



CLEARWATER RANCH

COVENANTS, CONDITIONS, AND RESTRICTIONS FOR CLEARWATER RANCH HOMEOWNER'S ASSOCIATION, INC.

These Deed Restrictions are imposed on all of the property located within the Clearwater Ranch Subdivision. This declaration is in keeping with a common plan and theme of development throughout Clearwater Ranch and is meant to provide a mechanism for implementing that overall plan. Another purpose of these covenants, conditions, and restrictions is to establish rules for land use in Clearwater Ranch and for the maintenance of common areas for the good of the residents. Owners in Clearwater Ranch are assessed fees for the care of common areas and the enforcement of these rules.

THIS DECLARATION is hereby imposed on and governs all lots within the Clearwater Ranch Subdivision, located in and filed as Document No. 2014025535 in the Official Public Records of Williamson County, Texas. The Declarant is Lookout Development Group, L.P., who presently has a controlling interest in the Association and the ability to adopt these Covenants, Conditions, and Restrictions pursuant to their terms. The purpose of these covenants, conditions, and restrictions is to ensure the best and highest use and most appropriate development of the Property; protect Owners against improper use of surrounding Lots; preserve, so far as is practical, the natural beauty of the Property; guard against erection of poorly designed or proportioned structures of improper or unsuitable materials; encourage erection of attractive improvements in appropriate locations on each Lot; secure and maintain proper setbacks; and, in general, provide for high quality development of the entire Property.

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- Exhibit A: Plats and Plans
- Exhibit B: Bylaws of the Association
- Exhibit C: Concrete Dip-Type Driveway
- Exhibit D: Ribbon Curb Detail
- Exhibit E: Initial Rules of the Association

I. DEFINITIONS

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

1.01 **“Articles”** means the Articles of Incorporation of the Association.

1.02 **“Assessment”** means any assessment, cost, or fee levied by the Association under the terms and provisions of this Declaration.

1.03 **“Association”** means Clearwater Ranch Homeowner’s Association, Inc., a Texas nonprofit corporation.

1.04 **“Board”** means the Board of Directors of the Association.

1.05 **“Bylaws”** means the Bylaws of the Association, as adopted by the Board and as amended from time to time. A copy of the current Bylaws at the time of adoption of this Declaration is attached as **Exhibit B**.

1.06 **“Common Area(s)”** means all real and personal property leased, owned, or maintained by the Association for the common use and benefit of the members of the Association. Lot 9, Block F; Lot 12, Block E; and Lot 21, Block G, as shown on the plat(s) for the Property, are Common Areas. The Common Areas include any and all improvements constructed thereon, including, but not limited to, the Property’s entry feature and entry landscaping, mailboxes, playscapes, parks, utilities, and any other amenities and facilities currently existing or to be constructed in the future. In addition, the Common Areas include any improvement areas lying within indicated public easements or right-of-ways, as determined by the Declarant or Board, and all other areas designated (via Declaration amendment, deed to the Association, or otherwise) as Common Areas by the Declarant or Board.

1.07 **“Declarant”** refers to Lookout Partners, L.P. and Lookout Development Group, L.P., both Texas Limited Partnerships and their assignees and other affiliated, lawful successors in interest.

1.08 **“Declarant Control Period”** means the period during which the Declarant intends to develop or sell any portion of the Property. The Declarant Control Period will end only upon written notice from the Declarant to the Board that the Declarant has developed and sold all of the Property intended to be developed and sold by the Declarant.

1.09 **“Declaration”** or **“Restrictions”** refers to this instrument, as it may be amended or restated from time to time.

1.10 **“Lot”** means any parcel of land within the Property shown as a subdivided lot on a plat of part or all of the Property, together with all improvements located thereon. Reference herein to “lots” or “lots in the Property” (with a lower case “l”) refers to all lots on the entire Property (see also **Exhibit A**).

1.11 **“Masonry”** means brick, stone, or stucco.

1.12 **“Owner”** means any person holding a fee simple interest in any portion of the Subdivision, excluding Declarant; a mortgagee is not an Owner.

1.13 **“Property”** or **“Subdivision”** means all of the land described as Clearwater Ranch, located in Williamson County, Texas, as further described in Document No. 2014025535 of the Official Public Records of Williamson County, Texas. Declarant may at any time during the Declarant Control Period add land to or withdraw land from the Property. The maximum number of lots that may be created and made subject to this Declaration is 500, subject to the Declarant’s right to annex additional land during the Declarant Control Period.

1.14 **“Neighborhood”** refers to one of the five planned phases of development for Clearwater Ranch. Once made subject to the Declaration, each phase will be automatically deemed a Neighborhood. At any time during the Declarant Control Period, Declarant may create additional Neighborhoods, withdraw Neighborhoods, combine Neighborhoods, or otherwise change the scheme for development of Clearwater Ranch.

1.15 **“Park”** means an area for walking or other recreation, and could be a natural area with native grasses and trees or a more refined area that is maintained.

1.16 **“Voting Representatives”** or **“VRs”** shall mean and refer to the representatives selected by the Owners of Lots in each Neighborhood, such representatives being responsible for casting all votes attributable to Lots in the Neighborhood for election of directors, amending this Declaration or the Bylaws, and all other votes of the Owners provided for in this Declaration and in the Bylaws unless such Owners’ votes are expressly made exercisable by the Owners themselves in the Declaration, Bylaws, or other governing documents.

The Declarant shall, by instrument filed of record on or before the first election of Voting Representatives pursuant to §4.03(C) herein, designate the number of Voting Representatives to be elected from each Neighborhood. Declarant may amend this designation at any time during the Declarant Control Period by instrument filed of record. After the Declarant Control Period, the number of Voting Representatives from each Neighborhood may be amended only by 67% vote of owners in all then-existing Neighborhoods (i.e. 67% of owners in Neighborhood 1, and 67% of owners in Neighborhood 2, etc. must approve any change to any Neighborhood’s designated number of Voting Representatives).

II. GENERAL PROVISIONS AND RESTRICTIONS

2.01 **Nuisance and Hazardous Activities.** No activities shall be conducted in the Subdivision and no improvements shall be constructed or allowed to remain in the Subdivision that are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, (a) no firearms shall be discharged upon any part of the Subdivision, (b) no explosives shall be kept or used on any part of the Subdivision (other than in the ordinary course of construction of improvements thereon), (c) no open fires shall be lighted or permitted except under carefully monitored and controlled circumstances, and (d) no toxic or hazardous

substances shall be left open, dumped, or discharged into any part of the Subdivision. Nothing shall be done or kept in the Subdivision that would materially increase the rates of insurance or cause the cancellation of insurance on any Lot or any of the improvements located thereon.

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

2.03 Temporary Structures. No temporary or portable structure/building shall be placed in the Subdivision without the prior written approval of the Board. Temporary structures necessary for storage of tools and equipment and for office space for architects, builders, and foremen during actual construction of residences and for sales trailers may be approved by the Board.

2.04 Subdivision. No Lot in the Subdivision may be further subdivided, except by the Declarant.

2.05 Sanitary Sewers. No outside, open, or pit-type toilets will be permitted in the Subdivision. Except for portable toilets, bladders, and temporary holding tanks used during construction, all dwellings constructed in the Subdivision must have a septic or sewage disposal system installed by the Owner to comply with the requirements of all appropriate governmental agencies.

2.06 Property Rights. Every Owner and the other Owners in the Property shall have a right and easement of ingress and egress, use and enjoyment in and of Common Areas, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- A. The right of the Association to charge reasonable admission and other fees for the use of any facility now or hereafter constructed or situated upon Common Areas and to impose reasonable limits on the number of guests who may use those facilities;
- B. The right of the Association to suspend an Owner's right to use the Common Area for any period during which any Assessment against that Owner remains unpaid, and for violation of this Declaration and/or the Association's Bylaws, rules, and regulations, or any other governing document by an Owner, for the duration of that violation;
- C. The right of the Association to grant easements to the Common Areas to any public agency, authority, or utility for such purposes as benefits the Association, the Subdivision, the Property, or portions thereof and Owners or Lots contained therein;
- D. The right of the Association, by majority vote of the Board of Directors, to borrow money for the purpose of improving the Common Areas, or any portion thereof, for acquiring additional Common Areas, or for constructing, repairing, or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a mortgage covering all or any portion of the

Common Area. The lien and encumbrance of any such mortgage given by the Association shall be subject and subordinate to any and all rights, interests, options, easements, and privileges reserved or established in this Declaration for the benefit of Declarant or Owner, or the holder of any mortgage irrespective of when executed, given by Declarant or any Owner encumbering any Lot or other property located within the Subdivision;

- E. The right of the Board, acting on behalf of the Association, to dedicate or transfer all or any portion of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association; and
- F. The right of the Board, acting on behalf of the Association, to prescribe rules and regulations as they may be expanded, amended, or otherwise modified. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of the Owner's Lot may be affected by this provision, and that the rules and regulations may change from time to time. The Board has the authority to enforce the Declaration, Bylaws, rules and regulations, and other governing documents by all appropriate means, including but not limited to the imposition of fines, damage assessments (for damages caused by Owner or his or her residents, guests, tenants, or invitees), and liens. An Owner found to have violated the Declaration, Bylaws, rules and regulations, or other governing documents shall be liable to the Association for all damages and costs, including reasonable attorney's fees, collection costs, costs of court, and other costs; and
- G. The right of the Association to charge a transfer fee to be set from time to time by the board (but not less than \$100) on each sale or transfer of a Lot. However, no transfer fee may be charged on lots sold by Declarant.

2.07 Easements and Access. Easements for installation and maintenance of utilities, HOA facilities, historical or archeologically significant features, and drainage facilities may be designated on the recorded plat(s) of the Subdivision. Within any such easements no structure, planting, fence, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or in the case of drainage easements, which may change or impede the direction of flow of water through drainage channels in such easements. The easement area of each Lot, if any, and all improvements in such area shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. Neither the Association, the Declarant, nor any utility company, using the easements herein or referred to, shall be liable for any damages done by them or their assigns, agents, employees, or servants to shrubbery, streets, flowers, or other property of the Owners or others claiming through Owners situated on the land covered by said easements. There is hereby created a right of ingress and egress across, over, and under the Property in favor of Declarant and the Association, for the sole purpose of installing, replacing, repairing, and maintaining all facilities for utilities, including, but not limited to, water, sewer, telephone, cable TV, electricity, and appurtenances thereto. An easement is hereby extended and

acknowledged to all police, fire protection, ambulance, garbage and trash collector pickup vehicles, and all similar persons to enter upon the Common Area in performance of their duties.

Each Lot is conveyed subject to all easements, conditions, and reservations shown on the Subdivision plat(s), and each Owner shall take notice of all such easements, conditions, and reservations. No Owner shall maintain any condition or improvements in any platted easement which will significantly interfere with the intended use of the easement.

III. USE, MAINTENANCE, AND CONSTRUCTION RESTRICTIONS

3.01 Architectural Control Committee (ACC). During the Declarant Control period, the Declarant has the sole right to act as or to appoint all members of the ACC. After the Declarant Control Period has ended, the Board will appoint the members of the ACC. If, upon the termination of the Declarant Control Period, there are multiple Neighborhoods in existence within Clearwater Ranch, the Board may, in its sole discretion, appoint a separate ACC for each Neighborhood. The provisions of this Section 3.01 shall apply regardless of whether there is one ACC or multiple ACCs, and the term "ACC" or "Architectural Control Committee", as used in this Declaration, may be understood to refer to either one singular ACC or to multiple ACCs, if there are multiple ACCs in existence. The ACC shall be free from liability for actions within the scope of the ACC's function. **No building or any structure or Improvement shall be constructed, erected, or placed on any Lot nor shall any exterior additions or changes or alterations be made prior to written approval by the ACC as to quality, workmanship and materials, harmony of external design and location in relation to surrounding structures and topography, and compliance with the Restrictions.**

For purposes of this Declaration, "Improvement" is defined as every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, patios, tennis or sport courts, recreational facilities, swimming pools, putting greens, garages, pergolas, gazebos, oversize umbrellas, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, patios, decks, walkways, mailboxes, yard art, poles, signs, antennas, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, and poles, pumps, walls, tanks, reservoirs, pipes, lines, meters, antennas, towers, and other facilities used in connection with water, sewer, electric, telephone, regular or cable television, or other utilities. All landscaping must comply with any landscaping guidelines adopted by the ACC, as well as with all Association rules (including xeriscaping rules).

Final plans and specifications, including site plan, must be submitted to and approved in writing by the ACC prior to any construction. An 11"x17" copy of plans, including site plan, floor plan, and elevations for initial construction of residences and the accompanying improvements shall be filed with the ACC by delivery to the Clearwater Ranch office located at 1001 Crystal Falls Parkway, Leander, Texas, 78641, or such other location as Declarant or the Association may designate. All other plans are to be filed with the management company for the Association. Approval may be granted by a single signature on the final, complete construction plans by any ACC member (or by Declarant, if Declarant is serving as ACC). In the event that a fully

completed ACC application is submitted as provided herein, and the ACC shall fail either to approve or reject, in writing, such application for a period of thirty (30) days following such submission, then approval is presumed unless additional information has been requested.

When all of the lots in the Property are sold by the Declarant (including any additional land which may become subject to the Restrictions pursuant to Section 3.35 hereof), and the Declarant has no intention of adding any additional land to the Property (as evidenced by a statement in writing from Declarant to Board), or at any sooner time the Declarant so determines in a written statement delivered to the Board, the term of the initial ACC shall be deemed to have expired, and the Board shall assume the duties of the ACC by appointing three (3) Owners to serve on the ACC. Persons serving on the ACC shall serve until removed by the Board or until they resign. Any member may resign at any time for any reason, and such resignation shall be effective upon notice thereof to the Board. The Board shall appoint subsequent members of the ACC within sixty (60) days.

3.02 Residential Subdivision. Except as expressly provided in this Declaration to the contrary, each Lot will: (a) be used exclusively for single-family residential purposes and (b) contain only structures and Improvements approved by the ACC that are compatible with and generally found in single-family residential subdivisions. No more than one primary residence and one guesthouse not to exceed 800 square feet may be constructed on each Lot unless a written variance is granted by the ACC.

3.03 Motif; Building Materials; Dwelling Size. *DECLARANT'S VISION.* Declarant strongly recommends that Owners choose architecture and design that incorporates the beauty and practicality of "classic" Texas Hill Country living. Declarant encourages the construction of "wide-bodied" or sprawling home floor plans in keeping with the scale of the oversized home sites. Compact, multi-story, narrow floor plans found in dense neighborhoods are discouraged. Homes should be placed in harmony with the topography and not arbitrarily sited at the front setback. Driveway approaches should be long, winding, and designed to save trees and accentuate estate living. Declarant envisions masonry buildings of Austin limestone with matching mortar, beige brick, or stucco in an earth-tone shade. Broad overhanging eaves, long covered porches/verandas/balconies, semi-enclosed courtyards, outdoor covered passages, and dwellings nestled in and among trees are appropriate elements. Exterior colors of paint and stain for stucco and wood trim are natural earth-tone colors. "Earth-Tone" colors are non-reflective rust, beige, gray, dark green, tan, brown, taupe, ecru, and other more neutral background colors; however, darker colors, such as black, burgundy, bottle green, navy, rust, terra cotta, purple, and other deep tones may be appropriate but require ACC approval. Muted pastels may be used only for accentuation of detail and to further enhance design motifs but may not be used for large exterior areas. The intention is to avoid loud, obtrusive, excessively contrasting or bold colors and to use color to enhance the design as opposed to overwhelming the architectural effect. Preferred roof materials are pre-weathered Galvalume non-reflective standing seam metal in natural earth-tone colors and tile in similar colors. Composite shingles shall be of a continuous earth-tone shade or pattern. Preferred masonry details include segmented arched lintels, jack arches, one-piece stone lintels, and sloped stone sills.

Inappropriate architectural details that will not be allowed include: large areas of white surfaces, such as white stucco, excessively pitched roofs, vivid exterior colors, diagonal siding, non-native

stone, stone which appears to be glued on, exposed foundation walls, exposed white or bubble skylights, tall/massive elevations, stove pipe chimneys, enormous front door assemblies, or imported or exotic architectural elevations. ACC approval is required for all brick colors. Refer to 3.04 for information and requirements on garage doors.

Building design. All buildings upon the Lots shall be of traditional design/appearance and quality construction and shall be constructed of approved building materials. "Quality construction" relates to construction performed by a trained, qualified builder with previous new home construction experience. "Approved building materials" for exterior walls include only brick, stone, and stucco. Wood, wood siding, or a cementitious-fiber planking product (not panels) like "Hardi-Plank" can be used as accent items only and must be approved in writing by the ACC. These building materials must be specifically identified on the plan submittal and dimensions noted. For purposes of this declaration, only brick, stone, and stucco are considered "masonry". Plastic/synthetic shutters are prohibited. Shades of red or pink brick are not allowed as a primary masonry material unless approved in writing by the ACC. Reflective metal or corrugated metal is only permissible as an exterior wall covering if approved in writing by the Declarant or ACC. Each single story primary residential structure shall contain not less than two thousand four hundred (2,400) square feet under roof, and each two-story primary residential structure shall contain not less than two thousand eight hundred (2,800) square feet under roof. Minimum slab width is sixty five feet (65') unless a variance is granted by the ACC due to topographic limitations. No building shall be higher than two (2) stories and/or thirty-five feet (35') in height from highest point of slab unless ACC approval is obtained by variance due to topography (the intent is to protect view corridors for all homeowners).

MINIMUM SQ. FT./ One-Story:	2,400 Sq. Ft. under roof
MINIMUM SQ. FT./Two-Story:	2,800 Sq. Ft. under roof
MINIMUM WIDTH OF SLAB:	65' (sixty five feet)
MASONRY REQUIREMENT:	100% masonry for First Floor 75% masonry combined for First and Second Floor

Calculations for masonry requirement percentages do not include doors, recessed entryways, windows, dormers, gables, and other architectural features. If any building is set on blocks or piers, it shall have an outside perimeter skirt of brick, rock, or concrete on all sides. Declarant or ACC may at its sole discretion grant a variance from the 100% masonry requirement if, in its sole discretion, the plans submitted would, as built, be in keeping with the aesthetics of the community or would otherwise be an asset to the community. Such variance must be in writing in accordance with Section 3.34.

Approved building materials for roofs are slate, pre-weathered Galvalume non-reflective standing seam metal, tile, dimensional composite shingles or built-up flat roofs. Wood shingles of any character are expressly prohibited. Composite shingles, must have a minimum warranty rating of twenty-five (25) years (meaning having a manufacturer's warranty of at least 25 years), constructed of Architectural Dimension Shingle (mid-weight), and with the approximate color of either muted brown weathered wood or gray. Shingles in shades of red or blue are prohibited. All roof stacks and flashings must be painted to match the roof color. All chimneys shall be 100% masonry.

The ACC has the right to disapprove exterior elevations that it deems inappropriate for any reason, in its sole and absolute discretion, even though plans may comply with all other restrictions. ACC approval is required for any exterior color change, and the proposed color(s) must be compatible with the aesthetics of the neighborhood.

See Section 3.26 for driveway requirements and Section 3.46 for landscaping requirements.

One guest house/servants quarters not to exceed eight hundred (800) square feet under roof or one workshop having no more than one thousand two hundred (1,200) square feet under roof, located to the rear of the primary residence, will be permitted on each Lot so long as it otherwise conforms to all restrictions and is constructed after completion of the primary residential structure. The exterior design, construction, and overall appearance of the primary residence and of any guest house, workshop, or outbuilding must be single-family residential. These structures must be consistent in design to the primary residence, including color and masonry components.

In addition to other considerations outlined herein and in the Bylaws, rules, and other governing documents, the ACC may, when considering approval or denial of plans, exercise discretion over building materials, exterior colors, building heights, building placement on a lot, roof color and shingle type, location of Improvements, height of Improvements (for example, fences and outbuildings), and materials for Improvements. The ACC may take into consideration existing Improvements in the Subdivision in determining whether a proposed Improvement is harmonious with existing Improvements and, if not, may deny approval for such a proposed Improvement.

