

This third amended Declaration of Covenants, Conditions and Restrictions amends the Declaration of Covenants, Conditions and Restrictions by amending Paragraph 1.06 entitled Tract by adding language about water meter and water lines, amended Paragraph 3.02 entitled Commercial Purposes by deleting the last sentence and adding wording, amended Paragraph 3.07 entitled Height by adding wording, deleted Paragraph 3.08 entitled Driveways, made new Paragraph 3.08 entitled Access, Paragraph 3.09 now entitled Drainage, Paragraph 3.10 now entitled Utilities, Paragraph 3.11 now entitled Construction Requirements, amended Paragraph 3.11(a) entitled Construction Requirements by adding the word “submitted” and adding wording, and deleting the last four sentences, 3.11(b) by deleting the entire paragraph except for the first sentence, and 3.11(c) by re-wording existing paragraph, Paragraph 3.12 now entitled Landscaping , amended Paragraph 3.12 entitled Landscaping by deleting the second sentence and deleting the last two sentences, Paragraph 3.13 now entitled Fences, Walls and Hedges, Paragraph 3.14 now entitled Trash Receptacles, Collection and Waste Materials, Paragraph 3.15 now entitled Exterior Lighting, amended Paragraph 3.15 entitled Exterior Lighting by deleting entire paragraph and adding new wording, Paragraph 3.16 now entitled Window Coolers and Window Treatments, Paragraph 3.17 now entitled Antennas Restrictions and Satellite Dishes, amended Paragraph 3.17 entitled Antennas Restrictions and Satellite Dishes by adding the word “two” and re-wording last sentence, Paragraph 3.18 now entitled Temporary Structures and Vehicles, Paragraph 3.19 now entitled Parking, Paragraph 3.20 now entitled Signs, Fountains and Yard Decorations, amended Paragraph 3.20 entitled Signs, Fountains and Yard Decorations by removing “flags” and deleting the last sentence, Paragraph 3.21 now entitled Removal of Dirt, Paragraph 3.22 now entitled Drilling and Mining Operations, Paragraph 3.23 now entitled Driveways, Paragraph 3.24 now entitled Offensive Activities, Paragraph 3.25 now entitled Renting and Timesharing, Paragraph 3.26 now entitled Duty of Maintenance, amended Paragraph 3.26 entitled Duty of Maintenance by deleting (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x) and by deleting the entire paragraph (c) then making paragraph (d) the new paragraph (c), Paragraph 3.27 now entitled Maintenance of Common Area and Common Properties, Paragraph 3.28 now entitled Hunting and Firearms, Paragraph 3.29 now entitled Propane Tanks, deleted Paragraph 3.30 entitled Boats, Campers and Similar Property and made Mailboxes new Paragraph 3.30, Paragraph 3.31 now entitled Utility Service and Meters; Mechanical Equipment Screening, Paragraph 3.32 now entitled Removal of Unauthorized Signs, Paragraph 3.33 now entitled Noise, amended Paragraph 3.33 entitled Noise by deleting the first sentence, deleted Paragraph 3.34 entitled Signs and Paragraph 3.34 now entitled Hazardous Activities, Paragraph 3.35 now entitled Unsightly Articles, amended Paragraph 3.35 entitled Unsightly Articles by deleting entire paragraph except for first sentence, Paragraph 3.36 now entitled Animals, amended Paragraph 3.36 entitled Animals by adding “or on a leash” to first sentence and by deleting the last sentence, Paragraph 3.37 now entitled Livestock, amended Paragraph 3.37 entitled Livestock by changing “one animal unit” to “five animal units” and by amending wording of last sentence regarding Poultry, deleted Paragraph 3.38 entitled Mobil Homes and made Conflict Between Ordinances and Restriction new Paragraph 3.38, Paragraph 3.39 now entitled Variances, Paragraph 3.40 now entitled Declarant’s Cattle.

SETTLERS RIDGE

A SUBDIVISION IN MASON COUNTY, TEXAS THIRD AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

SETTLERS RIDGE is a subdivision in Mason County, Texas developed in accordance with creating a subdivision for homes and residences that blend with a natural setting of hill country living and aesthetics.

BN PROPERTY DEVELOPERS, L.L.C.
A Texas limited liability company

02/01/11

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SECOND AMENDED
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**THIRD AMENDED
DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS FOR

SETTLERS RIDGE**

A SUBDIVISION IN MASON COUNTY, TEXAS

**STATE OF TEXAS §
 §
COUNTY OF MASON §**

This **THIRD AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS** (the "Declaration") is made and executed on the date hereinafter set forth by BN Property Developers, L.L.C. (the "Declarant"), a Texas limited liability company.

WHEREAS, Declarant is the owner of 151 acres, more or less, out of and a part of the George Ischar Survey No. 858, Abstract No. 1239 and the H. & W. Survey No. 813, Abstract No. 485 in Mason County, Texas, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "Property"); and

AND WHEREAS, Declarant has caused the Property to be subdivide and platted into a subdivision in Mason County, Texas, known and to be known as "Settlers Ridge" a Subdivision in Mason County, Texas (the "Subdivision"), in accordance with the Final Plat of said Subdivision prepared by Robert Owens and filed for record in the office of the County Clerk of Mason County, Texas, contemporaneously with the filing of this Declaration (the "Plat"); and

AND WHEREAS, Declarant desires to create within the Subdivision a planned community with tracts, landscaping, entrance roads, and other common improvements for the benefit of the entire Subdivision and community;

AND WHEREAS, Declarant desires to provide for, among other matters, the preservation of the values and amenities in said community and for the maintenance of the entrance, landscaping and roads, and other common area/improvements; and, to this end, desires to subject the Property, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and for every owner of any part thereof;

AND WHEREAS, Declarant desires to reserve in favor of itself and of the Association herein established certain easements on and across the tracts in the Subdivision;

AND WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create a property owners' association to which would be delegated and assigned the powers of (i) maintaining and administering the common properties and facilities, (ii)

administering and enforcing the covenants and restrictions contained herein and (iii) collecting and disbursing the assessments and charges hereinafter created;

AND WHEREAS, Declarant has caused or will cause a non-profit corporation to be incorporated under the laws of the State of Texas for the purpose of effecting the intents and objectives herein set forth;

AND WHEREAS, Declarant does hereby agree that the Property is to be subdivided into numbered tracts according to the Plat and that all of the tracts of the Property shall be held, sold and conveyed subject to the covenants, conditions, stipulations and restrictions hereinafter set forth; and

NOW THEREFORE, for the purposes of creating and carrying out a uniform plan for the improvement and sale of the Property as a restricted subdivision, Declarant hereby adopts the Plat of the Subdivision and hereby imposes on the tracts in the Subdivision the basic restrictions set forth herein.

For the purpose of enhancing and protecting the value, attractiveness and desirability of the tracts in the Subdivision, and for the purpose of providing for the orderly development, use and enjoyment of the tracts in the Subdivision, Declarant hereby declares that all of the Property and all tracts in the Subdivision shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions hereinafter set forth, which shall constitute covenants running with the land and shall be binding upon all parties having any right, title or interest in the Property or in any of the tracts in the Subdivision, or any part thereof, and upon such parties' respective heirs, successors, legal representatives, devisees, lessees and assigns, and shall inure to the benefit of such parties and their respective heirs, successors, legal representatives, devisees, lessees and assigns, and shall henceforth be made a part by appropriate reference to this instrument, of each and every contract and deed covering the numbered tracts set forth on said Plat and same shall be considered a part of each contract and deed, as though fully incorporated therein.

ARTICLE I.

DEFINITIONS

1.01 "Architectural Control Committee" and "Committee" shall mean the architectural control committee established and referred to in this Declaration in Article VI hereof.

1.02 "Architectural Control Guidelines" shall mean the guidelines, rules and specifications promulgated, established and set forth from time to time by the Architectural Control Committee defining requirements for construction, maintenance, alterations and repairs of any and all structures and improvements within the Property and setting forth all other applicable rules and regulations pertaining to any matter over which the Architectural Control Committee has been granted control under this Declaration. The Architectural Control Guidelines may be prepared and filed of record at any time by the Architectural Control Committee and may be amended, modified and restated from time to time as determined in the discretion of the Architectural Control Committee.

1.03 "Association" shall mean and refer to **SETTLERS RIDGE PROPERTY OWNERS ASSOCIATION, INC.**, its successors and assigns.

1.04 “Common Area” and “Common Properties” shall mean all real property owned by the Association, regardless of when acquired, that is for the common use and enjoyment of the Owners, and shall include roads, drainage ways, drainage easements, access easements, main entrance and other common improvements. The Common Area to be owned by the Association shall initially consist of all the roads, drainage easements and ways, access easements, main entrance and fence and other common improvements. In certain circumstances, Common Area may not be owned by the Declarant or the Association in fee, but may, in some instances, be held as an easement, or may simply be areas of land that are not owned or leased by Declarant or the Association but which are maintained by the Association or the Declarant for the use and benefit of the Owners.

1.05 “Declarant” shall mean and refer to **BN PROPERTY DEVELOPERS, L.L.C.**, a Texas limited liability company, its successors and assigns.

1.06 “Tract” shall mean and refer to each of the tracts described or shown on the Plat, as amended from time to time. Tracts 1, 2, 9, 11 through 21 have access to the developments Water Distribution System and shall be referred to as Tracts A and all others will be Tract B.

1.07 “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any tract, or portion of a tract, but excluding those having such interest merely as security for the performance of an obligation.

1.08 “Property” shall mean and refer to that certain real property hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.09 “Residential Tracts” shall mean all of the Tracts in the Subdivision.

ARTICLE II.

RESERVATIONS AND DEDICATION

2.01 Roads. There is hereby reserved unto Declarant, its successors and assigns, perpetual easements and right-of-way in, along, under, over, across and through roads of every type shown on the Plat or map of the Subdivision to construct, operate, maintain, inspect, reconstruct and repair roads, together with the right to connect such roads with other roads. The roads are not dedicated to the public in any manner, but Declarant reserves for itself and its successors and assigns the right to dedicate such roads to the public at any time, in whole or in part, as determined in the discretion of the Declarant.

