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DEVELOPMENT AREA DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS [MAJESTIC OAKS]

This Development Area Declaration of Covenants, Conditions and Restrictions [The Headlands] (the "Declaration") is made by **T.H.L. RANCH, LTD.**, a Texas limited partnership (the "Declarant"), and is as follows:

RECITALS

A. Declarant is the owner of all lots located in: (i) Steiner Ranch Phase One, Section 5A, a subdivision located in Travis County, Texas, according to the map or plat recorded in Volume 101, Pages 134-136, Real Property Records of Travis County, Texas; (ii) Steiner Ranch Phase One, Section 5B, a subdivision located in Travis County, Texas, according to the map or plat recorded in Volume 101, Pages 137-139, Real Property Records of Travis County, Texas; and (iii) Steiner Ranch Phase One, Section 5C, a subdivision located in Travis County, Texas, according to the map or plat recorded in Volume 101, Pages 140-143, Real Property Records of Travis County, Texas (the "Property").

B. Pursuant to that one certain Notice of Applicability of Master Declaration of Covenants, Conditions and Restrictions for Steiner Ranch [Majestic Oaks], recorded in the Real Property Records of Travis County, Texas, the Property is subject to that certain Master Declaration of Covenants, Conditions, and Restrictions of Steiner Ranch, recorded in Volume 13008, Page 756, Real Property Records of Travis County (the "Master Declaration").

C. The Master Declaration permits the Declarant to file Development Area Declarations applicable to specific Development Areas, as those terms are used and defined in Master Declaration, which shall be in addition to the covenants, conditions, and restrictions of the Master Declaration.

D. Declarant desires to create upon the Property a residential community and carry out a uniform plan for the improvement and development of the Property for the benefit of the present and all future owners thereof.

E. Declarant further desires to provide a mechanism for the preservation of the community and for the maintenance of common areas and, to that end, desires to subject the Property to the covenants, conditions, and restrictions set forth in this Declaration for the benefit of the Property, and each owner thereof, which shall be in addition to the covenants, conditions, and restrictions set forth in the Master Declaration.

NOW, THEREFORE, it is hereby declared: (i) that all of the Property shall be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which shall run with the Property and shall be binding upon all parties having right, title, or interest in or to the Property or any part thereof, their heirs, successors, and assigns and shall inure to the benefit of each owner thereof; and (ii) that each contract or deed which may hereafter be executed with regard to the Property, or any portion thereof, shall conclusively be held to have been executed, delivered, and accepted subject to the following covenants, conditions and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed; and (iii) that this Declaration shall supplement and be in addition to the covenants, conditions, and restrictions of the Master Declaration.

ARTICLE I

DEFINITIONS

1.01. Defined Terms. Unless the context specifies or requires otherwise, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified:

"Architectural Guidelines" shall mean the architectural guidelines adopted by the Master Architectural Control Committee pursuant to this Declaration and as authorized by the Master Declaration, as such architectural guidelines may be amended, modified, or restated from time to time.

"Assessment" or "Assessments" shall mean all assessment(s) imposed by the Master Association or the Association under this Declaration.

"Association" shall mean and refer to The Majestic Oaks Community, Inc., a Texas non-profit corporation.

"Association Restrictions" shall mean this Declaration as the same may be amended from time to time, together with the Articles, Bylaws, and Association Rules, if any, from time to time in effect.

"Association Rules" shall mean the rules and regulations adopted by the Board pursuant to Section 3.05(c) hereof as may be amended from time to time.

"Articles" shall mean the Articles of Incorporation of The Majestic Oaks Community, Inc., to be filed in the office of the Secretary of State of the State of Texas, as the same may be amended from time to time.

"Bylaws" shall mean the bylaws of the Association as adopted by the Board and as amended from time to time.

"Board" shall mean and refer to the Board of Directors of the Association.

"Common Area" shall mean and refer to those areas within the Property, designated by plat reference or by Declarant, which have been or may in the future be conveyed to, or leased by, the Master Association or the Association or held for the benefit of the Owners, all private streets and easements for landscape, drainage, irrigation, fence or related purposes. The Common Area may be owned by the Master Association or the Association, but held for the use and enjoyment of the Owners.

"Declarant" shall mean T.H.L. Ranch, Ltd., a Texas limited partnership, its successors or assigns; provided that any assignment(s) of the rights of T.H.L. Ranch, Ltd. as Declarant, must be expressly set forth in writing and the mere conveyance of a portion or all of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

"Declaration" shall mean this instrument as it may be amended from time to time.

"Improvements" shall mean every structure and all appurtenances of every type, whether temporary or permanent, including but not limited to buildings, outbuildings, sheds, patios, tennis courts, swimming pools, garages, driveways, storage buildings, sidewalks, gazebos, signs, fences, gates, screening

walls, retaining walls, stairs, decks, landscaping, landscape improvements, poles, mailboxes, signs, antennae, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, playground equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennae, towers, and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, other utilities, or otherwise.

"Lot" or "Lots" shall mean one or more of the subdivided lots within the Property excluding Common Area conveyed to the Master Association or the Association or to any lot designated by Declarant as Common Area which has yet to be conveyed to the Master Association or the Association.

"Master Architectural Control Committee" shall mean the committee created pursuant to the Master Declaration to establish Architectural Guidelines, to review and approve plans for the construction of Improvements upon the Property, and to carry out its duties as set forth in the Declaration and the Master Declaration. The Master Architectural Control Committee is sometimes referred to herein as the "Architectural Control Committee."

"Master Association" shall mean and refer to the Steiner Ranch Master Association, Inc., a Texas non-profit corporation.

"Master Board" shall mean and refer to the Board of Directors of the Master Association.

"Master Common Area" shall mean and refer to those areas within the Property which have been or may in the future be conveyed to, or leased by, the Master Association, including, without limitation, all private streets and easements for landscape, drainage, irrigation, fence or related purposes.

"Master Declaration" shall mean that certain Master Declaration of Covenants, Conditions and Restrictions Steiner Ranch recorded in Volume 13008, Page 756 of the Real Property Records of Travis County, Texas, filed against the Property and other real estate in Travis County, Texas, as such declaration may be modified, amended, or restated from time to time.

"Mortgage" or "Mortgages" shall mean any mortgage(s) or deed(s) of trust securing indebtedness and covering any portion of the Property given to secure the payment of a debt.

"Mortgagee" or "Mortgagees" shall mean the holder or holders of any Mortgage(s).

"Owner" or "Owners" shall mean the person(s), entity or entities, including Grantor, holding all or a portion of the fee simple interest in any Lot, but shall not include the Mortgagee under a Mortgage prior to acquisition of its fee simple interest in such Lot pursuant to foreclosure of the lien of such Mortgage.

1.02. **General Definitions.** Unless the context specifies or requires otherwise, capitalized terms used but not defined in this Declaration are used and defined as they are used and defined in the Master Declaration.