At no time is trespassing onto Lots owned by others permitted. All construction procedures received with the approved plan must be adhered to, including the installation of a proper construction driveway and silt fences prior to any work, speed limitations, and debris containment.

3.04 Garages. *DECLARANT'S VISION.* Declarant strongly encourages Owners to construct 3-car garages or 2-car garages oversized for large sport utility vehicles, trucks, or boats. If 3 cars are not owned, the additional garage space can be used for bicycles, lawn equipment, and storage. Unlike other communities, Clearwater Ranch requires a 20' minimum depth to accommodate Suburbans or similarly-sized sport utility vehicles to encourage limited parking on the street.

- A. Two-Car Minimum: All residences must have an enclosed garage, architecturally similar to the residence. The garage must be at least a 2-car garage with a minimum of twenty feet (20') in depth. In addition, there must be a concrete parking area for two (2) full-sized automobiles which does not affect the ingress and egress to the garage. The intent is for every Owner to be able to park at least two cars in the garage and two (2) guest vehicles outside of the garage without affecting access to the garage and to minimize parking on the street. Owners may not store any items in the garage that prevent parking of their vehicles in the garage. A paved concrete parking area for two (2) guest vehicles apart from the garage is required. Under no circumstance may any vehicle be parked or stored on

non-paved areas of any lot. The ACC reserves the right to approve plans without parking pads for two (2) guest vehicles if the home features a circular drive in addition to the drive accessing the garage. Garages may be either attached or detached; detached garages are encouraged and will be approved if they meet the masonry and other requirements. This paragraph shall not prohibit the construction or use of carports or porticos in addition to the garage, which are architecturally similar or complimentary to the residence. All garages must be side loading or rear loading. A single-car garage is allowed to face the street, so long as it is offset back from the front of the home by twenty feet (20'). Garage doors, whether attached or detached, may not face any street unless on a corner Lot or unless approved by the ACC. Garage doors must be wooden, metal doors painted as faux wooden, metal carriage doors with window accents, or metal doors with carriage type hardware. The intent is to avoid production grade metal garage doors with no hardware, windows, or upgrades.

- B. Use: No garage may be enclosed for living or used for purposes other than storage of automobiles and other common residential uses, unless another approved garage is built, and all garage doors shall be kept closed when not in use.

3.05 Business Activities. No part of the Property shall be used or improved for any purpose except for one (1) detached dwelling unit for one (1) family per each respective Lot, in conformity with this Declaration, the ACC rules, and all applicable State, County, and Municipal laws, rules, regulations, codes, or ordinances. Provided, however, "Home Occupations" accessory to residential use, as permitted in single-family residential zoning districts under the zoning jurisdiction of the City of Liberty Hill, Texas, shall be permitted on the Property but only to the extent that any such Home Occupation is in compliance with the applicable zoning regulations of the City of Liberty Hill, as amended and is additionally in compliance with the following limitations:

- A. The Home Occupation shall be conducted entirely within a Dwelling Unit which is the bona fide residence of the practitioner(s).
- B. No person other than a Family member who resides in the Dwelling Unit shall participate in the Home Occupation on the premises.
- C. The residential character of the Lot and Dwelling Unit shall be maintained. Neither the interior nor the exterior of the Dwelling Unit shall be structurally altered so as to require compliance with non-residential construction codes to accommodate the Home Occupation. No additional buildings shall be added on the Property to accommodate the Home Occupation.
- D. The Home Occupation shall not generate customer related vehicular traffic in excess of three (3) vehicles per twenty-four (24) hour day.
- E. No direct selling of merchandise shall occur on the Property.

- F. No equipment or materials associated with the Home Occupation shall be displayed or stored where visible from neighboring property or from any street.
- G. The Home Occupation shall not produce external noise, vibration, smoke, dust, odor, heat, glare, fumes, electrical interference, or waste run-off outside the Dwelling Unit.
- H. No vehicle used in connection with the Home Occupation that requires a commercial driver's license to operate shall be parked on the Property or on any street adjacent to the Property.
- I. The Home Occupation shall not be advertised by any signs on the Property nor shall the street address of the Home Occupation, be advertised through signs, billboards, television, radio, or newspapers.
- J. Nothing herein shall be construed to allow the following businesses or occupations as Home Occupations and the following business activities are expressly disallowed: animal hospitals, animal breeding, clinics, hospitals, contractors' yards, dancing schools, junk yards, lodging-house residential uses, massage parlors, halfway houses, recovery centers, restaurants, rental outlets, or vehicle repair shops.

3.06 Minimum Setback Lines. All structures of any kind and every part thereof shall be placed on the Lot within the buildable area. Buildable area is defined as the portion of the Lot other than the setback areas (refer to the list below for details). Owners are encouraged not to arbitrarily place the home at the front setback, instead taking advantage of the estate setting by placing the home farther back from the roadway. Prior written ACC approval is required for any structure or equipment placed within the setback areas.

A. All Lots:

Front Setback: 40' minimum (measured from the road right of way shown on the plat).

Side Setback: 15' minimum

Rear Setback: 25' minimum

However, if the plat shows an alternate setback requirement for any lot, the more restrictive setback requirement shall apply.

- B. Front of Lot: For the purpose of these Restrictions, the front of each Lot shall be the property line abutting the street of the Lot's address. Unless otherwise approved in writing by the Declarant or ACC, each main residence building shall face the front of the Lot.

- C. Drainage Easements: Any setback requirement for drainage easements is shown on the plat.

- D. Setback Variance: If Declarant or ACC determines that the setback distance from any front, rear or side line listed above is impractical due to topography, grade, or other conditions, then Declarant or ACC has the authority to change the required setbacks for that Lot (provided at all times the setbacks comply with the plat). The minimum building setbacks permitted with a variance from the ACC shall be governed by the relevant building code. Lots 29, 30, 31 Block E and Lots 1, 6, 7, 8 Block F shall be pre-approved for a front setback variance to 25' minimum.
- E. Multiple Lots: In the event that an Owner owns two (2) or more adjacent Lots and desires to construct one (1) residence on such lots which would violate the adjoining side setback lines and other restrictions applicable to such lots, the ACC may waive, in writing, said adjoining side setbacks as set forth herein and on the Subdivision plat as to such residence, and such Lots shall be considered to be one (1) Lot for the purpose of determining the setback lines and other restrictions applicable to such Lots and such residence provided that there are no existing easements on the plat that conflict with the combination of the Lots or required by the Declarant. Any Lots so combined shall be treated as one (1) Lot by the Owners and shall thereafter only be conveyed as such.
- F. Exclusions: The following Improvements may be constructed within setback areas:
1. Structures below and covered by the ground, including septic facilities approved by the appropriate governing entity.
 2. Steps, walks, driveways, and curbing.
 3. Planters and hedges not to exceed eight feet (8') in height; walls and fences not to exceed six feet (6') in height.
 4. Landscaping.
 5. Any other Improvements approved in writing by the ACC.

3.07 Maintenance of Improvements. Any Owner or occupant of any residence shall have the duty of and responsibility for keeping the Property they own or occupy, and the Improvement thereon, in a well maintained, safe, clean, neat, and attractive condition at all times. The responsibility to maintain the property is in effect whether the Property is vacant, under construction, or occupied. By way of example, such maintenance shall include, but not be limited to: maintenance of all visible exterior surfaces of the Improvements and prompt removal of paper, debris, and refuse; removal of dead and diseased trees and plantings from the Property, remediation of old "ranch roads" or other bare areas without vegetation, maintenance of bar ditches and drainage easements, prompt replacement of dull and/or peeling paint from the exterior of the Improvements; and, during construction, the cleaning of dirt, construction debris, and other construction related refuse from street and storm drains and inlets as often as deemed necessary by either the Association or the ACC. See also Section 4.05 for Association rights and remedies for Owner's failure to maintain. Owners must comply with any ACC landscape guidelines and all Association rules. If no Improvements have been built or are under construction, Owners need not install landscaping in accordance with landscape guidelines or rules, but at all times Owners must keep their Lot (including all areas between the Lot boundary and the street, if any) in a neat and attractive appearance. The ACC has sole discretion to determine whether a Lot is being maintained in a neat and attractive appearance. However, if

any Improvement is made (including earth moved/disturbed by construction activity or in preparation for construction activity), all landscape guidelines and rules must be complied with. Any improvements installed by Declarant or the Association shall be maintained by the Association.

3.08 Litter, Rubbish and Debris. No litter, refuse piles, rubbish, debris, or trash shall be kept or stored on any Lot; and no odors shall be permitted to arise therefrom so as to render that Lot or any portion thereof a nuisance, unsanitary, offensive, or detrimental to any other nearby property or to its occupants. Refuse, garbage, and trash shall be kept at all times in covered containers with tightly fitting lids; and, except at times of pickup, such containers shall be kept to the rear of each residence. All trash containers shall be returned to the rear of the residence within eight (8) hours after pickup. Owners are responsible to obtain their own trash disposal service. The Association may, but is not obligated to, obtain a subdivision-wide trash disposal service for the community. Trash must be collected at least weekly and under no circumstance shall trash be disposed of through burning or burying on any Lot. Any compost pile must be: (a) properly maintained, (b) not visible from any street, and (c) located no closer than twenty-five (25') feet from any adjoining Lot.

3.09 Sports/Recreational Facilities. Swimming pools, children's play structures, swing sets, and similar permanent or semi-permanent sports/recreational facilities must be located to the rear of the primary residence on a Lot and not readily visible from the street. Basketball, sport courts, and tennis courts must be located behind the primary residence and will not be illuminated for nighttime play, unless approved by the Declarant or ACC. Portable basketball goals on wheels must be located no more than twenty feet (20') from the garage and shall never be located on any street. Portable basketball goals must be stored out of view when not in actual use.

3.10 Mobile Homes/PODS. Except as provided herein, no mobile homes, modular homes, or manufactured housing shall be parked or placed on any part of the Subdivision or used as a residence, either temporary or permanent, at anytime. Sales or construction trailers approved by the Declarant may be allowed. Portable units used for moving, such as "PODS", must be removed within five (5) days from their drop off and must be placed off the roadway on Owner's property.

3.11 Storage Tanks, Antennas, Satellite Dishes, Wind Generators, Flagpoles, Solar Devices. One propane storage tank can be installed above ground per Lot only if: 1) the propane tank storage capacity is smaller than 125 gallons, 2) the height of the storage tank is shorter than fifty five inches (55"), 3) the diameter of the tank is smaller than thirty six inches (36"), 4) the tank is installed immediately adjacent to the home, and 5) a masonry wall (stone or brick) is installed with the propane tank to screen any portion of the propane tank from view of the street. All other storage tanks must be buried. Water wells and water storage tanks are prohibited, except for rain barrels installed in accordance with Association rules. All solar panels and satellite dish antennas must comply with Association rules. Any wind generators or other appurtenant structures are highly discouraged but, if selected, shall be located behind the ridgeline of the residence or in the backyard and generally shielded from view.

Only one (1) permanent flagpole per Lot not to exceed twenty feet (20') in height (not attached to the residence) will be allowed on any Lot unless it is of a temporary nature for a model home and

with prior approval of the Declarant. See Association rules for more details on the restrictions applicable to flags.

3.12 Peripherals, Screening. Firewood piles, storage piles, storage facilities, mechanical equipment, clotheslines, and other peripherals must be located near the rear of the Lot and/or screened so that the same are not readily visible from the street(s) abutting the Lot on which the same are located. Trash cans must be screened from view.

3.13 Noise. No loud exterior speakers, horns, whistles, bells, or other sound devices (other than security devices used exclusively for security purposes) shall be located, used, or placed on any portion of the Subdivision. No leaf blowers or power mowers shall be used before 8:00 a.m. on weekends.

3.14 Gardening. Gardening, including row crops and residential gardens, are permitted, provided they are located at the back two-thirds (2/3) of the Lot and are generally neat, free from weeds, orderly in appearance, and scaled for the needs of a single household. If irrigation is required, drip irrigation is recommended.

3.15 Commercial Trucks. Tractor-trailer type trucks or dump trucks or other similar large commercial-type trucks or construction machinery or equipment or vehicles shall not be parked on any Lot at anytime, except temporarily while such machinery or vehicles are being used in the construction of Improvements in the Subdivision. No such vehicles, trucks, or machinery may be left overnight on any street in the Subdivision.

3.16 Construction Activities. This Declaration is not to prevent or unreasonably interfere with normal construction activities during the construction of Improvements upon any Lot in the Subdivision. Construction activities shall not be deemed to constitute a nuisance or a violation of this Declaration by reason of normal noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that plans for such construction are approved by the ACC and are pursued to completion with reasonable diligence. In no event shall any structure be allowed to remain uncompleted for more than one (1) year after construction has commenced. In addition, during construction of any structure, the contractor shall be required to keep adjoining roadways, roadway easements, and thoroughfares free from debris and mud. No construction material of any kind may be placed on another Lot or on the roadway for any amount of time and never within the drainage ditches.

All builders/contractors shall provide convenient access to portable toilet facilities for all employees and sub-contractors, to be placed on site but not in roadway easements or bar ditches. In the event that construction upon any Lot does not conform to the requirements set forth herein or otherwise does not conform to usual good construction practices in the area as determined by Declarant and/or the ACC in its/their sole judgment, Declarant and/or the ACC shall have the authority to seek and obtain an injunction to stop such construction. In addition, if during the course of construction on any Lot, there is wind blown debris and/or excessive accumulation of debris of any kind which becomes unsanitary, unsightly, offensive, or detrimental to the Lot or to any other portion of the Subdivision, then Declarant and/or the Association may arrange for such debris to be removed; and the Owner of the Lot shall be liable for all expenses incurred in connection therewith. An Owner shall additionally be held responsible and liable for any and all

damages to the Property caused by the Owner's contractor or subcontractors, including, but not limited to, roadways, gates, signs, and fences. In the event of default in the payment of such sums within thirty (30) days after demand therefore has been made, the Owner of the Lot shall be obligated to pay interest at the highest lawful rate on all sums due hereunder, and all costs of court, other costs and fees, including late fees and reasonable attorney's fees. All such amounts will be a lien against the Lot enforceable in accordance with these Restrictions.

The Board and Declarant reserve the right to create rules and assess fines for infraction of those rules, related to construction activity infractions, including, but not limited to, the following rules:

1. *No construction is to commence until written approval is given from the ACC, and proper erosion controls are in place.*
2. *Contractors speeding within the Subdivision are subject to fines and/or expulsion from the community.*
3. *All trash and debris MUST be contained at all times. Any drainage ditch must remain free of debris and sediment. Owner is responsible for debris blowing onto other lots; if in question, the Declarant/Association will determine the source of the blown trash.*
4. *Lots adjacent to the job site are **not** to be encroached upon with silt fence, debris, building material, concrete wash, or trash bins. Each Lot is private property; construction workers are not allowed on any other Lot other than their own site.*
5. *Contractors will be held liable for any damage to the roadways, utilities, Association improvements, and other Lots. Concrete washout in an unapproved area will result in fines to the contractor in addition to cleanup costs.*
6. *No adjacent Lot is to be used for access to or parking for the building site. Builders are required to provide adequate parking for contractors.*
7. *No changing oil on any vehicle or equipment on a Lot.*
8. *Concrete suppliers and contractors must not clean their equipment on any Lot other than the jobsite.*
9. *No removing any plant material, topsoil, rocks, or similar items from any property of others.*
10. *Temporary construction signs shall be limited to one (1) sign per site.*
11. *No burning of any type.*
12. *Construction Driveways must be installed prior to any construction activity as necessary, and these driveways shall not restrict drainage in any bar ditch or right-of-way. Mud or dirt tracked onto the roadways will result in fines and/or cleanup costs to the Owner or contractor.*
13. *No construction materials (including dirt, gravel, wood, brick, etc.) may be placed on a roadway or in any drainage ditch for any length of time.*
14. *No parking of construction vehicles and equipment is allowed anywhere except on a roadway, driveway, or any Construction Driveway and parking area on the Lot upon which work is being performed. Vehicles parked on a driveway or roadway may not have any part of the vehicle extending off of the roadway (for example, no tire may be off of the roadway itself – a vehicle cannot be parked partially on the roadway and partially on a Lot.)*

15. *Contractors are responsible for properly installing erosion controls, including silt fences, to limit silt run-off from the construction site prior to commencement of any work.*

3.17 Camping. No overnight camping on individual Lots will be permitted.

3.18 Stored Motor Vehicles, Junk. Non-operational, abandoned, unlicensed, or junked motor vehicles may not be stored on any Lot or street in the Property unless enclosed in a garage on such Lot. An abandoned or junked motor vehicle is one without a current, valid state inspection sticker and license plate. No junk, refuse, furniture, or debris of any kind or character, or dilapidated structure or building of any kind or character may be kept or allowed to remain on any Lot. Furniture that is commonly used and designed for interior uses shall not be used as outside or patio furniture. Accessories, parts or objects used with cars, boats, buses, trucks, trailers, house trailers, or the like, shall not be kept on any Lot other than in a garage or similar enclosed structure. Storage of equipment, materials, or any other product is strictly prohibited prior to construction of primary residence. Any vehicle under repair or any vehicle that is being restored must be kept in a garage or similarly enclosed structure.

3.19 Signs. DECLARANT'S VISION: *Due to the impact signs can have on property value and the overall aesthetics of the community, the following policies have been implemented to protect the Owners in Clearwater Ranch.* Unless otherwise provided herein, only signs, billboards, or other advertising devices displayed by Declarant (or any related real estate entity controlled or permitted by the Declarant) shall be displayed to the public view on any Lot or the Common Areas, except:

1. *"For Sale" signs – improved property.* During and after the Declarant Control Period, Realtors or Owners' representatives may display one (1) for sale sign of not more than sixteen (16) square feet on a Lot improved with a residence to advertise the Lot and the residential structure situated thereon for sale;
2. *Builder signs.* During the Declarant Control Period only, Builders may place one (1) for sale sign for every three (3) lots the builder owns in Clearwater Ranch. For example, if the Builder owns six (6) lots, the builder may place two (2) for sale signs on lots they own in the community. The Builder can only place one (1) for sale sign per lot. Builder signs shall be no larger than ten (10) square feet and be placed outside the roadway easement. Builders must ensure the signs are properly installed in the ground and never become knocked down.
3. *"For Sale" signs – unimproved property.* No "For Sale" signs may be placed upon any unimproved Lot by individual Owners, Realtors, or any other person or entity other than Declarant during the Declarant Control Period. Declarant may authorize such signs to be posted by others, but such authorization must be in writing and may be revoked at anytime. After the Declarant Control Period has ended, one "For Sale" sign of not more than sixteen (16) square feet is allowed to advertise an unimproved Lot.
4. *Common Area signs.* The Association may display such signs, as it may deem necessary, for the efficient use of the Common Areas or benefit to the members. Only signs approved by the Association may be placed in the Common Areas.

5. *Signs in medians/right-of-ways.* No signs of any nature, other than those permitted by the Declarant for the purpose of directing traffic, shall be located in the roadway right-of-ways.
6. *Signs relating to scholastic activities.* During and after the Declarant Control Period, one (1) sign per child in support of the Lot Owner's or resident's child's or children's scholastic or athletic activities is allowed on a Lot.
7. *"For rent/For lease/Auction/Foreclosure" signs.* No "For Rent", "For Lease", "Auction" or "Foreclosure" signs are allowed on any Lot. This prohibition includes "For Rent" or "For Lease" signs in conjunction with "For Sale" signs. These signs are also not to be in view from inside windows or doors. Declarant desires to create an established community of Owner-occupied homes. Declarant is aware that homebuyers prefer Owner-occupied communities, and as such, Owner-occupied communities provide a better environment to sell homes. Declarant also believes that "For Lease" and "For Rent" signs are perceived negatively by prospective homebuyers and make it more difficult to sell homes. Therefore, no "For Lease" or "For Rent" signs are allowed.
8. *Sign removal.* Declarant or Association specifically is granted the right to enter on any Lot to remove signs not permitted by these Restrictions.

