three (3), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.

LANDOWNER  
*Don R. Powell*  
DON R. POWELL

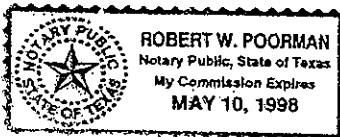
ADDRESS:  
1315 Paragon Place  
Kerrville, Texas 78028

*Patricia R. Powell*  
PATRICIA R. POWELL

1315 Paragon Place  
Kerrville, Texas 78028

STATE OF TEXAS \*  
\*  
COUNTY OF Kerr \*

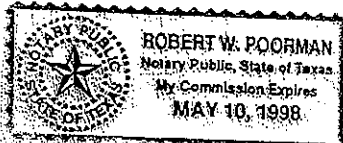
This instrument was acknowledged before me on the 16<sup>th</sup> day of December, 1996, by DON R. POWELL.



*Robert W. Poorman*  
Notary Public, State of Texas  
My Commission Expires: \_\_\_\_\_  
Notary's Printed Name

STATE OF TEXAS \*  
\*  
COUNTY OF Kerr \*

This instrument was acknowledged before me on the 16<sup>th</sup> day of December, 1996, by PATRICIA R. POWELL.



*Robert W. Poorman*  
Notary Public, State of Texas  
My Commission Expires: \_\_\_\_\_  
Notary's Printed Name

SECOND AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH

STATE OF TEXAS \*  
\*  
COUNTY OF KERR \* KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, the First Amended Declaration Of Covenants, Conditions And Restrictions Of HIGHLANDS RANCH, dated December 23, 1996 and filed of record in Volume 885, Page 802 of the Real Property Records of Kerr County, Texas (hereinafter "First Amendment Restrictions"), provide that Fifty-one (51%) percent of the Owners (in lots) may amend or change these Restrictions, Covenants and Conditions in whole or in part at any time (See Paragraph 20 Covenants Running With The Land); and,

WHEREAS, CEDAR CONTRACTING, INC. d/b/a CEDAR CORP., a Texas Corporation (hereinafter "Majority Owner") is the owner of over 51% of the lots in HIGHLANDS RANCH, a subdivision in Kerr County, Texas, filed of record in Volume 5, Page 233 of the Plat Records of Kerr County, Texas owning Lots described in Attachment 1; and,

WHEREAS, Majority Owner has satisfied all the pre-conditions to abolish, amend and/or change the First Amended Restrictions, and now desires to amend them in their entirety and replace them with this Second Amended Declaration Of Covenants, Conditions And Restrictions of Highlands Ranch, provided however, this Second Amended Declaration Of Covenants, Conditions And Restrictions of Highlands Ranch shall not affect the validity or enforceability of the First Amended Restrictions during the time in which they were in effect; and,

WHEREAS, these Second Amended Declaration Of Covenants, Conditions And Restrictions Of Highlands Ranch (hereinafter also referred to as "CC&R's") are established for the purpose of creating and carrying out a uniform plan for the improvement and development of HIGHLANDS RANCH.

NOW, THEREFORE, the Majority Owner does hereby declare the land described on the aforesaid Plat of HIGHLANDS RANCH on file with the County Clerk of Kerr County, Texas, to which reference is hereby made for all purposes, is held and shall hereafter be held, sold, occupied and conveyed subject to the following CC&R's, which replaces the First Amended Restrictions:

1. Purpose and Extent of CC&R's. These CC&R's are established for the purpose set forth above and for the further purpose of preserving and propagating the wildlife on said land, all for the mutual benefit of the owners of same. These CC&R's shall, as hereafter provided, be construed as covenants running with said land and binding upon all owners and purchasers of said property, their heirs, successors, executors, administrators, and assigns, as provided herein.

