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RESTRICTION

Grantor: PALUXY OAKS RANCH LLC

Pages: 21

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Any provision herein which restricts the Sale, Rental, or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

**I hereby certify that this instrument was filed and duly
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Christine C. Leftwich
County Clerk
Hood County, Texas



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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS
FOR SANCTUARY OAKS RANCH SUBDIVISION**

STATE OF TEXAS	§	
	§	KNOWN ALL MEN BY THESE
COUNTY OF HOOD	§	PRESENTS

This Declaration is made on the date hereinafter set forth by Paluxy Oaks Ranch, LLC, a Delaware Limited Liability Company, hereinafter referred to as "Developer" or "Declarant".

WITNESSETH:

WHEREAS, Developer is the owner of that certain tract of land located in Hood County, Texas, known as the Sanctuary Oaks Ranch Subdivision, containing 147.79 acres as more fully described by metes and bounds on the attached Exhibit "A" and for informational purposes only by the sales plat attached as Exhibit "B", hereinafter referred to as "Property" or "Subdivision"; and

WHEREAS, it is the desire and purpose of Developer to place certain restrictions, easements, covenants, conditions, charges and liens, and reservations (hereinafter referred to as "Restrictions" or "Declaration") upon the Subdivision in order to establish a uniform plan for its development, assure the use of the Property for residential purposes only, prevent nuisances, prevent the impairment of the value of the Property, maintain the desired character of the community, and insure the preservation of such uniform plan for the benefit of the present and future Owners of the Property;

WHEREAS, Declarant will sell 14 individual tracts from the Property, all of which are bound and subject to the following Restrictions;

NOW, THEREFORE, Declarant hereby adopts, establishes, and imposes upon the Property, the following Restrictions for the purposes of enhancing and protecting the value, desirability and attractiveness of the Property, which Restrictions shall run with the land and inure to the benefit of each Tract Owner and his invitees:

**ARTICLE I
DEFINITIONS**

1.01. Assessment. "Assessment" means the Annual Assessment, Special Assessments or other charges, interest, penalties and fees authorized by these Restrictions together with the cost and expense incurred in collecting Assessments, including, but not limited to court costs and attorney's fees.

1.02. Common Area. "Common Area" means the portions of the Subdivision,

including any applicable easements, owned by the Developer (prior to the Control Transfer Date) or the Sanctuary Oaks Ranch Property Owners' Association, Inc. and its successors and assigns ("Association") for the common use and enjoyment of the Members including, but not limited to, entrance gate, mailbox clusters, dam, easements and Roads together with such other property as the Association may acquire in the future for the common use and enjoyment of the Members. The Association is responsible for the liability and maintenance of the Common Area.

1.03. Common Area Expense. "Common Area Expense" means all expense necessary to maintain, replace, repair and expand the Common Area as well as all necessary expense to operate the Association including, casualty and liability insurance, directors and officer's liability insurance and all other reasonable and necessary expenses of the Association. Additionally, Common Area Expense shall include, but are not limited to (a) the cost of repair and maintenance of the Roads, (b) mowing of the Common Area, (c) Common Area maintenance and replacement of landscaping, (d) maintenance, repair and replacement of any Common Area (e) maintenance and repair of the dam; (f) maintenance of any drainage facilities, and (g) as well as such other expense and capital enhancements as may be determined by the Board of Directors of the Association to promote the safety, health, recreation and welfare of the Members and maintain the Subdivision in an attractive manner.

1.04. Control Transfer Date. The "Control Transfer Date" shall mean the earlier date of 1.) Developer no longer owns any part of the entire Subdivision, including but not limited to Common Area; 2.) Fifteen (15) years from date of recordation of this Declaration; or 3.) Developer, in its sole discretion, voluntarily relinquishes control of the Association as set forth herein. Notwithstanding this provision, on or before the 120th day after the date seventy five percent (75%) of the Tracts that may be created and made subject to this Declaration are conveyed to owners other than Developer, at least one-third of the board members must be elected by owners other than the Developer.