ARTICLE II

GENERAL RESTRICTIONS

All of the Property shall be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

2.01. Architectural Guidelines. Pursuant to Section 5.02 below, the Master Architectural Control Committee shall adopt Architectural Guidelines applicable to the Property and all Improvements constructed on the Property shall strictly comply with those Architectural Guidelines. Effective the date of this Declaration, the Master Architectural Control Committee has adopted architectural guidelines for the property set forth in that certain Steiner Ranch Supplemental Design Guidelines/Supplemental Conditions Majestic Oaks Phase One, Section 5A-5C (252 Lots), a copy of which is attached hereto as Exhibit "A". In the event additional land is added to the covenants, conditions, and restrictions set forth in this Declaration pursuant to Section 9.01, the Master Architectural Control Committee may promulgate architectural guidelines for such land. Architectural Guidelines may be supplemented, modified, amended, or restated by the Master Architectural Control Committee as authorized by the Master Declaration and this Declaration, and Declarant shall be under no obligation to place such supplement, modification, amendment or restatement of record in the Real Property Records of Travis County, Texas. In the event of any conflict between the terms and provisions of any Architectural Guidelines and the terms and provisions of this Declaration, the terms and provisions of this Declaration shall control. In addition, the Master Architectural Control Committee shall have the power and authority to impose a fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Declaration. Such charges shall be held by the Master Architectural Control Committee and used to defray the administrative expenses incurred by the Master Architectural Control Committee in performing its duties hereunder; provided, however, that any excess funds held by the Master Architectural Control Committee shall be distributed to the Master Association at the end of each calendar year. The Master Architectural Control Committee shall not be required to review any plans until a complete submittal package, as required by this Declaration and the Architectural Guidelines, is assembled and submitted to the Master Architectural Control Committee.

2.02. General Restrictions.

(a) The Lots shall be used solely for private single family residential purposes and there shall not be constructed or maintained thereon more than one detached single family residence which shall not exceed the following height limitations and shall meet the following criteria:

(i) The maximum building height shall be determined utilizing City of Austin height limitation requirements and shall be limited to a maximum of two (2) stories.

(ii) The composition and percentage of masonry required for each single family residence to be constructed upon the Property shall comply with the terms and provisions of the Architectural Guidelines.

(iii) All roofs shall be constructed of clay or concrete tile, non-reflective metal, laminated "architectural" grade composition shingle (with a minimum 25 year warranty), or other material expressly approved by the Architectural Control Committee.

(iv) Any residence constructed on any Lot within the Property must have a floor area of not less than 1,800 square feet, exclusive of open or screened porches, terraces, patios, decks, cabanas, gazebos, basements, driveways, garages, etc.

(b) Each Lot must contain a private garage for not fewer than two (2) automobiles and off-street parking space for a minimum of two (2) automobiles.

(c) The location of all buildings and Improvements shall comply with the minimum setbacks shown on any plat of the Property and the Architectural Guidelines.

(d) The location, orientation and opening of each garage to be located on a Lot shall be approved in advance of construction by the Architectural Control Committee.

(e) The design, construction materials, and location of all driveways shall comply with the requirements set forth in the Architectural Guidelines. Circular and asphalt driveways shall not be permitted.

(f) All landscaping shall comply with the Architectural Guidelines. The Architectural Control Committee shall have the authority to promulgate additional rules and requirements for landscaping design, installation, and materials to be located on any Lot.

(g) No professional, business, or commercial activity to which the general public is invited shall be conducted on any Lot; provided that, in connection with its development of the Property and sale of Lots, Declarant, or any designee appointed by Declarant, shall have the right to maintain model homes, temporary or permanent sales and marketing centers and offices, and conduct open houses or other marketing events, to which the general public may be invited. Notwithstanding any provision in this Section 2.02(g) or the Declaration to the contrary, "garage sales" shall be permitted with the advance written consent of the Master Board.

(h) No portion of the Property may be used for: (i) the takeoff, storage, or landing of aircraft (including, without limitation, helicopters) except for medical emergencies; or (ii) a carport or other automobile storage which is open on more than one side.

(i) No Lot may be used as an apartment house, flat, lodging house, hotel, bed and breakfast lodge, or any similar purpose, but Lots may be leased for single family residential purposes for a minimum term of six (6) months; provided that any lease agreement must be in writing and must be made specifically subject to this Declaration.

2.03. Antennae and Solar Systems. Except as expressly provided below, no exterior radio or television antennae or aerial or satellite dish or disc (collectively "Antennae"), nor any solar energy system ("Solar System"), shall be erected, maintained or placed on a Lot without the prior written approval of the Master Architectural Control Committee; provided, however, that a satellite dish or other similar instrument with a diameter no greater than one (1) meter may be located upon a Lot. Prior to the erection of any Antennae (unless otherwise permitted by this Section 2.03) or Solar System, plans and specifications and a proposal for screening shall be presented to and expressly approved by the Master Architectural Control Committee, which approval may be denied for any reason whatsoever. The Master Architectural Control Committee shall have the authority to adopt rules and regulations for the erection, use, screening, or placement of antennas and satellite dishes which are less than one (1) meter in diameter.

2.04. Insurance Rates. Nothing shall be done or kept on the Property that would increase the rate of casualty or liability insurance or cause the cancellation of any such insurance on the Master Common Area the Common Area, or the improvements located thereon, without the prior written approval of the Master Board or the Board.

2.05. Subdividing and Easements. No Lot shall be further divided or subdivided, nor may any easements or other interests therein covering less than the whole Lot be conveyed by the Owner thereof without the prior express written approval of the Declarant. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat or by separate written instrument. No utility company, water district, political subdivision, or other authorized entity using the easements herein referred to shall be liable for any damage done by them or their assigns, agents, employees,

or servants, to shrubbery, trees, or flowers, or any other landscaping or Improvements or to other property of the Owner situated within any such easement.

2.06. Signs. No sign of any kind, including, without limitation, signs advertising property for sale or lease, shall be displayed to the public view without the express prior written approval of the Declarant except for signs that are part of Declarant's marketing plan for the Property or any part thereof. The Declarant may permit or prohibit signs of any type advertising a portion of the Property for sale or lease, as it elects, in its sole discretion. Declarant intends to implement a marketing program for the Property, which shall include signs advertising property for sale.

2.07. Rubbish and Debris. No rubbish or debris of any kind shall be placed or permitted to accumulate upon the Property and no odors shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive, or detrimental to any other property or to its occupants. Refuse, garbage, and trash shall be kept at all times in covered containers, and such containers shall be kept within enclosed structures or otherwise appropriately screened from view from any portion of the Property, other than the Lot on which such containers are properly located.

2.08. Noise. No exterior speakers, horns, whistles, bells, or other sound devices (other than security devises used exclusively for security purposes) shall be located, used, or placed on any of the Property. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to any other portion of the Property or to its occupants. Without limiting the generality of the foregoing, if any noise or nuisance emanates from any Improvement on any Lot, the Association or Master Association may (but shall not be obligated to) enter any such Improvement and take such reasonable actions necessary to terminate such noise (including silencing any burglar or break-in alarm).

2.09. Construction of Improvements. No Improvements of any kind shall hereafter be placed, maintained, erected or constructed upon any of the Property by anyone other than Declarant, without the prior written approval of the Master Architectural Control Committee.

2.10. Repair of Buildings. All Improvements upon any of the Property that are not maintained by the Association or the Master Association shall at all times be kept in good condition and repair and adequately maintained by the Owner thereof. The opinion of the Master Architectural Control Committee as to condition and repair shall be final.

2.11. Alteration or Removal of Improvements. Any alteration, remodeling, or construction that in any way alters or modifies the exterior appearance of any Improvements, or the removal of any Improvements within the Property, shall be performed only with the prior written approval of the Master Architectural Control Committee.