23-5-1

FR

2. Definitions. In construing these CC&R's, the following words shall have the following meanings:

A. "Original Plat" shall mean and refer to the aforesaid Plat filed for record in Volume 5, at Page 233, of the Map and Plat Records of Kerr County, Texas, on the 5<sup>th</sup> day of May, 1986, designating the tracts of HIGHLANDS RANCH.

B. "HIGHLANDS RANCH" shall mean and refer to the land hereinabove described and that subdivision of Kerr County, Texas, named HIGHLANDS RANCH recorded in the Deed Records of Kerr County, Texas, and designated according to the Original Plat.

C. "Tract" shall mean and refer to any tract or parcel of land (with the exception of Common Areas) shown as such on the Original Plat. Excluded from this definition are Lot 10 and Park Tract, Block One ("Declaration of Restrictions" and "First Amendment to Declaration of Covenants, Conditions and Restrictions of the Highlands Ranch" dated November 30, 1994 and filed of record in Volume 776, Pages 566 & 569 of the Real Property Records of Kerr County, Texas).

D. "Owner" shall mean and refer to the person or persons, entity or entities, who either own of record fee simple title to a tract or have entered, as an original party, successor or assignee, into a Contract For Deed for a tract; the term "Owner" to exclude any person or persons, entity or entities, having an interest in a tract merely as security for the performance of an obligation. The Owner of each tract shall be entitled to one vote per tract wherever voting is described in these Restriction, Covenants and Conditions. Excluded from this definition are the Owner(s) of Lot 8 and Well Lot, Block Two ("First Amendment to Declaration of Covenants, Conditions and Restrictions of the Highlands Ranch" dated November 30, 1994 and filed of record in Volume 776, Page 569 of the Real Property Records of Kerr County, Texas).

E. "Committee" shall mean and refer to the Architectural Control Committee established pursuant to Paragraph 9 of these Restriction, Covenants and Conditions.

F. "Residence" shall mean and refer to a permanent structure erected on a tract for use as a single-family dwelling.

G. "Water system" shall mean and refer to Lot 8 and Well Lot, Block Two ("First Amendment to Declaration of Covenants, Conditions and Restrictions of the Highlands Ranch" dated November 30, 1994 and filed of record in Volume 776, Page 569 of the Real Property Records of Kerr County, Texas).

H. "Common Areas" shall mean and refer to the strip of land located within the entrance to Highlands Ranch and containing a fountain and sign.

I. "Association" shall mean and refer to the HIGHLANDS RANCH PROPERTY OWNERS ASSOCIATION, a Texas non-profit corporation, its successors and assigns.

3. **Non-Commercial Use of Tract.** Each tract shall be used for residential purposes. The term "residential" as used herein shall mean and be construed to exclude hospitals, clinics, duplex houses, apartment houses, boarding houses, hotels, motels and commercial and professional uses whether from homes, residences or otherwise, and all such uses of said property are hereby expressly prohibited. No buildings shall be erected, altered, placed or permitted to remain on any tract other than the one (1) detached single family dwellings, not to exceed two (2) stories in height, together with a private garage (attached or detached), for not more than three (3) cars and servant's type quarters for each such dwelling, which may be occupied by an integral part of the family occupying the residences on the building sites, or by servants employed on the tract. Any other accessory structure needs to be approved by the Committee. No buildings shall be erected, placed, or altered on any tract in HIGHLANDS RANCH until the building plans, specifications and plot plan showing the location of each such building have been approved in writing by the Committee as hereinafter provided.
4. **Construction of Buildings and Other Structures.** All buildings and structures on each tract shall be of new construction and architecturally in harmony with the overall residential scheme of HIGHLANDS RANCH as determined by the Committee. No unpainted sheet metal or fiberglass structures shall be placed on any of the tracts for the use as an accessory building or otherwise. No tent, house trailer, mobile home, or temporary structure of any character may be placed, constructed or maintained on any of the tracts (except in connection with construction of permanent buildings and structures and then only during such construction). No temporary structure of any kind shall be erected or placed on any tract, except construction trailers, porta-can or similar on-job toilet facilities, necessary during construction shall be allowed. Any garage and/or servants quarters erected more that one hundred twenty (120) days prior to the completion of the main dwelling or residence shall be considered temporary structures. In no event shall any residential dwelling upon any Tract be occupied until it has been fully completed in accordance with the plans approved by the Committee. No trailer, basement, tent, shack or garage erected or placed on any Tract shall at any time be used as a residence temporarily or permanently, nor shall any structure of a temporary character be used as a residence.
5. **Size of Buildings and Structures.** In no event shall any residence be erected on any of the tracts having an air conditioned or heated area of less than one thousand six hundred (1,600) square feet, exclusive of porches, garages or other appendages. All garages or carports on any tract shall have a capacity of not less than two (2) standard size automobiles.
6. **Architectural Theme.** Initially the theme is to be designated as a home whose exterior design and appearance exhibits the characteristics associated with "Country Style" homes which typically maintain front porches and natural and/or traditional materials. This broad category and the approval hereunder rest entirely with the Committee. The Architectural Theme as stated herein may be modified by the Committee.

