DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR CARSON RANCH AN UNRECORDED SUBDIVISION

THIS DECLARATION governs all lots within that certain lot, tract or parcel of Land in Burnet County, Texas described in Paragraph 1.05 below (hereinafter, "the Property"). The Declarant is presently the Owner and Developer (hereinafter referenced sometimes as "the Declarant," "the Owner" and/or "the Owner/Developer") of all lots and property within the Property.

In order to protect the value and desirability of the Property, these Covenants, Conditions and Restrictions (hereinafter, "the Restrictions") are hereby established and shall run with the Property and be binding on all parties having a right, title or interest in and to any and all tracts derived from the Property.

I. DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases shall have the meanings hereinafter specified:

- 1.01 "Declarant" refers to 3CH, LLC, and to assignees and other lawful successors in interest.
- 1.02 "Declaration" refers to the present instrument, as it may be amended from time to time.
- 1.03 "Lot" means any parcel of land within the Property as conveyed by Owner/Declarant.

 TOGETHER WITH ALL IMPROVEMENTS LOCATED THEREON.
- 1.04 "Owner" means any person holding a fee simple interest in any portion of the of the Property (defined in section 1.02); a Mortgagee is not an Owner.
- 1.05 The "Property" means all of the land (and improvements thereon) described as follows:

BEING 357.37 acres of Land out of the S.S. JACKSON SURVEY, Abstract No. 479; the JOSEPH B. CRAIG SURVEY, Abstract No. 188; the JOHN KINCAID SURVEY No. 84, Abstract No. 509; and the SIMPSON GARRETT SURVEY, Abstract No. 358 in Burnet County, Texas, the same tract conveyed to 3CH, LLC by Deed recorded in Volume 1069, Page 340 of the Official Public Records of Burnet County, Texas,

II. GENERAL PROVISIONS AND RESTRICTIONS

2.01 Developer Responsibility for Enforcement. The Developer shall have the option, but not the responsibility, for enforcing the Restrictions until such time as seventy percent (70%) of the tracts derived from the Property have been sold. Owner(s) shall have the right of enforcement as set out in Section 2.20 hereinbelow. The Owners will then elect a Committee made up of three (3) unrelated Owners to serve for a period of one (1) year, after which term the Owners shall vote either to elect another Committee or cancel the Committee altogether, leaving enforcement of the Restrictions up to the individual Owners. The Owner(s) of each tract derived from the property shall have one (1) vote for purposes of electing of the Committee.

- 2.02 <u>Property Use.</u> The Property shall be utilized FOR RURAL RESIDENTIAL USE ONLY. No business or business signs of any sort, type or kind shall be allowed on the Property. Small-scale family farming business is allows, so long as same does not cause a nuisance to any Owner of other tracts derived from the Property.
- 2.03 <u>Subdivision</u>. No tract derived from the Property may be subdivided in to any daughter tract consisting of fewer than ten (10) acres of land, and any such daughter tract must have not less than sixty feet (60') frontage on Burnet County Road 202.
- 2.04 <u>Residences</u>. Housing constructed on any individual tract derived from the Property shall consist of (i) one Main Residence which must contain a minimum of one thousand (1,000) square feet and (ii) one Guest Residence which may contain any number of square feet. The design and construction shall be of a type deemed compatible with community standards as initially determined by the Developer, and initially, the Developer and subsequently the Committee as set out above, shall approve any and all construction, which approval shall be evidenced in writing. Construction of a residence must be completed and the residence approved as ready for occupancy not later than nine (9) months after said construction is commenced.
- 2.05 <u>Building Set-Back Lines and Access; Utility Easements.</u> No building or structure other than a Boundary Line fence shall be located nearer than seventy-five feet (75') to the front line of any tract derived from the Property nor nearer than twenty feet (20') to any side or rear line of any derived tract. Easements for public utilities ten feet (10') in width are reserved along the front, side and rear property lines of each tract derived from the Property.
- 2.06 Barns, Sheds or Other Buildings. All barns, sheds or other ancillary outbuildings must conform to a design and construction type compatible with local ranching community standards and shall be subject to approval initially by the Developer, and subsequently the Committee as set out above, which approval shall be evidenced in writing.
- 2.07 Fences. All fences installed on any tract derived from the Property shall be of a design and type compatible with local ranching community standards and shall be subject to approval initially by the Developer, and subsequently the Committee as set out above, which approval shall be evidenced in writing.
- 2.08 <u>Temporary Structures.</u> No temporary structures of any kind, type or sort whatsoever shall be permitted, excepting a travel trailer, or a motor home or a similar recreational vehicle may be utilized as temporary living quarters for a period not to exceed nine (9) months, during construction of a residence. Written permission for this use must be obtained from the Developer, and subsequently the Committee as set out above, which approval shall be evidenced in writing.
- 2.09 Water Well. Any well drilled or other water supply system constructed to serve any tractiderived from the Property shall conform to and comply with the requirements, rules and regulations for such water supply installations as promulgated by the County of Burnet and the State of Texas.
- 2.10 Septic System. All septic systems and/or sanitary sewage disposal systems constructed serve any tract derived from the Property shall conform to and comply with the requirements rules and regulations for such systems and disposal installations as promulgated by the County of Phrinatical and the State of Texas.