1.05. Developer. "Developer" means and refers to Paluxy Oaks Ranch, LLC, a Delaware Limited Liability Company, its successors and assigns.

1.06. Member. "Member" means and refers to every current Owner of a Tract of land within the Subdivision.

1.07. "Owner" or "Tract Owner". "Owner or "Tract Owner" means and refers to the record owner, whether one or more persons or entities, of the fee-simple title to any Tract(s), but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure. Said term "Owner" shall also refer to the heirs, successors, and assigns of any Owner. The Developer shall not be deemed an Owner.

1.08. Plans and Specifications. "Plans and Specifications" means any and all drawings and documents describing the construction or erection of any Improvement, including, but not limited to, those indicating location, size, shape, configuration, materials,

site plans, excavation and grading plans, foundation plans, drainage plans, fencing plans, elevation drawings, floor plans, specifications concerning building products and construction techniques, samples of exterior colors and materials, plans for utility services, and all other documentation or information relevant to the construction or installation of any Improvement.

1.09. Roads. "Roads" or "Road" means property or any road located within the Subdivision which has been dedicated for the purpose of ingress and egress by a Non Exclusive Access Easement ("Road Easement") filed of record with the Hood County Clerk. The Roads in the Subdivision will be chip seal and maintenance of the Roads shall be sole the responsibility of the Sanctuary Oaks Ranch Property Owners' Association.

1.10. Tract. "Tract" means the 14 individual tracts of land or lots sold by the Developer from the 147.79 acres described above.

ARTICLE II **RESTRICTIONS**

2.01. Use. Each Tract shall be used for single family residential purposes. However, it is permitted to build two primary dwellings on a Tract sold by the Developer within the Subdivision, as long as they are occupied by family members who are related by birth, marriage, or adoption. Nothing in this provision prohibits an Owner from raising livestock or bees on a Tract; however, no feed lots are allowed.

2.02. Minimum Square Footage. The Main Dwelling constructed on a Tract shall have least one thousand five hundred square feet (1,500 sf) within its outside walls. If an Improvement is a metal structure, then it must have a two tone color variation for the bottom three feet (3') on the front and the sides.

2.03. No Mobile Homes, Manufactured Homes. No mobile homes or manufactured homes are permitted to be located on the Property.

2.04. Temporary Structures & Use of RVs. No structure of a temporary character, whether trailer, motor home, recreational vehicle, tent, shack, or lo shall be maintained or used on any tract created from the Property at any time as a residence, either temporarily or permanently, except as provided below. Barndominiums are allowed on the Property. Guest quarters located inside of a barn which is constructed on a Tract shall be allowed so long as the guest quarters are not used as a permanent residence. Guest quarters shall not be separately rented from the main dwelling. Such guest quarters may be used as the Tract Owner's temporary residence during the construction of the main dwelling or as a "weekend getaway" for such Tract Owner prior to the construction of the main dwelling. No tent camping is allowed on the Property.

Prior to the construction of a residence on a tract created from the Property, any owner in the Subdivision may use a recreational vehicle camper or motor home ("Recreation Vehicle" or "RV") for camping purposes for no more than fourteen (14) days

at a time, for no more than 90 days total per year. TEMPORARY RV CAMPING OR USING ANY TYPE OF RECREATIONAL VEHICLE, WILL NO LONGER BE PERMITTED, ONCE SEVEN (7) OR MORE RESIDENCES HAVE BEEN BUILT ON THE TRACTS IN THE SUBDIVISION. An RV may be used as a temporary residence during construction, not to exceed twelve (12) months, provided an approved septic system has been installed for the RV and the RV is placed at the rear of the construction site.

2.05. Maintenance. It shall be the responsibility of each Tract Owner in the Subdivision to prevent the development of any unclean, unsightly, or unkempt condition of buildings or grounds on its Tract which would tend to substantially decrease the beauty of the Subdivision as a whole or the specific area.

2.06. Subdividing. After the original sale of a tract of land within the Subdivision by Developer, no further subdividing may take place.