It is understood and acknowledged by Declarant that the reservation set forth in the Paragraph is for the primary purpose of Declarant having the ability to maintain and repair the roads in the Subdivision and which are shown on the recorded Plat and by such reservation; and Declarant does hereby assign, transfer and convey a non-exclusive easement appurtenant to each tract of land in Settler’s Ridge Subdivision, Plat Book No. 1, Page 12 Plat Records Mason County, Texas, for the purpose of providing access to each such tract for the Tract owners, their guests, servants, employees, contractors and invitees on foot, with wagons, carts, livestock, automobiles and machinery as may be necessary or convenient from time to time and in all seasons.

2.02 Utilities. There is hereby reserved unto Declarant, its successors and assigns, the exclusive right and easement into the roads and areas shown on the recorded Plat of the Property and also into any area designed as a utility easement on the recorded Plat of the Property, to lay, construct, maintain, operate, repair, replace and remove utility lines (including but without limitation, water lines, sewer lines, gas lines, electric lines, telephone and communication lines, and cable television lines, whether located above or below ground); and, further Declarant reserves for itself and its successors and assigns the exclusive right and easement, without further assent or permit from any Owner, to grant franchises and easements to any public or private utility company, municipality, cable service provider company, telephone company or water company, to lay, construct, maintain, operate, repair, replace and remove any type of public and private utility lines (including but not limited to, any electric, gas, water, sewer, cable service line, telephone line and any other type of utility line approved by Declarant) in said roads, easements and drives. For purposes hereof, Declarant and its successors and assigns shall have the right of access to and across each Tract in the Subdivision for the purpose of laying, constructing, maintaining, repairing and replacing the public and/or private utility lines. Any claims for damages, if any, by the construction, maintenance, repair thereon or replacement thereof on account of temporary or other inconvenience caused thereby against the Declarant or any public or private company or any other agent or servants, are hereby waived by any Owner and any Owner's heirs, successors and assigns.

2.03 Assignment and Transfer of Reservations. It is further reserved unto the Declarant, the exclusive right to transfer unto the Association or to any other person or company, by deed or other legal means, the Common Area, and the reservations as designated unto Declarant in this Article II.

ARTICLE III.

USE RESTRICTIONS

The Property and each Tract situated thereon shall be constructed, developed, reconstructed, repaired, occupied and used as follows and subject to the following terms and restrictions:

3.01 Residential Purposes. Each Residential tract (including land and improvements) shall be used and occupied for single family residential purposes only and no Owner or other Occupant shall use or occupy such Owner's Residential tract, or permit the same or any part, thereof to be used or occupied, for any purpose other than as a private single family residence for the Owner or such Owner's tenant and their families and domestic servants employed on the premises. As used herein the term "single family residential purposes" shall be deemed to prohibit specifically, but without limitation, the use of any Residential tract for a duplex apartment, garage apartment, or other apartment use; provided, however, if the design and specifications thereof are approved by the Architectural Control Committee, an Owner may construct a second residence on a Residential tract for private use as an apartment by a member of the Owner's family or by a domestic servant employed by the Owner.

3.02 Commercial Purposes. No tract shall be used for any public retail business or commercial use. There are no tracts in the Subdivision that are designated as commercial tracts. Use of a tract that qualifies as agricultural exemptions for property tax is acceptable, even if it is a commercial operation, but subject to the other restrictions contained herein, including paragraph 3.01. Residential tract owners may maintain an "in home" business such as an internet business, wholesale canning, production of arts and crafts, and the like, as long as signs are not displayed and the business does not generate regular vehicle traffic.

3.03 Replatting. No Residential tract shall be replotted or resubdivided; provided, however, that Declarant shall have and reserves the right, at any time, or from time-to-time, upon compliance with applicable law, to file a replat of the Plat to effect a resubdivision or reconfiguration of any tracts then owned by Declarant. Owners shall not unreasonably withhold or delay any necessary joinder in or consent to the replat or amendments to the Plat, but the failure of any Owner to grant such consent shall not affect or stop Declarant from being able to replat or to file a replat of the Plat. The privilege to replat tracts owned by the Declarant reserved in this section shall be exercisable only by Declarant.

3.04 Minimum and Maximum Floor Space. Each and every dwelling and other improvements constructed on any Residential Lot shall contain such minimum square feet and shall not exceed such maximum square feet as established and required by the Architectural Control Committee (as provided in Section 3.12 and Article VI hereof). In the absence of any determination by the Architectural Control Committee of the minimum and maximum square footage requirements, then each dwelling shall contain a minimum of 700 square feet of living space and a maximum of 4,000 square feet of living space. For purposes hereof, living space shall mean the interior of the premises for which ventilation, heating and air conditioning is provided.

3.05 Combining Tracts. If approved by the Architectural Control Committee, any person owning two or more adjoining Residential tracts may consolidate such Residential tracts into a single building location for the purpose of constructing one (1) residential structure on a Residential tract (the plans and specifications therefor must be approved as set forth in this Declaration) and such other improvements as are permitted herein; provided, however, any such consolidation must comply with the requirements and guidelines imposed by the Architectural Control Committee and the rules, ordinances and regulations of any governmental authority having jurisdiction over the Property. In the event of any such consolidation, the consolidated tracts shall be deemed to be a single Residential Lot for purposes of applying the provisions of this Declaration; provided, however, such Owner shall continue to pay assessments on such Residential tracts and shall be entitled to the number of votes as if such Residential tracts had not been consolidated. Any such consolidation shall give consideration to easements as shown and provided for on the Plat and any required abandonment or relocation of any such easements shall require the prior written approval of Declarant as well as the prior written approval of any utility company having the right to the use of such easements. Combining of portions of Residential tracts into a single building site is prohibited.

3.06 Setback Requirements and Building Location. The location of the main residence and any other building of any kind on each Residential tract shall be subject to the prior written approval of the Architectural Control Committee. No building or structure of any type shall be erected on any Residential tract nearer to the property lines than indicated by the minimum building setback line on the Plat. All front, side and rear setbacks must be approved by the Architectural Control Committee, and must meet the requirements of the Plat. No dwelling structures, including attached or detached garage or other accessory building, shall be located nearer to the front Residential tract line or nearer to a side Residential tract line than the building set back line shown on the recorded Plat or Plats of the Subdivision. However, with the prior written approval of the Architectural Control Committee (as part of its plan approval), open and unenclosed terraces or porches and eave and roof overhangs may project across the building set back line. Further, no dwelling structure, including any attached or detached garage or other accessory building, shall be located nearer the rear tract line than what is approved by the Architectural Control Committee. The Architectural Control Committee shall determine in which direction a dwelling or other building shall face on a Residential tract.

3.07 Height. No building or structure on any Residential Tract shall exceed, in height, the maximum height allowed by the Architectural Control Committee. Two story structures are permitted.

3.08 Access. No driveways or roadways may be constructed on any Residential Tract to provide access to any adjoining Residential Tract except as expressly provided on the Plat, or otherwise approved in writing by the Architectural Control Committee.

3.09 Drainage. Neither the Declarant nor its successors or assigns shall be liable for any loss of, use of, or damage done to, any shrubbery, trees, flowers, improvements, fences, walks, sidewalks, driveways, or buildings of any type or the contents thereof on any tract caused by any water levels, rising waters, or drainage waters. After the structure to be constructed on a tract has been substantially completed, the tract will be graded so that surface water will flow to the boundaries of the property or in conformity with the general drainage plans for the Subdivision as determined and established by Declarant and the Architectural Control Committee.

3.10 Utilities. Each residence situated on a Residential Tract shall be connected to the electric utility lines as soon as practicable. The owner of the tract is responsible to bring all utility and power lines from the nearest available connection point to the residence constructed on the tract. The Declarant will arrange to have the energy utility company provide power and electrical service to each Residential Tract, but the owner of each Tract is responsible for all connection charges and running all lines from the Owner's Tract to the nearest available connection point as directed by the utility provider. The installation and use of any propane, butane, LP Gas or other gas tank, bottle or cylinder of any type (except portable gas grills), on any Residential Tract shall require the prior written approval of the Architectural Control Committee, and, if so approved, the Architectural Control Committee may require that such tank, bottle or cylinder be installed underground or be screened from view. Other than noted otherwise, each residence situated on a Residential Tract shall be responsible for providing its own source of water, i.e. private water well, etc., and is responsible for the drilling, tie-in to the residence and maintenance thereof. Sewer service shall be by private septic (aerobic) system installed on each tract at the Owner's expense, and each private septic system, including the type and specifications of such system and the location thereof on the Residential Tract must be approved in writing by the Architectural Control Committee prior to installation. Each owner shall be required to maintain the private septic system installed on such Owner's tract in good operating condition, and in compliance with all applicable laws and regulations, and in compliance with all rules imposed by the Architectural Control Committee.

3.10(a) Unregulated Private Water System. With respect to Tracts A, the Association will provide water (Water Distribution System) to each Tract A in accordance with this paragraph. The Association will put meters adjacent to the road on each respective tract. It will be that property owner's responsibility to run a line or lines necessary to connect water from the meter to the improvements on the tract necessary for water servicing the improvements on the tract. There will be no fee for connection to the meter. Tract A owners will pay a monthly Water System Maintenance Fee equal to the monthly household fee for water charged by the City of Mason, Texas to its residents. There will be a fee for excess water consumption and such fee shall be three times the monthly Water System Maintenance Fee. Any maintenance or service to the water line within an owner's tract shall be the obligation of the tract owner. The Water System Maintenance Fee will be subject to upward adjustment every five (5) years. A description of the Water Distribution System is contained in Exhibit B.

3.11 Construction Requirements.

(a) The building plans, roof plans and exterior design, reflecting Hill Country aesthetics and overall appearance for all new dwellings and all other structures and improvements of any kind to be constructed or erected on any Residential Tract must be submitted and approved by the Architectural Control Committee prior to the start of construction. If the Architectural Control Committee does not accept or reject the plans within 30 days of receipt, they shall be deemed accepted. Further, the location and elevation of all dwellings and structures shall comply with all Mason County regulations and be approved by the appropriate County agency or department.

(b) All improvements of any kind shall be constructed in accordance with the Architectural Control Guidelines adopted and approved by the Architectural Control Committee.