2.12. Drainage. There shall be no interference with the established drainage patterns over any of the Property, except by Declarant, unless adequate provision is made for proper drainage and approved in writing by the Master Architectural Control Committee.

2.13. Hazardous Activities. No activities may be conducted on the Property and no Improvements constructed on the Property that are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or fireworks shall be discharged upon the Property, and no open fires shall be lighted or permitted except within safe and well-designed interior

fireplaces or in contained barbecue units which are attended while in use and are used for cooking purposes only.

2.14. Temporary Structures. No tent, shack, or other temporary building, improvement, or structure shall be placed upon the Property without the written approval of the Master Architectural Control Committee; provided, however, that temporary structures necessary for storage of tools and equipment and for office space for architects, builders, and foreman during actual construction may be maintained with the prior approval of Master Architectural Control Committee, such approval to include the nature, size, duration, and location of such structure.

2.15. Mining and Drilling. No portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing water, oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth.

2.16. Unsightly Articles: Vehicles. No article deemed to be unsightly by the Master Architectural Control Committee shall be permitted to remain on any Lot so as to be visible from adjoining property or public or private thoroughfares. Without limiting the generality of the foregoing, trailers, graders, trucks larger than a 3/4 ton pickup, boats, tractors, semi-trailers, campers, wagons, buses, motorcycles, motor scooters, machinery, garden maintenance equipment and inoperable vehicles shall be kept at all times, except when in actual use, in enclosed structures or screened from view, and no repair or maintenance work shall be done on any of the foregoing or on any automobile (other than minor emergency repairs) except in enclosed garages or other structures. Facilities for hanging, drying, or airing clothing or household fabrics (including, without limitation, clothes lines) shall be screened from view from any portion of the Property other than the Lot on which such facilities are properly located. No lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials, scraps, refuse, or trash of any kind shall be kept, stored, or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view from any portion of the Property other than the Lot on which such materials are properly located.

2.17. Animals. No animals, including pigs, poultry, fowl, wild animals, horses, cattle, sheep, goats or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept, maintained or cared for on the Property. No animal shall be allowed to make an unreasonable amount of noise or to become a nuisance, and no domestic pets will be allowed on the Property other than on the Lot of its Owner unless confined to a leash. No animal may be stabled, maintained, kept, cared for or boarded for hire or remuneration on the Property and no kennels or breeding operation shall be allowed. No animal shall be allowed to run at large, and all animals shall be kept within enclosed areas which must be clean, sanitary and reasonably free of refuse, insects and waste at all times. Such enclosed area shall be constructed in accordance with plans approved by the Master Architectural Control Committee, shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof.

2.18. Travel Trailers and Recreational Vehicles. No travel trailers or recreational vehicles shall be parked in any street or on or near any Lot for more than forty-eight (48) hours or for more than seventy-two (72) hours in any 30-day period, so as to be visible from any other portion of the Property.

2.19. Owner's Responsibility for Maintenance. Each Owner shall maintain and keep in a good state of repair the interior and exterior of all buildings, structures, and other Improvements of any kind or nature that are located upon such Owner's Lot. An Owner, when exercising the right and responsibility of repair, maintenance, replacement, or remodeling, as herein defined, shall never alter in any manner whatsoever the color and exterior appearance of the Improvements located on such Owner's Lot, except by

written consent of the Master Architectural Control Committee. Each Owner shall, however, have the exclusive right to paint, plaster, panel, tile, wax, paper, or otherwise refinish and decorate the inner surface of the walls, ceilings, floors, windows, and doors within such Owner's structure. In the event an Owner fails to maintain the Improvements located on such Owner's Lot as provided herein in a manner that the Master Architectural Control Committee deems necessary to preserve the appearance and value of the Property, the Master Architectural Control Committee may notify such Owner of the work required and request that it be done within thirty (30) days from the giving of such notice. In the event such Owner fails to complete such work or maintenance within said period, the Master Architectural Control Committee shall so notify the Board or the Master Board, and the board so notified may (but shall not be obligated to) cause such work to be done and the Owner shall be personally liable to the Association or the Master Association, as the case may be, for the cost of such work. If the Owner fails to pay such cost upon demand, such cost (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1-1/2%) per month) shall be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed or chargeable against a Lot shall be secured by the liens reserved in this Declaration or the Master Declaration for Assessments and may be collected by any means provided in the Declaration and/or the Master Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). Each such Owner shall indemnify and hold harmless the Master Association and the Association, their officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Master Association's or the Association's acts or activities under this Section 2.19 (including any cost, fees, expense, liability, claim or cause of action arising out of the Master Association's or the Association's negligence in connection therewith), except for such cost, loss, damage, expense, liability, claim or cause of action arising by reason of the Master Association's or the Association's gross negligence or wilful misconduct. "Gross negligence" as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.

2.20. Liability of Owners for Damage to Common Area or Master Common Area. No Owner shall in any way alter, modify, add to, or otherwise perform any work whatsoever upon the Common Area or Master Common Area. The Owner of each Lot shall be liable to the Master Association for all damages to: (i) the Common Area, Master Common Area, or any Improvements constructed thereon; or (ii) to any Improvements constructed upon any Lot, the maintenance of which has been assumed by the Master Association or the Association; which damage is caused by the neglect, misuse or negligence of such Owner or any tenant or other occupant of such Owner's Lot or such Owner's guest or invitee. The full cost of all repairs of such damage shall be assessed and charged against the Owner's Lot, secured by a lien against the Owner's Lot and collectible in the same manner as provided in the Master Declaration or the Declaration.

2.21. Compliance with the Declaration. Each Owner shall comply strictly with the provisions of the Master Declaration and the Declaration (collectively, the "Restrictions") as the same may be amended from time to time. Failure to comply with any of the Restrictions shall constitute a violation of the Restrictions and shall give rise to a cause of action to recover sums due for damages or injunctive relief, or both, maintainable by the Declarant, the Manager, the Board on behalf of the Association, the Master Board on behalf of the Master Association, the Master Architectural Control Committee, or by an aggrieved Owner. Without limiting any rights or powers of the Master Association or the Association, the Master Board or the Board may (but shall not be obligated to) remedy or attempt to remedy any violation of any of the provisions of this Declaration and/or the Master Declaration, and the Owner whose violation has been so remedied shall be personally liable to the Association or the Master Association for all costs and expenses of effecting (or attempting to effect) such remedy. If such Owner fails to pay such costs and expenses upon demand by the Association or the Master Association, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half

percent (1-1/2%) per month) shall be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot shall be secured by the liens reserved in the Declaration and/or the Master Declaration for Assessments and may be collected by any means provided in the Declaration and/or the Master Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). Each such Owner shall indemnify and hold harmless the Master Association, the Association, their officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Master Association's or the Association's acts or activities under this Section 2.21 (including any cost, loss, damage, expense, liability, claim or cause of action arising out of the Master Association's or the Association's negligence in connection therewith), except for such cost, loss, damage, expense, liability, claim or cause of action arising by reason of the Master Association's or the Association's gross negligence or wilful misconduct. "Gross negligence" as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.

2.22. Butane and Fuel Tanks. No butane or fuel tank or other structure or facility for the storage of combustible fuel (other than gas grills) shall be placed or maintained on the Property unless approved in writing by the Master Architectural Control Committee.