All signs shall be placed outside the roadway easement. No signs of any character displayed in the Subdivision shall be of the "homemade" variety, and all signs displayed must be neat and orderly in appearance. No sign or banner of a derogatory or negative nature will be allowed at anytime anywhere in the Subdivision. Only those signs specified in this Section 3.19 are allowed in the Subdivision.

3.20 Sight Distance at Intersections. No fence, wall, hedge, or shrub planting which obstructs sight lines of any public street shall be placed or permitted to remain on any Lot.

3.21 Water Supply. Each residence will be required to purchase water through the Chisholm Trail Special Utility District, which will have a public utility easement containing water lines in the Subdivision. Private water wells are prohibited.

3.22 Window Coverings and Burglar Bars. No buildings on the lots shall have temporary interior window coverings of any character at anytime. This includes, but is not limited to, paper, aluminum foil, bed sheets, flags, or plastic sheeting. All interior window coverings shall be of traditional design/appearance of quality materials as interpreted by the Committee. No exterior burglar bars will be permitted on any doors, windows, or other openings on a dwelling situated in the Community. Burglar bars, if installed, must be situated within the interior of such dwelling.

3.23 Damage to Association Property. Any damage to the roadways or Association property as a result of the land clearing, moving, or construction process shall become the immediate responsibility and obligation of the Lot Owner for repair. In the event of non-payment for damage as specified herein, said amount, including all fees required for collection as determined by the Association, shall be assessed against the Lot and shall be collected from the Lot Owner in accordance with the Assessment provisions and lien rights referenced herein.

3.24 Land Clearing. In an effort to preserve the natural beauty and integrity of the Subdivision, no lot or tract shall be clear-cut of all native foliage and/or vegetation. Cut or piled brush on occupied or non-occupied lots must be disposed of within seven (7) days of cutting. Approved disposal methods are on-site chipping or hauling to an off-site location for burning or composting. No burning of brush is allowed in the Subdivision. All landscaping on all Lots (other than Common Area) must comply with Association rules as well as any the landscape guidelines.

3.25 Water Run-off, Interior Lot Drainage, Silt Management. Nothing shall be erected, placed, maintained, done, or permitted to remain on any Lot which interferes with surface water run-off in such a manner as to cause such water run-off to be diverted to any material degree across any other Lot or which causes flooding or erosion to any other Lot or to any street or ditch or Common Area. It is the responsibility of each builder and Owner to ensure that adequate drainage is provided for each lot. Owners and builders should use caution to ensure that all the lots have positive drainage away from the house foundations, and that all lots drain to the drainage system provided for that lot. Any topsoil and/or sandy loam that are imported to a lot must be immediately covered with sod or the area must be contained with silt-fence to prevent topsoil and/or sandy loam from running off property. Material shall not ever be placed in any drainage ditch or bar ditch. Silt caused by any construction activity, excavation, or disturbance of soil that results in silt run-off will result in fines to the Owner and/or contractor. Declarant and the Board reserve the right to invoice Owners for costs associated with removal of silt from downstream structures, roadways, or ditches caused by poor or non-existent erosion control measures. Silt fences must be maintained at all times.

3.26 Driveway Requirements, Bar Ditch Crossing Requirements.

- A. Construction Driveways, Construction Vehicle Parking. Prior to commencement of any construction activity, each Owner shall install an all-weather driveway from the paved portion of the roadways to the dwelling slab location as necessary to provide paved access to the dwelling slab. A temporary culvert must be installed in any bar ditch if water flow may be diverted, stopped, or backed-up due to construction drive material. The culvert must be sized to accommodate the existing water flow and must not back up water in any way. In addition, a parking area must be installed sufficient to park all builder and contractor vehicles during construction. Construction Driveways and parking areas shall be made of six inch (6") minimum compacted crushed limestone or dust-free granite gravel or other suitable, all-weather roadbase material obtained from a quarry, pit, or commercial excavation site. Common caliche material is not acceptable under any circumstances. The construction driveway will be insufficient if vehicle tire tracks and/or mud are left on roadways during periods of wet weather. Every Owner will be responsible for clean up of its construction activities, on roadways or otherwise. After any warning from the Declarant or Association for the tracking of mud onto roadways, the Owner shall immediately be required to install a stabilized construction entrance built to all governmentally required construction standards. The first fifteen feet (15') of this stabilized construction entrance shall include six inches (6") of "bull rock" or nominal two inch (2") diameter crushed

stone at a minimum of ten feet (10') in width, for a total of 5.5 cubic yards of rock.

- B. Permanent Driveways. All driveways shall be composed of rock salt finished concrete. Driveways shall be at least five feet (5') away from the nearest adjacent property line. Driveways shall have a minimum width of twelve feet (12') at the narrowest point. Driveways that cross natural drainage ways outside of the roadway easements must have culverts (sized by a professional engineer) or low water slabs of concrete. The driveway and bar ditch design must be submitted with the initial set of plans for ACC approval. Painted items such as address numbers, team insignias, etc. are not permitted on the curbs or driveways.
- C. "Dip", "Bridge" and Culvert Crossing Requirements (All Lots). Clearwater Ranch was designed to minimize the need for culverts, and in most cases a "Dip" crossing is appropriate. However, in some cases where driveways intersect roadways and cross a road drainage ditch, a "Bridge" type crossing is required. If a culvert crossing is installed, it must be sized by a professional engineer (signed and sealed), and there must be an expansion joint at the roadway. The culvert shall be laid such that the culvert flowline matches the existing ditch flowline. The culvert shall have ends that are cut at a 3:1 slope (horizontal to vertical), shall be encased in concrete, and shall be constructed as a contiguous piece of the required concrete driveway. The culvert shall not be exposed. All drive crossings, "dip", or culvert shall be constructed of 3,000 psi concrete with a minimum thickness of four inches (4") and have a minimum reinforcing of wire mesh or fiber mesh concrete. They must be maintained for functionality and roadside appeal – if at anytime a culvert becomes crimped or blocked by plants, rocks, soil, or debris, the culvert must be immediately cleared, fixed, or replaced.

"Dip" type crossing: In areas of shallow or non-existent ditches, "Dip" type driveway crossings are the preferred driveway crossing (See attached **Exhibit C**). "Dip" type crossings shall have a flowline equal to the existing road ditch flowline and shall have a maximum grade break at ditch flowline of fifteen percent (15%). *Example: If grade from road edge to ditch flowline is eight percent (8%), then the maximum grade from ditch bottom towards house is seven percent (7%).* "Dip" drives shall be considered inadequate and must be immediately replaced if they are not flush with the grade of the EXISTING ditch or if they restrict or divert water flow in any way. "Dip" crossings shall be constructed of 3,000 psi concrete with a minimum thickness of six inches (6") all the way to the pavement, and the minimum reinforcing steel shall be #3 bars at eighteen inches (18") on center, each way. **Note:** The existing road ditch bottom may be both moved toward the house and widened to accommodate a gentler driveway crossing as long as stabilized channel transitions are established upstream and downstream of the driveway.

"Bridge" type crossing: In areas of deep ditches and areas of severe terrain or where "Dip" type crossing would prove ineffective, the Owner shall install a "Bridge" type crossing. "Bridge" type crossings shall span the existing road ditch

section and shall be constructed of concrete of sufficient strength and cross-section to support the intended use and load. Like the “Dip” type crossing, the “Bridge” type crossing shall respect the existing road ditch section and shall not restrict flow in any way. To this end, “Bridge” construction should consist of temporarily filling the existing road ditch flush with sand. The sand will act as a temporary form through the existing ditch section, will preserve the existing ditch section, and is easily removed. It is important that the sand be removed immediately upon completion of the bridge to allow for storm flow. It is recommended that all driveway approaches and concrete bar ditches adjacent to a roadway be approved by the Declarant/ACC prior to the pour.

D. Concrete Parking Pad and Trash Pad.

All driveways shall have a two-car concrete parking pad as described in Section 3.04. In addition, all properties shall have a concrete trash pad for two (2) large trash cans.

3.27 Buses, Trailers, Boats, and ATVs. No bus, trailer, boat, ATV, travel trailer, recreational vehicle, motor home, or other similar item, which in the reasonable discretion of the Board is unsightly, shall be left parked on any street in the Subdivision except for temporary construction and repair equipment used in connection with the construction or repair of the residence, and no such vehicle shall be parked on a Lot in such a manner as to be visible from the street or neighboring property. Garages for such vehicles require prior ACC approval. ATVs are not to be operated in Clearwater Ranch. ATV usage is not permitted within the community as the resulting trails are unsightly, and the noise is disturbing to other residents.

3.28 Fencing and Walls. In the interest of protecting the viewsapes and encouraging a uniformity of height, design, and materials, any fencing desired by Owners must be of non-solid, see-through steel pickets, commonly called wrought iron. All steel picket fences shall be powder coated black and must be constructed in accordance with all applicable landscape guidelines and rules. Steel picket fences shall be five feet (5') in height with a flat top rail. No materials (i.e. screening, wire mesh) shall be attached to the steel picket fence. Solid, vertical board fencing is not allowed due to fire hazard issues and the impact on viewscape. The Declarant strongly encourages Owners to avoid erecting fences solely to demark property lines. The community intent is to leave the lawns and hillsides in their most natural state, minimize fencing in general, and save and encourage vegetation along lot lines.

Visual privacy can be accomplished through a combination of the 5' steel picket fencing with an ornamental vine and/or native Texas Hill Country plantings to achieve a lush natural barrier between home sites, known as a “living fence”. The Coral Honeysuckle and Confederate Jasmine (two of many possible choices) provide the flourishing growth along the rails of the fence to achieve the desired natural screening between homes. The ornamental vines shall be maintained in such a way to encourage vertical growth on the picket fence and prevent horizontal growth on the ground. Natural, “living fences” throughout the community will provide an upgraded sense of privacy from the vertical board fence while at the same time being non-flammable, preventing the spreading of wildfires, and eliminating staining maintenance. Underground electronic “Invisible Fencing” for securing family pets is also encouraged. The

Association, the ACC, and the Declarant reserve the right to designate other pre-approved fencing and/or screening options in Association rules and/or landscape guidelines.

Walls may be built in some situations with specific ACC approval, provided that they match the existing home, are of limestone or approved natural rock, and do not obstruct views from any roadway or adjoining property in any manner. Limestone columns may also be used in combination with ornamental iron/steel pickets. Columns shall be made of natural limestone and shall not exceed fifty feet (50') on center.

It is customary, but not mandatory, for Owners to share costs of fences and walls along property lines.

Fences that extend beyond the front wall of the home are prohibited and only in extreme circumstances will a variance be given by the ACC for such requests.

All fences and walls must be fully repaired and maintained in a presentable manner as interpreted by the ACC. Any fence or wall that leans out of line with an adjoining fence or wall is specifically in need of immediate repair. "Out of Line" will be further defined as any portion of a fence or wall that leans so that the fence's or wall's axis is more than five degrees (5°) out of perpendicular alignment with its base. Any repair or replacement of a fence or wall shall be made in the same manner in which it was originally constructed.

3.29 Dedication of Common Areas. Lot 9, Block F; Lot 12, Block E; Lot 21, Block G, as shown on the plat(s) for the Subdivision, and all improvements thereon, are hereby dedicated as Common Areas for the use and benefit of all persons and entities owning Lots or an interest in any Lot in the Subdivision and to purchasers of lots in the Property. Ownership of Common Areas shall be conveyed to the Association when (i) all of the Lots, including any and all lots which may become part of the Property pursuant to Section 3.35 hereof, have been sold, and Declarant has no intention of adding additional lots or sections to the Property or (ii) at such earlier time as Declarant may decide in its sole and absolute discretion.

3.30 Swimming Pools. Above-ground swimming pools are not allowed under any circumstances. Traditional in-ground pools must be located to the side or rear of the primary residence, must receive prior permission from the ACC, and must have a security fence approved by the City of Liberty Hill or Williamson County, as required. Large canvas pool coverings are discouraged.

3.31 Window Air Conditioners. No window air conditioners shall be permitted to be used, erected, placed, or maintained on or in any building in any part of the Subdivision, provided that the Declarant or ACC may, at its discretion, permit window air conditioners if such unit, when installed, shall not be easily visible from a street: such permission to be granted in writing.

3.32 Protection of Water System. The Owner of each Lot is solely responsible for the protection of all portions of the water system upon his Lot.

3.33 Protection of Property Pins. Property pins may be installed on the Property at the time of platting. Subsequent to the purchase of any Lot, Owners shall be responsible for placing visible

markers or posts immediately adjacent to all property pins they wish to protect. Any pins subsequently damaged, lost, or removed after a Lot has been purchased shall be replaced at the Owner's expense.

3.34 Variances. The Declarant, during the Declarant Control Period, or the Board, after the termination of the Declarant Control Period, may approve any variance or deviation from any of the Restrictions in writing.

3.35 Additions to and Withdrawals from Existing Property. The Declarant may add or annex additional land to the Property at any time, and such additional land may be used for voting purposes hereunder. Notice of annexation, along with a legal description of the annexed land and any additional governing documents for the annexed land, shall be filed of record in Williamson County as appropriate. Upon the filing of a Notice of Addition of Land cross referencing this declaration (as it may be subsequently amended), this Declaration and the covenants, conditions, and restrictions set forth herein shall apply to the added lands, and the rights, privileges, duties, and liabilities of the persons subject to this declaration will be the same with respect to the added lands as with respect to the lands originally covered by this declaration. A Notice of Addition of Land may be, but need not be, combined with a Supplemental Declaration. A Supplemental Declaration may be recorded at anytime by the Declarant during the Declarant Control Period in order to impose additional restrictions or limit restrictions on specific areas of land in the Property.

Declarant may at anytime during the Declarant Control Period withdraw land from the Property and remove any deed restriction previously imposed by Declarant on the withdrawn Property (including any declaration or other governing documents) by filing of record in the appropriate county records a notice of withdrawal of land, along with a legal description of the withdrawn lands and the terms of the withdrawal.

3.36 Utility Easements and Underground Utility Requirements. Declarant, for and on behalf of itself and the Association, reserves easements for installation and maintenance of any and all utilities and drainage facilities as shown on the Subdivision plat(s). The easements are for the purpose of installing, using, and maintaining public utilities. The easements are for the general benefit of the Subdivision, the Property, and the Owners and are reserved and created in favor of all utility companies serving the Property. Electric utility service will be installed underground in the public utility easements along the roadways at the expense of the Declarant, as needed. In the general interest of protecting the viewscales and reducing visual clutter, all Owners shall install electrical, cable, and phone lines underground from the utility company feeds on Lots to all improvements following the various utility company engineering specifications and requirements. Builders may use temporary overhead lines during the construction of any improvements, but such overhead lines must be removed upon completion of the improvements.

3.37 Seasonal Lighting. Decorative Christmas lighting shall not be permitted earlier than Thanksgiving and must be removed no later than January 15.

3.38 Storage/Out Buildings. No prefabricated storage, "out" buildings, or sheds are allowed in the Subdivision, except during construction. All such buildings must be built on-site, on a slab, behind the main structure, be architecturally similar in appearance, and of the same construction,

masonry requirements, materials, color scheme, and similar design to the main structure and garage on that Lot. Children's playhouses may not be used as storage facilities. Greenhouses will be assessed on a case-by-case basis, taking into consideration such factors as visibility from the roadway and the reflection factor on neighboring lots.

3.39 Outside Art. No Owner shall be allowed to place or maintain excessive amounts of freestanding outside objects of an artistic nature that are visible from any street and located on porches, yards, or hung from trees. Typical yard art includes, but is not limited to: statues, concrete birdbaths, fountains, animal figures, or abstract man-made sculptures. Artistic use of native rocks found on-site and unearthed during septic excavation is encouraged. Appropriate uses for native rocks include tree wells, dry-stack berms, and rock walkways.

3.40 Septic Tanks and Septic Fields. Septic Tanks and Septic Fields that are visible from any street must be installed and maintained in a natural setting, protruding no higher than twelve inches (12") from the highest point of the natural grade of the terrain on which it is located. Any system that protrudes higher than twelve inches (12") above natural land grade must be landscaped to either block the view of the system from the roadways or landscaped to create a natural setting. Framing or terracing the system in natural or dry stacked native rocks is also an acceptable option. Erosion controls should be maintained until grass is established.

3.41 Location and Screening of Utility Appurtenances (electrical, telephone, and cable) and Heating/Air Conditioning Units. All utility appurtenances and residential heating/air conditioning units (HVAC) and the concrete slabs and pedestals associated with this equipment which are visible from any street shall be screened by native Texas Hill Country, evergreen vegetation. Care should be taken in plant selection and installation to provide an adequate and clear working space for routine maintenance and repair access for appurtenances associated with all of the respective utility providers. The plants installed must be reasonably mature at installation to provide immediate screening. If the landscaping encroaches on the adequate working spaces required by the utility, it could be subject to trimming or removal by the utility. There is no clear working space requirement for residential HVAC units.

3.42 Exterior Site Lighting. DECLARANT VISION: *A part of living amidst the beauty of the Texas Hill Country setting is seeing the stars at night. Having this ability is a "quality of life" issue for those who desire it and a tribute to the native land.* Permanent exterior lighting is to be minimized to avoid "light pollution" on starry nights, encourage "dark" skies, and to maintain a rural, private atmosphere for all residents. Any exterior lights installed must be designed to conceal the source of the light. No bare lamps shall be visible from any street or from adjoining neighbors, and floodlights are prohibited. Soffit and tree lights shall be shielded or directed toward vegetation to eliminate off-site glare and source visibility. HID, sodium, or mercury vapor yard lights are not allowed. The intent is to avoid security lights that are illuminated all night. These restrictions for permanent exterior site lighting do not apply to decorative/seasonal lighting as described in Section 3.37. Owners are encouraged to learn more about light pollution and proper outdoor lighting options by visiting www.darksky.org.

3.43 Parking. No regular parking of automobiles or any other type of vehicle or machinery will be permitted on any street in the Subdivision at anytime. Owners may not park on the street at anytime. Guests may park on the street for no longer than ten (10) hours in any twenty-four

(24) -hour period and in no case for more than three (3) consecutive days for any length of time, without prior consent of the Board of Directors. Vehicles parked on the street must be parked entirely on the street and not on any part of the Lot or Common Area other than the street. Parking partially on the street and partially on a Lot is prohibited. Owners are responsible for seeing that their guests, tenants, and invitees comply with all governing documents and are responsible for any fines or other charges assessed due to their guest's, tenant's, or invitee's violations. Vehicles parked on Lots must not be parked on dirt or grass and must be confined at all times to garages, driveways, parking pads, or improved parking spaces.

Motorcycles, bicycles, and similar items may not be parked on balconies or patios visible from the street or Common Area and must be stored inside a residence or garage or otherwise not in view from a street or Common Area.

3.44 Ribbon Curbs/Right-of-Ways/Street Monuments: Each Owner will maintain the non-paved portions of the right-of-ways. All Owners shall work to maintain soil conservation in any bar ditch area by slowing water flow in order to establish ground cover. It is the community intent to have sod in all the non-paved right-of-ways and bar ditches throughout the interface from the lawn to the roadway, with the interface included in the lot landscaping plan and maintained by the Owner. If a street monument is located on a Lot, the Owner must keep the landscape area adjacent to the sign neat in appearance and free of weeds. Bull rock is not permitted without prior ACC approval.

If the developer installs a ribbon curb, adjacent Lot Owner must install and maintain the sod in the right-of-way area. If a stand up curb is installed by the developer, Lot Owner must place sod all the way to the curb. Right-of-way area must be maintained by the Lot Owner all the way to the roadway.

3.45 Mail Boxes. To maintain an uncluttered roadside appearance, no mailboxes will be allowed on any lot unless approved by the ACC.

3.46 Landscaping and Lawn Maintenance. *DECLARANT'S VISION. The front yard should have an amorphous, natural looking landscape that blends uniformly with the neighbor's landscape. The sod, grasses, and plants should be massed and curvilinear, mimicking nature. Simply planting sod from property line to property line and creating a grid-like street scene should not be the goal. The community motivation should be towards retaining the natural look and feel of the Hill Country.*

Due to the large size of the lots in Clearwater Ranch, homeowners are encouraged to use xeriscape oriented or drought tolerant plants, using drip irrigation when possible. Plants should either be native to Texas or adapted plants from our approved plant list. Tropical or non-indigenous plants and trees like palm trees, banana trees, bamboo, and other non-native species are not allowed.