- 2.11 <u>Manufactured Housing</u>. No mobile homes, modular homes or similar manufactured housing units of any kind, sort or type whatsoever shall be permitted or installed on the Property.
- 2.12 Recreational Vehicles, Trucks, Boats and Other Equipment. All recreational vehicles, semi-trailers, trucks, boats and other equipment shall be housed inside a garage or other approved structure. Alternatively, all such equipment shall be parked on any tract derived from the property in such a manner that such equipment is not visible to any adjacent derived tract or from the county road. Visitors and guests of Owners are excluded from this requirement, so long as the vehicle of the visitors or guests is not allowed to remain on the derived tract for a period of no more than three (3) days during any thirty (30) day period. Tractors and other farm machinery are excluded from this restriction, provided that such tractors and other farm machinery are not in excess of the type and amount thereof which may reasonably required to operate a small farm on the derived tract. Neither recreational vehicles, trailers, travel trailers or boats of any kind type or sort whatsoever shall ever be occupied as a residence.
- 2.13 Pets and Livestock. No animals of any kind, sort or type whatsoever shall be raised, boarded or bred for commercial purposes on any tract derived from the Property. Livestock may be kept and raised to be sold in order to meet requirements for agricultural property tax exemption, but such livestock shall be restricted in type and number as follows. Livestock shall be limited to no more than one (1) animal unit per every three (3) acres of land occupied by an Owner. For purposes of these Restrictions, an animal unit shall be defined as either one (1) horse; one (1) cow (with calf); three (3) goats or sheep; or three (3) fowl. NO SWINE OF ANY KIND, TYPE OR SORT WHATSOEVER SHALL EVER BE RAISED OR ALLOWED ON ANY TRACT DERIVED FROM THE PROPERTY. If any Owner receives two (2) or more complaints concerning pets or livestock, the said pets or livestock may be subject to being declared a nuisance, and the Owner may be required to remove same from the derived tract. Keeping of excessive numbers of domestic animals may be defined as constituting a nuisance at the determination initially of the Developer, and subsequently of the Committee as set out above.
- 2.14 <u>Noxious Activities</u>. No noxious or offensive activity of any kind, sort of type whatsoever shall be permitted on any tract derived from the Property.
- 2.15 <u>Condition of Tracts</u>. No derived tract shall be utilized as a dumping ground for rubbish, trash, garbage, old vehicle or machinery parts. No dilapidated structure of building of any kind, type or sort whatsoever shall be kept on any derived tract. All garbage and refuse shall be kept in a sanitary container.
- 2.16 Abandoned Vehicles. No abandoned vehicle(s) of any kind, type or sort whatsoever shall be kept on any portion of the Property unless garaged in a suitable structure. A vehicle shall be deemed abandoned if said vehicle is not legally permitted to be driven on public streets or roads.
- 2.17 Firearms. Discharge of firearms is prohibited, except in self-defense, for control of dangerous animals and pests or for use in hunting by the Owner or the Owner's immediate family during legal hunting seasons. There shall be no target practice.
- 2.18 Exception for Existing Tract. The existing improvements on the derived tract nominated as "Tract Seven (7)" do not conform to restrictions 2.05; 2.06; 2.07 and 2.09 set out above. Accordingly, the said Tract Seven (7) is hereby exempted from those restrictions. However, any

future constructions of any type, kind or sort whatsoever installed on the said Tract Seven (7) shall conform in all particulars to all Restrictions as set out in this Declaration.

- 2.19 <u>Compliance with Declaration</u>. Each Owner shall comply strictly with the provisions of this Declaration. Failure to comply with any part of this Declaration shall give rise to a cause of action for damages, attorney's fees, and/or injunctive relief.
- Enforcement and Non-Waiver. Except as otherwise provided herein, any Owner (at his/her expense), or Declarant shall have the right to enforce any or all of the provisions of this Declaration. In order to enforce the Declaration, Owner/Declarant, shall deliver written notice to the alleged violator, setting forth the basis of the complaint. Upon receipt of said notice, the alleged violator shall have thirty (30) days in which to remedy the violation (unless such time frame will cause serious harm to the complaining party and/or other Owners, in which case the notice period will be reduced to the maximum time which will not cause serious harm to others); and if the alleged violator fails to do so, then the complaining party shall have the right to enforce the Declaration through a suit for damages and/or injunctive relief. The failure to enforce any provision of this Declaration at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said Declaration. The prevailing party in any lawsuit to enforce this Declaration shall recover his/her attorney's fees and costs of suit from the other party.
- 2.21 Amendment. This Declaration may be amended by the written agreement of the Owners of at least sixty-six and two-thirds percent (66-2/3%) of the Lots. No amendment shall be effected until it has been recorded in the Official Public Records of Real Property of Burnet County, Texas. Declarant shall have the unilateral right at any time to amend this Declaration for the purpose of correcting any typographical or grammatical error, ambiguity or inconsistency appearing herein. Any amendment passed by a less-than sixty-six and two-thirds percent (66-2/3%) majority shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and shall not materially impair or affect the vested property rights of any Owner or his/her Mortgagee.
- 2.22 Term. This Declaration, including all of the covenants, conditions and restrictions hereof shall run for a period of twenty (20) years unless amended as herein provided. After the initial term, this Declaration, including all such covenants, conditions and restrictions shall be extended automatically for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by the Owners of at least seventy-five percent (75%) of the Lots within the Property then subject to this Declaration and filed in the Official Public Records of Real Property of Burnet County, Texas.

IN WITNESS WHEREOF, the undersigned has executed this Declaration on this, the thirteenth day of January, 2003.

3CH, LLC

HERMAN CRICHTON, Manager