2.23. No Warranty of Enforceability. Declarant makes no warranty or representation as to the present or future validity or enforceability of any restrictive covenants, terms, or provisions contained in the Declaration. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants, terms, or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

2.24. No Tennis Courts. No tennis courts shall be constructed on any Lot. The foregoing sentence shall not act to prohibit the Board from constructing, operating, or maintaining tennis courts on any Common Area. This Section 2.24 shall not prohibit the installation and construction of "sport courts" on any Lot so long as the design, location, and screening has been approved in advance by the Master Architectural Control Committee.

ARTICLE III

THE ASSOCIATION

3.01. OPTIONAL ASSOCIATION. THE PROVISIONS CONTAINED IN THIS ARTICLE III AND ARTICLE VI SHALL ONLY BE OPERATIVE IN THE EVENT DECLARANT DETERMINES, IN ITS SOLE AND ABSOLUTE DISCRETION, TO CREATE A HOMEOWNERS ASSOCIATION TO ASSUME THE DUTIES AND POWERS PRESCRIBED BY LAW AS SET FORTH IN THIS DECLARATION. ON THE EFFECTIVE DATE OF THIS DOCUMENT, DECLARANT DOES NOT CONTEMPLATE CREATING THE ASSOCIATION AND SHALL HAVE NO OBLIGATION TO DO SO. THIS ARTICLE III AND ARTICLE VI SHALL HAVE NO LEGAL OR OTHER EFFECT UNLESS AND UNTIL: (i) DECLARANT ELECTS TO CREATE THE ASSOCIATION AS EVIDENCED BY DECLARANT'S INCORPORATION OF THE ASSOCIATION AND ISSUANCE OF ARTICLES OF INCORPORATION BY THE SECRETARY OF STATE OF THE STATE OF TEXAS; OR (ii) DECLARANT ACCEPTS, WHICH ACCEPTANCE SHALL BE IN DECLARANT'S SOLE AND ABSOLUTE DISCRETION, A PETITION WHICH SUPPORTS THE FORMATION OF A HOMEOWNERS ASSOCIATION, WHICH PETITION IS IN RECORDABLE FORM SIGNED BY A MAJORITY OF OWNERS OF LOTS WITHIN THE PROPERTY, EACH LOT BEING ALLOCATED ONE (1) VOTE. IN THE EVENT DECLARANT ELECTS TO ACCEPT THE PETITION PURSUANT TO

SECTION 3.01(ii) ABOVE, DECLARANT SHALL INCUR NO EXPENSE RELATED TO THE INCORPORATION OR ORGANIZATION OF THE ASSOCIATION. ANY ASSOCIATION CREATED SUBSEQUENT TO DECLARANT'S ACCEPTANCE OF THE PETITION PURSUANT TO SECTION 3.01(ii) ABOVE, SHALL BE EMPOWERED TO REIMBURSE ALL REASONABLE INCORPORATION AND ORGANIZATION EXPENSES ADVANCED BY ANY OWNER WHO BECOMES A MEMBER OF THE HOMEOWNERS ASSOCIATION. IN THE EVENT THE DECLARANT NO LONGER OWNS ANY PORTION OF THE PROPERTY ENCUMBERED BY THIS DECLARATION, A MAJORITY OF OWNERS OF LOTS WITHIN THE PROPERTY, EACH LOT BEING ALLOCATED ONE (1) VOTE, MAY ELECT TO CREATE AN ASSOCIATION, AND DECLARANT'S ACCEPTANCE PURSUANT TO SECTION 3.01(ii) SHALL NOT BE NECESSARY. DECLARANT SHALL BE UNDER NO OBLIGATION TO CREATE A HOMEOWNERS ASSOCIATION.

3.02. Organization. The Association shall be a non-profit corporation created for the purposes, charged with the duties, and vested with the powers prescribed by law or set forth in its Articles and Bylaws or in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Notwithstanding any provision in this Declaration to the contrary, Declarant shall be under no obligation to administer, finance, or cause the creation of the Association.

3.03. Membership.

(a) Any person or entity, upon becoming an Owner, shall automatically become a Member of the Association. Membership shall be appurtenant to and shall run with the ownership of the Lot that qualifies the Owner thereof for membership. Membership in the Association may not be severed from the ownership of a Lot, or in any way transferred, pledged, mortgaged, or alienated, except together with the title to the said Lot.

(b) Every Member shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to such Member's Lot, subject to the following restrictions and reservations:

(i) the right of the Board to suspend the Member's voting rights and right to use the Common Area for any period during which any Assessment against such Member's Lot(s) remains past due, and for any period during which a Member is in violation of the Association Restrictions;

(ii) the right of the Board to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility;

(iii) the right of the Board to borrow money for the purpose of improving or maintaining the Common Area and, in aid thereof, to mortgage said Common Area;

(iv) the right of the Board to make reasonable rules and regulations (which may include the right to levy fines for the breach thereof) regarding the use of the Common Area and facilities located thereon by the Members and other persons entitled to such use; and

(v) the right of the Board to contract for services with third parties on such terms as the Board may determine to be in the best interest of the Association.

Rules and regulations adopted by the Board pursuant to 3.03(b)(iv) above, may be amended from time to time.

3.04. Voting Rights. The right to cast votes and the number of votes which may be cast for election of members of the Board and on all other matters to be voted on by the Members shall be calculated as follows:

(a) The Owner of each Lot shall have one (1) vote for each Lot so owned. In no event, except as set forth in Section 3.04(c) below, shall any Lot be entitled to more than one (1) vote; provided, however, that in the event of the resubdivision of any Lot into two or more Lots, the number of votes to which such Lot is entitled shall be increased as necessary to retain the ratio of one (1) vote for each Lot resulting from such resubdivision. No resubdivision shall be effective, for purposes of the Association Restrictions, unless the same is approved by the appropriate governmental entity in accordance with the requirements of Chapter 212 of the Texas Local Government Code then in effect (or its successor statute), and duly recorded in the Real Property Records of Travis County, Texas. In the event of the consolidation of two (2) or more Lots for purposes of construction of a single residence thereon, voting rights shall continue to be determined according to the number of original Lots contained in such consolidated Lot. Nothing herein shall be construed as authorization for any resubdivision or consolidation of Lots; such actions are subject to and require the prior approval of the Master Architectural Control Committee pursuant to other provisions of this Declaration.

(b) In addition to the votes to which Declarant is entitled by reason of Section 3.04(a), for every one (1) vote outstanding in favor of any other person or entity, each Declarant shall have four (4) additional votes until such time as such Declarant no longer owns any of the Lots.

(c) The right of any Owner to vote may be suspended by the Association, acting through the Board, for any period during which any Assessment against such Owner's Lot(s) remains past due, for any period during which such Owner or such Owner's Lot(s) is in violation of the Association Restrictions.

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

(a) Association Property.

(1) Ownership and Control. To accept, own, operate, and maintain all Common Area, together with all improvements of whatever kind and for whatever purpose that may be located in said Common Area, and all sidewalks, pathways and private driveways and streets located within the Property.

(2) Repair and Maintenance. To maintain in good repair and condition the Common Area and all lands, Improvements, security devices, and other property owned by or leased to the Association, including, without limitation, all sidewalks, pathways, private streets, driveways and fences located within the Property.

(3) Taxes. To pay all real and personal property taxes and other taxes and assessments levied upon or with respect to the Common Area to the extent that such taxes and assessment are not levied directly upon the Members. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.