2.07. Consolidated Building Site. Any Owner of one or more adjoining Tracts may, with the prior written approval of the Board of Directors of the Association consolidate two or more Tracts into one Tract or building site, in which case the common boundary line between any combined Tract shall be eliminated and the setback lines shall be measured from the remaining exterior boundary lines. Any portion of any utility easement located within the common boundary lines of any combined Tract shall be eliminated if such utility easements are not being used at the time any Tracts are combined. Any Tracts which are combined as provided above shall still be assessed based upon the original number of Tracts for Assessment purposes. Developer shall not be liable for any fees associated with Tract consolidation.

2.08. Limit on Activity. No activity whether for profit or not, shall be conducted on a Tract which is not related to the occupation of a Tract for single family residential purposes, unless said activity meets the following criteria: (a) no exterior sign of the activity is present, (b) no additional traffic is created as a result of the activity, and (c) no toxic substances (as determined at the sole discretion of the Association) are stored on the Property. Nothing herein shall prohibit the use of home offices in compliance with the preceding subsections (a), (b) and (c). Short term rentals are allowed, so long as the entire Tract is rented. This restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision.

2.09. Prohibited Activity on a Tract. No junkyard or dump sites of any kind shall be allowed to be located on a Tract. No activity which constitutes a nuisance or annoyance shall occur on a Tract.

2.10. Restrictions regarding Dam and Spillway. The dam located on Ranch 14 and within the Road Easement cannot be removed or modified by the Tract Owner of Ranch 14. The Tract Owners of Ranches 3 and 14 shall not make any Improvements or modifications to their Tracts that would affect the spillway from the dam. There is a maintenance easement hereby reserved on behalf of the Developer and the Association to have reasonable access to the dam for any maintenance or repair work.

ARTICLE III
RESERVATIONS, EXCEPTIONS AND DEDICATIONS

3.01. Property Subject to Restrictions. The Property, including all the individual Tracts, are subject to these Restrictions which shall run with the land and be binding on all parties having or acquiring any right, title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof. As of the date of this Declaration, there are some existing structures built in the Subdivision on the Tract identified as Ranch 6 as shown on Exhibit "B". Any restriction, including a setback line requirement, contained herein shall not apply to the existing improvements that are located on Ranch 6, and any variance that exists from these Restrictions shall have been deemed accepted by the Architectural Control Committee.

3.02. Utility Easements and Setbacks. The Subdivision and each Tract shall be subject to the easements reserved herein and in favor of the Association, the Owners, and the utility companies. A utility easement and a building setback line measuring fifty feet (50') in width is reserved along the front lot line and ten feet (10') on the rear and side lot lines. The utility easements shall be used for the construction, maintenance and repair of utilities, including but not limited to, electrical systems, telephone, cable, water, gas and any other utilities which the Developer or utility providers may install for the benefit of the Owners. Notwithstanding the foregoing, the Developer has no obligation to provide utilities and all such utilities shall be provided by the local utility companies in accordance with the policies of such utility companies. All utility easements in the Subdivision may also be used for the construction of drainage facilities in order to provide for improved surface drainage of the Tracts. The Developer reserves the right to grant specific utility easements without the joinder of any Owner to public utility providers within the boundaries of any of the easements herein reserved. Any utility company serving the Subdivision shall have the right to enter upon any utility easement for the purpose of installing, repairing, and maintaining their respective facilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein reserved shall be liable for any damages done by them or their assigns, agents or employees to fences, shrubbery, trees and lawns or any other property of the Owner located within the easements.

3.03. Mailboxes. All mailboxes located within the Subdivision will be erected at the designated location on an easement held by the Association.

ARTICLE IV
SANCTUARY OAKS RANCH PROPERTY OWNERS' ASSOCIATION, INC.

4.01. Non-Profit Corporation. Sanctuary Oaks Ranch Property Owners' Association, Inc., a non-profit corporation, has been organized and it shall be governed by the Certificate of Formation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

4.02. Bylaws. The Association has adopted, and may amend whatever Bylaws it may choose to govern the organization and operation of the Association, provided that the same are not in conflict with the terms and provisions contained herein.