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7. Set Back Requirements. No buildings or other structure shall be erected on any tract nearer than forty (40) feet from the front and rear property line and no nearer than twenty (20) feet from the side property. In the event that the tract is a corner tract, the front property line shall be determined to that side fronting the street with the greatest distance.
8. Activities. No tract shall be maintained or utilized in such manner as to violate any applicable statute, ordinance or regulation of the United States of America, the State of Texas, the County of Kerr, if applicable, or any other governmental agency or subdivision having jurisdiction thereof. No noxious or offensive activity shall be carried on upon any tract nor shall anything be done thereon which may be or become an annoyance or nuisance to any adjoining tract. No spirituous, vinous, or malt liquors, or medicated bitters, capable of producing intoxication, shall ever be sold, or offered for sale, on any tract, nor shall the tract or any part thereof ever be used for vicious, illegal, or immoral purposes, nor for any purpose in violation of any laws, rules, statutes or regulations of the State of Texas, the United States or any other governmental body, or of police, health, sanitary, building or fire codes, regulations, or instructions relating to or affecting the use, occupancy or possession of any Tract.
9. The Architectural Control Committee. There is hereby established an Architectural Control Committee herein referred to as the "Committee". The Committee shall determine if the plans and specifications for any fence, building or other Structure, or timber removal on any tract meet the requirements of these CC&R's, determine if the appearance, design and quality of workmanship and materials are in harmony with the proposed scheme or plan of development of HIGHLANDS RANCH as established by the Committee, and approve the location of any such structure with respect to topography, ground elevation and woodland. No construction of any structure nor any addition or alteration of any structure may begin until a plot plan and plans and specifications for the same have been approved by the Committee. If approval is granted, construction shall be commenced within six (6) months thereafter and, if not, said approval shall be automatically withdrawn. The building of any approved structure must be completed within twelve (12) months of commencement of construction. Construction plans and specifications shall, as a minimum, include a site plan, plans of all floors, their square footage, breakdowns and levels involved together with elevations of all sides of the proposed structure, a section through the structure to explain the relationship of the floor levels and stairs, and notes and/or specifications that describe the materials to be used on the exteriors. The Committee shall be composed of the Majority Owner and any other person or persons, entity or entities all of whom shall be initially appointed by the Majority Owner until such time as ninety percent (90%) of the tracts have been sold. When the title to ninety percent (90%) of the tracts is vested in Owners other than the Majority Owner, then Majority Owner shall no longer appoint the Committee and the Committee shall then be elected by the Owners through an open meeting, and they shall thereupon be vested with all the rights, powers and authority herein granted to the Committee. A majority of the Committee may designate in writing a representative to act for it. There shall be no payment of compensation for services performed by the