(c) Upon the sale of any Residential Tract in the Subdivision by the Declarant to any third party, the third party who purchases such Residential Tract (the "Initial Purchaser") shall start and complete construction within twelve (12) months from the date The Architectural Control Committee approves the building plans and specifications. If the Owner of the Residential Tract fails to complete construction in accordance with these restrictions and the standards and specifications established by the Architectural Control Committee, then a special assessment shall be imposed on the owner and the Residential Tract in the amount of FIFTY DOLLARS (\$50.00) per day for each day that the owner is in breach of these restrictions, which assessment shall be payable to the Association, and which assessment shall be secured by a lien on the Residential Tract that is enforceable in the same manner as all other assessments provided for in Article V of these restrictions.

3.12 Landscaping. All Residential Tracts shall be landscaped as approved by the Architectural Control Committee. Each Residential Tract Owner shall be responsible for maintaining his own landscaping in a healthy condition.

3.13 Fences and privacy provisions. No fence, privacy provision, or hedge shall be erected, placed or altered on any Residential Tract unless otherwise approved by the Architectural Control Committee.

3.14 Trash Receptacles, Collection and Waste Materials. Each Residential Tract Owner shall make or cause to be made appropriate arrangements with a waste disposal company, for collection and removal of garbage and trash on a regular basis. If the Owner fails to make such provisions, the Association may do so and assess the costs thereof to the Owner. Each and every Owner shall observe and comply with any and all regulations or requirements promulgated by the Association in connection with the storage and removal of trash and garbage. Garbage cans and other receptacles shall (except when placed on a street or drive for regular collection purposes) be hidden or screened from public view. No Residential Tract shall be used or maintained as a dumping ground for garbage, trash, junk or other waste matter, nor for the storage of any junk vehicles and nor for the repair of any motor vehicle, boat or marine vessel. All trash, garbage, or waste matter shall be kept in adequate containers which shall be constructed of metal, plastic or masonry materials, with tightly-fitting lids, or other containers approved by the Association, and which shall be maintained in a clean and sanitary condition. No Residential Tract shall be used for open storage of any materials whatsoever, except that new building materials used in the construction of improvements erected on any Residential Tract may be placed upon such Tract at

the time construction is commenced and may be maintained thereon for a reasonable time, so long as the construction progresses without unreasonable delay, until completion of the improvements, after which the materials shall either be removed from the Residential Tract or stored in a suitable enclosure on the Residential Tract. No garbage, trash, debris, or other waste matter of any kind shall be burned or buried on any Residential Tract. "Fire Pits" for recreational purposes fabricated of steel or stone are permitted.

3.15 Exterior Lighting. Exterior lights shall not be constructed or placed on any Residential Tract that interferes with the use of other Residential Tracts.

3.16 Window Coolers and Window Treatments. No window or wall type air-conditioners or water coolers shall be permitted to be used, erected, placed or maintained on or in any residential building on any Residential Tract without the prior written approval of the Architectural Control Committee. No aluminum foil, reflective film or similar treatment shall be placed on any windows or glass without the prior written approval of the Architectural Control Committee.

3.17 Antennas Restrictions and Satellite Dishes. No radio or television aerial wires or antennas shall be maintained on the outside of any building on any Residential Tract nor shall any freestanding antennas of any style be permitted on any Residential Tract. All radio or television aerial wires or antennas must be built within the main structure and must not be visible from outside of such structure. Two satellite dishes are permitted on a residential structure constructed on any Residential Tract.

3.18 Temporary Structures and Vehicles. No temporary structure of any kind shall be erected or placed upon any Residential Tract. No trailer, mobile, modular or prefabricated home, tent, shack, barn or any other structure or building, other than the residence to be built thereon, shall be placed on any Residential Tract, either temporarily or permanently, and no residence, house, garage or other structure appurtenant thereto shall be moved upon any Residential Tract from another location, except for a construction trailer during construction; provided, however, that Declarant reserves the exclusive right to erect, place and maintain and to permit builders and real estate agents to erect, place and maintain such facilities in and upon the Property as in its sole discretion may be necessary or convenient during the period of and in connection with the sale of Tracts, construction and selling of residences and constructing other improvements on the Property. Such facilities may include, but not necessarily be limited to, a temporary office building, trailers, storage area, signs, portable toilet facilities and sales office. Any truck, bus, recreational vehicle, boat, boat trailer, jet ski, motorcycle, trailer, mobile home, campmobile, camper, tractor, farm equipment, lawn equipment or any vehicle other than conventional automobile shall, if brought within the residential area of the Subdivision, be stored, placed or parked within the garage of the appropriate Owner or concealed from view from adjoining Tracts, Common Properties, or public roads, unless approved in writing by the Architectural Control Committee. Temporary permits for any such type of vehicle or equipment may be granted in the discretion of the Architectural Control Committee.

3.19 Parking. Parking is not permitted at any time on any road. Parking in driveways is permitted.

3.20 Signs, Fountains and Yard Decorations. Other than a standard "for sale" sign of a size and design approved by the Architectural Control Committee, no signs shall be displayed to the public

view on any Residential Tract without the prior written approval of the Architectural Control Committee. With the prior written approval of the Architectural Control Committee, a sign or signs identifying the owner, builder and any architect or designer may be displayed during construction, but no other signs will be allowed.

3.21 Removal of Dirt. The digging of dirt or the removal of any dirt from any Residential Tract is prohibited, except as necessary in conjunction with landscaping or construction of improvements thereon.

3.22 Drilling and Mining Operations. No oil drilling, water drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Residential Tract, nor shall oil wells, water wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Residential Tract. No derrick or other structure designed for use in boring for oil, natural gas or water shall be erected, maintained or permitted upon any Tract. This section does not apply or pertain to water wells constructed on residential tracts for use by the occupants of such tract.

3.23 Driveways. Driveways should be constructed and completed in accordance with guidelines established by the Architectural Control Committee and should be of the same material and specification as the roads in the subdivision. Each driveway shall be at least 10 feet in width.

3.24 Offensive Activities. No noxious or offensive activity shall be conducted on any Residential Tract nor shall anything be done thereon which is or may become an annoyance or nuisance to the other Owners.

3.25 Renting and Timesharing. No Residential Tract or residence or other improvement constructed thereon shall be rented to any third party except for rentals made to a single family for a minimum period of at least six months. No Residential Tract or residence or other improvement constructed thereon shall be subject to any type of timesharing, fraction-sharing or similar program whereby the right to exclusive use of the Residential Tract or residence constructed thereon rotates among members of a program on a fixed or floating time schedule.

3.26 Duty of Maintenance.

(a) Owners and occupants (including lessees) of any Residential Tract shall, jointly and severally, have the duty and responsibility, at their sole cost and expense, to keep the Residential Tract so owned or occupied, including buildings, improvements, fences, landscaping, grounds and drainage easements and other rights-of-way incident thereto, and vacant land, in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to, the following:

(b) If, in the opinion of the Association, any such Owner or occupant has failed in any of the foregoing duties or responsibilities, then the Association may give such person written notice of such failure and such person must within ten (10) days after receiving such notice, perform the repairs and maintenance or make arrangements with the Association for making the repairs and maintenance required. Should any such person fail to fulfill this duty and responsibility within such period, then a

special assessment shall be imposed in the Owner and the Tract in the amount of \$50.00 per day of each day the Owner is in breach of these restrictions, which assessment shall be payable to the Association and which assessment shall be secured by a lien on the Tract that is enforceable in the same manner as all other assessments provided for in Article V of these restrictions.

(c) Each residential Tract shall be maintained consistent with the hill country theme of country living and aesthetics, i.e. natural growth of natural grasses and trees outside of any established lawn area.

3.27 Maintenance of Common Area and Common Properties. All landscaping and improvements placed or erected on the Common Area or Common Properties by Declarant or the Association shall be owned and maintained by the Association. For purposes hereof, the Association may contract with Declarant, any person or company affiliated with or related to Declarant, and any other person or company to maintain the Common Area and Common Properties on behalf of the Association, which contracts may be for such term and on such conditions as the Board of Directors of the Association may approve.

3.28 Hunting and Firearms. No hunting and no use or discharge of firearms, compound bows, or crossbows will be allowed in the Subdivision.

3.29 Propane Tanks. Omitted.

3.30 Mailboxes. Unless Declarant or the Association establishes a central mail center and receptacle for all mail, each Owner of a Residential Tract shall arrange for mail service at the Post Office.

3.31 Utility Service and Meters; Mechanical Equipment Screening. All utility service lines between meter points and dedicated utility easements shall be underground. Meters for utilities shall be screened from view from any road in the Subdivision. Air conditioning compressors and other external mechanical equipment must be screened from view from the roads in the Subdivision.

3.32 Removal of Unauthorized Signs. Declarant, or its agent, shall have the right to remove any sign not complying with the provisions of this subsection, and in so doing shall not be liable for any tort arising from such removal. Declarant may erect signs of any size in order to advertise the Subdivision and the availability of Tracts for sale in the Subdivision, as long as Declarant owns any Tracts.

3.33 Noise. No noise or other nuisance shall be permitted to exist or operate upon any Residential Tract so as to be offensive or detrimental to any Residential Tract or to its occupants.

3.34 Hazardous Activities. No activities shall be conducted on a Tract and no Improvements shall be constructed on a Tract which are or might be unsafe or hazardous to any person or property.

3.35 Unsightly Articles. Omitted.

3.36 Animals. No domestic household pet or domestic livestock 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 Tract of its Owner unless confined or on a leash. No more than three (3) dogs and three (3) cats shall be kept housed or sheltered upon a Tract. No domestic pet may be caged or boarded for hire or remuneration on the Property and no kennels or breeding operations of domestic pets will be allowed. Domestic livestock shall be kept within enclosed areas on a Tract which must be clean, sanitary and reasonably free of refuse, insects and waste at all times. Such enclosed area shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof. Enclosures for domestic pets shall be screened so as not to be visible from the front side of the Tract at street level. Dog runs shall not be visible from any portions of the Property at street level. Vicious or dangerous animals shall not be kept, housed or sheltered on the Property.

3.37 Livestock. Domestic livestock shall be permitted provided not more than five animal units, as defined by rules of the Architectural Control Committee, shall be permitted for each five (5) acres owned by an Owner. "Livestock" means a domesticated animal that derives its primary nourishment from vegetation, supplemented as necessary with commercial feed. Livestock includes, but is not limited to, meat or dairy cattle, horses, goats, and sheep. Swine will not be allowed to be kept on the property. Poultry will be allowed to be kept on the property and must be contained in poultry housing and fenced and will not include more than twelve (12).