(b) Insurance. To obtain and maintain in effect policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Association's functions.

(c) Rules and Bylaws. To make, establish, and promulgate and in its discretion, to amend or repeal and re-enact the Bylaws and such Association Rules not in conflict with this Declaration, as it deems proper, covering any and all aspects of its functions, including the use and occupancy of Common Area. In the event of any conflict between the terms and provisions of the Articles, Bylaws, or any other Association Rules with this Declaration, the terms and provisions of this Declaration are intended to, and shall be controlling.

(d) Records. To keep books and records of the Association's affairs and to make such books and records, together with current copies of the Association Restrictions available for inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours.

(e) Other. To carry out and enforce all duties of the Association set forth in the Association Restrictions.

3.06. Powers and Authority of the Association. The Association shall have the powers of a Texas non-profit corporation, subject only to such limitations upon the exercise of such power as are expressly set forth in this Declaration, the Articles and the Bylaws. It shall further have the power to do and perform any and all acts that may be necessary or proper for, or incidental to, the exercise of any of the express powers granted to it by the laws of Texas or by this Declaration. Without in any way limiting the generality of the two preceding sentences, the Association and the Board, acting on behalf of the Association, shall have the power and authority at all times as follows:

(a) Assessments. To levy assessments as provided herein.

(b) Right of Entry and Enforcement. To enter at any time in an emergency without notice, or in a non-emergency after twenty-four (24) hours written notice, without being liable to any Owner or any other person or entity, upon any Lot or into any Improvement thereon, or to enter at any time without notice onto any Common Area, for the purpose of enforcing the Association Restrictions or for the purpose of maintaining or repairing any area, Improvement, or other facility to conform to the Association Restrictions. The expense incurred by the Association in

connection with the entry upon any Lot and the maintenance and repair work conducted thereon shall be a personal obligation of the Owner of the Lot entered upon, shall be deemed a special Assessment against such Lot, shall be a lien upon the Lot entered upon and Improvements thereon, and shall be enforced in the same manner and to the same extent as provided in Article VI hereof for regular and special Assessments. The Association, acting through the Board, shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin any breach or threatened breach of the Association Restrictions. The Association, acting through the Board, is also authorized to settle claims, enforce liens, and take all such action as it may deem necessary or expedient to enforce the Association Restrictions; provided, however, that the Board shall never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, its successors or assigns. Notwithstanding any provision herein to the contrary, the Association may not alter or demolish any Improvements on any Lot other than Common Area or Association Property in enforcing the Association Restrictions before judicial proceedings are instituted by the Association or the written consent of the Owner(s) of the affect Lot(s) has been obtained. Each such Owner shall indemnify and hold harmless the Association, its officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Association's acts or activities under this Section 3.06(b) (**INCLUDING ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH**), except for such cost, loss, damage, expense, liability, claim or cause of action arising by reason of the Association's gross negligence or wilful misconduct. "Gross negligence" as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.

(c) Conveyances. To grant and convey to any person or entity any real property and/or other interest, including fee title, leasehold estates, easements, rights-of-way, or Mortgages, out of, in, on, over, or under any Association Property for the purpose of constructing, erecting, operating, or maintaining thereon, therein, or thereunder:

(1) Roads, streets, walks, street lights, driveways, parking lots, trails, paths and fences;

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

(3) Sewers, water systems, storm water drainage systems, sprinkler systems, and pipelines, or any other water quality features or improvements; or

(4) Any similar improvements or facilities.

Nothing set forth above, however, shall be construed to permit the use or occupancy of any improvement or other facility in any way that would violate applicable use

and occupancy restrictions imposed thereon by the Association Restrictions, or by any governmental authority.

(d) Manager. To retain and pay for the services of a Manager to manage and operate the Association, including the Association Property, to the extent deemed advisable by the Board; provided, however, that the Board will have no power to discharge, limit the authority of or interfere with the exercise of functions by, a Manager for the Property appointed pursuant to the Master Declaration. Additional personnel may be employed directly by the Association or may be furnished by the Manager. To the extent permitted by law, the Association and the Board may delegate any duties, powers, and functions to the Manager. The Members of the Association hereby release the Association and the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power, or function so delegated.

(e) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association.

(f) Common Area Services. To pay for water, sewer, garbage removal, landscaping, gardening, and all other utilities or services to, and all maintenance of the Common Area, including, but not limited to, any recreational facilities; to maintain and repair any recreational facilities, easements, roads, roadways, rights-of-way, parkways, median strips, sidewalks, paths, trails, fences, ponds, lakes located within or upon the Common Area, and to maintain and repair other portions of the Common Area.

(g) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or Assessments that the Association or the Board is required or permitted to secure or to pay for pursuant to applicable law or under the terms of the Association Restrictions.

(h) Construction on Association Property. To construct new Improvements on or additions to Association Property.

(i) Contracts; Property Ownership. To enter into contracts with Declarant and with other persons or entities on such terms and provisions as the Board shall determine, and to acquire, own, and dispose of all manner of real and personal property, whether by grant, lease, gift, or otherwise.

3.07. Indemnification. To the fullest extent permitted by applicable law, but without duplication of (and subject to) any rights or benefits arising under the Articles or Bylaws of the Association, the Association shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a director, officer, committee member, employee, servant, or agent of the Association against expenses (including attorney's fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by such person in connection with such action, suit or proceeding if it is found and determined by the Board or a court that such person: (i) acted in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Association; or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of any action, suit, or proceeding by settlement, or

upon a plea of Nolo Contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner reasonably believed to be in, or not opposed to, the best interests of the Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that such conduct was unlawful. The Board may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member, employee, servant, or agent of the Association, against any liability asserted against such person or incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Association would have the power to indemnify such person against such liability hereunder or otherwise.

ARTICLE IV

INSURANCE AND CONDEMNATION

4.01. Insurance. Each Owner shall be required to maintain insurance on the Improvements located upon such Owner's Lot, providing fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for Improvements similar in construction, location and use. Such insurance policies shall be for the full insurable value of the Improvements constructed upon each Lot, shall contain extended coverage and replacement costs endorsements, if reasonably available, and may also contain vandalism and malicious mischief coverage, special form endorsement, a stipulated amount clause and a determinable cash adjustment clause. The Master Association and the Association shall not be required to maintain insurance on the Improvements constructed upon any Lot. The Master Association and the Association may, however, obtain such insurance as it may deem necessary, including but not limited to such policies of liability and property damage insurance as the Master Board or the Board in their discretion may deem necessary. Insurance premiums for such policies shall be a common expense to be included in the assessments levied by the Master Association and the Association, as the case may be. The acquisition of insurance by the Master Association and the Association shall be without prejudice to the right and obligation of any Owner to obtain additional individual insurance.