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Committee or its Members pursuant to these CC&R's and no Member of the Committee shall be liable for damages, claims or causes of action arising out of any service performed pursuant thereto. The Committee may grant variances to these CC&R's upon request of any Owner or any Committee Member and upon the determination by the Committee that such variance is appropriate and that such variance is necessary to avoid any undue hardship or to carry out and apply the intent of these CC&R's as interpreted by the Committee. The determination and decision by the Committee as to whether a variance should be granted shall be final and binding on all Owners, and neither the Committee nor any of its Members shall be liable for damages, claims or causes of action arising out of any decision or action performed or taken hereunder. The Committee may consider in granting or denying any variance the nature of the use of the land, the structure to be constructed, the topography of the land, the woodland, the land use and structures on surrounding areas, and the effect, if any, of the variance on the appearance of the completed structure. The Committee may impose such conditions as it deems appropriate in granting any such variance. Any such variance, if granted, shall apply only to the particular property and situation specified, and shall not amend these CC&R's, or any provisions hereof, nor shall it be a variance as to any other property or situation. When the committee cannot achieve a unanimous decision, the majority owner will make the final determination. In the event of a conflict between the interpretation of the Majority Owner and the Committee, the interpretation of the Majority Owner shall control.

10. Hunting. Hunting is prohibited on all tracts.
11. Sanitation and Sewage. No outside toilets will be permitted on any tract, and no installation of any kind for disposal of sewages shall be allowed on any tract which would result in raw, treated or untreated sewage or septic tank drainage on or into (lie surface, ditches or water bodies). No septic tank or sewage disposal system may be installed without prior approval of the Committee and the proper governmental authorities. All State, County and municipal (if any) health and sanitation statutes, rules, ordinances and regulations must be complied with at all times.
12. Fencing. All fences shall consist of one (or a combination of) the following materials: Wrought iron, masonry, stucco, cedar or other natural wood, or other natural materials. No chain-link fencing may be erected on any tract. No fencing may be of a height greater than six (6) feet. No fencing (other than ornamental of a height no greater than four (4) feet) may be erected on any tract between the street and the front line of the main residence. Any fencing from the rear line to the front line of the main residence may not be of a height greater than four (4) feet.
13. Signs/Satellite Receivers/Motor Homes. No sign of any kind shall be displayed to the public view on or from any part of a tract without the prior consent of the Committee, except signs temporarily used in the development or sale of tracts or homes. Such temporary signs shall be no larger than 18" x 24" in size. No satellite dish over thirty-two inches (32") in diameter may be installed on any tract without the prior written approval of the Committee. Any dish installed and maintained thereon shall be screened

from view in a manner approved by the Committee. No motor homes, travel vehicles or recreational vehicles shall be kept on any tract unless parked in a garage, or otherwise screened from view in a manner approved by the Committee.

14. **Animals.** The raising or keeping of hogs on any tract is prohibited; except that the raising and keeping of dogs, cats and other usual household pets is permitted on a tract. The raising and keeping of horses and cattle is not permitted. The raising, keeping or selling of animals for commercial purposes on any tract in HIGHLANDS RANCH is strictly prohibited.

15. **Off Road Vehicles.** The operation of any off road vehicle is prohibited on any tract, roadway or easement.

16. Incorporated into Paragraph 8

17. **Trash and Garbage; Repair.** No trash, garbage, construction debris, or other refuse may be dumped or disposed of or be allowed to remain upon any tract vacant or otherwise. Waste of any nature shall not be kept on any tract except in sanitary containers. No building materials of any kind or character shall be placed or stored upon a tract until the Owner is ready to commence improvements, and then such materials shall be placed within the property lines of the tract. Each Owner shall, at his sole cost and expense, maintain and repair his tract and the dwellings and other improvements situated thereon, keeping the same in good condition and repair.