3.38 Conflict Between Ordinances and Restrictions. In the event of any conflict between the restrictions contained in this Declaration and any ordinances, laws, rules, or regulations of any municipal or other governmental authorities having jurisdiction over the Subdivision or the construction of improvements therein, then such ordinances, laws, rules and regulations, shall control, except however, that if these restrictions contained herein are in any respect more restrictive than such ordinances, laws, rules, or regulations, than the restrictions contained herein shall control.

3.39 Variances. The Board of Directors of the Association may, in its discretion, approve a variance of any of the use restrictions or other restrictions contained in this Declaration in order to overcome practical difficulties and prevent unnecessary hardships in the application of the restrictions set forth herein, provided that such variance will not be materially detrimental or injurious to the other Tracts and the Subdivision.

3.40 Declarant's Cattle. Declarant shall have the right to maintain a herd of cattle on each Tract until said Tract is fenced by the Purchaser of said Tract.

ARTICLE IV.

PROPERTY OWNERS ASSOCIATION

4.01 Property Owners Association. Declarant will organize or cause to be organized an association which will be organized for the purposes hereinafter mentioned, and such Association shall be called "**SETTLERS RIDGE PROPERTY OWNERS ASSOCIATION, INC.**" The Association shall have the right and obligation to maintain the Common Area and Common Properties once Declarant turns over and assigns such right and obligations to the Association. The Association shall administer the maintenance fund hereinafter provided within these restrictions. The Association shall have all of the powers and authority set forth in its Articles of Incorporation and Bylaws, together with the general powers of a nonprofit corporation, and together with the powers and authority set forth in this Declaration, and shall have the power and authority to do any and all lawful things which may be

authorized, required or permitted to be done by applicable law.

4.02 Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Residential Tract shall be a member of the Association. Each Residential Tract shall carry with it one vote in the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of a Residential Tract.

4.03 Suspension of Voting Rights. The Association may suspend the voting rights of any Owner for any period during which any assessment against that owner's Tract remains unpaid.

4.04 Bylaws. The Association shall have Bylaws that set forth such other and further rules and regulations governing the Association and its operation.

4.05 Limitation on Voting Rights of Members. Notwithstanding the provisions of Section 4.02, no Member and no owner of any Tract shall be entitled to exercise any voting rights with respect to the Association until Declarant transfers and assigns control of the Subdivision and the Association to the Board of Directors of the Association by written instrument executed by Declarant and filed for record in the Office of the County Clerk of Mason County, Texas. Until such time, Declarant shall retain all voting rights with respect to the Association and Declarant shall be in sole control of the Association and of the Association's Board of Directors and each owner of a Tract hereby irrevocably appoints and designates Declarant as its sole agent to exercise all voting rights on behalf of the owner with respect to the owner's membership interest in the Association. Declarant agrees that it will relinquish its control and transfer and assign control of the Subdivision and the Association to the Board of Directors and its members not later than 45 days after Declarant has sold all of the Tracts within the Subdivision (including any additional tracts that are added to and become subject to this Declaration pursuant to the provisions of Section 10.01 hereof).

4.06 Fines for Violations. The Association may assess fines for violations of the covenants and restrictions contained in this Declaration and/or Rules and Regulations in amounts to be set by the Board of Directors, which fines shall be secured by the continuing assessment lien set out in this Declaration.

ARTICLE V.

COVENANTS AND MAINTENANCE ASSESSMENTS

5.01 Creation of the Lien and Personal Obligation of Assessments. Each purchaser and Owner of any Residential Tract, by acceptance of a deed or other conveyance document creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance document, shall be deemed to covenant and agree (and such covenant and agreement shall be deemed to constitute a portion of the consideration and purchase money for the acquisition of the Tract), to pay to the Association (or to an entity or collection agency designated by the Association): (1) annual maintenance assessments or charges (as specified in Section 5.04 hereof), such assessments to be fixed, established and collected from time to time as herein provided; (2) special assessments for capital improvements and other purposes (as specified in Section 5.05 hereof), such assessments to be fixed, established and collected from time to time as hereinafter provided; and (3)

individual special assessments levied against one or more Owners to reimburse the Association for any reasonable expenses incurred in enforcing these Restrictions against any Owner and for extra costs for maintenance and repairs caused by the willful or negligent acts or omissions of such Owner or Owners, his Tenants (if applicable), and their respective family, agents, guests and invitees, and not caused by ordinary wear and tear (as specified in Section 5.05 hereof), all of such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual maintenance, special capital, and special individual assessments described in this Section 5.01 (hereinafter, the "Assessment" or the "Assessments") together with interest thereon, attorneys' fees, court costs and other costs of collection thereof, as herein provided, shall be a charge on the land and shall be a continuing lien upon each Tract against which any such Assessment is made. Each such Assessment, together with interest thereon, attorneys' fees, court costs, and other costs of collection thereof shall also be the continuing personal obligation of the Owner of such Tract at the time when the Assessment fell due. Further, no Owner may exempt himself from liability for such Assessments or waive or otherwise escape liability for the Assessments by non-use of the Common Properties or abandonment of his Tract. Existing obligations of an Owner to pay Assessments and other costs and charges shall not pass to bona fide first lien mortgagees which become Owners by reason of foreclosure proceedings or an action at law subsequent to the date the Assessment was due; provided, however, any such foreclosure proceeding or action at law shall not relieve such new Owner of such Tract from liability for the amount of any Assessment thereafter becoming due nor from the lien securing the payment of any subsequent Assessment.

5.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for (i) the purpose of enforcing these restrictions and for the promotion of the recreation, comfort, health, safety and welfare of the Owners and/or the residents of the Subdivision; (ii) managing the Common Area and Common Properties; (iii) enhancing the quality of life in the Subdivision and the value of the Tracts; (iv) improving and maintaining the Common Area and Common Properties, the properties, services, improvements and facilities devoted to or directly related to the use and enjoyment of Improvements, including, but not limited to, the payment of taxes on the Common Area and Common Improvements and insurance in connection therewith and the repair, replacement and additions thereto; (v) paying the cost of labor, equipment (including, the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Area Improvements; (vi) carrying out the powers and duties of the Board of Directors of the Association as set forth in this Declaration and the Bylaws; (vii) paying the contractual obligations, debts and liabilities of the Association; (viii) carrying out the purposes of the Association as stated in its Articles of Incorporation; (ix) pay all costs associated with maintaining Common Improvements, including but not limited to, utilities, landscaping and maintenance; and (x) carrying out the powers and duties relating to the Architectural Control Committee, after Declarant has delegated or assigned such powers and duties to the Association.

5.03 Improvement and Maintenance of the Common Area Improvements Prior to Conveyance to the Association. Initially, all improvement of the Common Area Improvements shall be the responsibility of the Declarant and shall be undertaken by Declarant at its sole cost and expense with no right to reimbursement from the Association. After the initial improvements to the Common Improvements are substantially completed and until the date of the conveyance of the title to the Common Improvements to the Association, the Declarant, on behalf of the Association, shall have the responsibility and duty (but with right of Assessment against all Owners) of maintaining the Common Area Improvements, including, but not limited to, the payment of taxes on and insurance in connection

with the Common Area Improvements 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 Area Improvements. In this regard, and until such time as the Common Area Improvements are conveyed to the Association, all Assessments collected by the Association (less such amount 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 maintain the Common Area Improvements as set forth in this Paragraph. The Association may rely upon a certificate executed and delivered by the Declarant with respect to the amount required by Declarant to maintain the Common Area Improvements hereunder.

5.04 Annual Maintenance Assessments. Each Residential Tract and property owner shall be subject to an annual maintenance assessment to provide and pay for any of the purposes set forth in Section 5.02 above (herein sometimes referred to as the "Annual Maintenance Assessment"). The following provisions shall apply for the Annual Maintenance Assessment:

(a) Commencing with the year beginning **January 1, 2010**, and each year thereafter, each Member shall pay to the Association an annual maintenance assessment in such amount as set by the Board of Directors, at its annual meeting next preceding such **January 1, 2010**, and each successive January 1 thereafter, except that the meeting setting forth the first year's assessment may take place at any time during 2010.

(b) Subject to the provisions of Section 5.04(c) below, the rate of annual maintenance assessments may be increased by the Board. The Board may, after consideration of current maintenance, operational and other costs and the future needs of the Association, fix the annual maintenance assessments for any year at a lesser amount than that of the previous year.

(c) An increase in the rate of the annual maintenance assessments as authorized by Section 5.04(b) hereof in excess of twenty-five percent (25%) of the preceding year's annual maintenance assessments must be approved by the majority vote of the Members of the Association.

(d) When the annual maintenance assessment is computed for Tracts, all or a portion of such annual maintenance assessment shall be payable to the Association by the Member; provided, however, notwithstanding anything herein to the contrary, Declarant shall not be liable for or obligated to pay regular annual assessments on any unsold tract. Furthermore, notwithstanding anything herein to the contrary, a Builder (as that term is hereinafter defined) shall not be liable for or obligated to pay regular annual assessments on any Tract owned by such Builder until the earliest of (i) the substantial completion of improvements thereon, (ii) the conveyance by such Builder of the Tract (except a reconveyance to Declarant), or (iii) one year after such Builder has acquired record title to such Tract. For the purposes of this paragraph, the term "Builder" shall be construed to mean a person or entity who shall purchase or acquire from Declarant one or more unimproved Tracts for the purpose of construction of improvements thereon for sale to the public.

(e) The Board of Directors may provide that annual maintenance assessments shall be paid monthly, quarter-annually, semi-annually or annually on a calendar year basis. No later than thirty (30) days prior to the beginning of each fiscal year of the Association, the Board shall

(I) estimate the total common expenses to be incurred by the Association for the forthcoming fiscal year, (ii) determine, in a manner consistent with the terms and provisions of this Declaration, the amount of the annual maintenance assessments to be paid by each Member, and (iii) establish the date of commencement of the annual maintenance assessments. Written notice of the annual maintenance assessments to be paid by each Member and the date of commencement thereof shall be sent to every Member, but only to one (1) joint Owner. Each Member shall thereafter pay to the Association his annual maintenance assessment in such manner as determined by the Board of Directors.