4.03. Membership. Every person or entity who is a record Owner of any Tract shall be a "Member" of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation or those only having an interest in the mineral estate. Memberships shall be appurtenant to and may not be separated from the Tracts. Regardless of the number of persons who may own a Tract, there shall be but one membership for each Tract and one (1) vote for each Tract. Ownership of the Tract shall be the sole qualification for Membership.

ARTICLE V **ASSESSMENTS**

5.01. Assessments. Each Tract Owner by acceptance of a deed therefore, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association the Assessments provided herein. The Assessments shall be a charge on the Tracts and shall be a continuing lien upon the Tract against which each such Assessment is made. Both Annual and Special Assessments must be fixed at a uniform rate for all Tracts subject to assessment and may be collected on a monthly basis or on an annual basis at the discretion of the Board of Directors of the Association.

5.02. Annual Assessment.

(a) An Annual Assessment shall be paid by each of the Tract Owners and the Annual Assessment shall be used to pay all reasonable and necessary operating expenses and reserve requirements of the Association as herein provided and the Common Area Expenses. The Annual Assessment for the year of purchase shall be pro-rated as of the purchase date and then shall be paid annually.

(b) The initial amount of the Annual Assessment applicable to each Tract within the Sanctuary Oaks Ranch Subdivision shall be five hundred dollars (\$500.00) per Tract. The Annual Assessment is payable in advance and is due on the thirty first (31st) day of January during each calendar year. All other matters relating to the collection, expenditure and administration of the Annual Assessment shall be determined by the Board of Directors of the Association, subject to the provisions hereof.

(c) The Board of Directors of the Association, from and after control is transferred from the Developer, shall have the further right at any time to adjust, alter, increase or decrease the Annual Assessment from year to year as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association and to enable the Association to carry out its duties hereunder.

However, the Board of Directors of the Association shall not increase the Annual Assessment by more than ten percent (10%) from the previous year without approval of a majority of the members voting at a meeting called for the purpose of approving the increase.

5.03. Special Assessments. In addition to the Annual Assessment, the Association, upon the majority vote of the Members, may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted.

5.04. Interest of Assessment. Any Assessment which is not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law.

5.05. Purpose of the Assessments. The Annual Assessments and Special Assessments shall be used exclusively for the purpose of promoting the health, safety, security and welfare of the Subdivision and the maintenance of the Common Area. In particular, the Assessments shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described herein, including the maintenance of any Subdivision Roads, Subdivision drainage easements, Common Area, Common Area Expenses, the enforcement of these Restrictions and the establishment and maintenance of reserve funds. Any questions regarding whether an item is a Common Area or a Common Area Expense shall be determined by the Board. The Assessments may be used by the Association for any purpose which, in the judgment of the Association's Board of Directors, is necessary or desirable to maintain the property value of the Subdivision, including but not limited to, providing funds to pay all taxes, insurance, repairs, utilities and any other expense incurred by the Association. Except for the Association's use of the Assessments to perform its duties as described in these Restrictions, the use of the Assessments for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Board of Directors of the Association as to the expenditure of Assessments shall be final and conclusive so long as such judgment is exercised in good faith.

5.06. Creation of Lien and Personal Obligation. In order to secure the payment of the Assessments, each Tract Owner hereby grants the Association a contractual lien on such Tract which may be foreclosed by non-judicial foreclosure, pursuant to the provisions of Chapter 51 of the Texas Property Code (and any successor statute); and each such Tract Owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said section 51.002 of the Texas Property Code, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the association by means of written instrument executed by the President or any Vice-President of the Association and filed for record in the Official Public Records of Real Property of Hood County, Texas. In the event the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Chapter 51 of the Texas Property Code and to exercise the power of sale hereby granted, the

Association, or the Association's agent, shall give notice of the foreclosure sale as provided by the Texas Property Code as then amended. Upon request by the Association, the Trustee shall give any further notice of foreclosure sale as may be required by the Texas Property Code as then amended and shall convey such Tract to the highest bidder for cash by Trustee's Deed. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with collecting the Assessments and foreclosing on the Tract, including reasonable attorney's fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount of the Assessment in default; and third, the remaining balance shall be paid to the Tract Owner or Lien Holder for the benefit of the Tract Owner. Following any such foreclosure, each occupant of a Tract which is foreclosed upon shall be deemed a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action for forcible detainer.