18. **Fire and Trees; Timber; Oil and Gas.** The indiscriminate clearing of land is strictly prohibited. No timber or tree of any kind may be cut or removed from any of the Common Areas without the express consent of the Committee. Trees (which are not protected by any local, state or federal law) within the immediate area of a residence on a tract may be cut or trimmed to enhance and beautify the landscape, and trees may be cut or trimmed for construction purposes as herein provided. No burning or open fires will be permitted on any of the Common Areas without the express written consent of the Committee. Tract owners may burn brush on their individual tract provided the burn is a "Controlled Burn" and provided that any such burning shall be in compliance with all local or state regulations. A "Controlled Burn" is hereby defined as one in which the individual(s) are present with adequate means of preventing the fire from becoming out of control. Fire extinguishers, water hoses and/or sufficient personnel to control the burn are the responsibility of the property owner. For large burns on any tract, the nearest fire department shall be notified of the burn and the location prior to beginning the burn. The owner shall be responsible for providing any requisite liability insurance and shall be solely responsible for any damage caused to any property including Common Areas. No incinerators or like equipment shall be placed, allowed or maintained upon any tract or upon any of the Common Areas. The foregoing shall not be deemed to preclude the use, in customary fashion, of outdoor residential barbecues or grills on any tract other than the Common Areas. No oil exploration, drilling, development or refining operations and no quarrying or mining operations of any kind, including oil wells, surface tanks, tunnels, or mineral excavations or shafts shall be permitted upon or under any tract; and no derrick

or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any tract.

19. Obstructions. No tract, as that term is defined herein may be re-subdivided or replatted by an Owner without the prior written consent of the Committee; each Owner hereby delegating to the Committee the right and authority to approve or disapprove the same and each Owner hereby expressly waiving any right to approve the same and any notice of the same. Each Owner shall not alter or change the drainage or seepage on, over or across, nor the grade of, his tract by channeling, filling, grading, excavation or any other means or acts and shall not do, permit or cause to be done any act that results or might reasonably be expected to result in any adverse change or affect on such drainage or seepage. Each Owner shall not obstruct or in any way prevent other Owners from exercising their rights of ingress and egress as herein set forth.
20. Covenants Running with the Land. These CC&R's are hereby declared to be covenants running with the land and shall be fully binding upon all persons acquiring property in HIGHLANDS RANCH or any additional property, whether by descent, devise, purchase, assignment, contract or otherwise, and any person by acceptance of title to any tract or entering into a contract for the purchase of same shall thereby agree and covenant to abide by, and fully perform all these CC&R's. These CC&R's shall be binding for a period of thirty (30) years from the date they are filed for record in the Real Property Records of Kerr County, Texas, unless changed or amended as provided herein. Said covenants shall be automatically extended, upon the expiration of said term, for successive periods of ten (10) years each unless fifty-one (51%) percent of the Owners (in lots) shall in writing (and duly recorded in the Real Property Records of Kerr County, Texas) elect to terminate the same prior to the expiration of such term. Fifty-one (51%) percent of the Owners (in lots) may amend or change these CC&R's in whole or in part at any time. Any change or amendments shall be set forth and evidenced by a successor or supplemental instrument bearing the signatures of the requisite number of Owners and the recording of same in the Real Property Records of Kerr County, Texas. A copy of any change or amendment to the CC&R's shall be forwarded by prepaid mail to all Owners. Failure to furnish said copy shall not affect the validity of such change or amendment. Anything herein to the contrary notwithstanding, Majority Owner reserves the right to amend all or any part of these CC&R's to all or any part of the CC&R's to such extent and with such language as may be requested by any federal, state or local agency which requests such an amendment as a condition precedent to any approval by any such agency, or by any federally or state chartered lending institution as a condition precedent to lending funds upon the security of any tract thereof. Any such amendment shall be effected by the recordation, by Majority Owner, of a Certificate of Amendment signed by a duly authorized agent of Majority Owner, with his signature acknowledged, specifying the Federal, state or local governmental agency or the federally or state chartered lending institution requesting the amendment and setting forth such amendment language requested by such agency or institution. Recordation of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate, when recorded, shall be binding upon HIGHLANDS

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RANCH and all persons having an interest therein; such persons having such interest thereby expressly waiving any notice thereof or right to consent thereto.