(f) The annual maintenance assessments shall include reasonable amounts, as determined by the Members or by the Board, collected as reserves for the future periodic maintenance, repair and/or replacement of all or a portion of the Common Area Improvements. Assessments collected as reserves shall not be considered to be advance payments of regular annual maintenance assessments.

5.05 Special Capital Assessments and Special Individual Assessments.

(a) In addition to the annual maintenance assessments authorized in Section 5.04 hereof, the Board of Directors of the Association may levy in any calendar assessment year a special capital assessment for the purpose of (I) defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of improvements upon the Property or Common Area Improvements, including the necessary fixtures and personal property related thereto (ii) maintaining portions of the Common Area Improvements, including but not limited to, maintaining, repairing and replacing roads, lights, ditches and landscaping or (iii) carrying out other purposes of the Association; provided, however, that any such special capital assessment levied by the Association must be approved by at least two-thirds (2/3) vote of each class of Members who are voting, either in person or by proxy, at a meeting duly called for that purpose at which a quorum of Members is present. Any special capital assessment levied by the Association shall be paid by the Members directly to the Association on such date or dates as determined by the Board of Directors. All such amounts collected by the Association may only be used for the purposes set forth in this Section 5.05. Written notice of any meeting of the Members called for the purpose of taking action to approve a proposed special capital assessment shall be sent to all Members not less than ten (10) days and not more than sixty (60) days, in advance of such meeting. Such notice shall state that the purpose (or one of the purposes) of the meeting is to vote upon a special assessment, specifying the purpose of the proposed special assessment. At the first such meeting called, the presence of Members, either in person or by proxy, entitled to case fifty percent (50%) of more of all of the votes of each class shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements and the required quorum at such second meeting shall be one-half (1/2) of the required quorum for the first meeting. Such second meeting shall be held not more than sixty (60) days after the first called meeting.

(b) The Board of Directors of the Association may levy special individual assessments against one or more Owners for (I) reimbursement to the Association of the costs for repairs to the Property or Common Area Improvements occasioned by the willful or negligent acts of such Owner or Owners and not ordinary wear and tear; (ii) for payment of fines, penalties or other charges imposed against an Owner or Owners relative to such Owner's failure to comply

with the terms and provisions of this Declaration, the Bylaws of the Association or any rules or regulation promulgated hereunder; and (iii) to reimburse the Association for all reasonable expenses incurred to enforce these Restrictions, including but not limited to, attorney's fees and litigation expenses. Any special individual assessment levied by the Association shall be paid by the Owner or Owners directly to the Association. All amounts collected by the Association as special individual assessments under this Section 5.05 shall belong to and remain with the Association.

5.06 Uniform Rate of Annual Maintenance Assessments and Special Capital

Assessments. Both annual maintenance assessments and special capital assessments (excepting therefrom special individual assessments) must be fixed at a uniform rate for all Tracts, and be payable as set forth herein. In determining the uniform rate for all Tracts, the Board may determine to set and assess such rates in any way that is reasonable and uniform to all Tract owners, including setting a flat per for each Residential Tract, a rate based on the size of each Tract, a rate based on the frontage each Tract may have to the roads, or under any such other method as determined by the Board. Such rates may differ for different assessments.

5.07 Date of Commencement of Assessments; Due Dates; No Offsets. The annual maintenance assessments provided for herein shall commence on the date fixed by the Board of Directors to be the date of commencement and, except as hereinafter provided, shall be payable monthly, quarter-annually, semi-annually or annually, in advance, on the first day of each payment period thereafter, as the case may be and as the Board of Directors shall direct. The first annual maintenance assessment shall be made for the balance of the calendar year in which it is levied. The amount of the annual maintenance 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 maintenance assessment provided for in Section 5.04 hereof as the remaining number of months in that year bears to twelve; provided, however, that if the date of commencement falls on other than the first day of a month, the annual maintenance assessment for such month shall be prorated by the number of days remaining in the month. The due date or dates, if to be paid in installments, of any special capital assessment or special individual assessment under Section 5.05 hereof shall be fixed in the respective resolution authorizing such assessment. Annual maintenance, special capital and special individual assessments may be established, collected and enforced by the Declarant at any time prior to the incorporation of the Association. All Assessments shall be payable in the amount specified by the Association and no offsets against such amount shall be permitted for any reason. Notwithstanding anything contained herein to the contrary, the regular annual assessments provided for in this Declaration shall not attach to any Tract until the first to occur of the following (I) the conveyance of a Tract by Declarant to an Owner (other than a Builder), (ii) thirty (30) days following the substantial completion of a residence upon a Tract owned by Declarant, or (iii) with respect to a Tract conveyed by Declarant to a Builder, the earlier of the substantial completion of a residence thereon, the conveyance by the Builder of such Tract (except for conveyance to Declarant), or two hundred seventy (270) days after the Builder has acquired title to such Tract. A Builder for purposes hereof shall be a person or entity who acquires a Tract for purposes of construction thereon a residence for sale for a profit and who is in the home construction business.

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

(a) The Board of Directors shall fix the date of commencement and the amount of the annual maintenance assessment against each Tract for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Tracts and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.

(b) Written notice of all assessments shall be delivered or mailed to every Owner subject thereto. Such notice shall be sent to each Owner at the last address provided by each Owner, in writing, to the Association.

(c) The omission of the Board of Directors to fix the assessments within the time period set forth above for any 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 fixed.

(d) The Board of Directors shall upon demand at any time furnish to any Owner liable for said assessment a certificate signed by an officer or agent of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of such certificates.

5.09 Non-Payment of Assessment.

(a) Delinquency. Any Assessment, or installment thereof, which is not paid in full when due shall be delinquent on the day following the due date (herein, "delinquency date") as specified in the notice of such Assessment. The Association shall have the right to reject partial payment of an Assessment and demand full payment thereof. If any Assessment or part thereof is not paid within ten (10) days after the delinquency date, the unpaid amount of such Assessment shall bear interest from and after the delinquency date until paid at a rate equal to the lesser of (i) eighteen percent (18%) per annum or (ii) the maximum lawful rate.

(b) The unpaid amount of any Assessment not paid by the delinquency date shall, together with the interest thereon as provided in Section 5.09(a) hereof and the cost of collection thereof, including reasonable attorneys' fees, become a continuing lien and charge on the Tract of the non-paying Owner, which shall bind such Tract in the hands of the Owner, and his heirs, executors, administrators, devisees, personal representatives, successors and assigns. The lien shall be superior to and other liens and charges against the Tract, except only for tax liens and the lien of any bona fide first mortgage or first deed of trust now or hereafter placed upon such Tract. A subsequent sale or assignment of the Tract shall not relieve the Owner from liability for any Assessment made prior to the date of sale or assignment and thereafter becoming due nor from the lien of any such Assessment. The Board shall have the power to subordinate the lien securing the payment of any Assessment rendered by the Association to any other lien. Such power shall be entirely discretionary with the Board. As hereinbefore stated, the personal obligation of the Owner incurred at the time of such Assessment to pay such Assessment shall remain the personal obligation of such Owner and shall not pass to such Owner's successors in

title unless expressly assumed by them in writing. Liens for unpaid Assessments shall not be affected by any sale or assignment of a Tract and shall continue in full force and effect. No Owner may exempt himself from liability for such Assessments or waive or otherwise escape liability for the Assessments by non-use of the Common Properties or abandonment of his Tract.

To evidence any lien, the Association shall prepare a written notice of lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Tract covered by such lien and a description of the Tract covered by such lien. Such notice shall be executed by one of the officers of the Association and shall be recorded in the Office of the County Clerk of Mason County, Texas.

(c) Remedies. The lien securing the payment of the Assessments shall attach to the Tract belonging to such non-paying Owner with the priority set forth in this Section. Subsequent to the recording of a notice of the lien, the Association may institute an action at law against the Owner or Owners personally obligated to pay the Assessment and/or for the foreclosure of the aforesaid lien. In any foreclosure proceeding the Owner shall be required to pay the costs, expenses and reasonable attorneys' fees incurred by the Association. In the event an action at law is instituted against the Owner or Owners personally obligated to pay the Assessment there shall be added to the amount of any such Assessment:

- (i) the interest provided in this Section,
- (ii) the costs of preparing and filing the complaint in such action,
- (iii) the reasonable attorneys' fees incurred in connection with such action, and
- (iv) any other costs of collection;

and in the event a judgment is obtained, such judgment shall include interest on the Assessment as provided in this Section and a reasonable attorneys' fee to be fixed by the court, together with the costs of the action.

Each Owner, by acceptance of a deed to a Tract, hereby expressly vests in the Association or its agents or trustees the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid liens by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to Section 51.002 of the Texas Property Code, and such Owner hereby expressly grants to the Association the private power of sale in connection with said liens. The Association may also suspend the Association membership and voting rights of any Owner who is in default in payment of any Assessment in accordance with this Declaration and/or the Bylaws. To secure and enforce the payment of all assessments provided for in this Declaration, together with all interest accrued or accruing thereon and attorney's fees and other costs reasonably incurred by the Association in collecting the same, and for the auxiliary and cumulative enforcement of said lien, and in consideration of the sum of \$1.00 to Declarant in hand paid by the Trustee hereinafter named, and for the further consideration of the uses, purposes and trusts hereinafter set forth, Declarant has granted, sold, and conveyed, and by these presents does grant, sell, and convey unto Lance Fox, Trustee, of Jefferson County, Texas, whose mailing address is P. O. Box 5607, Beaumont, Texas 77726, and any substitute or

successor trustee appointed hereunder by Declarant or the Association (each of whom shall have the power to appoint a successor trustee), each of the Tracts in the Subdivision, to have and to hold the said Tracts unto the said Trustee, and to his substitutes or successors forever. Declarant does hereby bind itself, its successors and assigns, to warrant and forever defend the Tracts unto the said Trustee, his substitutes, successors and assigns forever, against the claim or claims of all persons claiming or to claim the same, or any part thereof by, through, or under Declarant, and so subject to any superior liens and all items of record in the office of the County Clerk of Mason County, Texas on the date hereof affecting the Tracts, for and upon the following trusts, terms, covenants, and agreements, to-wit:

(i) This conveyance, however, is made in trust to secure the payment of all assessments provided for in this Declaration (whether now owed or hereafter ever accruing to the Association). Should Declarant, its successors and assigns, make full payment of the assessments hereby secured as the same shall become due and payable, then this conveyance shall become null and void and of no further force and effect.