4.02. Restoration. In the event of any fire or other casualty, the Owner shall promptly repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof. Such repair, restoration or replacement shall be commenced and completed in a good and workmanlike manner using exterior materials identical to those originally used in the structures damaged or destroyed. To the extent that the Owner fails to commence such repair, restoration or replacement of substantial or total damage or destruction within thirty (30) days after the occurrence of such damage or destruction, and thereafter prosecute same to completion, or if the Owner does not clean up any debris resulting from any damage within thirty (30) after the occurrence of such damage, the Master Association or the Association may commence, complete or effect such repair, restoration, replacement or clean-up, and such Owner shall be personally liable to the Master Association or the Association for the cost of such work; provided, however, that if the Owner is prohibited or delayed by law, regulation or administrative or public body or tribunal from commencing such repair, restoration, replacement or clean-up, the rights of the Master Association or the Association under this sentence shall not arise until the expiration of thirty (30) days after such prohibition or delay is removed. If the Owner fails to pay such cost upon demand by the Master Association or the Association, the cost thereof (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, than at the rate of one and one-half percent (1-1/2%) per month) shall be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot shall be secured by the liens reserved in the Master Declaration or the Declaration for Assessments and may be collected by any means provided in the Master Declaration and/or Declaration for the collection of Assessments, including, but not limited to, foreclosure

of such liens against the Owner's Lot(s). Each such Owner shall indemnify and hold harmless the Master Association, the Association, and their officers, directors, employees and agents from any cost, loss, damage, expense, liability, claim or cause of action incurred or that may arise by reason of the Master Association's or the Association's acts or activities under this Section 4.02, except for such cost, loss, damage, expense, liability, claim or cost of action arising by reason of the Master Association's or the Association's gross negligence or wilful misconduct. "Gross negligence" as used herein does not include simple negligence, contributory negligence or similar negligence short of actual gross negligence.

4.03. Condemnation. In the event that an action in eminent domain is brought to condemn a portion of the Common Area, the Master Association, in addition to the general powers set out herein, shall have the sole authority to determine whether to defend or resist any such proceeding, to make any settlement with respect thereto or to convey such property to the condemning authority in lieu of such condemnation proceeding. With respect to any such taking, all damages and awards shall be determined for such taking as a whole and not for each Owner's interest therein. After the damages or awards for a taking are determined, the damages or awards shall be divided uniformly with equal shares being allocated to each Lot, and thereafter such equal shares shall be paid to the account of each Owner and Mortgagee as their interests may appear, as disclosed to the Master Association in writing.

4.04. Mechanic's and Materialmen's Lien. Each Owner whose structure is repaired, restored, replaced or cleaned up by the Master Association or the Association pursuant to the rights granted under this Article IV, hereby grants to the Master Association or the Association, as the case may be, an express mechanic's and materialmen's lien for the reasonable cost of such repair, restoration, or replacement of the damaged or destroyed Improvement to the extent that the cost of such repair, restoration or replacement exceeds any insurance proceeds allocable to such repair, restoration or replacement and delivered to the Master Association or the Association. Upon request by the Board or the Master Board and before the commencement of any reconstruction, repair, restoration or replacement, such Owner shall execute all documents sufficient to effectuate such mechanic's and materialmen's lien in favor of the Master Association or the Association.

ARTICLE V

ARCHITECTURAL GUIDELINES

5.01. Compliance with Design and Architectural Guidelines. Any and all Improvements erected, placed, constructed, painted, altered, modified, or remodeled on any portion of the Property shall strictly comply with the requirements of the Declaration and the Architectural Guidelines, unless a variance is obtained pursuant to Section 5.03.

5.02. Adoption of Rules and Regulations. The Master Architectural Control Committee shall have the authority to adopt such procedural and substantive rules and guidelines (including without limitation the imposition of any requirements for certificates of compliance or completion relating to any Improvement), not in conflict with this Declaration, as it may deem necessary or appropriate in connection with the performance of its duties hereunder, including rules and guidelines establishing and describing its review procedures, and principles and criteria used in its review. The Master Architectural Control Committee may amend or modify or supplement its rules and guidelines from time to time as the Master Architectural Control Committee deems advisable. In addition the Master Architectural Control Committee shall have the power and authority to impose such reasonable charges for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Declaration. Such charges shall be held by the Master Architectural Control Committee and used to defray the administrative expenses

incurred by the Master Architectural Control Committee in performing its duties hereunder, provided, however, that any excess funds held by the Master Architectural Control Committee shall be distributed to the Master Association at the end of each calendar year.

5.03. Variances. The Master Architectural Control Committee may grant variances from compliance with any of the provisions of this Declaration or the Architectural Guidelines or when, in the opinion of the Master Architectural Control Committee, in its sole and absolute discretion, such variance will not be adverse to the overall development plan for the Property, and such variance is justified due to visual or aesthetic considerations or unusual circumstances. All variances must be evidenced in writing and must be signed by at least a majority of the members of the Master Architectural Control Committee. Plans and specifications which have been approved by the Master Architectural Control Committee without conditions or exception and which reflect deviations from this Declaration or the Architectural Guidelines shall constitute a writing for the purpose of the foregoing sentence. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in this Declaration or the Architectural Guidelines shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive or amend any of the terms and provisions of this or Architectural Guidelines for any purpose except as to the particular property and in the particular instance covered by the variance, and such variance shall not be considered to establish a precedent for any future waiver, modification, or amendment of the terms and provisions hereof.

ARTICLE VI

COVENANT FOR ASSESSMENTS

THE PROVISIONS CONTAINED IN THIS ARTICLE VI SHALL BE OPERATIVE ONLY IN THE EVENT A HOMEOWNERS ASSOCIATION IS CREATED PURSUANT TO SECTION 3.01; PROVIDED, HOWEVER, THAT THE MASTER ASSOCIATION MAY AVAIL ITSELF OF THE LIENS RESERVED IN SECTION 6.08 FOR THE PURPOSE OF DISCHARGING ANY LIABILITY INCURRED BY AN OWNER AS A RESULT OF SUCH OWNER'S VIOLATION OF ANY TERM OR PROVISION OF THIS DECLARATION.

6.01. Assessments. Each Owner of any Lot, by acceptance of a deed therefor or ownership interest thereto, whether or not it shall be so expressed in any such deed or other conveyance document, shall be deemed to covenant to pay to the Association: (i) Assessments or charges (as specified in Section 6.03 hereof); (ii) Special Assessments (as specified in Section 6.04 hereof); and (iii) late charges (as specified in Section 6.06 hereof). All of such Assessments shall be fixed, established, and collected from time to time as hereinafter provided. **The Assessments provided for under this Article VI shall be in addition to the assessments levied pursuant to the Master Declaration.** Notwithstanding any provision in this Declaration to the contrary, Assessments shall not be assessed against any Lot owned by Declarant.

6.02. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the comfort, health, safety, and welfare of the Owners, and the maintenance and improvement of the Property or any part thereof, including, without limitation, Common Area, and for carrying out the purposes of the Association as stated herein or as otherwise provided in the Articles or Bylaws.

6.03. Establishing Assessments. Each fiscal year, the Board shall estimate the expenses to be incurred by the Association during each year in performing its functions with respect to the Property, including a reasonable provision for contingencies and appropriate replacement reserves, less any expected

income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses shall then be levied as herein provided, and as between the Lots within the Property, the amount of the Assessments levied against each Lot shall be equal and uniform. The level of Assessments set by the Board shall be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time, and from time to time, levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable by each Owner to the Association during the fiscal year in equal monthly, quarterly, semi-annual, annual, or other periodic installments, as the Board determines in its sole discretion, on or before the first day of the applicable period.

6.04. Special Assessments. In addition to the Assessments authorized by Section 6.03 hereof, the Association may, by vote of its Members as set out in Section 6.04A hereof, levy special Assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of any Improvement located upon any of the Common Area, or any portion of the Property owned by the Association, including the necessary fixtures and personal property related thereto, or for carrying out other purposes of or otherwise benefitting the Association.