21. Severability of all Terms and Provisions. If any term or provision of this instrument, or the application thereof shall be held invalid, all other terms and provisions of this instrument, or the application thereof shall not be affected thereby, nor shall any failure of the Majority Owner, or the Committee to seek enforcement of any term or provision constitute waiver of any right to do so in the future or the validity or enforceability of such term or provision.
22. Enforcement. The Majority Owner, the Committee and every other person, firm or corporation hereinafter having any right, title or interest in any tract or parcel of land in HIGHLANDS RANCH, shall have the right to prevent the violation of said CC&R's by injunction or other lawful procedure to recover any damages resulting from such violations. Damages for the purpose of this paragraph shall include court costs and necessary attorney fees.
23. Interpretation. The right is expressly reserved to the Majority Owner and the Committee and their successors and assigns, to interpret any and all conditions, limitations and restrictions contained in these CC&R's, but such right shall be without prejudice to the rights of enforcement prescribed herein. In the event of a conflict between the interpretation of the Majority Owner and the Committee, the interpretation of the Majority Owner shall control.
24. Incorporated into Paragraph 22
25. Easements. Easements for installation, maintenance, repair and removal of utilities, drainage facilities and floodway easements over, under and across HIGHLANDS RANCH are reserved by Majority Owner for itself, its successors and assigns. Majority Owner shall have the right to grant easements for such purposes over, under, and across HIGHLANDS RANCH. Full rights of ingress and egress shall be had by Majority Owner and its successors and assigns, at all times over HIGHLANDS RANCH 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.
26. Headings. The headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation hereof.
27. Notices. Any notice required to be given to any Owner or otherwise shall be deemed to have been properly delivered when deposited in the United States mails, postage prepaid, addressed to the last known address of the person to whom it is addressed, as appears on the records of the Committee at the time of such mailing.

28. Disputes. Matters of dispute or disagreement between Owners with respect to interpretation or application of the provisions hereof, shall be determined by the Committee, which determination shall be final and binding upon all Owners, except as otherwise expressly provided herein in paragraph 24.

29. Rule Against Perpetuities. If any interest purported to be created hereby is challenged under the Rule Against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be those which would be used in determining the validity of the challenged interest.

30. Access. No tract shall permit, or be used for, access to or from any road, highway or street and no Owner shall cause or permit any access from or to a tract except across and through the roads as shown and specified on the plat of HIGHLANDS RANCH (e.g. no access road from a tract outside of HIGHLANDS RANCH shall be permitted). Access to, from and through HIGHLANDS RANCH shall be limited and restricted to only the roads as shown and specified on the plat of HIGHLANDS RANCH.

31. HIGHLANDS RANCH PROPERTY OWNERS ASSOCIATION ("Association") The Association, a Texas non-profit corporation, its successors and assigns, shall be used (i) for the purpose of promoting the recreation, health, safety and welfare of the residents of HIGHLANDS RANCH, for the purpose of maintaining the Common Areas and for the purpose of supervising the Water System; (ii) paying for costs of labor, equipment and materials required for such purposes; (iii) for carrying out the duties of the Board of Directors of the Association as set forth herein and in the Bylaws of the Association; (iv) for carrying out the purposes of the Association as stated in its Articles of Incorporation and Bylaws.

32. Association Membership and Assessments. All of the tracts are sold or conveyed upon the understanding that the owner, purchaser or contract purchaser (excluding the developer or Majority Owner, builders, the owner of Lot 8 and Well Lot, Block Two and excluding any leasing) will automatically become and remain a member in good standing of the Association and the member and his property shall be subject to the provisions of the Bylaws of the Association and these CC&R's including any obligation imposed for the payment of any costs, dues or assessments.