In the event of non-payment by any Tract Owner of any Assessment or other charge, fee, assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, exercise all other rights and remedies available at law or in equity, including but not limited to bringing an action at law against the Tract Owner personally obligated to pay the same.

It is the intent of the Provisions of this Article to comply with the provisions of said Section 51.002 of the Texas Property Code relating to non-judicial sales by power of sale. In the event of the amendment of Section 51.002 of the Texas Property Code, the Association, acting without joinder of any Tract Owner or Mortgagee, may, by amendment to these Restrictions, file any required amendments to these Restrictions so as to comply with said amendments to Section 51.002 of the Texas Property Code or any other statute applicable to foreclosures.

Notwithstanding anything contained this Article, all notices and procedures relating to foreclosures shall comply with Chapter 209 of the Texas Property Code.

5.07. Notice of Lien. In addition to the right of the Association to enforce the Assessment, the Association may file a claim of lien against the Tract of the delinquent Tract Owner by recording a Notice ("Notice of Lien" or "Affidavit of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest thereon, (c) the costs of collection which have been accrued thereon, (d) the legal description and street address of the Tract against which the lien is claimed, and (e) the name of the Tract Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Tract Owner of a reasonable fee as fixed by the Association to cover the preparation and recordation of such release of lien instrument.

5.08. Developer Exemption. In consideration of the Property infrastructure, the Developer shall be exempt from the payment of all Assessments.

5.09. Liens Subordinate to Mortgages. The lien described in this Article V shall be deemed subordinate to any lien in favor of any bank, mortgage company, real estate lending establishment, financial institution, insurance company, savings and loan association, or any other third party lender, including the Developer, who may have advanced funds, in good faith, to any Tract Owner for the purchase, improvement, equity lending, renewal, extension, rearrangement or refinancing of any lien secured by a Tract, provided that any such lien holder has made due inquiry as to the payment of any required assessments at the time the lien is recorded. Any consensual lien holder who obtains title to any Tract pursuant to the remedies provided in a deed of trust or mortgage or by judicial foreclosure shall take title of the Tract free and clear of any claims for unpaid assessments or other charges against said Tract which ad prior to the time such holder acquired title to such Tract. No such sale or transfer shall relieve such holder from liability for any Assessments or other charges or assessments thereafter becoming due. Any other sale or transfer of a Tract shall not affect the Association's lien for Assessments or other charges or assessments. The Association shall make a good faith effort to give each such mortgage sixty (60) days advance written notice of the Association's foreclosure of an Assessment lien, which notice shall be sent to the nearest office of such mortgage by prepaid United State registered or certified mail, return receipt requested, and shall contain a statement of delinquent Assessment or other charges or assessments upon which the said action is based, provided however, the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article V.

ARTICLE VI

DEVELOPER'S RIGHTS AND RESERVATIONS

6.01. Period of Developer's Rights and Reservations. Developer shall have, retain and reserve certain rights as set forth in these Restrictions with respect to the Association from the date hereof, until the earlier of the date the Developer gives written notice to the Association of Developer's termination of the rights described in this Article VI or the Control Transfer Date. The Developer rights, those being the same as Declarant Rights, set forth in these Restrictions shall not be released until such time as a document relinquishing said rights is filed of record or the Developer no longer holds record title to any Common Area or a Tract in the Subdivision. The rights and reservations hereinafter set forth shall be deemed accepted and reserved in each conveyance by the Developer whether or not specifically stated therein. The rights, reservations and easements set forth herein shall be prior and superior to any other provisions of this Declaration and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment to this Declaration. Developer's consent to any amendment shall not be construed as consent to any other amendment

6.02. Developer's Rights to Convey Common Area to the Association. Developer shall have and hereby reserves the right, but shall not be obligated to, convey real property and

improvements thereon, if any, to the Association for use as Common Area at any time and from time to time in accordance with these Restrictions, without the consent of any Owner or the Association.