6.04A. Vote Required for Special Assessment. Special Assessments levied against the Owner(s) of a particular Lot to cure violations of the Association Restrictions by such Owner(s) shall be deemed approved and authorized automatically upon the occurrence of the events giving rise to such curative special Assessments. Special Assessments to be levied against all Owners as authorized by Section 6.04 hereof must be approved by a majority of the total votes of the membership of the Association determined in accordance with Section 3.03 of this Declaration, voting in person or by proxy, at a meeting duly called for such purpose, written notice of which shall be given to all Members in accordance with the Bylaws.

6.05. Due Date of Assessments. The first Assessment shall become due and payable on each Lot in accordance with the periodic payment schedule established by the Board in accordance with Section 6.03. The due date of any special Assessment hereunder shall be fixed in the resolution authorizing such Assessment or, if not so fixed or established by other terms of this Declaration, the first day of the first month following the imposition of such special Assessment. Payments shall be considered delinquent if not paid within five (5) days after their due date. Where the obligation to pay an Assessment first arises after the commencement of the fiscal year or any other period for which the Assessment was levied the Assessment shall be prorated as of the date when the obligation first arose in proportion to the amount of the Assessment year or other period remaining after said date.

6.06. Late Charges. If any Assessment is not paid before it is delinquent, the Owner responsible for the payment thereof may be required by the Board to pay a late charge at such rate the Board may designate from time to time, and such late charge (and any reasonable handling costs therefor) shall be a charge upon the Lots owned by the said Owner to which the Assessment relates, collectible in the same manner as herein provided for collection of Assessments, including foreclosure of the lien against such Lot(s); provided, however, such charge shall never exceed the maximum charge permitted under applicable law.

6.07. Owner's Personal Obligation for Payment of Assessments. The Assessments and late charges provided for herein shall be the personal and individual debt of each Owner. No diminution or abatement of Assessments shall be allowed for inconveniences arising from the making of repairs or improvements to the Common Area or any Lot, and no Owner may exempt himself from liability for such Assessments and charges through non-use of such Owner's Lot or otherwise.

6.08. Assessment Lien and Foreclosure. All sums assessed or charged in the manner provided in this Article but unpaid, together with all costs and expenses of collection, including reasonable attorney's fees, are secured by a continuing Assessment lien and shall constitute a charge on or against the Lot covered by such Assessment or charge, which shall bind such property in the hands of the Owner, and such Owner's heirs, devisees, and personal representatives, successors or assigns. The obligation to pay Assessments hereunder is part of the purchase price of each Lot when sold to an Owner. An express lien on each Lot is hereby granted and conveyed by Declarant to the Association to secure the payment thereof in each such instance, each such lien to be superior and paramount to any homestead or other exemption provided by law. The aforesaid lien shall be superior to all other liens and charges against the said Lot, except only for tax liens, and all sums unpaid secured by a first-lien Mortgage securing sums borrowed for the purchase or improvements of the Lot in question, provided such Mortgage was recorded in the Real Property Records of Travis County, Texas before the delinquent Assessment was due. The Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Board and such subordination must be signed by an officer of the Association. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice shall be signed by one of the officers of the Association and shall be recorded in the Real Property Records of Travis County, Texas. Each Owner, by accepting a deed to a Lot subject to this Declaration, shall be deemed conclusively to have granted a power of sale to the Association to secure and enforce at any time after such payment becomes delinquent by the non-judicial foreclosure of such lien on the defaulting Owner's Lot by the Association in like manner as a deed of trust or real property mortgage with power of sale under Tex. Prop. Code § 51.002. (For such purpose, Robert D. Burton of Travis County, Texas is hereby designated as trustee for the benefit of the Association, with the Association retaining the power to remove any trustee with or without cause and to appoint a successor trustee without the consent or joinder of any other person.) The Assessment liens and rights to foreclosure thereof shall be in addition to and not in substitution of any other rights and remedies the Association may have by law and under the Association Restrictions, including the rights of the Association to institute suit against the Owner personally obligated to pay the Assessment for monetary damages and/or for foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or non-judicial, the Owner shall be required to pay the costs, expenses, and reasonable trustee's and attorney's fees incurred. The Association shall have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee holding a prior lien on any Lot, the Association shall report to said Mortgagee any Assessments remaining unpaid for longer than thirty (30) days after the same are due. The lien hereunder shall not be affected by the sale or transfer of any Lot; except, however, that in the event of foreclosure of any first-lien Mortgage, the lien for any Assessments that were due and payable before the foreclosure sale will be extinguished, provided that past-due Assessments shall be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the first-lien Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Lot Owner from paying assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this paragraph, the Association shall upon the request of the Owner execute a release of lien relating to any lien for which written notice has been filed as provided above, except in circumstances in which the Association has already foreclosed such lien. Such release shall be signed by an officer of the Association.

6.09. Exemptions. Notwithstanding any provision herein to the contrary, all Common Area and Master Common Area shall be exempt from the payment of any Assessment levied by the Association, regular or special.

ARTICLE VII

MORTGAGE PROTECTION

7.01. Examination of Books. The Association shall permit Mortgagees to examine the books and records of the Association during normal business hours upon one business day's notice (not less than 24 hours).

7.02. Taxes, Assessments and Charges. All taxes, assessments and charges which may become liens prior to first lien mortgages under local law shall relate only to the individual Lots and not to the Property as a whole.

ARTICLE VIII

GENERAL PROVISIONS

8.01. Duration. This Declaration and the covenants, conditions, restrictions, easements, charges, and liens set out herein shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Declaration is recorded in the Real Property Records of Travis County, Texas, and continuing through and including January 1, 2050, after which time this Declaration shall be automatically extended for successive periods of five (5) years unless a change (the word "change" meaning a termination, or change of term or renewal term) is approved in a resolution adopted by members of the Association, entitled to cast at least seventy percent (70%) of the total number of votes of the Association, voting in person or by proxy at a meeting duly called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of such meeting; provided, however, that such change shall be effective only upon the recording of a certified copy of such resolution in the Real Property Records of Travis County, Texas.

8.02. Amendment. This Declaration may be amended or terminated by the recording in the Real Property Records of Travis County, Texas, of an instrument setting forth the amendment executed and acknowledged by (i) the Declarant, acting alone; or (ii) Declarant and at least seventy percent (70%) of the Owners with each Owner being allocated one (1) vote for each Lot owned by such Owner.

8.03. Notices. Any notice permitted or required to be given by this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third (3rd) day (other than a Saturday, Sunday, or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person in writing to the Secretary of the Association for the purpose of service of notices, or to the residence located on the Lot owned by such person if no address has been given to the Secretary of the Association. Such address may be changed from time to time by notice in writing given by such person to the Secretary of the Association.

8.04. Interpretation. The provision of this Declaration shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Property, provided, however, that the provisions of this Declaration shall not be held to impose any restriction, condition or covenant whatsoever on any land owned by Declarant other than the Property. This Declaration shall be construed and governed under the laws of the State of Texas.

8.05. Construction Activities. This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of improvements upon Lots within the Property, so long as such construction is pursuant to proper approval of the Master Architectural Control Committee.

8.06. Gender. Whenever the context shall so require, all words herein in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

8.07. Assignment of Declarant. Notwithstanding any provision in this Declaration to the contrary, Declarant may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights, and duties under this Declaration to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights, and duties hereunder.