Notwithstanding any provision, covenant and restriction herein set forth to the contrary, any improvements now situated upon any portion of HIGHLANDS RANCH which do not conform or comply with the CC&R's herein set forth shall be permitted as presently constructed, but any repairs, alterations and remodeling change or reconstruction of any such existing improvements shall comply with the provisions hereof.

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Executed this 11th day of February 2000.

VOL. 1050 PAGE 682

CEDAR CONTRACTING, INC., a Texas Corporation d/b/a CEDAR CORP

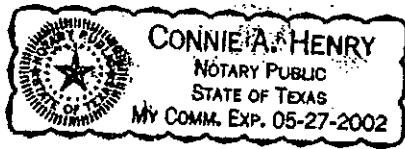
By: [Signature]  
F. S. Rebeiz, President

STATE OF TEXAS       \*  
                                  \*  
COUNTY OF KERR     \*

This instrument was acknowledged before me on the 11th day of February 2000, by F. S. REBEIZ, President of CEDAR CONTRACTING, INC., a Texas Corporation d/b/a CEDAR CORP, on behalf of said corporation.

[Signature]  
NOTARY PUBLIC in and for the State of Texas

My Commission Expires: \_\_\_\_\_



FILED FOR RECORD  
at...[Signature]...o'clock...A.....M

FEB 11 2000

JANNETT PIEPER  
Clerk County Court, Kerr County, Texas  
[Signature] Deputy

Filed By: Carroll Smith

AFTER RECORDING RETURN TO:  
Cedar Corp  
730 W. Stassney Lane  
Austin, TX 78745

[Signature]

ATTACHMENT 1

SECOND AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH

The following Lots are owned by CEDAR CONTRACTING, INC., d/b/a CEDAR CORP, also known as "Majority Owner":

Lots 1 (One), 3 (Three), 4 (Four), 5 (Five), 6 (Six), 7 (Seven), 8 (Eight), 9 (Nine), 11 (Eleven), 12 (Twelve), 13 (Thirteen), 14 (Fourteen), 15 (Fifteen), 16 (Sixteen), 17 (Seventeen), 23 (Twenty-Three), 24 (Twenty-Four), 25 (Twenty-Five), 26 (Twenty-Six), 27 (Twenty-Seven), 30 (Thirty), 31 (Thirty-One), 32 (Thirty-Two), 33 (Thirty-Three), 35 (Thirty-Five), 36 (Thirty-Six), 45 (Forty-Five), 46 (Forty-Six), 47 (Forty-Seven), 48 (Forty-Eight), 49 (Forty-Nine), 50 (Fifty), and 51 (Fifty-One), Block One (1), The Highlands Ranch, a subdivision of Kerr County, Texas recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas; and:

Lots 1 (One), 2 (Two), 3 (Three), 4 (Four), 5 (Five), 6 (Six), 7 (Seven), 9 (Nine), 10 (Ten), 11 (Eleven), and 12 (Twelve), Block Two (2), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas; and:

Lots 1 (One), 2 (Two), 3 (Three), 4 (Four), 5 (Five), 6 (Six), 7 (Seven), 8 (Eight), 9 (Nine), 10 (Ten), 11 (Eleven), 13 (Thirteen) and 14 (Fourteen), Block Four (4), The Highlands Ranch, a subdivision of Kerr County, Texas, recorded in Volume 5, Page 233, Plat Records of Kerr County, Texas.