6.03. Annexation of Additional Areas. Developer may cause additional real property to be annexed into Subdivision, by causing a written Annexation Declaration confirming the annexation thereof, to be recorded in the Official Public Records of Real Property in Hood County, Texas. No consent shall be required of the Association or any Member thereof, each Tract Owner being deemed to have appointed the Developer as his agent and attorney-in fact to affect this Annexation, which power hereby granted to the Developer is and shall be a power coupled with any interest. Thereafter, the Association shall be the Association for the entirety of the Development, including the annexed property.

ARTICLE VII
DUTIES AND POWERS OF THE SANCTUARY OAKS RANCH
PROPERTY OWNERS' ASSOCIATION

7.01. General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has designated such powers (and subject to the provisions of the Association's Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the Members and to improve and enhance the attractiveness, desirability and safety of the Subdivision. The Board of Directors shall minimally be composed of three individuals serving three-year staggered terms, with the titles of President, Vice-President, and Secretary/Treasurer, being assigned annually by the Board of Directors.

7.02. Duty to Accept the Property and Facilities Transferred by Developer. The Association shall accept title to any real property, improvements to real property, personal property and any related equipment which the Developer transfers to the Association, together with the responsibility to perform any and all maintenance and administrative functions associated therewith, provided that such property and responsibilities are not inconsistent with the terms of these Restrictions. Property interest transferred to the Association by the Developer may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by the Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors of the Association, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable) but shall be subject to the terms of any declaration of covenants, conditions and restriction or easements set forth in the transfer instrument. Except as otherwise specifically approved by resolution of the Association's Board of Directors, no property or instrument transferred to the Association by the Developer shall impose upon the Association any obligation to make monetary payments to the Developer or any affiliate of the Developer including, but not limited to, any purchase price, rent

charge or fee.

7.03. Other Insurance Bonds. The Association shall obtain such insurance as may be deemed necessary or desirable by the Board or by law, including but not limited to, comprehensive liability and casualty insurance, worker's compensation insurance, fidelity and indemnity insurance, officers and director's liability insurance, as well as such other insurances or bonds as the Association shall deem necessary or desirable.

7.04. Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases and easements) for the common benefit of Owners including any improvements and personal property. The Association may construct improvements and may demolish any existing improvements in the Common Area.

7.05. Power to Adopt Rules and Regulation. The Association shall have the power to make reasonable rules and regulations regarding the use of the Common Area. The Association shall also have the right to promulgate such rules and regulations with respect to the Subdivision so long as the Board of the Association deems such rules and regulations necessary to promote the recreation, health, safety and welfare of the Members of the Association, or may be necessary or desirable to further the common interest of the Members and to improve and enhance the attractiveness, desirability and safety of the Subdivision all in accordance with the provisions of these Restrictions. The rules and regulations may be enforced in the same manner as any other provision of these Restrictions.

7.06. Enforcement of Restrictions. The Association (or any Owner if the Association fails to do so after reasonable written notice) shall enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these Restrictions. Failure by the Association or any Owner to enforce any covenants or restrictions herein contained shall in no event be deemed a waiver of the right to do so thereafter. If it becomes necessary for any Owner or the Association to file a Court action to enforce these Restrictions, the defaulting Owner shall be liable for all reasonable attorney's fees and costs incurred by the enforcing Owner or the Association to obtain compliance by the defaulting Owner. The defaulting Owner shall be liable for all damages suffered by the enforcing Owner or the Association which shall be in an amount established by the Court.