8.08. Enforcement and Nonwaiver.

(a) Except as otherwise provided herein, any Owner of a Lot, at such Owner's own expense, Declarant, the Master Association and/or the Association shall have the right to enforce all of the provisions of this Declaration. The Association or Master Association may initiate, defend or intervene in any action brought to enforce any provision of this Declaration. Such right of enforcement shall include both damages for and injunctive relief against the breach of any provision hereof.

(b) Every act or omission whereby any provision of the Association Restrictions is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Declarant, the Master Association or the Association.

(c) Any violation of any federal, state, or local law, ordinance, or regulation pertaining to the ownership, occupancy, or use of any portion of the Property is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein.

(d) The failure to enforce any provision of the Association Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of the Association Restrictions.

8.09. Construction. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion hereof shall not affect the validity or enforceability of any other provision. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine, or neuter shall each include the masculine, feminine, and neuter. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit, or otherwise affect that which is set forth in any of the paragraphs, sections, or articles hereof.

ARTICLE IX

DEVELOPMENT

9.01. Addition of Land. Declarant may, at any time and from time to time, add additional land to the Property and, upon the filing of a notice as hereinafter described, such land shall be considered part of the Property for purposes of this Declaration, and such land shall be subject to the terms, covenants, conditions, restrictions and obligations set forth in this Declaration, and the rights, privileges, duties and liabilities of the persons subject to this Declaration shall be the same with respect to such added land as with respect to the land originally covered by this Declaration. To add land to the Property, Declarant shall be required only to record in the Real Property Records of Travis County, Texas, a notice of addition of land (which notice may be contained within any notice of applicability filed pursuant to Section 9.05 of the Master Declaration) containing the following provisions:

(A) A reference to this Declaration, which reference shall state the volume and initial page number of the Travis County Real Property Records wherein this Declaration is recorded;

(B) A statement that such land shall be considered Property for purposes of this Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Declaration shall apply to the added land; and

(C) A legal description of the added land.

9.02. Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw land from the Property and remove and exclude from the burden of this Declaration: (i) any portion of the Property which has not been included in a Plat; (ii) any portion of the Property included in a Plat if Declarant owns all Lots described in such Plat; and (iii) any portion of the Property or Development included in a Plat even if Declarant does not own all Lot(s) described in such Plat, provided that Declarant obtains the written consent of all other Owners of Lot(s) described in such Plat. Upon any such withdrawal and renewal this Declaration and the covenants conditions, restrictions and obligations set forth herein shall no longer apply to the portion of the Property withdrawn. To withdraw lands from the Property hereunder, Declarant shall be required only to record in the Real Property Records of Travis County, Texas, a notice of withdrawal of land containing the following provisions:

(A) A reference to this Declaration, which reference shall state the volume and initial page number of the Travis County Real Property Records wherein this Declaration is recorded;

(B) A statement that the provisions of this Declaration shall no longer apply to the withdrawn land; and

(C) A legal description of the withdrawn land.

EXECUTED to be effective the 4th day of December, 1998.

DECLARANT: **T.H.L. RANCH, LTD.**, a Texas limited partnership

By: MK DEVELOPMENT, INC., a Texas corporation, its General Partner

By: _____
Printed Name: James D. Plasek
Title: Executive Vice President

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 4th day of December, 1998 by James D. Plasek, Executive Vice President of MK Development, Inc., a Texas corporation, the General Partner of T.H.L. Ranch, Ltd., a Texas limited partnership, on behalf of said corporation and partnership.

[Seal]

POLLY J. HAGERTY
NOTARY PUBLIC
State of Texas
Comm. Exp. 10-03-2001

_____
Notary Public Signature

AFTER RECORDING, RETURN TO:

Robert D. Burton
Armbrust Brown & Davis, L.L.P.
100 Congress Avenue, Suite 1300
Austin, Texas 78701

EXHIBIT "A"

STEINER RANCH
DESIGN GUIDELINES /SUPPLEMENTAL CONDITIONS

Majestic Oaks
Phase One, Sections 5A - 5C (252 Lots)

November 1, 1998

STEINER RANCH
DESIGN GUIDELINES / SUPPLEMENTAL CONDITIONS
Majestic Oaks Phase One, Sections 5A - 5C (252 Lots)

This information is supplemental to the **Steiner Ranch Residential Design Guidelines Manual that was adopted by the SRMA Architectural Committee on September 2, 1997. Please refer to that document for all general Architectural guidelines.*

Building Area

- **1,800 square foot minimum and 3,100 square foot maximum** habitable floor space (conditioned living area) measured to outside face of masonry. This excludes garages, gazebos, patios, basements, cabanas, decks, porches, etc.

Structure Setbacks

- **Front yard** setbacks shall be a minimum of 20 feet or 25 feet as shown on the final plat.
- **Side yard** setbacks facing streets shall be 15 feet per plat.
- **Interior side yard** setbacks shall be a minimum of 5 feet from each side lot line.
- **Rear yard** setbacks shall be a minimum of 20 feet.
- Setbacks are measured from property line to exterior face of wall and are inclusive of any easements shown on the plat or recorded by separate instrument.
- In no case shall structure, including overhangs, encroach into *easement* areas.

Facade Design

- All units must be constructed with an aggregate total of 70% masonry (stone, brick, or stucco.) Although areas of non-masonry are allowed for specific architectural treatment or detailing, with A.C. approval, the intent is that the home have a quality, "solid", maximum masonry appearance, with the majority of the home reflected in masonry.
- Areas on street-facing elevations that have been approved by the A.C. as "limited use" siding areas must be constructed in the "Hardi-Plank", horizontal, lap concrete-masonry product. Siding on non-street facing elevations may be constructed of the horizontal Masonite lap siding, although "Hardi-Plank" material is preferred. No 4' x 8' "masonite" type sheet siding is permitted.
- In addition to any street facing front or side elevations, the rear elevations on the following lots must be 100% masonry, exclusive of minimal non-masonry architectural treatment or detailing that may be approved by the Architectural Committee: **Block A, Lots 5, 6 and 56 through 75; Block B, Lots 14 through 16; and Block E, Lots 35 and 62 through 64.** Also, the side (greenbelt or park facing) elevation on the following lots must be 100% masonry: **Block A, Lots 1, 12 and 75; Block B, Lots 1 and 33; and Block E, Lots 19, 20 and 35.**

Fencing and Walls

- Perimeter fencing (6' wood) is required at all lots adjacent to Steiner Ranch Blvd. and the neighborhood park (**Block E, Lot 73**).

TRAVIS COUNTY, TEXAS
COUNTY CLERK'S OFFICE
P.O. BOX 1748
AUSTIN, TX 78767-1748
PH: (512) 473-9163

REGISTER A
FILE DATE: 12/15/98
CASHIER: MDTUE TRANS DATE: 12/15/98
3:04 PM
RECEIPT #: A00138977

TRAN#	DESCRIPTION	AMOUNT
1	REGULAR RECORDING:	
	-RECORDS MANAGEMENT	5.00
	-SECURITY FEE	1.00
	-INDEXING FEE	53.00
	TRANSACTION TOTAL:	$59.00

PAID BY:
CHECK#16784 59.00

ARMBRUST BROWN & DAVIS, L.L.P.

OPERATING ACCOUNT

016784

12/15/98 10069

$59.00

$59.00