Each Owner shall keep all shrubs, trees, grass, and plantings of every kind on such Owner's Lot (including any Greenbelt platted as part of such Owner's Lot and any Greenbelt located between such Owner's Lot and any public roadway) cultivated, pruned, maintained, mowed, and free of trash, weeds, and other unsightly material. The ACC may at any time adopt landscape guidelines.

If any landscape guidelines are adopted, all landscaping shall follow the guidelines as interpreted by the ACC. It is the Owner's responsibility to secure a copy of any guidelines. Owners must obtain written ACC approval prior to implementing any major landscape project. Owners must quickly respond to landscape maintenance requests made by the ACC. Xeriscaping must comply with Association xeriscaping rules, and pursuant, to such rules, Owners must submit to the ACC plans and specifications detailing the xeriscaping proposal and must receive the ACC's prior written approval before xeriscaping may be installed. Unimproved Lots will be allowed to remain in a native state if it is determined by the ACC the Lot has not been disturbed by construction activity, has established vegetation such as native grasses on the bare areas of the lot, and is not unsightly. However, the area within fifty feet (50') of the roadway must be free of invasive weeds and aesthetically pleasing, and any fire hazards such as dead timber must be removed. Any existing gravel or dirt roads must be remediated within 12 months of purchase.

The use of Hill Country indigenous plants is required – no tropical plants such as palm trees will be approved. All grass shall be native Bermuda – St. Augustine grass is prohibited due to its requirement for watering.

The Board may from time to time establish regulations pertaining to the protection and/or treatment of oak wilt. In such event, each Owner shall meet the minimum requirements as set forth in such rules and regulations.

During the Declarant Control Period, Declarant has the sole right to adopt or amend landscape guidelines.

3.47 Garage Sales. Garage sales, yard sales, and estate sales of any character are not allowed under any circumstance.

3.48 Exposed Foundations. Not more than two feet (2') or twenty four inches (24") of vertical surface of exposed concrete slab shall be exposed on the front of the Lot. Not more than three feet (3') or thirty six inches (36") of vertical surface of exposed concrete slab shall be exposed on the sides of the Lot. Not more than four feet (4') or forty eight inches (48") of vertical surface of exposed concrete slab shall be exposed on the rear of the Lot. Required screening of foundations facing roadways is at the discretion of the ACC. Foundations should not exhibit stains from the splashing of soil due to lack of landscaping. Screening with plants is to be accomplished with initial installation, not assured growth at maturity.

3.49 Rainfall Harvesting Devices. The utilization of rainfall harvesting techniques is encouraged for each Lot. The rainfall harvesting technique, facilities, design, and location must be approved in advance by the ACC and must meet the requirements specified in the Association's rules. The maintenance and repair of all rainfall harvesting facilities located on any Lot shall be the sole responsibility of the Owner of such Lot.

3.50 Retaining Walls and Decorative Rock Features. The ACC shall be entitled to require the construction of retaining walls on each Lot, the location of which shall be determined by the ACC in its sole and absolute discretion. Retaining walls shall be constructed in dry-stack or mortared natural limestone. Retaining walls faced in limestone are required at any driveway

slope cuts which result in slope steeper than 1:3 gradients. The ACC prefers the use of natural, large boulders or rough cut limestone in retaining walls, not uniformly cut quarry stone used in homes. Retaining walls not visible from any street may be constructed with landscape timbers or other ACC approved material that is structurally engineered to withstand the weight and load of the specific retaining wall. The maintenance and repair of any retaining walls, including retaining walls that are constructed in whole or in part in the street right-of-way, shall be the sole obligation of the Owner of the Lot on or adjacent to which the retaining wall is located. The Owner's failure to maintain any retaining wall located upon the Owner's Lot in good repair shall be a violation of this Declaration, subject to the Association's and Declarant's powers of enforcement granted by the Declaration. Any rock features or walls installed by Declarant regardless of location may not be removed or altered without ACC or Declarant approval in writing.

Retaining walls should be constructed with randomly sized native limestone, common field stone, rough cut limestone in random sizes, or large boulders or stone slabs that blend into the landscape. If quarried stone is selected, it should match the masonry pattern of the home. Large boulders retained from site excavation are the preferred retaining wall material. Uniformly cut and sized quarry stone is discouraged. Railroad ties, CMU blocks, and concrete are not allowed as retaining wall materials unless clad in stone as described above.

3.51 Wildlife/Undeveloped Areas. Clearwater Ranch is located in one of the last remaining Hill Country environs in close proximity to a major metropolitan area. In an effort to tread lightly on the land and retain its beauty and character, we have integrated a policy of openness to protect the magnificent views and encourage wildlife. As a result, residents can expect to encounter many types of wildlife, including, but not limited to, deer, turkey, armadillos, snakes, coyotes, and feral hogs. When landscaping, this must be taken into consideration, and certain steps followed to discourage plant damage. The use of native Hill Country plants and grass will help discourage pesky animals. Routine maintenance, including pesticides to control grub worms, will reduce the chances of feral hogs and armadillos rooting the lawn and beds. When necessary, trapping is allowed. As a last resort, steel picket fences may be used in backyards as a deterrent. When driving, walking, or biking on all roadways, nature and/or biking trails, caution should be taken to avoid encounters with the wildlife.

Periodically, the Developer engages the services of professionals to manage wildlife population levels on the undeveloped portions of Clearwater Ranch. Therefore, hunting activities may occur from time to time in connection with those services, and residents and their guests are advised not to trespass into these areas. Access to or use of any area outside of the existing, developed portions of Clearwater Ranch is strictly prohibited.

3.52 Address Monuments. In order to maintain the cohesiveness of the community and beautify the landscape using native boulders native to the area, each Owner will install a natural stone address monument on their Lot near the street. The property Owner is also responsible for ensuring that the address is easily visible from the street, either by etching the address into the stone or by fixing upgraded metal letters onto the stone. Markings that reflect specific builder brand or identity are not permitted. Owners are encouraged to use creativity with good taste in designing a unique monument for their residence

3.53 Model Homes. Plans and locations for all model homes, as well as hours of operation, site plan, and length of occupancy must be approved by the ACC prior to initialization. The slab of the model home must have a minimum width of seventy feet (70').

3.54 Auction Sales Prohibited. Except for foreclosure sales held by a lien holder in conjunction with foreclosing on a deed of trust or other lien right, no Lot may be sold by public auction process. For the purposes of this Section, "public auction process" is considered to be the sale of property by competitive bid.

3.55 Sex Offenders/Criminal Record Prohibited. (a) No person may reside on any Lot or in any home in the subdivision if they are registered as a sex offender on any state, local, or other governmental list or registry ("Offender"). This applies to homeowners, family members of homeowners, tenants, and any other person residing in the community as a permanent or temporary resident for more than three (3) days in any one (1) month. Any Offender found to be residing in the Subdivision, and any Owner of a Lot permitting an Offender to reside in the Subdivision, will be subject to fines, assessments on their Lot, and any other enforcement action permitted by law or these Restrictions.

If any person residing in the community is, or becomes, an Offender, the Owner of the Lot must, within five (5) days after receipt of notice from the Declarant or Association, cause the Offender to be relocated out of the Subdivision.

A violation of this provision will give rise to the following rights (but will impose no obligation on the Association) of the Association and Declarant: (1) the right of injunction to enforce this provision; (2) if the Offender is a Lot Owner or the Lot Owner fails or refuses to evict an Offender residing on their Lot, the right to require a sale of the Lot and all Improvements to the Declarant or Association, at Declarant or Association's option, at one hundred percent (100%) of the county tax appraisal value of the Lot and Improvements; (3) if the Offender is not a Lot Owner, the right to evict, or cause the eviction, of the Offender. In this regard, the Association shall be deemed an "aggrieved party" for eviction suit purposes, and the Association shall be entitled to possession (i.e., dispossession of the particular offending person) of the dwelling subject to the condition that if the Association does recover possession in an eviction suit, the Association shall upon execution of a writ of possession immediately relinquish possession of the dwelling to the dwelling's Owner and shall not enter the dwelling. The Owner will be responsible for all costs associated with such eviction; and (4) all other rights under this Declaration and other law. Any one or more of these remedies may be used in combination with another; any judicial ruling on the enforceability of one or more of these remedies shall not cause invalidation of this section or limit any legal remedies available to the Declarant or the Association.

3.56 Domestic Pets. A maximum of four (4) dogs or cats (domestic pets), exclusive of unweaned offspring, will be allowed on any Lot. No animal shall be allowed to roam or run at large, to make an unreasonable amount of noise, or to become a nuisance. Enclosed dog runs and doghouses must be behind the primary residence and not readily visible from roadways. Owners are responsible for picking up after their pets when walking outside their own property and for keeping their property reasonably sanitary and free of odor and waste. No horses are allowed. No poultry, cattle, swine (including pot-bellied pigs), sheep, goats, birds, or any wild animals

shall be permitted, nor shall any cattle feeding, fowl feeding, or other feed lot or commercial operations, expressly including commercial kennels.

IV. THE ASSOCIATION

4.01 Organization. The Association is a Texas non-profit corporation. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

4.02 Membership. Upon becoming an Owner of a Lot, a person shall automatically become a member of the Association, so long as he remains an Owner. Membership in the Association is mandatory, appurtenant to, and shall run with the Ownership of the Lot that entitles the Owner thereof for membership. Membership in the Association may not be severed from the Ownership of a Lot or in any way transferred, pledged, mortgaged, or alienated except together with the fee simple title to said Lot. Declarant is a member of the Association. Declarant may add additional land to the Clearwater Ranch Subdivision and to the Association.

4.03 Voting Rights and Registration.

A. Classes of Membership. The Association has two classes of membership:

(1) Class "A": Class "A" members shall be all Owners with the exception of Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in a Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(2) Class "B": The Class "B" member shall be Declarant, its successors, and assigns, which shall be entitled to four (4) votes for each one vote held by any Class A member within the Property. The Class "B" membership ceases and converts automatically to Class "A" Membership when all the Property is sold to someone other than the Declarant or when the Declarant voluntarily converts its membership to Class "A" membership by executing and filing a Statement of Conversion to Class "A" membership in the Williamson County real property records.

(3) Notwithstanding the voting rights described in this Section 4.03(A), Declarant shall have the right to appoint all Board members until the termination of the Declarant Control Period, and Declarant shall have the right to appoint a majority of the Board members for so long as Declarant owns any of the Property (all as further described in the Bylaws). The remaining board members not elected or appointed solely by Declarant shall be elected by the Voting Representatives as further described herein and in the Bylaws.

B. Exercise of Voting Rights. Except as otherwise specified in this Declaration or the Bylaws, the vote for each Lot owned by a Class "A" Member shall be exercised

by the majority vote of the Voting Representatives representing the Neighborhood, as provided herein and further described in the Bylaws. (For example, if there are 150 Lots in the Neighborhood not owned by the Declarant, that Neighborhood's Voting Representative(s) (if more than one, by majority vote of the Voting Representatives of the Neighborhood) will determine how the 150 votes are cast. The Voting Representatives may cast all such votes as they, in their discretion, deem appropriate; provided, unless the Board otherwise permits, the Voting Representative shall cast all of the votes which they are entitled to cast as a block and shall not split the votes.

- C. Neighborhoods. Every Lot shall be located within a Neighborhood as described in Article I. Due to the number of Lots anticipated to be developed in Clearwater Ranch, the governing documents provide for a representative system of voting. Subject to the terms herein, Owners of Lots within each Neighborhood shall elect Voting Representatives to cast all Class "A" votes attributable to their Lots on all Association matters requiring a membership vote, except as otherwise specified in this Declaration or the By-Laws. Voting Representatives shall be elected for a three (3)-year term. However, after the Declarant Control Period has ended, the Owners in the Neighborhood, by majority vote of Owners present and voting in person or by proxy, may alter the term of the Voting Representatives as necessary to accomplish staggered terms for the Voting Representatives (but after such staggering is in place, all future terms shall be three years).

Until such time as the Declarant first calls for election of, or appoints, Voting Representative(s) for any Neighborhood, the Owners within each Neighborhood shall be entitled personally to cast the votes attributable to their respective Lots on any issue requiring a membership vote under the Declaration, Bylaws, Rules, or other governing documents.

The first election or appointment of Voting Representatives from each Neighborhood shall occur at a time deemed appropriate by the Declarant. If there is to be an election by Neighborhoods rather than an appointment by Declarant, Declarant shall call for such elections by providing written notice to the Association, and the Association shall then send notice of Voting Representative elections to all Neighborhoods. Thereafter, the Board shall call for an election of Voting Representatives as necessary (for example, if all Voting Representatives have a non-staggered three (3)-year term, meetings for election need only be called every three (3) years) either by written ballots cast by mail, computer, or at a meeting of the Class "A" Members within such Neighborhood, as the Board determines).

Upon written petition signed by Class "A" Members holding at least twenty percent (20%) of the votes attributable to Lots within any Neighborhood, or at the election of the Board, the election of such Neighborhood shall be held at a meeting. Candidates for election as Voting Representatives may be nominated by the Board, a nominating committee which the Board may appoint, or from the floor at any meeting at which such election is to be held. However, during the

Declarant Control Period, the Declarant shall have sole authority to appoint all Voting Representatives (but may in Declarant's sole discretion elect to allow Class A owners to vote for Voting Representatives. During the Declarant Control Period, Declarant may commence, or discontinue, elections by exercising or declining to exercise its right of appointment at any time upon notice to the Association.)

The presence, in person or by proxy, or the filing of ballots by Class "A" Members representing at least twenty-five percent (25%) of the total Class "A" votes attributable to Lots in the Neighborhood shall constitute a quorum at any Neighborhood meeting or election. In the event of a failure to obtain a quorum or vacancy in such positions for any Neighborhood, the Board may appoint a Voting Representative to represent such Neighborhood until a successor is elected.

For any Neighborhood vote, including a vote to elect Voting Representatives, each Class "A" Member shall be entitled to one (1) equal vote for each Lot which such Owner owns in the Neighborhood. The candidates who receive the greatest number of votes for Voting Representatives shall be elected as Voting Representatives. The Voting Representative shall serve a term of three (3) years and until their successors are elected.

During the Declarant Control Period, the Declarant shall have the authority to remove Voting Representatives and appoint a replacement, or in Declarant's discretion allow the Neighborhood to elect a replacement. After the Declarant Control Period, any Voting Representative may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Lots owned by Class "A" Members in the Neighborhood which the Voting Representative represents. In the event that the position of a Voting Representative becomes vacant (due to removal, sale of a Lot, death, resignation, or otherwise), his or her successor shall be appointed by majority vote of the remaining Voting Representatives for the Neighborhood, or if none remain, by a vote of the Neighborhood. Replacements appointed or elected in this manner shall serve out the remaining term of the person they replaced.

- D. Registration with the Association. In order for the Association to properly determine voting rights with these Restrictions and manage the day-to-day matters within the Association's jurisdiction, each Owner and resident shall have an affirmative duty and obligation to originally provide, and thereafter revise and update, within fifteen (15) days after a material change has occurred, various items of information to the Association such as: (a) the full name and address of each Owner, resident, and any fiduciary for same; (b) the business address and telephone number of each resident; (c) the description and license plate number of each automobile owned or used by a resident and brought within the Property; (d) the name, address, and telephone numbers of other local individuals who can be contacted (in the event the resident cannot be located) in case of an emergency; and (e) such other information as may be reasonably requested from time to time

by the Association. In the event any Owner or resident of the Property fails, neglects, or refuses to so provide, revise, and update such information, then the Association may, but is not required to, use whatever means it deems reasonable and appropriate to obtain such information, and the offending Owner and resident shall become automatically jointly and severally liable to promptly reimburse the Association for all reasonable costs and expenses incurred in so doing.

4.04 Powers and Duties of the Association. The Association shall have all the powers of a Texas nonprofit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in this Declaration or the Articles of Incorporation. The Association shall further have the power to do, perform, and delegate any and all acts which may be necessary, desirable, or proper for or incidental to the exercise of any of the powers expressly granted to it by the laws of Texas or by this Declaration. Except where expressly provided to the contrary by this Declaration or by other applicable law, all management and decision making of the Association shall be by the Board. Without in any way limiting the generality of the three (3) preceding sentences, the Association (acting through the Board) shall have the following powers and responsibilities:

- A. Assessments and Collections. The Association shall levy and collect Assessments. In furtherance of its duty and authority to collect Assessments and other sums due the Association, the Board may establish payment policies, set due dates, impose and enforce penalties (including late fees and collection fees), and take all other lawful action necessary or appropriate for collection of Assessments and all other sums owed to the Association.
- B. Rules and Bylaws. The Board may promulgate, amend, repeal, and/or re-enact the Bylaws and such rules not in conflict with this Declaration, as it deems proper, covering any and all aspects of its functions, including the use, occupancy, and preservation of Association property and the Lots. The Board may adopt Rules for the purpose of administering the Association and obtaining compliance by Owners and their family, guests, invitees, and tenants with the Declaration, the Bylaws, and the provisions of any other law or applicable rule.
- C. Records. The Association shall keep books and records of the Association's affairs and make such books and records, together with current copies of the Restrictions, available for inspection by the Owners, and/or other properly interested persons upon appointment, during normal business hours.
- D. Professional Services. The Association may retain and pay for management, legal, accounting, engineering, and other professional services necessary or proper in the operation of the Association.
- E. Contracts; Property Ownership. The Association may enter into contracts and may acquire, own, lease, and dispose of all manner of real and personal property on such terms as the Board shall in the exercise of reasonable business judgment deem advisable, provided, however, that a majority vote of all Voting Representatives is required to sell any Common Area.

- F. Change in Lot Lines and Utilities. The Board shall have the power to approve, on behalf of the Association, any replatting or relocation of lot lines or utilities for Lots and the Subdivision, provided that relocation of lot lines must receive prior written approval from all Lot Owners affected.
- G. Discretionary Enforcement. If an Owner or other person with standing complains of a violation of the Declaration or Bylaws, and the Board determines that the alleged violation is of doubtful character and/or of such limited scope or impact as not to warrant the expenditure of Association funds, the Board may decline to enforce such violation and leave enforcement to the complaining party.
- H. Frivolous Complaints. The Association shall not be required to expend time or other resources on patently frivolous, unmeritorious, or harassing complaints; and the Association may recover all of its costs, including reasonable attorney's fees, for responding to or defending against such complaints/requests.

4.05 Rights and Remedies. The Association shall have the power and authority, in its own name and on behalf of itself and the Owners, to commence, maintain, or defend legal actions to enforce or construe the Declaration or Bylaws or its actions or to restrain and enjoin any breach or threatened breach of the Declaration or Bylaws. The Association shall have the right to file liens, file and defend suits for injunctive relief, damages, and/or other relief on behalf of the Association and/or the Owners or the Board. Upon 10 days written notice to the Owner and opportunity to cure, the Association may enter onto any Lot containing a violation of the Declaration, Bylaws, or other governing documents and perform work (including removal or modification of unauthorized improvements) in order to bring the Lot into compliance, and the cost of such work shall be assessed to the Owner's Lot, and the Owner shall also be personally liable for such cost.

If any Owner or his residents, tenants, invitees, or guests causes damage to the Common Area, the Association may repair the Common Area, and the cost of such work shall be assessed to the Owner's Lot, and the Owner shall also be personally liable for such cost. The Association is also authorized to settle claims, enforce liens, and take all other action that it deems necessary or reasonable and expedient to enforce the Declaration, or Bylaws, and/or to carry out the duties of the Association or the Board set forth in the Declaration, Articles, Bylaws, or other governing documents. The Association may enforce all duties and obligations now and/or hereafter imposed by the Declaration or the Bylaws by all lawful means, including without limitation the following:

- A. Collection Charges. The Association may assess late charges and collection charges for late payment of amounts due the Association hereunder and returned check charges for each returned check until acceptable payment is received. These charges shall not exceed any maximum charge permitted under applicable law.
- B. Attorney's Fees. If a delinquent account or other violation is turned over to an attorney, the delinquent Owner shall be liable for all costs and attorney's fees incurred by the Association in collection, filing liens, foreclosing liens, releasing

liens, prosecuting lawsuits, and/or otherwise enforcing or interpreting the rules and policies of the Association, the Declaration, and Bylaws. All such sums shall be a continuing lien and charge upon the delinquent Owner's Lot(s), as well as the personal obligation of said Owner; and this obligation may be enforced in the same manner and to the same extent as provided herein for Assessments.