7.07. Remedies. In the event a Tract Owner fails to remedy any violation of these Restrictions within ten (10) days after written notice, or the number of days given in the written notice to allow for a remedy, the Association, or its authorized representatives, may take any one or more of the following actions:

- (a) Enter upon the Tract Owner's property and remove the violating condition, document the violating condition and/or cure the violation, at the expense of the Tract Owner, and the violating Tract Owner shall pay on demand all costs and expenses, including reasonable attorney's fees, incurred by the Association in

removing such violating condition;

- (b) Assess a charge of \$50.00 per day against any Tract Owner and/or his Tract until the violating condition is corrected. The Violation charge may be increased by the Association in accordance with increases in the National Consumer Price Index using 2024 as a base year. Failure to pay such assessment by the violating Tract Owner within ten (10) days from receipt of assessment will result in a lien against the Tract with the same force and effect as the lien for Annual or Special Assessments;
- (c) Impose charges for late payment of assessments;
- (d) After notice and an opportunity to be heard as provided in The Texas Property Code, levying reasonable fines for violations of this Declaration, and the Association's Bylaws and any rules and regulations of the Association;
- (e) File suit in order to enforce the above remedies and/or pursue any other remedy which may be available at law or in equity;
- (f) Suspend an Owner's right to use the Common Area; and/or
- (g) Take any action allowed by the Texas Property Code.

After a Tract Owner receives a written notice of a violation of these Restrictions, the violating Tract Owner shall not be entitled to any further notice of the same violation if it occurs within a six (6) month period. The Association reserves the easement across each Owner's Tract for the purpose of correcting or removing conditions in violation of these Restrictions, and in doing so, shall have no liability for trespass or other tort in connection therewith, or arising from such correction or removal of a violating condition. The Association shall further have the right to have any vehicle or other property stored or used in violation of these Restrictions removed from the Owner's Tract at the expense of the Owner and stored at the expense of the Owner.

ARTICLE VIII

ARCHITECTURAL CONTROL COMMITTEE

8.01. Basic Control & Applications.

- (a) No Improvements of any character shall be erected or placed, or the erection or placing thereof commenced, or changes made to the exterior design or appearance of any Improvement, without first obtaining the Architectural Control Committee's or Developer's (prior to the Control Transfer Date) approval. No demolition or destruction of any Improvement by voluntary action shall be made without first obtaining the Architectural Control Committee's or Developer's (prior to the Control Transfer Date) approval. While a Tract Owner will own to the center of the Road, no Tract

Owner may make any Improvements within the Road Easement. No Tract Owner shall make any Improvements or modifications to the Tract that affects to the drainage system located within the Subdivision.

(b) Each application made to the Architectural Control Committee or Developer (prior to the Control Transfer Date) for approval, shall contain an application in the form specified by the Architectural Control Committee or Developer (prior to the Control Transfer Date), two sets of professionally drawn Plans and Specifications for all proposed Improvements, showing the location of all Improvements on the Tract, and any applicable fees or deposits together with such other reasonable necessary information as the Architectural Control Committee or Developer (prior to the Control Transfer Date) shall request. These plans must be submitted in PDF format to the Developer, or after the Control Transfer Date, to the ACC. A non-refundable fee of \$250.00 is required at time of plan submittal to cover administrative costs involving the approval process.

8.02. Architectural Control Committee.

(a) All Architectural Control Committee ("ACC") authority is initially vested in the Developer. The ACC authority of the Developer shall cease upon the Control Transfer Date. The Developer shall continue to have ACC authority as to any Plans and Specifications or Construction projects submitted to the Developer prior to the initial appointment of the ACC members.

(b) After the Control Transfer Date, the Developer shall cause an instrument transferring ACC authority to the Association to be recorded in the Official Public Records of Real Property in Hood County, Texas. Subsequent appointments of the ACC members shall be by the Board of Directors of the Association.

(c) After the Control Transfer Date, the Board shall provide notice to all Owners in the Subdivision of the Association's solicitation of persons interested in serving on the ACC. The notice must be provided at least 10 days before the Association appoints a person to serve on the ACC and it must contain instructions for a person to notify the Association of that person's interest in serving, including the date by which the person's notification must be received by the Association.