(ii) In the event, however, of default in the payment of any assessment hereby secured, in accordance with the terms of this Declaration, it shall thereupon, or at any time thereafter, be the duty of the Trustee or his successor or substitute, at the request of the Association (which request is hereby conclusively presumed), to enforce this trust against the Tract against which the assessment is due and owing in the manner provided in §51.002 of the Texas Property Code, as then amended; and after giving notice and advertising the sale as provided in said §51.002 (but without any other action than is required by said §51.002 as then amended) and otherwise complying with that statute, the Trustee shall sell the Tract (including any improvements thereon) at public sale as provided in said §51.002 and make due conveyance to the purchaser or purchasers thereof, with covenants of general warranty binding upon the then Owner of such Tract and such Owner's heirs, executors, administrators and successors.

(iii) Out of the money arising from such sale, the Trustee acting shall first pay all expenses of advertising said sale and making the conveyance (including a Trustee's fee of 5% of the gross sales proceeds), and then to the Association the full amount of assessments owing, together with interest thereon and reasonable attorneys' fees and expenses, rendering the balance of the sale price, if any, to the Owner of said Tract prior to such sale, his heirs or assigns, or to such other person or persons as may be legally entitled thereto. The recitals in the conveyance to the purchaser or purchasers of such Tract shall be full and conclusive evidence of the truth of the matters therein stated, and all prerequisites to said sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against the Owner of such Tract prior to such sale, his heirs, executors, administrators, successors and assigns.

(iv) It is agreed that in the event foreclosure should be commenced by the Trustee, or his substitute or successor, the Association, as beneficiary hereunder, may at any time before the sale of the Tract direct the abandonment of the sale and may then institute suit for the collection of the assessments, interest and collection costs then owing to the Association, and, at the election of the Association, for judicial foreclosure of the assessment lien. It is further agreed that if the Association should institute suit for collection and for judicial foreclosure of the assessment lien, the Association may, at any

time prior to the entry of a final judgment in said suit, dismiss the same and require the Trustee, or his substitute or successor, to sell the Tract against which the assessment is then owing in accordance with the provisions of this Section 5.09(c).

(v) In case of the absence, resignation, death, inability, failure or refusal of the Trustee herein named or of any substitute trustee appointed hereunder to act, or in the event that the Association shall deem it desirable to remove without cause the Trustee or any substitute trustee and appoint another to execute this trust, then in any of such events, the Association shall have the right and is hereby authorized and empowered to appoint a successor and substitute without any formality other than an appointment and designation in writing; and this appointment shall vest in him, as substitute or successor trustee, the estate and title in and to all said Tracts, and he shall thereupon hold, possess, and execute all the rights, title, powers and duties herein conferred upon the Trustee named herein. The right to appoint a successor substitute trustee shall exist as often and whenever from any of said causes any trustee, original or substitute, cannot or will not act, resigns, or has been removed with or without cause.

(vi) The exercise or attempted exercise of the power of sale herein contained shall not exhaust the power of sale and shall not prevent and subsequent exercise thereof.

(vii) The Association, as beneficiary hereunder, if it is the highest bidder, shall have the right to purchase at any sale of a Tract pursuant hereto and to have the amount for which such Tract is sold credited against the indebtedness then owing on such Tract to the Association.

(viii) It is especially agreed that in the event of a foreclosure under the powers granted herein, the person in possession of the Tract sold shall thereupon become a tenant at will of the purchaser or purchasers at the foreclosure sale. Should such tenant then refuse to surrender possession of the Tract upon demand, the purchaser or purchasers shall be entitled to institute and maintain a statutory action for forcible detainer of said Tract in the justice of the peace court for the justice precinct in which the Tract is situated. The bringing of an action for forcible detainer shall not preclude the bringing of any other action for the possession of said Tract, and the bringing of one character of action shall not preclude the other and same may be exercised separately or simultaneously.

(d) Notice to Mortgages. The Association may, and upon the written request of any mortgagee holding a prior lien on any part of the Property, shall report to said mortgagee any Assessments remaining unpaid for longer than thirty (30) days after the delinquency date of such Assessment.

5.10 Subordination of the Lien to Mortgages. The lien securing the payment of the Assessments shall be subordinate and inferior to the lien of any perfected First Mortgage granted by an Owner in good faith now or hereafter recorded against any Tract. A First Mortgage is defined as (a) a mortgage or deed of trust which has first and paramount priority under applicable law, (b) a mortgage or deed of trust securing an "equity loan" pursuant to §50(a)(6) of Article XVI of the Texas Constitution, or (c) a mortgage or deed of trust securing a "reverse mortgage" pursuant to §50(a)(7) of Article XVI of the

Texas Constitution, provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale, whether public or private, of such property pursuant to the terms and conditions of any such mortgage or deed of trust. Such sale shall not relieve the new Owner of such Tract from liability for the amount of any Assessment thereafter becoming due nor from the lien securing the payment of any subsequent assessment.

5.11 Exempt Property.

The following property subject to this Declaration shall be exempted from the assessments, charges and liens created in Section 5.04 and Section 5.05(a) hereof:

- (a) All roads constructed by Declarant; and
- (b) All Common Properties (Common Area Improvements).

5.12 Estoppel Information from Board with Respect to Assessments. The Board shall upon demand at any time furnish to any Owner liable for an Assessment, a certificate in writing signed by an officer of the Association, setting forth whether said Assessment has been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid. A reasonable charge may be made by the Board of Directors of the Association for the issuance of such certificates. Within ten (10) days after the date a written request for subdivision information is received from an Owner, Owner's agent, or a title insurance company or its agent acting on behalf of an Owner, the Association shall deliver to the Owners, Owner's agent, or the title insurance company or its agents, (i) a current copy of the Declaration applying to the Addition, (ii) a current copy of the By-laws and rules of the Association, and (c) a resale certificate that complies with §207.003(b) of the Texas Property Code, as amended. The Association may establish and collect a reasonable charge to assemble, copy, and deliver the information required by §207.003 of the Texas Property Code, as amended.

ARTICLE VI.

ARCHITECTURAL REVIEW

6.01 Approval Required by Architectural Control Committee. No building, structure, fixture or improvement of any kind may be erected or constructed, and no exterior addition to or change in any structure may be made (including repainting or re-roofing involving a change in exterior color scheme), and no building, outbuilding, fence, wall, hedge, room addition, residence, structure, porch, terrace, antenna or other projection from a structure (whether of a temporary or permanent nature, and whether or not such structure shall be affixed to the ground) nor any other improvement (including but not limited to, swimming pools, hot tubs, spas, fountains, fences, outdoor kitchen, sport courts, basketball goals, landscaping, light fixtures, mailbox nor any other type of improvement) may be constructed, commenced, erected, maintained, improved or altered, nor may any grading, excavation, tree removal, planting, change or exterior color or other work which in any way alters the exterior color or other work which in any way alters the exterior appearance of any Tract or improvement be done on any Tract, until the plans and specifications showing the nature, kind, shape, height, materials and location of same shall have been submitted in writing and approved in writing by the Architectural Control Committee (hereinafter sometimes called the "Committee" regarding (a) the harmony of its exterior design and

location in relation to, and its effect upon surrounding structures, vegetation, topography, and the overall community design of the Property, (b) the type and quality of the exterior materials, (c) the quality of the exterior workmanship, (d) the location of the planned improvements with respect to topography and in relation to other existing or planned structures in the Subdivision, and (e) compliance with the terms of this Declaration and guidelines adopted by the Architectural Control Committee. The plans submitted to the Committee shall at a minimum show the (a) kind, shape, size, height and exterior color scheme, (b) the locations of all improvements, including driveways, sidewalks, and off-street parking, (c) utility installations, (d) the kind, nature, and quality of materials, (e) finished grade, topography, and elevation, and (f) site landscaping.

The Board of Directors shall have the right to review any action or non-action taken by the Committee and shall be the final authority.

The Committee, at its sole discretion and to the extent herein not expressly prohibited by this Declaration is hereby permitted to approve in writing deviations in the general use restrictions set forth in Article III in instances where, in its judgment, such deviations will result in a more common beneficial use and enhance the overall development plan for the Property. In the event the Committee fails to approve a written request for a deviation in the general use restrictions within thirty (30) days after receipt thereof, such request shall be deemed to be disapproved. The approval of a deviation in the general use restrictions by the Committee does not obligate the Committee to approve a similar deviation at a later time. Notwithstanding any other provision contained herein, any additions, or improvements erected or placed on any Tract shall be deemed to comply with the building requirements of the Committee and related covenants contained in the Declaration unless the Committee so notified the Owner in writing within four (4) years from the completion thereof. This provision, however, shall not be deemed a waiver of the right of the Committee or Declarant to enforce the continuing restriction of use contained herein.

The Committee shall have the authority hereunder to require any Owner or Owner's agents or contractors to cease and desist in constructing or altering any improvements on any Tract, where such actions have not first been reviewed and approved, constitute a violation of this Declaration or any guidelines promulgated by the Committee. The violating Owner shall remove such violating improvements or site work at its sole expense and without delay, returning same to its original condition or bringing the Tract into compliance with this Declaration, Committee documents and any plans and specifications approved by the Committee for construction on that Tract. If an Owner proceeds with construction that is not approved by the Committee, or that is a variance of the approved plans, the Association may assess a special assessment of \$50.00 per day of each day and may continue to assess such special assessment until Committee approval is granted or the violation is removed. This Declaration is notice of such liability for violation and Owners hereby agree to bear the cost and expense to cure any violations according to this provision, regardless of the substantial cost, time or loss of business involved.

Written notice may be delivered to owner or any agent or contractor with apparent authority to accept same and notice shall be binding on Owner as if actually delivered to Owner.