- C. Application of Payment. Without notice and regardless of notations or instructions on checks or otherwise, the Association may apply payments made to non-assessment items first, may apply payments to the most delinquent balance, or any method of application deemed appropriate by the Association.

4.06 Rules and Policies. The Board of Directors shall have wide latitude in adopting and implementing rules governing the appearance and use of Lots and in establishing policies for enforcement of the Declaration, Bylaws, rules, and other governing documents.

V. ASSESSMENTS

5.01 Covenant to Pay Assessments. Each Owner of a Lot, excluding Declarant owned lots, hereby covenants and agrees to pay to the Association all fees, assessments, and costs set out in the Declaration, Bylaws, Rules, or other governing documents, including but not limited to: (a) Regular Assessments (as defined in Section 5.03 hereof), (b) Special Assessments (as defined in Section 5.05 hereof), (c) late charges, collection costs, and attorney's fees (as specified in Section 5.07 hereof), and (d) all amounts set out in Section 4.05, and transfer fees, fines, damage assessments, attorney's fees, and other amounts as set out in Section 2.06 above for each Lot that he/she owns. All such Assessments and charges shall be established and collected from time to time as herein provided. Each Owner further covenants to pay to the Association reasonable attorney's fees, costs of court, other costs, and expenses incurred in connection with enforcement or defense of these Restrictions or collection of Assessments.

5.02 Purpose of Assessments. The Board shall set and levy Assessments, as needed, for the purposes of (a) promoting the comfort, health, safety, and welfare of the Owners, the Property, and the Neighborhoods, (b) enforcing and defending this Declaration, the Association, the Board, its rules and policies, and the Bylaws, and (c) promoting the purposes of the Association as stated herein or as provided in the Articles or Bylaws.

5.03 Regular Assessments. There shall be a Regular Assessment set by the Board applicable to all Lots in the Subdivision (except Common Area lots and any lots owned by the Declarant) and payable in an equal amount by all lots for the purpose of funding common expenses. Common expenses are expenses borne by the Association for the benefit of all Owners, and include, but are not limited to expenses related to: insuring, maintaining, and improving the Common Areas and any Common Area utilities; enforcing the deed restrictions; the payment of taxes owed by the Association; any trash disposal service the Declarant or the Association elects to provide; insurance, including comprehensive general liability insurance of an amount necessary to adequately protect the Association and its officers and directors; administrative costs; and all other costs reasonably associated with the Subdivision as the Board or Declarant

deem(s) appropriate. The Board shall set an initial Regular Assessment. The Board shall thereafter adjust the Regular Assessment as required to meet Association needs. The due date of Assessments shall be paid either monthly or annually at the discretion of the Board. An Owner is obligated to pay Assessments regardless of whether the Owner actually receives a bill, invoice, or other notice of any such Regular Assessment.

5.04 Adjustments to Regular Assessments. After the initial Regular Assessment, the Board may, at its discretion, adjust the Regular Assessment (as defined in Section 5.03) by up to 10 percent (10%) per year without authorization of the Voting Representatives and may cumulate said increase over the years if the maximum increase is not made each year. Any adjustment of these fees greater than ten percent (10%) per year (cumulative) must be authorized and approved by a two-thirds (2/3) vote of the Voting Representatives.

5.05 Special Assessments. In addition to the Regular Assessments authorized herein, the Board may levy Special Assessments ("Special Assessments"), subject to Section 5.06, in order to carry out any of the purposes of the Association or otherwise to benefit the Association. The due date(s) and delinquent date(s) of any Special Assessment under this section shall be fixed by the resolution authorizing such Special Assessment.

5.06 Vote Required for Special Assessment. The Special Assessments authorized by Section 5.05 hereof must be approved by a two-thirds (2/3) vote of voting interests represented and casting votes at an Association meeting.

5.07 Late Charges, and Collection Costs, and Attorney's Fees. If any Assessment, whether Regular or Special, or any other amount due under the Declaration, Bylaws, Rules, or other governing documents, is not paid before becoming delinquent, the Owner responsible therefore may be required to pay a late charge at such rate as the Board may designate. Each Owner shall also be liable for payment of all costs, fees, and expenses, including returned check charges, reasonable attorney's fees, and recording fees incurred in collection of Assessments and/or other sums owed by the Owner to the Association or in otherwise enforcing the Declaration, Bylaws, Rules, or other governing documents. Said charges and fees shall be both an obligation of the Owner and the Lot(s) owned by such Owner, running with the land, collectible in the same manner as herein provided for collection of Assessments. An Owner's non-receipt of a statement or other notice that Assessments are due shall not be a defense to the imposition of late charges and other costs of collection, including attorney's fees.

5.08 Lot Consolidation, Replatting. No combination, consolidation, or replatting of Lots shall alter the Assessments due for each original Lot involved unless the same (a) occurs at the instance of Declarant, (b) involves extraordinary circumstances and receives the unanimous approval of the Board, or (c) approved in writing by the Declarant prior to formation of the Board.

5.09 Violations of Covenants and Restrictions. The Board may from time to time adopt and amend rules governing enforcement of the governing documents, including the levy of fines for violations of the governing documents.

5.10 Enforcement. If an Owner, or its heirs, executors, administrators, successors, assigns, guests, invitees, or tenants, shall violate or attempt to violate any of the restrictions and covenants set forth in this Declaration, it shall be lawful for the Association, Declarant, or any Owner subject to this Declaration, to prosecute any proceedings against the person or persons violating or attempting to violate any such restrictions and covenants. The failure of any Owner, guest, invitee, or tenant to comply with any restriction or covenant will result in irreparable damage to Declarant and other Owners; thus the breach of any provision of this Declaration may not only give rise to an action for damages at law, but also may be enjoined or may be subject to an action for specific performance in equity in any court of competent jurisdiction. In the event an action is instituted to enforce the terms hereof or prohibit violations hereof, and the party bringing such action prevails, then in addition to any other remedy herein provided or provided by law, such party shall be entitled to recover court costs and reasonable attorney's fees. Neither the ACC, Association, nor the Declarant shall be charged with any affirmative duty to police, control, or enforce the terms of this Declaration, and these duties shall be born by and be the responsibility of the Owners. If any violation of the Declaration, Bylaws, or Rules is of the nature that the Association is able to wholly or partially cure the violation on behalf of the owner, upon 10 days written notice to the Owner and opportunity to cure, the Association may enter the Lot and cure the violation, and all costs shall be assessed to the Owner and shall constitute a lien against the Lot, collectible in the same manner as assessments.

VI. LIABILITY AND INDEMNITY

6.01 Liability of Association Representatives. Association directors, officers, employees, and ACC members (collectively the "Association Representatives") shall not be liable to any Owner or other person claiming by or through any such person for any act or omission of such Association Representative in the performance of his/her Association duties unless such act or omission (a) is an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or (b) involves a transaction from which an Association Representative receives an improper personal benefit, whether or not the benefit resulted from an action taken within the scope of the Association Representative's office/position, or (c) is conduct for which the liability of the Association Representative is expressly imposed by a statute.

6.02 Indemnification. The Association shall indemnify and hold harmless every past and present Association Representative from all costs, expenses, fees (including attorney's fees), liabilities, claims, demands, actions and proceedings, and all expenses associated therewith unless such indemnity would contravene the provisions of this Declaration or Texas statute. Such indemnification payments shall be a common expense of the Association. This indemnity shall extend to all expenses (including attorney's fees, judgments, fines, costs of court, other costs, and amounts paid in settlement) actually and reasonably incurred by such person in connection with such proceeding if it is found and determined by the Board or a court that such person: (a) acted in good faith and in a manner which such person reasonably believed to be consistent with the best interests of the Association, or (b) with respect to any criminal action or proceeding, had no

reasonable basis to believe such conduct was unlawful. The termination of any action, suit, or proceeding by settlement, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person breached the immediately preceding requirements. The Board may purchase and maintain insurance on behalf of any person who is or was an Association Representative against any claim asserted against or incurred by such person in any such capacity or status, whether or not the Association would have the power to indemnify such person against such liability. The premium for such insurance is a common expense, and the Board of Directors is authorized and directed to modify the Association's Articles and Bylaws to the extent necessary to facilitate the purchase of such insurance.

6.03 Amendment of Liability and Indemnity Provisions. Notwithstanding any other provision in this Declaration, the Board may amend this Article 6, without the concurrence of the members or Mortgagees, in order to conform to changes in applicable law.

VII. MISCELLANEOUS

7.01 Construction. This Declaration shall be liberally construed to promote its express and implicit purposes. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion hereof shall not affect the validity or enforceability of any other provision or portion. Unless the context requires a contrary construction, use of the singular, plural, and/or a designated gender shall be of no consequence in construing this Declaration. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit, or otherwise affect that which is set forth in any of the sections hereof.

7.02 No Warranty of Enforceability. While Declarant has no reason to believe that any of the terms and provisions of this Declaration are in any respect invalid or unenforceable, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such terms or provisions. **Any Owner acquiring a Lot shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant, and its respective successors and assigns, harmless therefrom.**

7.03 Compliance with Declaration. Each Owner shall comply strictly with the provisions of this Declaration and the rules and policies set out by the Board. Failure to comply with any part of this Declaration may give rise to a cause of action for damages, attorney's fees, and/or injunctive relief.

7.04 Lien for Enforcement. All sums due under this Declaration, the Bylaws, Rules, or other governing documents shall be a continuing lien and charge upon the subject Lot(s) as well as the personal obligation of the Owner and his/her successors in interest. The aforesaid lien shall be superior to all other liens and charges against said Lot, except only for ad valorem tax liens and any amount unpaid on a first mortgage lien of record encumbering the Lot. To evidence the aforesaid lien, the Association or Declarant may prepare a written notice of lien, setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien, and a description of the Lot. Such notice shall be signed by an Association representative or the

Declarant and may be recorded in the office of the County Clerk in Williamson County, Texas. Such lien shall automatically attach upon the filing of this Declaration with the priority set forth above, and the Association or Declarant may thereafter institute suit against the subject Owner personally and/or for judicial or non-judicial foreclosure of the aforesaid lien as allowed by state law. The Association is hereby granted a power of sale for such foreclosure.

7.05 Amendment. The Declarant shall have the sole right to amend this Declaration as long as Declarant owns any of the Lots in the Subdivision. After the Declarant no longer owns any of the Property, the Declaration may be amended by a sixty-seven (67) percent vote of the Voting Representatives. No amendment shall be effective until it has been recorded in the Official Records of Williamson County, Texas. Any amendment 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.

7.06 Governmental Requirements. By acceptance of a deed to a Lot, or initiating construction of a residence or improvements to a Lot, each builder and contractor assumes responsibility for complying with all certifications, permitting, reporting, construction, and procedures required under all applicable governmental rules, regulations, and permits, including, but not limited to those promulgated or issued by the Lower Colorado River Authority and Environmental Protection Agency and related to Storm Water Discharges from Construction Sites (see Federal Register, Volume 57, No. 175, Pages 41176 et seq.), and with the responsibility of ascertaining and complying with all regulations, rules, rulings, and determinations of the Texas Water Development Board and Texas Water Commission, related to each Lot, including, without limitation, the provision of chapters 325 and 331, Texas Administrative Code, and any specific rulings made pursuant to the terms thereof. The foregoing references are made for the benefit of builders and contractors and do not in any way limit the terms and requirements of this covenant and the requirement that all builders and contractors comply with all governmental regulations, and any plan required by such regulations such as Storm Water Pollution Plan, affecting each Lot and construction site with which they are associated. Each builder and contractor, by acceptance of a deed to a Lot or undertaking the making of improvements to a Lot, holds harmless and indemnifies Declarant for cost, loss, or damage occasioned by the failure to abide by any applicable governmental statute, rule, regulation, or permit related to the Properties.

By acceptance of a deed to a Lot, each Owner agrees that Declarant and the Association shall have the right to enter upon any Lot on which one or more conditions or activities prohibited by appropriate governmental authority is maintained, or on which there has been a failure to perform any act required by appropriate governmental authority, for the purpose of curing any such violation, provided that the Owner has been given five (5) days prior written notice and has failed to remedy the complained of violation within such time, and each such Owner indemnifies and holds harmless Declarant and the Association from all cost and expense of such curative action and any cost or expense of penalty or fine levied by any governmental authority as a result of the act or failure to act of the Owner with respect to his Lot or the Properties. The foregoing remedy shall be cumulative of all other remedies for violations of provisions of these covenants. Any resulting costs shall constitute a lien on the Lot collectible in the same manner as assessments.

IN WITNESS WHEREOF, the undersigned has executed this Declaration on this 26th day of
MARCH, 2014.

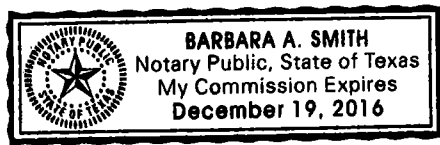
LOOKOUT DEVELOPMENT GROUP, L.P.
A TEXAS LIMITED PARTNERSHIP
By: The Lookout Group, Inc.,
its General Partner

By: [Signature]
WILLIAM R. HINCKLEY, President

STATE OF TEXAS

COUNTY OF WILLIAMSON

This instrument was acknowledged before me on the 26th day of
MARCH, 2014 by William R. Hinckley, President of The Lookout Group, Inc.,
the general partner for Lookout Development Group, L.P.

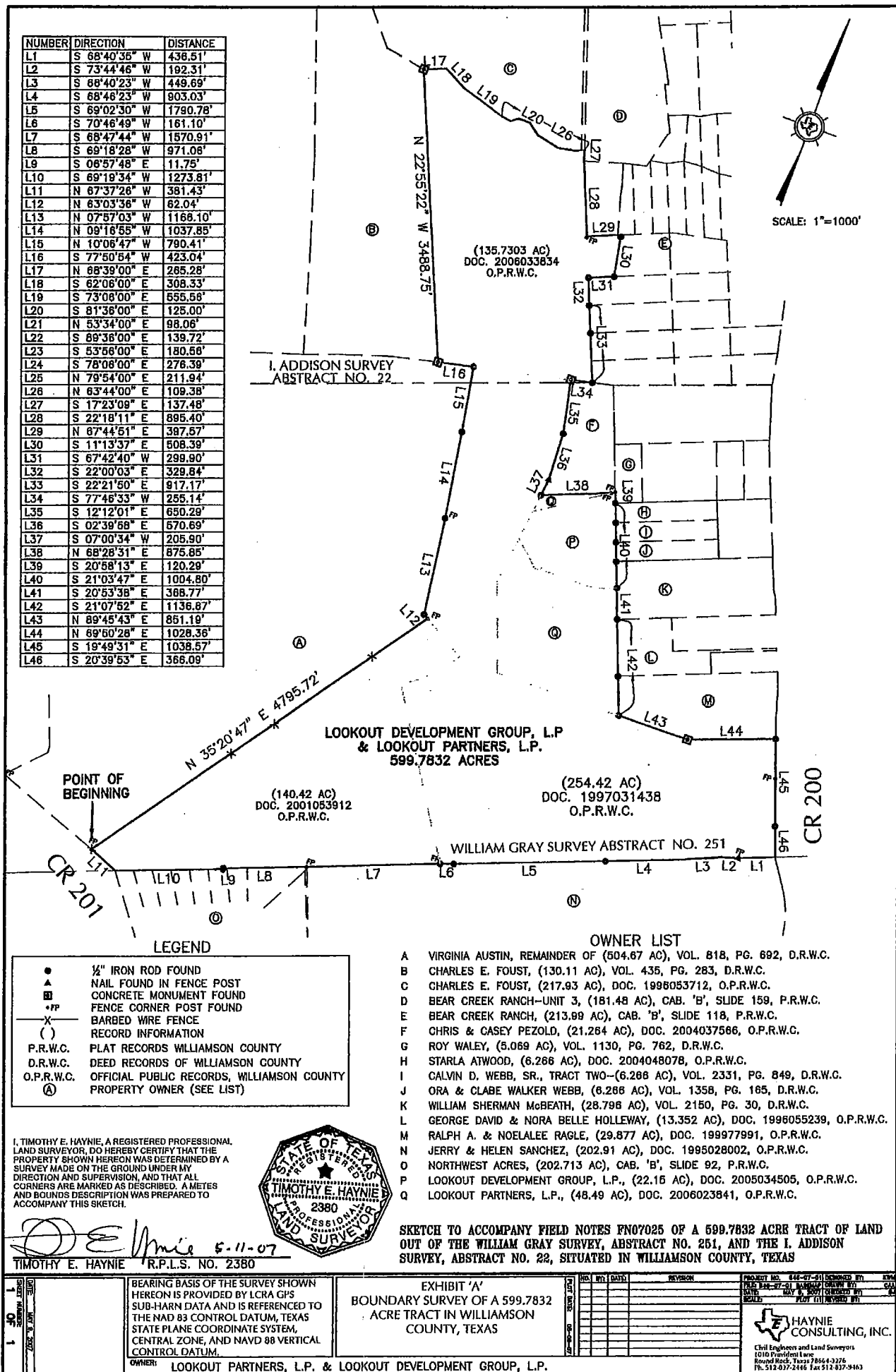


Barbara A. Smith
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

My commission expires: 12-19-2016
Printed Name: BARBARA A. SMITH

EXHIBIT A
Insert Plats and Plans

NUMBER	DIRECTION	DISTANCE
L1	S 68°40'38" W	438.51'
L2	S 73°44'46" W	192.31'
L3	S 68°40'23" W	449.69'
L4	S 68°48'23" W	903.03'
L5	S 69°02'30" W	1790.78'
L6	S 70°46'49" W	161.10'
L7	S 68°47'44" W	1570.91'
L8	S 69°18'28" W	971.08'
L9	S 06°57'48" E	11.75'
L10	S 69°19'34" W	1273.81'
L11	N 67°37'28" W	381.43'
L12	N 63°03'36" W	62.04'
L13	N 07°57'03" W	1168.10'
L14	N 09°16'55" W	1037.85'
L15	N 10°06'47" W	790.41'
L16	S 77°50'54" W	423.04'
L17	N 68°39'00" E	265.28'
L18	S 62°06'00" E	308.33'
L19	S 73°08'00" E	555.58'
L20	S 81°38'00" E	125.00'
L21	N 53°34'00" E	98.06'
L22	S 89°36'00" E	139.72'
L23	S 53°56'00" E	180.56'
L24	S 78°08'00" E	276.39'
L25	N 79°54'00" E	211.94'
L26	N 63°44'00" E	109.38'
L27	S 17°23'09" E	137.48'
L28	S 22°18'11" E	895.40'
L29	N 67°44'51" E	387.57'
L30	S 11°13'37" E	508.39'
L31	S 67°42'40" W	299.90'
L32	S 22°00'03" E	329.84'
L33	S 22°21'50" E	917.17'
L34	S 77°46'33" W	255.14'
L35	S 12°12'01" E	650.29'
L36	S 02°39'58" E	670.69'
L37	S 07°00'34" W	205.90'
L38	N 68°28'31" E	875.85'
L39	S 20°58'13" E	120.29'
L40	S 21°03'47" E	1004.80'
L41	S 20°53'38" E	368.77'
L42	S 21°07'52" E	1136.87'
L43	N 89°45'43" E	851.19'
L44	N 69°50'28" E	1028.36'
L45	S 19°49'31" E	1038.57'
L46	S 20°39'53" E	366.09'



**EXHIBIT B
BYLAWS
OF
CLEARWATER RANCH HOMEOWNER'S ASSOCIATION, INC.**

Article I: NAME AND LOCATION

Section 1. Name. The name of the Association is "Clearwater Ranch Homeowner's Association, Inc.", hereinafter referred to as the "Association."