**RECORDER'S NOTE**  
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RECORD Real Property  
VOL 1050 PG 673  
RECORDING DATE

FEB 14 2000



*Janet Pieper*  
COUNTY CLERK, KERR COUNTY, TEXAS

Provisions herein which restrict the sale, rental or use of the described property because of color or race is invalid and unenforceable under Federal Law, THE STATE OF TEXAS } COUNTY OF KERR }  
I hereby certify that this instrument was FILED in the File Number Sequence on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records of Kerr County, Texas on

FEB 14 2000



*Janet Pieper*  
COUNTY CLERK, KERR COUNTY, TEXAS

*fsr*

05142

AMENDMENT DATED MAY 2, 2005, TO  
SECOND AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH

WHEREAS, ANCHOR EQUITIES, LTD. is the new "Majority Owner" of the lots in HIGHLANDS RANCH, a subdivision in Kerr County, Texas, this document amends the Second Amended Declaration of Covenants, Conditions and Restrictions of Highlands Ranch executed February 11, 2000, and amended on July 20, 2000, to replace ANCHOR EQUITIES, LTD. on all pages where the former Majority Owner, Cedar Contracting, Inc. d/b/a Cedar Corp. has been mentioned.

**Amend Vol. 1050 Page 673, Paragraph 2 to read as follows:**

WHEREAS, **ANCHOR EQUITIES, LTD., a Texas Limited Partnership**, (hereafter referred to as Majority Owner) is the owner of over 51% of the lots in HIGHLANDS RANCH, a subdivision in Kerr County, Texas, filed of record in Volume 5, Page 233 of the Plat Records of Kerr County, Texas owning Lots described in Attachment 1: and,

WHEREAS, ANCHOR EQUITIES, LTD., Majority Owner, has satisfied all the pre-conditions to amend the Second Amended Restrictions, and now desires to **amend Vol. 1050, Page 675, Paragraph 5 to read as follows:**

5. Size of Buildings and Structures. In no event shall any residence be erected on any of the tracts having an air conditioned or heated area of less than **one thousand eight hundred (1,800) square feet**, exclusive of porches and garages. All garages on any tract shall have a capacity of not less than two (2) standard size automobiles.

5/5/05

AMENDMENT DATED MAY 2, 2005, TO  
SECOND AMENDED DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS OF HIGHLANDS RANCH

Executed this 7<sup>th</sup> day of May, 2005

By: Robert Snyder

Robert Snyder, President  
Highlands Ranch Property Owners Association  
130 Rhum Road  
Kerrville TX 78028

BD  
472

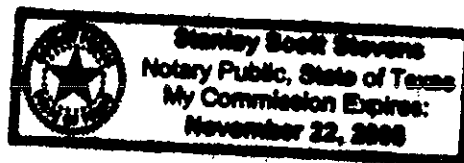
Executed this 10<sup>th</sup> day of May, 2005

By: Salim Haddad

Salim Haddad  
ANCHOR EQUITIES, LTD.  
PO Box 29837  
Austin TX 78755

SUBSCRIBED AND SWORN BEFORE ME  
THIS 10<sup>TH</sup> DAY OF MAY 2005 BY  
SALIM HADDAD.

Stanley Scott Stevens



AFTER RECORDING RETURN A COPY TO:  
Mr. Robert Snyder  
Mr. Salim Haddad

Filed by + Return to:  
Robert Snyder  
472 Rhum Road  
Kerrville, TX 78028

FILED FOR RECORD  
at 11:55 o'clock P.M.

MAY 23 2005

JANNETT PIEPER  
Clerk County Court, Kerr County, Texas  
Salim Haddad Deputy

Provisions herein which restrict the sale, rental or use of the described property because of color or race is invalid and unenforceable under Federal Law. THE STATE OF TEXAS } COUNTY OF KERR }

I hereby certify that this instrument was FILED in the File Number Sequence on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records of Real Property of Kerr County, Texas on

MAY 24 2005



*Janett Pieper*  
COUNTY CLERK, KERR COUNTY, TEXAS

RECORD *Real Property*  
VOL. 1438 PG 365  
RECORDING DATE

MAY 24 2005



*Janett Pieper*  
COUNTY CLERK, KERR COUNTY, TEXAS

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