The Committee or its agents or assigns shall have the right, but not the obligations, to enter any Tract to determine if violations of this Declaration or any other documents promulgated by the Committee exist. In so doing, the Committee shall not be subject to any liability for trespass, other tort

or damages in connection with or arising from such entry nor in any way shall the Association or its agent be liable for any accounting or other claim for such action.

The Committee shall have the right to set time constraints for both the commencement and completion of construction.

The Committee has the right to charge a reasonable review fee, to be established by the Board of Directors, for review of any plans or specifications submitted for approval to the Committee.

“Architectural Guidelines” means a publication to the Committee that sets forth general guidelines as to various standards, including but not limited to construction types aesthetics, and exterior harmony of any and all improvements placed upon or constructed on any Tract, which publication may be amended without notice to Owners.

6.02 Appointment of Committee. The Committee shall be composed of at least three (3) members. The initial members of the Committee shall be appointed by Declarant. The Declarant shall have the right, in its sole discretion, to remove any existing member of the Committee and to increase the number of members of the Committee and to appoint such additional member(s) as may be required to fill the vacancy or vacancies resulting from the increase in the number of the members thereof, such action to be taken and effected by Declarant’s (or its successor’s) executing a written instrument reflecting such action and filing it for record in the office of the County Clerk of Mason County, Texas. Upon the failure to appoint an Architectural Control Committee, the Board of Directors of the Association shall serve as the Architectural Control Committee. Persons serving on the Committee shall not be entitled to compensation for services performed on the Committee; provided, however, the Board of Directors may approve and authorize the payment of reasonable compensation for service on the Committee by any architect, engineer, attorney or other licensed professional. In addition, the Committee, with the approval of the Board of Directors, may employ one or more architects, engineers, attorneys, or other consultants to assist the committee in carrying out its duties hereunder; and the Association shall pay such consultants for such services as they render to the Committee.

6.03 Regulation. The Architectural Control Committee shall regulate the external design, appearance and location of the Property and of improvements thereon in such a manner as (a) to comply with the terms and restrictions set forth in this Declaration, (b) to promote those qualities in the environment which bring value to the Property, and (c) to foster the attractiveness and functional utility of the community as a place to live, including a harmonious relationship among structures, vegetation and topography.

6.04 Failure to Respond. In the event that the Architectural Control Committee fails to respond in writing to an application within thirty (30) days after the plans and specifications in writing have been submitted to the secretary, in accordance with adopted procedures, approval will be deemed granted.

6.05 Guidelines. The Architectural Control Committee shall develop and promulgate policy Architectural Control Guidelines for the application of the architectural review provisions in this Declaration. The policy guidelines shall include (a) review procedures, (b) aspects and objectives of review, and (c) principles and criteria used as standards in determining the achievement of the required objectives. The policy guidelines may also include specific design objectives. The policy guidelines

may also include specific design practices that, though optional, are generally acceptable methods for achieving the required objectives in particular design problems frequently encountered in the Property. The Policy guidelines are intended to assist the Architectural Control Committee and the Owners of Tracts in the ongoing process of community design. They may be modified and supplemented from time to time in the discretion of the Architectural Control Committee.

6.06 Vacancies. In the event of the death or resignation of any member of the Committee, the remaining member(s) of the Committee, even though less than a majority may appoint a successor to the Committee by written instrument executed by the remaining member(s) of the Committee and filed for record in the Office of the County Clerk of Mason County, Texas. If all of the members of the Committee die, resign or refuse or are unable to serve, then the Declarant (or its successor) shall have the authority to appoint successor members of the Committee by written instrument executed by the Declarant (or its successor) and filed for record in the Office of the County Clerk of Mason County, Texas. However, if all members of the Committee die, resign, or refuse or are unable to serve and the Declarant (or its successor) has not appointed successor members within one hundred eighty (180) days after the death, resignation, or refusal or inability to serve of the last of the Committee members, then the Association, through its Board of Directors, shall exercise the authorities herein granted to the Committee. In addition, at any time after thirty-five (35) years from the date of this Declaration, the Association, by written instrument approved by its Board of Directors and recorded in the real property records of Mason County, Texas, may change the membership of the Committee or withdraw powers and duties from or restore powers and duties to the Committee. The Declarant may at any time assign its right to control and appoint members to the Committee to the Board of Directors of the Association.

6.07 Manner of Approval. Plan approval or disapproval by the Committee as required in this Declarant shall be approved by at least a majority of the members of the Committee, be in writing and be signed by at least one (1) member of the Committee. Approval of Plans (whether actual or deemed) shall not be valid or effective for more than one hundred twenty (120) days, and if, within one hundred twenty (120) days after plan approval, the construction, reconstruction, addition, change, or alteration for which plan approval was obtained has not commenced, then plans must be resubmitted and approved by the Committee before any such construction, reconstruction, addition, change, or alteration may be commenced. There shall be no review of any action of the Committee, except by procedures for injunctive relief when such action is patently arbitrary or capricious, and under no circumstances shall the Committee, any member of the Committee, or any representative of the Committee be subject to any suit by anyone for damages for any action or failure to act on the part of the Committee, any member of the Committee or any representative of the Committee.

6.08 Liability. Neither the Committee, nor any member of the Committee or any representative thereof shall be liable to any person or entity under any theory or under any circumstance in connection with the Committee's approval (whether actual or deemed) of any plans submitted to the Committee for approval, including without limitation, any liability based upon the soundness of construction or adequacy of plans and specifications, mistake of judgment, negligence or nonfeasance, or for any other reason. Neither the Committee nor any member or representative thereof shall have any liability to any person or entity by reason of the construction of buildings or the making of other improvements which shall depart from or be at variance with the plans approved by the Committee.

ARTICLE VII.

GENERAL POWERS AND DUTIES

OF BOARD OF DIRECTORS OF THE ASSOCIATION

7.01 Powers and Duties. The affairs of the Association shall be conducted by its Board of Directors. Prior to the incorporation of the Association, the Declarant shall select and appoint the Board of Directors. From and after the effective date of the Association's incorporation, the Board of Directors shall be selected in accordance with the Articles of Incorporation and Bylaws of the Association, subject, however, to the provisions of Section 4.05 hereof. The Board, for the benefit of the Property, the Common Area/Improvements (Common Properties) and the Owners, shall provide, and pay for, out of the funds(s) collected by the Association pursuant to Article V above, the following:

(a) Care and preservation of the Common Area/Improvements and the furnishing and upkeep of any desired personal property for use in the Common Properties. Expenditures for the repair or installation of capital improvements, not included in the annual maintenance budget, may be paid from the reserve fund as specifically provided in Section 7.05 herein.

(b) Care and maintenance of the private streets, landscaping, screening walls and entry features which may be constructed by Declarant on the Common Properties or on private property. Maintenance includes a repair, rebuilding or cleaning deemed necessary by the Board of Directors.

(c) Should the Board so elect, maintenance of exterior grounds, drives, parkways, private roads and access areas, including care of trees, shrubs and grass, the exact scope of which shall be further specified by the Board from time to time. In particular, the Board shall be empowered to contract with persons or entities who shall be responsible for the maintenance of landscaping, trees, shrubs, fences, grass and like improvements which are located on the Common Properties and/or the Tracts, except for landscaping, and other like improvements which are located within rear yards or side yards enclosed by solid fence, which shall be maintained by the individual Tract Owner. Maintenance services contracted or by the Board in accordance with this paragraph shall be paid for out of Association funds.

(d) The Association shall not control access to and shall not prevent persons from coming onto the Property. Nothing contained herein shall be construed so as to hold Declarant or the Association, or any of their employees or agents, responsible for the prevention, nor liable for any loss or losses due to theft, burglary, or damage, or any injury to persons or property caused by persons gaining access to the subdivision. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE SUBDIVISION AND NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT NOR ANY OF THEIR RESPECTIVE PARTNERS, OWNERS, EMPLOYEES, AGENTS, MEMBERS OR OFFICERS SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND RESIDENTS OF ANY TRACT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS BOARD OF DIRECTORS, DECLARANT, OR ANY SUCCESSOR DECLARANT AND THE

ARCHITECTURAL CONTROL COMMITTEE DO NOT MAKE ANY REPRESENTATION OR WARRANTY WITH REGARD TO ANY SECURITY SYSTEM, FIRE PROTECTION SYSTEM, OR BURGLAR ALARM SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO ARCHITECTURAL STANDARDS BULLENNS AND DESIGN GUIDELINES ESTABLISHED BY THE DECLAPANT OR THE ARCHITECTURAL CONTROL COMMITTEE. EACH OWNER AND RESIDENT OF ANY TRACT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, THE, BOARD OF DIRECTORS, THE ARCHITECTURAL CONTROL COMMITTEE, THE DECLARANT, OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND RESIDENT OF ANY TRACT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO TRACTS AND TO THE CONTENTS OF TRACTS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, THE BOARD OF DIRECTORS, THE ARCHITECTURAL CONTROL COMMITTEE, THE DECLARANT, OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, RESIDENT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO SECURITY SYSTEM OR ANY FIRE AND/OR BURGLAR ALARM SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

(e) The services of a person or firm to manage and/or provide consultation to the Association or any separate portion thereof, 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.

(f) A policy or policies of insurance ensuring the Association, its officers and directors against any liability to the public or to the Owners (and/or their invitees or tenants) incident to the operation of the Association, including, without limitation, officers' and directors' liability insurance.

(g) Workers' compensation insurance to the extent necessary to comply with any applicable laws.

(h) Such Fidelity bonds as may be required by the Bylaws or as the Board may determine to be advisable.

(i) Any other materials, supplies, insurance or property owned by the Association, furniture, labor, services, maintenance, repairs, alterations, taxes or assessments 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.

(j) To execute all declarations of ownership for tax assessment purposes and to pay

all taxes with regard to the Common Properties and any other property of the Association.

(k) To enter into agreements or contracts with insurance companies, taxing authorities and the holders of mortgage liens on one or more Tracts with respect to: (i) taxes on the Common Properties and (ii) insurance coverage of the Common Properties, as they relate to the assessment, collection and disbursement process envisioned in this Declaration.

(l) To borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(m) 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 and the Common Properties, expressly including the power to enter into management and maintenance contracts.

(n) If, as, and when the Board, in its sole discretion, deems necessary it may take action to protect or defend the Common Properties from loss or damage by suit or otherwise, to sue or defend in any court of law on behalf of the Association and to provide adequate reserves for repairs and replacements.