Article II: DEFINITIONS

Section 1. Definitions. The definitions of all terms herein shall be the same as those in the Covenants, Conditions, and Restrictions for Clearwater Ranch Homeowner's Association, Inc. This document is referred to herein as the "Declaration" for the subdivision.

**Article III
ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES**

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Property or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. Meetings shall be of the Voting Representatives unless specifically required by the Declarations or Bylaws or unless the Voting Representatives have yet to be elected or appointed. Subsequent regular annual meetings shall be set by the Board on a date and at a time set by the Board of Directors. At the option of the Board, meetings may be held in person, or by email, conference call, or other electronic communication, provided that all attendees have the ability to hear (or read) all formal discussions of the meeting and have the opportunity for their input to be heard or received by all participants in the meeting.

Section 4. Special Meetings. The President may call special meetings of the Association. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by a majority of Voting Representatives of the Association. The notice of

any special meeting shall state the date, time and place of such meeting, and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written notice stating the place, day, and hour of any meeting of the Association shall be delivered, either personally or by mail, fax, or email to each Owner, not less than ten (10) days nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Owner at his or her address as it appears on the records of the Association, with postage thereon prepaid. If emailed or faxed, notice shall be deemed delivered when sent to the last known email address or the last fax number of the Owner according to the association's records.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting by an Owner shall be deemed waived by such Owner of notice of the time, date, and place thereof, unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Representatives who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, a quorum will be deemed to be present, and any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Owners in the manner prescribed for regular meetings.

The Voting Representatives present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Representatives to leave less than quorum, provided that at least twenty five percent (25%) of all Voting Representatives remain in attendance and provided further that any action taken is approved by at least a majority of the Voting Representatives required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. Voting Representatives may vote by proxy but a VR may only assign his or her proxy to another VR. Votes may also be had by absentee ballot or electronic ballot, in the Board's sole discretion.

Section 10. Majority. As used in these Bylaws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than fifty (50%) percent of the total eligible number.

Section 11. Quorum. Except as otherwise provided in the Bylaws or in the Declaration, the presence in person or by proxy of a majority of Voting Representatives shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary or designated Managing Agent shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Voting Representatives, or any action that may be taken at a meeting of the Voting Representatives, may be taken without a meeting if written consent of all Voting Representatives is obtained and shall have the same force and effect as any action taken by a unanimous vote of Voting Representatives at a meeting.

Article IV

BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection.

Section 1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Owners or spouses of such Owners; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of an Owner which is a corporation or partnership, the person designated in writing to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as the a director

Section 2. Directors During Declarant Control Period. Subject to the provisions of Section 6 below and except as otherwise required by law, all directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasures of the Class "B" Member until the termination of the Declarant Control Period.

Section 3. Right to Disapprove Actions. This Section 3 may not be amended without the express, written consent of the Class "B" Member as long as the Class "B" membership exists.

So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section. This right shall be exercisable only by the Class "B" Member, its successors, and assignees that specifically take this power in a recorded instrument. The right to disapprove shall be as follows:

No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class "B" Member shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies with the notice requisites for the Board of Directors meetings as outlined by these Bylaws and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board, any committee thereof, or the Association. The Class "B" Member, its representatives, or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee and/or the Board. The Class "B" Member shall have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Board of Directors or any committee thereof and to be taken by the Board, such committee, the Association, or any individual member of the Association, if Board, committee, or Association approval is necessary for such action. This right may be exercised by the Class "B" Member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 4. Number of Directors. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation. After the termination of the Declarant Control Period, the number of directors on the Board shall increase to five (5) members, in accordance with Section 6(c) below.

Section 5. Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Voting Representatives. The Nominating committee shall be appointed by the Board of Directors not less than thirty (30) days

prior to each annual meeting of the Voting Representatives to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Representatives and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within 120 days after the time Class "A" Members, other than the Declarant or a builder holding title solely for purposes of development and sale, own seventy-five (75%) percent of the Lots on the Property that Declarant intends to develop, as evidenced by a written notice from Declarant to the Board President, the Association shall call a special meeting at which Voting Representatives shall elect one (1) of the directors. The remaining directors shall be appointees of the Class "B" Member. The director elected by the Voting Representative shall not be subject to removal by the Class "B" Member acting alone and shall be elected for a term of three years or until the happening of the event described in subsection (b) below, whichever is shorter. If such director's terms expire prior to the happening of the event described in subsection (b) below, a successor shall be elected for a like term. Declarant's statement that (75%) of Lots intended to be developed have been sold does not preclude Declarant from adding additional land to the property, but in such case the Class A Member voting representatives may still elect the director.

(b) Within sixty (60) days after termination of the Declarant Control Period, the Association shall call a special meeting at which Voting Representatives shall elect two of the three directors. The remaining director shall be an appointee of the Class "B" Member, unless such Class B Member declines in writing to appoint a director, in which case the Voting Representatives shall elect all three directors. The directors elected by the Voting Representatives shall not be subject to removal by the Class "B" Member acting alone and shall serve until the first annual meeting following the termination of the Declarant Control Period. If such annual meeting is required to be held within ninety (90) days after termination of the Declarant Control Period, this subsection shall not apply, and directors shall be elected in accordance with subsection (c) below.

(c) At the first annual meeting of the membership after the termination of the Declarant Control Period, the directors shall be selected as follows: Five (5) directors shall be elected by the Voting Representatives. Three (3) directors shall be elected for a term of three (3) years, and two (2) directors shall be elected for a term of two (2) years. At the expiration of the initial term of office of each member of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for a term of three (3) years. If additional members are added to the Board in accordance with these bylaws, all terms shall be similarly staggered.

The Voting Representatives from a Neighborhood, by majority vote, will determine how all Class A votes are voted for that Neighborhood, for election of directors and otherwise. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The

directors elected by the Voting Representatives shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 7. Removal of Directors and Vacancies. Any director elected by the Voting Representatives may be removed, with or without cause, by the vote of Voting Representatives holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. A director who was elected solely by the votes of the Voting Representatives, other than the Declarant, may be removed from office prior to the expiration of his or her term only by the votes of a majority of Voting Representatives, other than the Declarant. Upon removal of a director, a successor shall then and there be elected by the Voting Representatives entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Representatives who has three (3) consecutive unexcused absences from Board meetings, who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days, or who is in violation of the Declaration may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor. However, any director appointed by the Declarant may only be removed by the Declarant, and any vacancy in a Declarant-appointed board position may only be filled by the Declarant.

B. Meetings.

Section 1. Organizational Meetings. The first meeting of the Board of Directors shall be held prior to the Association conducting business.

Section 2. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one meeting per year shall be held. Notice of the time and place of the meeting shall be communicated to directors not less than three (3) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or written consent to holding of the meeting. Meetings may be held in person, by conference call, email, or other electronic communication provided that all directors have the opportunity to hear or read all formal board discussion, and all directors have the opportunity to be heard or otherwise communicate with all other directors.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director or (d) by fax or email. All such notices shall be given at the director's telephone number or sent to the

director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, fax, or email shall be delivered, telephoned, or given by fax or email at least seventy-two (72) hours before the time set for the meeting.

Section 4. Director Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed and wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 5. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 6. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Voting Representatives representing a majority of the total Class "A" vote of the Association at a regular or special meeting of the Association; provided, any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 7. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary or designated Managing Agent shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the board of Directors and all transactions and proceedings occurring at such meetings.

Section 8. Open Board Meetings. Meetings of the board shall be open to all Owners as required by Texas Property Code §209.0051, but Owners other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Owner may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Owners, to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of individual owners, or matters that are to remain confidential by request of the affected parties and agreement of the

board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session. In addition to the requirements of these Bylaws, meetings of the board must adhere to all of the requirements for open board meetings found in Texas Property Code §209.0051.

Section 9. Owner Notice of Board Meetings. All Owners must be given 72 hours' written notice of regular or special board meetings in accordance with the requirements of Texas Property Code §209.0051. The notice must include the date, hour, place, and general subject of the regular or special board meeting, as well as a general description of each item to be brought up in executive session. Notice may be given either by (1) U.S. mail, postmarked at least ten (10) but no more than sixty (60) days before the date of the meeting, or (2) posting in a conspicuous location within the Common Area or on an Association-maintained website in conjunction with sending an email to all Owners who have provided their email addresses to the Association. It is an Owner's duty to keep an updated email address registered with the Association.

Section 10. Action Without a Formal Meeting/Notice to Owners. In accordance with Texas Property Code §209.0051, the board may take action by unanimous written consent in lieu of a meeting to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate board action. Action taken by unanimous written consent does not require prior notice to Owners under Section 9 above. In addition, pursuant to Texas Property Code §209.0051, the board may take action by telephone or other electronic means, with no prior notice to Owners, as long as all directors have the opportunity to hear or read all board discussion, and all directors have the opportunity to be heard or otherwise communicate with all other directors. Any action without prior notice to Owners under this Section must be summarized orally, including an explanation of any known or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting. Notwithstanding the provisions of this section, the Board may never consider or vote on the following topics except at an open meeting for which Owners were given notice as provided by Section 9: fines, damage assessments, initiation of foreclosure actions, initiation of enforcement actions (excluding temporary restraining orders or violations involving a threat to health or safety), increase in assessments, levying of special assessments, appeals from a denial of architectural control approval, or a suspension of a right of a particular Owner before the Owner has an opportunity to attend a board meeting to present the owner's position, including any defense, on the issue.

C. Powers and Duties.

Section 1. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Declaration, Articles, or these Bylaws directed to be done and exercised exclusively by the Voting Representatives or the membership generally.

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, in way of explanation, but not limitation:

(a) preparation and adoption, in accordance with the Declaration, of annual budgets in which there shall be established the contribution of each Owner to the Regular Assessments described in the Declaration;

(b) making Assessments, establishing the means and methods of collecting such Assessments, and establishing the payment schedule for Assessments, if other than annual;

(c) providing for the operation, care, upkeep, and maintenance of all of the Common Area;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair, and replacement of its property and the Common Area and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the directors' best judgment, in depositories other than banks;

(f) making and amending rules and regulations governing the community;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the costs of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) maintaining a membership register reflecting, in alphabetical order, the names, Unit addresses, and mailing addresses of all Members;

(n) making available to any prospective purchaser of a Lot, any Owner of a Lot, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Lot or dwelling, current copies of the Declaration, the Articles of Incorporation, the Bylaws and rules governing the Lot, and all other books, records, and financial statements of the Association; and

(o) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Property.

Section 2. Management. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Section 3. Accounts and Reports. An annual report consisting of at least the following shall be distributed to all Members upon request within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis as determined by the Board, by an independent public accountant or bookkeeper; provided, upon written request of any holder, guarantor, or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement.

Section 4. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, or restoration of the Common Area without the approval of the Voting Representatives of the Association. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Voting Representative approval in the same manner provided in the Declaration for increases in Assessments of more than ten percent (10%) in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed ten (10%) percent of the budgeted gross expenses of the Association for that fiscal year.

Section 5. Rights of the Association. With respect to the Common Area, and in accordance with the Articles of Incorporation, the Declaration, and state law, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood, and other Owners or residents associations, both within and without the

Property. Such agreements shall require the consent of a majority of all directors of the Association.

Section 6. Enforcement

(a) Suspension of Privileges/Fines. In the event of a violation of the Declaration, Bylaws, or any rules and regulations of the Association, the Board of Directors, acting on behalf of the Association, in addition to any other remedies provided by the Declaration, Bylaws, or rules and regulations and remedies available pursuant to State statute or other law, may, upon notice to Owner, (1) suspend or condition the right of an Owner and any tenants, occupants, or guests to use of facilities (including all or part of any Common Areas) owned, operated, or managed by the Association; (2) record a notice of non-compliance encumbering the Lot; (3) levy a damage assessment against a Lot; (4) levy collection or deed restriction enforcement costs against an Owner; and (5) assess a fine against the Lot and Lot Owner for the violation of Owner, his tenants, occupants, or guests in an amount to be determined by the Board of Directors.

Before the Association may suspend an Owner's right to use a common area, file suit against an Owner (other than a suit to collect regular or special assessments or foreclose under an Association lien), charge an Owner for property damage, or levy a fine for a violation of the restrictions (including Declaration, Bylaws, or rules), the Association must give certified mail, return receipt requested notice to the last known address of the Owner, in accordance with the requirements of subsection (b) below.

Any amounts charged to an Owner under these procedures may be collected in the same manner as assessments under the Declaration, including lien and foreclosure rights to the extent permitted by law.

(b) Notice Requisites prior to common area use right suspension, voting suspension, filing suit (other than for collections), or fining/charging for damages. The notice referenced in subsection (a) will be sent certified mail, return receipt requested, to the last known address of the Owner in the Association records. The notice must (1) describe the violation or property damage that is basis for the suspension action, charge, or fine and state any amounts due the Association from the Owner; (2) inform the Owner that the Owner is entitled to a reasonable period to cure the violation and avoid the fine or suspension, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six (6) months; (3) inform the Owner that he may request a hearing before the Board of Directors on or before the thirtieth (30th) day after the date the Owner received the notice (or thirty (30) days after the date on which the first attempted delivery was made to the Owner); and (4) inform the Owner that he may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et seq), if the owner is serving on active military duty.

If the hearing is to be held before a committee, the notice must state that the Owner has the right to appeal the committee's decision to the Board of Directors by written notice to the Board. The Association shall hold any hearing not later than the thirtieth (30th) day after the date

the Board receives the Owner's request for a hearing and will notify the Owner of the date, time, and place of the hearing at least ten (10) days before the hearing date.

(c) **Attorney's Fees.** The Association may assess reasonable attorney's fees to an Owner's account for nonpayment of amounts due or other violations of the Declaration, Bylaws, or rules only if the Owner is provided a written notice that attorney's fees and costs will be charged to the Owner if the delinquency or violation continues after a date certain. Regardless, attorney's fees may not be charged to an Owner's account until after any Owner-requested hearing allowed pursuant to these procedures is held, or, if the Owner does not request a hearing, before the date by which the Owner must request a hearing. For repeat violations within six (6) months, attorney's fees may be assessed to an account after the first hearing request deadline date has passed or after the first hearing, as appropriate.

The failure of the Association to enforce any provisions of the Declaration, Bylaws, rules, or procedures shall not constitute a waiver of the right to enforce the same thereafter. All remedies in the Declaration, Bylaws, and rules are cumulative and not exclusive.

This enforcement and notice and hearing procedure is intended to mirror the requisites of Texas Property Code Chapter 209. At any time the Board of Directors, by majority vote, may amend this Article IV(C)(6) of the Bylaws to comply with any changes in Chapter 209 or other state law.

(d) **Application of Payments.** The Association in its discretion and without notice to the Owner may apply amounts received from Owner to non-assessment items or other amounts due and owing the Association regardless of Owner notations on checks or otherwise.

(e) **Additional Enforcement Rights.** Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations and the maintenance, including installation or removal of landscaping) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, the Owner shall pay all costs, including reasonable attorney's fees actually incurred.

Article V: OFFICERS AND THEIR DUTIES

Section 1. **Officers.** The Officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall at all times be members of the Board of Directors.

Section 2. **Election.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and shall hold office for approximately three (3) years until the election of his successor, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The same person may hold multiple offices with the exception that the offices of President and Secretary may not be held by the same person.

Section 8. Duties. The duties of the officers are as follows:

(a) President: The president shall preside at all meetings of the Board of Directors; shall ensure that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other legal instruments.

(b) Vice-President: The vice-president shall act in the place and stead of the president in the event of absence, inability, or refusal to act and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; and shall perform such other duties as required by the Board. These duties, with approval of the Board, may be delegated to the Association management company.

(d) Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit or review by a third-party accountant or bookkeeper of the Association books to be made at the completion of each fiscal year; and shall prepare an annual budget for the forthcoming year and a statement of income and expenditures for the previous year, to be presented to the membership at its regular annual meeting. The Treasurer shall also be responsible for supervising billings. These duties, with approval of the Board, may be delegated to the Association management company.

(e) Temporary Chair: In the absence of the president and vice-president, the Board members attending a Board meeting may elect, by majority vote, a temporary chair for that meeting.

Article VI: COMMITTEES

The Association shall appoint any committees required by the Declaration or these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out the purposes of the Association.

Article VII: BOOKS AND RECORDS

The financial books and financial records of the Association shall at all times be subject to inspection by any member upon appointment for a proper purpose. The Declaration, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any member at the principle office of the Association, where copies may be purchased at reasonable cost.

Article VIII: ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association regular and special Assessments which are secured to the full extent provided by law, by a continuing lien upon the Lot against which the Assessment is made. The collection and enforcement procedures shall be as set forth in the Declaration.

Article IX: AMENDMENTS

These Bylaws may be amended by majority vote of the Board. However, during the Declarant control period, Declarant has the sole right to amend the Bylaws and may do so as it deems necessary or appropriate. Changes in the Declaration shall be pursuant to the procedures set forth therein.

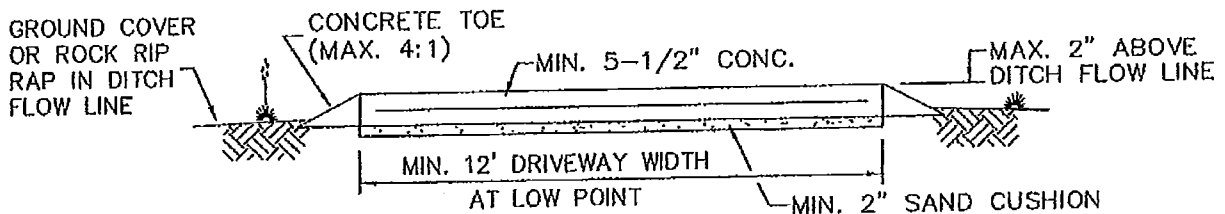
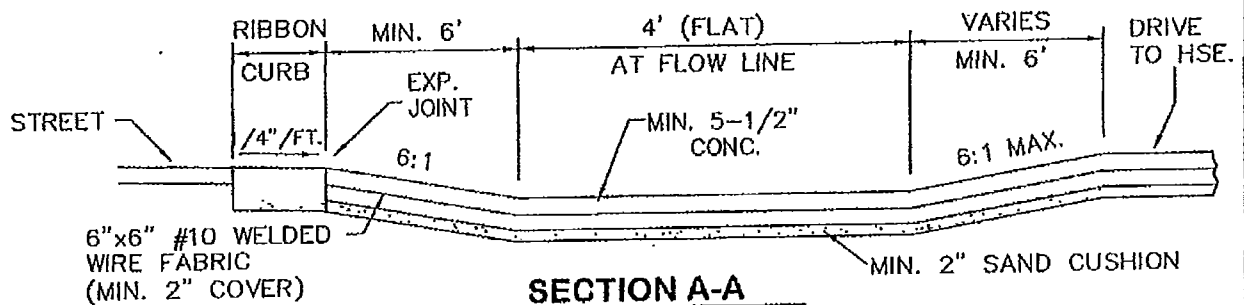
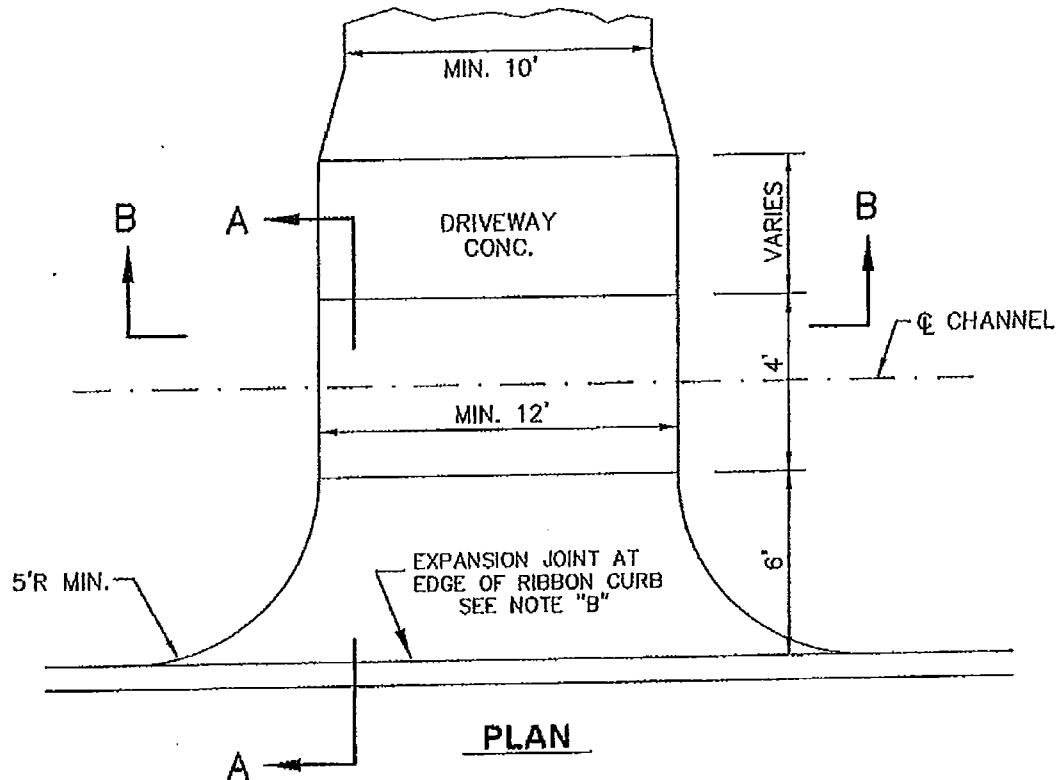
Article XIV: MISCELLANEOUS

The fiscal year of the Association shall be the calendar year.