(o) To make reasonable rules and regulations for the operation and use 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 a majority of the Members in the portions affected.

(p) Subsequent to incorporation, to make available to each Owner, one hundred twenty (120) days after the end of each year, an unaudited annual report.

(q) Pursuant to Article VII herein, 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.

(r) If, as and when the Board, in its sole discretion, deems necessary, it may take action to enforce the provisions of this Declaration, the provisions of any Supplementary Declaration, the provisions of any additional restrictive covenants placed upon all or any part of the Property, and any rules made hereunder, and to enjoin and/or seek damages from any Owner for violation of such provisions or rules.

7.02 Board Powers. From and after the date on which the title to the Common Properties has been conveyed to the Association, the Board shall have the exclusive right to contract for all goods, services and insurance, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

7.03 Maintenance Contracts and Other Contracts. The Board, on behalf of the

Association, shall have full power and authority to contract with the Declarant, any person or company related to or affiliated with Declarant, and any Owner for the performance by the Association of services for and on behalf of the Board and the Association, with such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association. The Board shall also have the power and authority to enter into any contract that that the Board determines will benefit the Association, the Owners or the Subdivision, with such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association. Without limiting the generality of the foregoing, the Board shall have the power to enter into a contract with any public or private person, company or entity to obtain water service, sewer service, waste disposal service, electrical service, and any other service for the Owners and the Subdivision.

7.04 Liability Limitations. No Member, officer of the Association or member of the Board of Directors shall be personally liable for debts contracted for, or other-wise incurred by the Association, or for a tort of another Member, whether such other Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor any of their respective partners, directors, officers, agents, or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same.

The Common Properties may be subject to storm water overflow, natural bank erosion and other natural or man-made events or occurrences to extents which cannot be defined or controlled. Under no circumstances shall Declarant nor the Association nor any of their respective partners, members, employees, officers, directors, or agents ever be held liable for any damages or injuries of any kind or character or nature whatsoever resulting from: (i) the occurrence of any natural phenomena; (ii) the failure or defect of any structure or structures situated on or within the Common Properties; and (iii) any act, conduct, omission or behavior of any individual, group of individuals, entity or enterprise occurring on, within or related to the Common Properties.

7.05 Reserve Funds. The Board may establish reserve funds, for such purposes as may be determined by the Board, which may be maintained and accounted for separately from other funds maintained for annual operating expenses and may establish separate, irrevocable trust accounts in order to better demonstrate that the amounts deposited therein are capital contributions and are not net income to the Association. Expenditures from any such fund will be made at the direction of the Board. The reserve fund provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the subdivision, and maintaining the subdivision and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors. Capital expenditures from this fund may include by way of example, but not be limited to, private street and street light repair, drainage improvements and improvements to bodies of water or other repair of major damage to the Common Properties not covered by insurance.

ARTICLE VIII. INSURANCE; REPAIR AND RESTORATION

8.01 Right to Purchase Insurance. The Association shall have the right and option to purchase, carry and maintain in force insurance covering any or all portions of the Common Properties, the improvements thereon and appurtenant thereto, for the interest of the Association and of all Members

thereof, in such amounts and with such endorsements and coverage as shall be considered good sound insurance coverage for properties similar in construction, location and use to the subject property. Such insurance may include, but need not be limited to:

- (a) Insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount which shall be equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the insurance carrier.
- (b) Public liability and property damage insurance on a broad form basis.
- (c) Fidelity bond for all directors, officers and employees of the Association having control over the receipt or the disbursement of funds in such penal sums as shall be determined by the Association in accordance with its Bylaws.
- (d) Officers and directors liability insurance.

8.02 Insurance Proceeds. Proceeds of insurance shall be disbursed by the insurance carrier to the Association or contractors designated by the Association as the Board of Directors may direct. The Association shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Association, as required in this Article, remaining after satisfactory completion of repair and replacement, shall be retained by the Association as part of a general reserve fund for repair and replacement of the Common Properties.

8.03 Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Association may levy a special assessment as provided for in Article V of this Declaration to cover the deficiency. If the insurance proceeds are insufficient to repair or replace any loss or damage for which an Owner is bound hereunder, such Owner shall, as such Owner's undivided responsibility, pay any excess costs of repair or replacement.

8.04 Mortgagee Protection. There may be attached to all policies of insurance against loss or damage by fire and other hazards, a mortgagee's or lender's loss payable clause; provided, however, that amounts payable under such clause to the mortgagee may be paid to the Association to hold for the payment of costs of repair or replacement, subject to the provisions of Section 8.02 hereof. The Association shall be responsible to hold said monies or to collect additional monies if the proceeds are insufficient to pay for the cost of all repairs or replacements and shall ensure that all mechanics', materialmen's and similar liens which may result from said repairs or replacements are satisfied.

8.05 Destruction of Improvements on Individual Lots. In the event of destruction (total or partial) to the improvements on any individual Tract due to fire or any other cause each Owner covenants and agrees to clear and remove any and all debris resulting from such damage within two (2) months after the date that the damage occurs and to complete all necessary repairs or reconstruction of the damaged improvements within one (1) year after the date that the damage occurs.

ARTICLE IX.

USE OF COMMON PROPERTIES

The Common Properties may be occupied and used as follows:

9.01 Restricted Actions by Owners. No Owner shall permit anything to be done on or in the Common Properties which would violate any applicable public law or zoning ordinance or which will result in the cancellation of or increasing of any insurance carried by the Association. No waste shall be committed in or on the Common Properties.

9.02 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 such Owner's family, guests, pets, tenants or invitees.

9.03 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 able to the Association for all damages and costs, including reasonable attorney's fees, incurred by the Association in connection therewith.

ARTICLE X.

GENERAL PROVISIONS

10.01 Enforcement. The Association, the Declarant, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, including the right of the Association to recover reasonable attorney's fees in connection with the enforcement hereof. Failure by the Association, by the Declarant or by 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.

The Association, the Declarant or the Owner seeking to enforce these Restrictions shall first notify the Owner, in writing, of the violation of this Declaration, which has occurred and provide said Owner a reasonable opportunity to remove or correct such violation. If, after being provided adequate notice and a reasonable time to cure the violation, the Owner shall fail or refuse to do so, the Association, the Declarant or the Owner seeking to enforce these Restrictions may proceed with appropriate legal action. If the violation is cured voluntarily or mandatory after the Association, the Declarant or the Owner seeking to enforce these Restrictions has incurred any reasonable expenses for attorney's fees or other costs of pursuing the matter to completion, such fees or other costs of pursuing the matter to completion, such expenses as are reasonably related to the resolution of the dispute including but not limited to fees for consultation, counseling, inspection and correspondence, shall become a charge against the property to attach as a lien in the same manner as provided in Article V. hereof unless paid by the Owner on demand.

The delay, forbearance or failure of enforcement of any restriction herein contained for any violation or proposed or attempted violation of any restriction herein contained shall not constitute a

waiver of the right of Declarant, the Association or any Owner to thereafter enforce such restriction as to any subsequent violation or proposed or attempted violation.

10.02 Invalidity. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions, which shall remain in full force and effect.

10.03 Term, Duration and Amendments. The covenants and restrictions of the Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant, or the Owner of any Tract subject to this Declaration, his respective legal representatives, heirs, successors, and assigns, for a term of seventy-five (75) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years. The covenants and restrictions of this declaration may be amended or terminated at any time and from time to time by an instrument signed by not less than seventy-five percent (75%) of the Tract Owners and after Declarant transfers and assigns control of the subdivision and the Association to the Board of Directors of the Association by written instructions executed by Declarant and filed for record in the office of the County Clerk of Mason County, Texas pursuant to Article 4.05 above. Any amendment or termination must be properly recorded in Mason County, Texas.

10.04 Use of Terms. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

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

10.06 Notices to Member/Owner. Any notice required to be given to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly delivered when deposited in the United States mail, postage prepaid, addressed to the last known address of the person who appears as a Member or Owner on the records of the Association at the time of such mailing.

10.07 Notices to Mortgagees. If a holder of a mortgage on a Tract shall notify the Association of its address and the identity of the Tract and Owner covered by and granting such mortgage, then such holder(s) shall be entitled to receive, written notification from the Association of any default by the respective Owner in the performance of such Owner's obligations as established by this Declaration.

10.08 Disputes. Matters of dispute or disagreement between Owners with respect to interpretation or application of the provisions of this Declaration or the Bylaws of the Association shall be determined by the Board of Directors, whose determination shall be final and binding upon all Owners.

10.09 Termination of and Responsibility of Declarant. If Declarant shall convey all of its right, title and interest in and to the Properties and assign all its rights, benefits and obligations as Declarant hereunder to any partnership or partnerships, individual or individuals, corporation or corporations, limited liability company or limited liability companies, or other entity or entities, then and

in such event Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

EXECUTED this 11 day of FEBRUARY, 2011.

Declarant:

BN PROPERTY DEVELOPERS, L.L.C.

By: Thomas H. Noble

Thomas H. Noble, Manager

STATE OF TEXAS

COUNTY OF Jefferson

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This instrument was acknowledged before me on the 11th day of February, 2011, by Thomas H. Noble, Manager of BN PROPERTY DEVELOPERS, L.L.C., a Texas limited liability company.

Tammy L. Drury
Notary Public, State of Texas
My Commission Expires:

AFTER RECORDING RETURN TO:

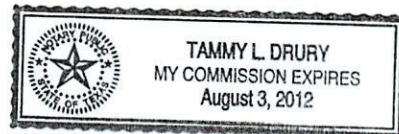


EXHIBIT "A"

EXHIBIT "B"

Each of the undersigned being a current owner of a Residential Tract of Settlers Ridge, a subdivision in Mason County, Texas, acknowledge, agree, and consent that the Residential Tract owned by them, including our successors and assigns, will be bound and obligated to the terms and provisions of the Third Amended Declaration of Covenants, Conditions and Restrictions of Settlers Ridge.

EXISTING PROPERTY OWNERS:

_____	Date: _____
Printed Name: _____	
_____	Date: _____
Printed Name: _____	
_____	Date: _____
Printed Name: _____	
_____	Date: _____
Printed Name: _____	