EXHIBIT C
Insert Concrete Dip-Type Driveway

CONCRETE DIP-TYPE DRIVEWAY

EXHIBIT "C"

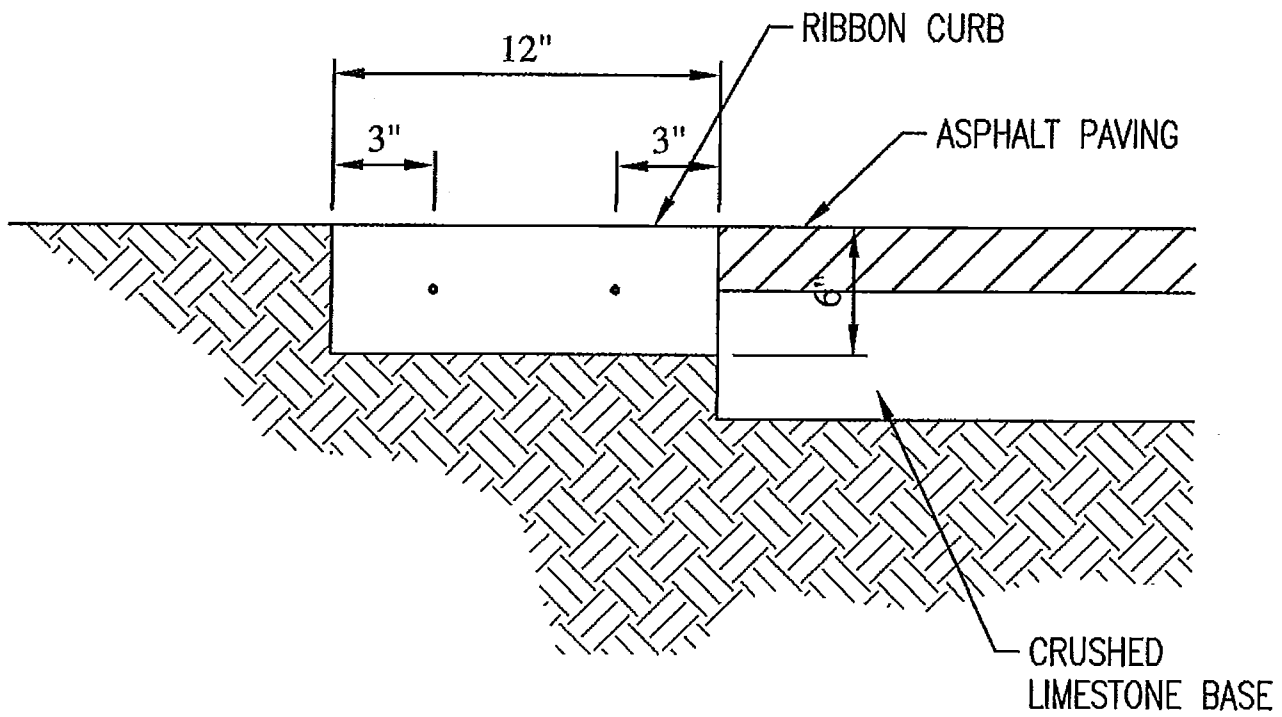


NOTES:

- MAXIMUM EXPOSED SURFACES ON DRIVEWAYS SHALL NOT EXCEED TWELVE INCHES (12") IN HEIGHT OR MUST BE TREATED AS A VERTICAL WALL AND VENEERED IN MASONRY OR SCREENED WITH PERMANENT LANDSCAPING.
- EXPANSION JOINTS SHALL HAVE PREMOLDED EXPANSION JOINT FILLER STRIPS 1/2" THICK THE FULL DEPTH OF THE SLAB, EDGES OF JOINTS SHALL BE FINISHED SLIGHTLY ROUNDED

EXHIBIT D
Ribbon Curb Detail

EXHIBIT "D"



RIBBON CURB DETAIL
SCALE NTS

Exhibit E
Rules

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SECTION I. FLAGS

1. General. An Owner may display flags only on his or her Lot and only in compliance with this Section. An Owner may not display flags on the Common Areas or on any other lands owned or maintained by the Association, for any reason or at any time. An Owner may have one flag pole or one residence-mounted flag mount, but not both.
2. Prior Approval Required. All flagpoles, flag mounts, and related installations (e.g., flag lighting) must be approved in advance by the Association's Architectural Control Committee (ACC). An Owner desiring to display a permitted flag must submit plans to the ACC for each installation, detailing the dimensions, type, location, materials, and style/appearance flagpole, flag mount(s), lighting, and related installations. The Association's ACC shall have the sole discretion of determining whether such items and installations comply with this Section, subject to any appeal rights that may exist elsewhere in the Association's governing documents or under State law.
3. Additional Requirements Related to Flags.
 - a. Flags must be displayed on an approved flag mount or flagpole. Flags may not be displayed in any other manner.
 - b. No more than one flag at a time may be displayed on a flag mount. No more than two flags at a time may be displayed on a flagpole.
 - c. Flags on flagpoles must be hoisted, flown, and lowered in a respectful manner.
 - d. Flags must never be flown upside down and must never touch the ground.
 - e. No mark, sign, insignia, design, or advertising of any kind may be added to a flag.

- f. If both the U.S. and Texas flags are displayed on a flagpole, they must be of approximately equal size.
 - g. If the U.S. and Texas flags are flown on one pole, the U.S. flag must be the highest flag flown and the Texas flag the second highest.
 - h. Only all-weather flags may be displayed during inclement weather.
 - i. Flags must be no larger than 3'x 5' in size.
 - j. Flags may not contain commercial material, advertising, or any symbol or language that may be offensive to the ordinary person.
 - k. A pennant, banner, plaque, sign, or other item that contains a rendition of a flag does not qualify as a flag under this Section.
4. Materials and Appearance of Flag Mounts and Flagpoles. A flag mount attached to a dwelling or a freestanding flagpole must be constructed of permanent, long-lasting materials, with a finish appropriate to the materials (per the discretion of the ACC) used in the construction of the mount or flagpole and harmonious with the dwelling.
5. Additional Requirements for Flagpoles. The following additional requirements shall apply to flagpoles installed on Lots:
- a. No more than one flagpole may be installed on a Lot;
 - b. The flagpole must be free-standing and installed vertically;
 - c. The flagpole must be no greater than 20 feet in height measured from grade level;
 - d. The location and construction of the flagpole must comply with applicable zoning ordinances, may not be located in any easements (including drainage easements), and must comply with all setback requirements;
 - e. Unless otherwise approved by the ACC, the location of the pole must be within 10 feet (10') of one of the side-most building lines of the home, and within 10 feet (10') of the front most building line of the home. The ACC may require the pole to be installed on a particular side or otherwise require a particular location; and
 - f. No trees may be removed for pole installation; and
 - g. An Owner must ensure that external halyards (hoisting rope) used in combination with a flagpole do not create an unreasonable amount of noise.
6. Lighting of Flag Displays. Any lights installed for the purpose of illuminating a flag must be pre-approved by the Association. Such light installations must be of a reasonable size and intensity and placed in a reasonable location, for the purpose of ensuring that the lights do not unreasonably disturb or distract other individuals. All flag illumination lighting must be specifically dedicated to that purpose. No other lighting, whether located inside or outside of the residence, may be directed toward a displayed flag for purposes of illuminating the flag (e.g., security flood or spotlights may not be oriented toward a displayed flag).
7. Maintenance. An Owner is responsible for ensuring that a displayed flag, flagpole, flag mount(s), lighting, and related installations are maintained in good and attractive condition at all time at the Owner's expense. Any flag, flagpole, flag mount, light, or related installation or item that is in a deteriorated or unsafe condition must be repaired, replaced, or removed promptly upon the discovery of its condition.

SECTION II. SOLAR ENERGY DEVICES

1. Conflict with Other Provisions. Per state law, this Section controls over any provision in any other Association governing document to the contrary.
2. Prior Approval Required. **During the development period (a.k.a. the period of declarant control), the ACC must pre-approve any solar installations and may approve, deny, or condition approval in its sole discretion. After the development period terminates, an Owner may install solar energy devices only on property solely owned and solely maintained by the Owner and only in accordance with the restrictions provided herein.** Owners may not install solar energy devices except in accordance with the restrictions provided herein. Prior to installation of any solar energy device, the Owner must submit plans for the device and all appurtenances thereto to the ACC. The plans must provide an as-built rendering and detail the location, size, materials, and color of all solar devices, and provide calculations of the estimated energy production of the proposed devices.
3. Definition. In this section, "solar energy device" means a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy. All solar devices not meeting this definition are prohibited.
4. Prohibited Devices. Owners may not install solar energy devices that:
 - a. threaten the public health or safety;
 - b. violate a law;
 - c. are located on property owned by the Association;
 - d. are located in an area owned in common by the members of the Association;
 - e. are located in an area on the property Owner's property other than:
 - i. on the roof of the home (or of another structure on the Owner's lot allowed under the Association's governing documents); or
 - ii. in a fenced yard or patio owned and maintained by the Owner;
 - f. are installed in a manner that voids material warranties;
 - g. are installed without prior approval by the ACC; or
 - h. substantially interfere with the use and enjoyment of land by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. *This determination may be made at any time, and the ACC may require removal of any device in violation of this or any other requirement.*
5. Limitations on Roof-Mounted Devices. If the device is mounted on the roof of the home, it must:
 - a. extend no higher than or beyond the roofline;
 - b. be located only on the back of the home – the side of the roof opposite the street. The ACC may grant a variance in accordance with state law if the alternate location is substantially more efficient^a;

^a If an alternate location increases the estimated annual energy production of the device more than 10 percent above the energy production of the device if located on the back of the home, the Association will authorize an alternate location in accordance with these rules and state law. It is

- c. conform to the slope of the roof and have all top edges parallel to the roofline;
 - d. not have a frame, a support bracket, or visible piping or wiring that is any color other than silver, bronze, or black tone commonly available in the marketplace.
6. Limitations on Devices in a Fenced Yard or Patio. If the device is located in a fenced yard or patio, it may not be taller than the fence line.
7. Additional provisions regarding shingles. Except as otherwise authorized in writing by the AC or Board, provided that the proposed shingles otherwise comply with any other applicable requirements of the dedicatory instruments, the AC will not deny an application for shingles if the shingles are:
- a. Designed primarily to:
 - i. be wind and hail resistant;
 - ii. provide heating/cooling efficiencies greater than those provided by customary composite shingles; or
 - iii. provide solar generation capabilities; and
 - b. When installed:
 - i. resemble the shingles used or otherwise authorized for use on property in the subdivision;
 - ii. are more durable than and are of equal or superior quality to the shingles used or otherwise authorized for use on property in the subdivision;
 - iii. match the aesthetics of the property surrounding the Owner's property.

SECTION III. RAIN BARRELS AND RAINWATER HARVESTING SYSTEMS

1. Pre-Approval Required. Owners may install rain barrels or rainwater harvesting systems only with pre-approval from the Association and only in accordance with the restrictions described in this Section.
2. Prohibited Locations. Owners are prohibited from installing rain barrels or rainwater harvesting systems, **or any part thereof**, in the following locations:
- a. on property owned by the Association;
 - b. on property owned in common by the members of the Association; or
 - c. on property between the front of the Owner's home and an adjoining or adjacent street.
3. Pre-Approval Required for All Rain Barrels or Rainwater Harvesting Systems. Prior to any installation of any rain barrel or rain harvesting system (or any part thereof), prior written permission must be received from the ACC.

Owners wishing to install such systems must submit plans showing the proposed location, color(s), material(s), shielding, dimensions of the proposed improvements, and whether any part of the proposed improvements will be visible from the street, another

the Owner's responsibility to determine and provide sufficient evidence to the ACC of all energy production calculations. All calculations must be performed by an industry professional.

lot, or a common area (and if so, what part(s) will be visible). The location information must provide information as to how far (in feet and inches) the improvement(s) will be from the side, front, and back property line of the Owner's property.

4. Color and Other Appearance Restrictions. Owners are prohibited from installing rain barrels or rainwater harvesting systems that:
 - a. are of a color other than a color consistent with the color scheme of the Owner's home;
 - b. display any language or other content that is not typically displayed by such a barrel or system as it is manufactured; or
 - c. are not constructed in accordance with plans approved by the Association.
5. Additional Restrictions if Installed in Side Yard or Improvements are Visible. If any part of the improvement is installed in a side yard or will be visible from the street, another lot, or common area, the Association may impose restrictions on the size, type, materials, and shielding of the improvement(s) (through denial of plans or conditional approval of plans).

SECTION IV. RELIGIOUS DISPLAYS

1. General. State statute allows owners to display certain religious items in the owner's entry and further allows the association to impose certain limitations on such entry displays. The following rule outlines the limitations on religious displays in an owner's entry area. Notwithstanding any other language in the governing documents to the contrary, residents may display on the entry door or doorframe of the resident's dwelling one or more religious items, subject to the restrictions outlined in Paragraph 2 below. Allowed religious displays are limited to displays motivated by the resident's sincere religious belief.
2. Prohibited Items. No religious item(s) displayed in an entry area may:
 - a. threaten the public health or safety;
 - b. violate a law;
 - c. contain language, graphics, or any display that is patently offensive to a passerby;
 - d. be located anywhere other than the main entry door or main entry door frame of the dwelling;
 - e. extend past the outer edge of the door frame of the door; or
 - f. have a total size (individually or in combination) of greater than 25 square inches.
3. Remedies for Violation of this Section. Per state statute, if a religious item(s) is displayed in violation of this Section, the Association may remove the offending item without prior notice. This remedy is in addition to any other remedies the Association may have under its other governing documents or State law.
4. Seasonal Religious Holiday Decorations. This rule will not be interpreted to apply to otherwise-permitted temporary seasonal religious holiday decorations such as Christmas lighting or Christmas wreaths. The Board has the sole discretion to determine what items

qualify as Seasonal Religious Holiday Decorations and may impose time limits and other restrictions on the display of such decorations. Seasonal Religious Holiday Decorations must comply with all other provisions of the governing documents, but are not subject to this Section.

5. Other displays. Non-religious displays in the entry area to an owner's dwelling and all displays (religious or otherwise) outside of the entry area to an owner's dwelling are governed by other applicable governing document provisions.

SECTION V. RECORD PRODUCTION

1. Effective Date. Notwithstanding any language to the contrary and regardless of date of adoption of these rules, the effective date of this Section is April 1, 2014.
2. Conflict with Other Provisions. Per state law, this Section controls over any provision in any other Association governing document to the contrary to the extent of any conflict.
3. Request for Records. The Owner or the Owner's authorized representative requesting Association records must submit a written request by certified mail to the mailing address of the Association or authorized representative as reflected on the most current filed management certificate. The request must contain:
 - a. sufficient detail to describe the books and records requested, and
 - b. an election either to inspect the books and records before obtaining copies or to have the Association forward copies of the requested books and records.
4. Timeline for record production.
 - a. If inspection requested. If an inspection is requested, the Association will respond within ten (10) business days by sending written notice by mail, fax, or email of the date(s) and times during normal business hours that the inspection may occur. Any inspection will take place at a mutually-agreed time during normal business hours, and the requesting party must identify any books and records the party desires the Association to copy.
 - b. If copies requested. If copies are requested, the Association will produce the copies within ten (10) business days of the request.
 - c. Extension of timeline. If the Association is unable to produce the copies within ten (10) business days of the request, the Association will send written notice to the Owner by mail, fax, or email, and state a date, within fifteen (15) business days of the date of the Association's notice, that the copies or inspection will be available.
5. Format. The Association may produce documents in hard copy, electronic, or other format of its choosing.
6. Charges. Per state law, the Association may charge for time spent compiling and producing all records and may charge for copy costs if copies are requested. Those charges will be the maximum amount then allowed by law under the Texas Administrative Code. The Association may require advance payment of actual or estimated costs. As of April, a summary of the maximum permitted charges for common items are:
 - a. Paper copies - 10¢ per page
 - b. CD - \$1 per disc
 - c. DVD - \$3 per disc
 - d. Labor charge for requests of more than 50 pages - \$15 per hour
 - e. Overhead charge for requests of more than 50 pages - 20% of the labor charge
 - f. Labor and overhead may be charged for requests for fewer than 50 pages if the records are kept in a remote location and must be retrieved from it.

7. Private Information Exempted from Production. Per state law, the Association has **no obligation** to provide information of the following types:
 - a. Owner violation history
 - b. Owner personal financial information
 - c. Owner contact information other than the owner's address
 - d. Information relating to an Association employee, including personnel files
8. Existing Records Only. The duty to provide documents on request applies only to existing books and records. The Association has no obligation to create a new document, prepare a summary of information, or compile and report data.

SECTION VI. RECORD RETENTION

1. Effective Date. Notwithstanding any language to the contrary and regardless of the date of adoption of these rules, the effective date of this Section relating to record retention is January 1, 2012.
2. Conflict with Other Provisions. Per state law, this Section relating to record retention controls over any provision in any other Association governing document to the contrary to the extent of any conflict.
3. Record Retention. The Association will keep the following records for at least the following time periods:
 - a. Contracts with terms of at least one year; 4 years after expiration of contract
 - b. Account records of current Owners; 5 years
 - c. Minutes of Owner meetings and Board meetings; 7 years
 - d. Tax returns and audits; 7 years
 - e. Financial books and records (other than account records of current Owners); 7 years
 - f. Governing documents, including Articles of Incorporation/Certificate of Formation, Bylaws, Declaration, Rules, and all amendments; permanently
4. Other Records. Records not listed above may be maintained or discarded in the Association's sole discretion.

SECTION VII. PAYMENT PLANS

1. Effective date. Notwithstanding any language to the contrary and regardless of date of adoption of these rules, the effective date of this Section relating to payment plans is January 1, 2012.
2. Eligibility for Payment Plan.

Standard payment plans. An Owner is eligible for a Standard Payment Plan (*see* Rule (3) below) *only* if:

- a. The Owner has not defaulted under a prior payment plan with the Association in the prior twenty four (24) month period;
- b. The Owner requests a payment plan no later than thirty (30) days after the Association sends notice to the Owner via certified mail, return receipt requested under Property Code §209.0064 (notifying the owner of the amount due, providing thirty (30) days for payment and describing the options for curing the delinquency). Owner is responsible for confirming that the Association has received the Owner's request for a payment plan within this thirty (30) day period. It is recommended that requests be in writing; and
- c. The Association receives the executed Standard Payment Plan and the first payment within fifteen (15) days of the Standard Payment Plan being sent via email, fax, mail, or hand delivered to the Owner.

Other payment plans. An Owner who is not eligible for a Standard Payment Plan may still request that the Association's Board grant the Owner an alternate payment plan. Any such request must be directed to the person or entity currently handling the collection of the debt (i.e., the property manager or Association's attorney). The decision to grant or deny an alternate payment plan, and the terms and conditions for any such plan, will be at the sole discretion of the Association's Board.

3. Standard Payment Plans. The terms and conditions for a Standard Payment Plan are:

- a. Term. Standard Payment Plans are for a term of six (6) months. (See also paragraph 6 for Board discretion involving term lengths.)
- b. Payments. Payments will be made at least monthly and will be roughly equal in amount or have a larger initial payment (small initial payments with a large balloon payment at the end of the term are not allowed). Payments must be received by the Association at the designated address by the required dates and may not be rejected, returned, or denied by the Owner's bank for any reason (i.e., check returned NSF). The Association may require ACH (automated/auto debit) payments under any plan.
- c. Assessments and other amounts coming due during plan. The Owner will keep current on all additional assessments and other charges posted to the Owner's account during the term of the payment plan, which amounts may but need not be included in calculating the payments due under the plan.
- d. Additional charges. The Owner is responsible for reasonable charges related to negotiating, preparing, and administering the payment plan, and for interest in the amount of ten percent (10%) per annum, all of which shall be included in calculating the total amount due under the plan and the amount of the related payments. The Owner will not be charged late fees or other charges related to the delinquency during the time the owner is complying with all terms of a payment plan.
- e. Contact information. The Owner will provide relevant contact information and keep same updated.
- f. Additional conditions. The Owner will comply with such additional conditions under the plan as the Board may establish.

g. Default. The Owner will be in default under the plan if the Owner fails to comply with any requirements of these rules or the payment plan agreement.

4. Account Sent to an Attorney/Agent for Formal Collections. An Owner does not have the right to a Standard Payment Plan after the thirty (30) day timeframe reference in Paragraph 2(b). Once an account is sent to an attorney or agent for collection, the delinquent Owner must communicate with that attorney or agent to arrange for payment of the debt. The decision to grant or deny the Owner an alternate payment plan, and the terms and conditions of any such plan, is solely at the discretion of the Board.
5. Default. If the Owner defaults under any payment plan, the Association may proceed with any collection activity authorized under the governing documents or State law without further notice. If the Association elects to provide notice of default, the Owner will be responsible for all fees and costs associated with the drafting and sending of such notice. All late fees and other charges that otherwise would have been posted to the Owner's account may also be assessed to the Owner's account in the event of a default.

Any payments received during a time an Owner is in default under any payment plan may be applied to out-of-pocket costs (including attorney's fees for administering the plan), administrative and late fees, assessments, and fines (if any), in any order determined by the Association, except that fines will not be given priority over any other amount owed but may be satisfied proportionately (e.g. a \$100 payment may be applied proportionately to all amounts owed, in proportion to the amount owed relative to other amounts owed).

6. Board Discretion. The Association's Board may vary the obligations imposed on Owners under these rules on a case-by-case basis, including curtailing or lengthening the payment plan terms (so long as the plan is between three (3) and eighteen (18) months, as it may deem appropriate and reasonable. The term length set forth in paragraph 3 shall be the default term length absent Board action setting a different term length. No such action shall be construed as a general abandonment or waiver of these rules, nor vest rights in any other Owner to receive a payment plan at variance with the requirements set forth in these rules.
7. Legal Compliance. These payment plan rules are intended to comply with the relevant requirements established under Texas Property Code §209. In case of ambiguity, uncertainty, or conflict, these rules shall be interpreted in a manner consistent with all such legal requirements.

SECTION VIII. VOTING

1. Form of Proxy or Ballot. The Board may dictate the form for all proxies, ballots, or other voting instruments or vehicles. No form other than the form put forth by the Board will be accepted.
2. Deadline for Return of Voting Paperwork. The Board may establish a deadline, which may be communicated on the proxy form, absentee ballot, or otherwise communicated to the membership, for return of electronic ballots, absentee ballots, proxies, or other votes.

SECTION IX. TRANSFER FEES

1. Transfer Fees. In addition to fees for issuance of a resale certificate and any updates or re-issuance of the resale certificate, transfer fees are due upon the sale of any property in accordance with the then-current fee schedule, including any fee charged by the Association's managing agent. It is the Owner/Seller's responsibility to determine the then-current fees. Transfer fees not paid at or before closing are the responsibility of the purchasing Owner and will be assessed to the Owner's account accordingly. The Association may require payment in advance for issuance of any resale certificate or other transfer-related documentation.

If a resale certificate is not requested and a transfer occurs, all fees associated with association record updates related to the transfer will be the responsibility of the new Owner and may be assessed to the unit's account at the time the transfer becomes known. These fees will be set according to the then-current fee schedule of the association or its managing agent and may be equivalent to the resale certificate fee or in any other amount.

2. All transfer fees shall be collectible in the same manner as assessments, including lien and other assessment collection rights, to the maximum extent allowed by law. Fees may include working capital or reserve funding fees, resale certificate fees, resale certificate update fees, rush fees, and other such fees.

SECTION X. EMAIL ADDRESSES

1. Email Addresses. An Owner is required to keep a current email address on file with the Association if the Owner desires to receive email communications from the Association. Failure to supply an email to the Association or to update the address in a manner required by these rules may result in an Owner not receiving Association emails. The Association has no duty to request an updated address from an Owner, in response to returned email or otherwise. The Association may require Owners to sign up for a group email, email list serve, or other such email subscription service in order to receive Association emails.

2. Updating Email Addresses. An Owner is required to notify the Association when email addresses change. Such notice must be in writing and delivered to the Association's managing agent by fax, mail, or email. In lieu of this in the Association's discretion, if available, an Owner must update his email address through the Association's website, list server, or other vehicle as directed by the Association. Any notice of email change provided to the Association's manager must be for the sole purpose of requesting an update to the Owner's email address. For example, merely sending an email from a new email address, or including an email address in a communication sent for any other purpose other than providing notice of a new email address, does not constitute a request to change the Owner's email in the records of the Association.

SECTION XI. LANDSCAPE ALTERATIONS; XERISCAPING

Please refer to Landscape Design Guidelines – alteration of landscaping requires prior approval from the ACC.

SECTION XII. SATELLITE DISHES

1. General. Satellite dish antennas with a diameter of one meter (39.37 inches) or less used to receive video (or other antennas whose installation is protected under Federal law or regulations) may be installed outside a home without prior approval from the Board or ARC, so long as the antenna is installed at the location with the highest placement priority (see Placement Acceptability Lists in paragraphs 2 and 3 below, as appropriate) that affords a viable signal and will not result in an unreasonable expense.
2. Placement Acceptability List: Interior Lots. The prioritized placement acceptability list for homes on interior lots is as follows:
 - 1) Rear Yard Fascia. Anywhere on the roofline fascia that faces the rear of the lot.
 - 2) Lower Rear Portion of Roof. On the portion of the roof that slopes toward the rear of the lot and within fifteen (15) feet of the rear roofline.
 - 3) Side Yard Fascia (as far back as possible). On the roofline fascia facing either side of the lot, except that *the mounting location must be as close to the rear roofline as possible* while still permitting adequate signal strength.
 - 4) Roof (as hidden as possible). Any location on the roof of the home, except that the mounting location *must be as hidden as possible from the front of the lot* while still permitting adequate signal strength.
 - 5) Ground Mounted & Screened. Ground-mount on the lot in an area that is not visible from the street, is wholly contained on the home owner's lot, and is appropriately screened from view.
 - 6) Any Other Lot Location. Any other location on the home or lot.
3. Placement Acceptability List: Corner Lots. The prioritized placement acceptability list for homes on corner lots is as follows:
 - 1) Rear Yard Fascia (away from side street). On the roofline fascia that faces the rear of the lot *and* within fifteen (15) feet of the side of the home that does not face to a street.
 - 2) Lower Rear Portion of Roof (away from side street). On the portion of the roof that slopes toward the rear of the lot, within fifteen (15) feet of the rear roofline, *and* within fifteen (15) feet of the side of the home that does not face to a street.
 - 3) Side Yard Fascia (away from side street; as far back as possible). On the roofline fascia facing the side of the lot that does not face a street, except

that the mounting location *must be as close to the rear roofline as possible* while still permitting adequate signal strength.

- 4) Roof (as hidden as possible). Any location on the roof of the home, except that the mounting location *must be as hidden as possible from the front of the lot and the side of the lot that faces the street* while still permitting adequate signal strength.
 - 5) Ground Mounted & Screened. Ground-mount on the lot in an area that is not visible from a street, is wholly contained on the home owner's lot, and is appropriately screened from view.
 - 6) Any Other Lot Location. Any other location on the home or lot.
4. General. This rule applies prospectively from the date of adoption of these rules, but the Owner of any antenna or dish installed prior to the adoption of this rule is requested to comply with this rule voluntarily for the benefit of the neighborhood. Replacement antennas or dishes (replacements of an antenna or dish installed prior to adoption of these rules) are *not* "grandfathered" and must comply with these rules. After the date of adoption of this rule, should an Owner fail to install an antenna or dish according to the highest priority location noted above, upon request of the association, an Owner must provide confirmation from an industry professional reasonably acceptable to the Association that placement of the antenna at the location(s) higher on the priority list would have precluded a quality/viable signal or would have unreasonably increased the cost of installation. If evidence indicates that a quality/viable signal is achievable at a higher priority location, and the initial installation of the antenna or dish at this location would not have unreasonably increased the cost of installation over and above the cost of installation at its location, the Owner must at the Owner's expense move the dish or antenna to the highest priority location at which a quality/viable signal is achievable.

SECTION XIII. COLLECTION

Summary of Collection Process

1. Assessments due within thirty (30) days of due date (or invoice date if no due date stated);
2. Interest at ten percent (10%) charged as of date of delinquency;
3. Late fee assessed in an amount determined by the board;
4. Courtesy notice sent via email or mail, giving thirty (30) days to pay;
5. Certified mail notice sent providing final warning/notice as required by statute;
6. Account turned over to attorney for formal collection action

The Board may vary from this policy on a case- by- case basis, including shortening or lengthening time periods for payment or eliminating or providing additional courtesy notices, provided that all statutory notice requirements are met.

1. Collection policy.

- a. Purpose. The Board desires to adopt a standardized Assessment Collection and Enforcement Policy to set forth its determinations on such issues.
- b. Scope. This policy applies to all “Members” of the Association, said Members having a contractual obligation to pay assessments and other charges to the Association under the governing documents of the Association.
- c. The Policy.
 - i. Introduction. The Association’s primary source of income is Member-paid Assessments, and without such income the Association cannot provide and maintain the facilities and services that are critical to the quality of life of Association residents and the protection of property values. The Association has experienced, and expects to continue to experience, situations in which Members are delinquent in their obligation to pay Assessments or Members are otherwise in violation of the governing documents. Therefore the Board has adopted, and by these presents does hereby adopt, the Assessment Collection and Enforcement Policy set forth below.

Per the Declaration the Association may collect and has a lien for all amounts due, including assessments, fees, interests, costs, and attorney’s fees. The Association further has a lien for all costs of self-help remedies (Declaration §7.04).

- ii. Due Dates. All Assessments and other amounts due are due within thirty (30) days of the due date, or if none given, within thirty (30) days of the date the related invoice, ledger, or other notice is sent to the Member.
 - iii. NSF Fees. Checks, ACH payments, or other type of payment returned for insufficient funds, dishonored automatic bank drafts, or other similar item will result in the assessment of a fee determined by the Board from time to time, in the minimum amount of \$30. Late fees shall also be assessed as appropriate.
- d. Delinquency/Collection. Any Assessment or other amount due not paid within thirty (30) days of its due date (or if none given, within thirty (30) days of the date the related invoice, ledger, or other notice is sent to the Member) shall be deemed Delinquent. Delinquencies shall be handled as follows:
 - i. Interest, Late Fees, Collection Costs. Delinquencies may be charged interest on the sum owing at the rate of ten percent (10%) per annum, until paid in full. In addition to interest, a late fee in an amount as determined from time to time by the Board may be assessed. The owner is responsible for all costs of collection including attorney’s fees.
 - ii. Courtesy Notice of Delinquency. Once an Assessment or other amount due becomes Delinquent, the Association, acting through its Board, managing agent, or some other Board designee, will email or mail a written notice to the related Member reminding him or her of the amount owed and requiring that it be paid immediately – no later than thirty (30) days after the date of the letter.

- iii. Final Letter After Courtesy Notice. If payment in full or other mutually satisfactory payment arrangements are not made promptly in response to the courtesy notice, the Association, acting through its managing agent, shall send notice via certified mail, return receipt requested and otherwise complying with the requirements of Texas Property Code §209.0064 (including giving the owner a final thirty (30) days to cure the delinquency prior to the account being turned over to an attorney.)
- iv. Formal Collection Action. After the expiration of the thirty (30) day cure period provided by law (§209.0064, Texas Property Code), the account shall be turned over to the Association's attorney to initiate formal collection action. Unless otherwise determined by the Board, all attorney collection action is pre-authorized, including, but not limited to, sending a thirty (30) day demand letter, filing of a Notice of Lien or similar instrument in the Official Public Records, and initiating and carrying out a foreclosure of the Association's lien against the Lot, all in accordance with state-law notice and procedural requirements.

The Board of Directors of the Association is charged with the duty of overseeing the administration of the Association, including, but not limited to, the collection of assessments and other charges from the members. The timely collection of assessments is critical to ensuring that the Association can remain fully funded and capable of fulfilling its duties to the members, and as such the Board desires that delinquent assessments be collected with a minimum of delay. This standardized collection policy is in the best interest of ensuring that collection procedures are applied consistently.

- v. Power of Sale. In conjunction with the Association's authority granted by Declaration to foreclose its lien, the Association is vested with a power of sale (see Declaration §7.04).^b The President of the Association may act as trustee for any such sale and is granted the authority to designate one or more agents and/or substitute trustees to exercise the Association's power of sale in conjunction with foreclosure of the Association's lien.
- vi. Authority to Vary from Policy. In handling delinquent amounts due, the Board of Directors retains the authority to vary from this Assessment Collection Policy as may be appropriate given the particular facts and circumstance involved, so long as the related action is in compliance with the Declaration and State law. Variances from policy may include adding additional courtesy letters, or omitting a courtesy letter, provided that at minimum all notice requirements of State law are met.
- vii. Payment plans. Payment plans shall be offered as described in the Association's payment plan rule.
- viii. Managing agent authorization. If the Association has engaged the services of a management company for the Association, to perform day-to-day administrative tasks on behalf of the Association, the management company is granted authority to carry out this policy including to

^b Per the declaration, foreclosure can be in a like manner as a mortgage (Tex Prop Code §51.002) or judicially.

communicate with legal counsel retained by the Association and to authorize collection work by such legal counsel on behalf of the Association, without further vote or action of the Board. This authority notwithstanding, the management company representative shall communicate with the Board and/or certain designated officers on a routine basis with regard to collection actions, and the Board reserves the right to establish further policies with regard to collection efforts generally and to make decisions about particular collection actions on a case-by-case basis if and when it deems appropriate.

SECTION XIV. ENFORCEMENT

Summary of (Non-Monetary Violation) Enforcement Process

1. Courtesy letter
2. Certified mail notice letter (statutory notice letter)
3. Damage assessments as appropriate; fines levied as appropriate per fining schedule

The Board may vary from this policy on a case- -by case basis, including increasing or decreasing fines, sending additional, or omitting, courtesy notices, and other such variations, provided that all statutory notice requirements are met.

1. Non-monetary violations.

- a. Notices of Violation: Prior to levying a property **damage assessment** against an Owner, **fining** an Owner, or **suspending the Owner's usage rights** to the common area due to a violation, the Association shall comply with the notice requirements of Ch. 209, Texas Property Code.

The management company shall, upon becoming aware of a violation(s) of the deed restrictions, send first a courtesy warning letter requesting compliance. If compliance is not achieved in response to a courtesy letter, the management company shall send a letter certified mail, return receipt requested giving notice of the violation(s) in accordance with Ch. 209, Texas Property Code.^c

The Board may deviate from this standard procedure, including instructing the managing agent to omit or add courtesy warning(s), in its sole discretion.

- b. Damage assessment; enforcement costs. The Association may assess the Owner's account for any damages caused by the Owner, or the Owner's residents, tenants, guests or invitees. The Owner may be held responsible for all enforcement costs, including attorney's fees.
- c. Fines. If the violation is not cured by the deadline given in the certified mail notice described in subsection (a), or if a notice and opportunity to cure have been given for a similar violation within the last six (6) months (so that there is no additional right to cure), a fine shall automatically levy in the amount of \$25

^c If such a notice has been given in the past for a violation, and a similar violation occurs in the six (6) month period since the notice, per state law, the notice sent need not include an opportunity to cure.

unless otherwise determined by the Board (for example, the Board may vary from this fine schedule case by case, or the Board may adopt an alternate fine schedule by resolution). Fines may be issued on a one-time basis or in the event of an ongoing violation, may be issued daily for each day of the violation (each day of the violation may be considered a separate violation). After the first \$25 fine, any subsequent fine shall increase to the amount of \$50, and thereafter, subsequent fines shall increase to the amount of \$100. For example, absent Board approval otherwise:

- i. First notice: courtesy warning;
- ii. Second notice: certified mail letter (per Property Code Ch. 209) warning of fine;
- iii. Third notice: \$25 fine (daily or one-time);
- iv. Fourth notice: \$50 fine (daily or one-time);
- v. Fifth notice: \$100 fine (daily or one-time);
- vi. Subsequent notices: \$100 fine (daily or one-time)

Each day of the violation may be considered a separate violation. The Board may deviate from this standard fining procedure, including electing to levy a lesser or greater fine at any time, or omitting or adding one or more courtesy notices, in its sole discretion, provided that at minimum all state law requirements are met.

- d. Hearings. If a Member requests a hearing by the deadline outlined in the certified mail (Chapter "209") violation letter, the hearing shall be held in accordance with state law. The Board shall inform the owner of the time, date, and place of the hearing at least ten (10) days prior to the scheduled hearing date. The Board may impose rules of conduct and limit the amount of time allotted to a Member to present his or her information to the Board at any such hearing. The Board may either make its decision at the hearing or take any matter discussed at the hearing under advisement and communicate its decision at a later date.
- e. Force mows and other self-help enforcement action. Notwithstanding other language herein, the management company, Association attorney, or other authorized agent of the Association is granted authority to carry out force mow or self-help remedies on behalf of the Association, in accordance with any procedure described in the Declaration or other governing documents. (Declaration §§4.05, 5.10)
- f. Authority of agents. The management company, Association attorney, or other authorized agent of the Association is granted authority to carry out this standard enforcement and fining procedure absent express direction otherwise from the Board, without further vote or action of the Board. This authority notwithstanding, the management company or Association attorney shall communicate with the Board and/or certain designated officers or agents on a routine basis with regard to enforcement actions, and the Board reserves the right to establish further policies with regard to enforcement efforts generally and to make decisions about particular enforcement actions on a case-by-case basis if and when it deems appropriate.

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Nancy E. Rister

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WILLIAMSON COUNTY, TEXAS

Duplicate

WILLIAMSON COUNTY CLERK
P.O. BOX 5089
GEORGETOWN, TEXAS 78627-5089
(512) 943-1515

ISSUED TO:
LOST COVE CORPORATION DBA CRYSTAL

RECEIPT # 781261
DATE 04/11/2014 09:24:26 AM

DOCUMENT #	PGS	FEE
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2014025540	81	
RESTRICTIONS		341.00

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Total Amount Due \$341.00

CASH	12.00
CHECK 2265	329.00

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Total Payments: \$341.00

THANK YOU
NANCY E. RISTER
COUNTY CLERK
Deputy: WEHLING