8.03. Effect of Inaction. All approvals or disapprovals issued by the ACC shall be in writing. In the event the ACC fails to approve or disapprove any request received by it in compliance with Article VIII within thirty (30) days following the submission of a completed application and full compliance with the Declarations set out herein, such request shall be deemed approved and the construction of any Improvements may commence in accordance with the Plans and Specifications submitted for approval. Any

ACC approval obtained as a result of inaction by the ACC shall not authorize the construction of any Improvement in violation of these Restrictions.

8.04. Effect of Approval. The granting of an ACC approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the ACC that the proposed Improvement to be erected complies with these Restrictions; and such approval shall not prevent the Association from requiring removal of any Improvement which fails to comply with these Restrictions. Further, no ACC member shall incur any liability by reason of the good faith exercise of the authority granted hereunder.

8.05. Variance. The Developer, may on a case by case basis, authorize variances from the requirements of these Restrictions at its sole discretion. The ACC may grant a variance from the requirements of these Restrictions on the reasonable opinion of the ACC, if the Restrictions unreasonably restrain the development of a Tract in accordance with the general scheme of the Subdivision. The Developer will retain the right to grant variances after the Control Transfer Date so long as the Developer continues to own a Tract or Common Area in the Subdivision. All variances shall be in writing and signed by the Developer or if granted by the ACC then it must be signed by at least two (2) members of the ACC. No violation of these Restrictions shall be deemed to have occurred with respect to any matter for which a variance is granted. The granting of such a variance shall not operate to waive any of the terms and provisions of these Restrictions for any purpose except as to the particular Tract and improvements and the particular provision covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Owner's Tract

ARTICLE IX

GENERAL PROVISIONS

9.01. Term. The provisions hereof shall run with the land and shall be binding upon all Owners, their guests and invitees and all other persons claiming under them for a period of forty (40) years from the date these Restrictions are recorded. These Restrictions shall be automatically extended for successive periods of twenty (20) years each time unless these Restrictions are cancelled by a two-thirds (2/3) affirmative vote of every Member and an appropriate document is recorded evidencing the cancellation of these Restrictions.

9.02. Amendments. Unless an amendment affects existing improvements, these Restrictions may be amended or changed in whole or in part by a two-thirds (2/3) affirmative vote of every Member. The Association must keep copies of all records related to such amendments permanently.

9.03. Amendment by the Developer. The Developer shall have and reserve the right at any time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend these Restrictions by an instrument in writing duly signed, acknowledged, and filed for record so long as the Developer owns any land in the Subdivision and provided that any such amendment shall be consistent with and is

furtherance of the general plan and scheme of development of the Subdivision and evidenced by these Restrictions or if needed to comply with state law.

9.04. Severability. Each of these provisions of these Restrictions shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partially unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

9.05. Effect of Violation on Mortgages. No violation of the provisions herein contained or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgage under any such mortgage, the holder of any such lien or beneficiary of any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

9.06. Liberal Interpretation. The provisions of these Restrictions shall be liberally construed as a whole to effectuate the purpose of these Restrictions.

9.07. Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Developer and the Association, and their respective guests, invitees, heirs, legal representatives, executors, administrators, successors and assigns.

9.08. Terminology. All personal pronouns used in these Restrictions, whether used in the masculine, feminine or neutral gender, shall include all other genders, the singular shall include the plural and vice versa. Title of Articles and Sections are for convenience only and neither limits nor amplifies the provisions of these Restrictions. The terms "herein", "hereof" and similar terms, as used in this instrument, refer to the entire document and are not limited to referring only to the specific paragraph, Section or Article which such terms appear.

IN WITNESS WHEREOF, the undersigned, being the Developer, herein, has hereunto set its hand on this 17th day of June 2024.

[signature follows on next page]

Paluxy Oaks Ranch, LLC, a Delaware Limited Liability Company

By: American Land Partners, LLC, a Delaware limited liability company, Manager

By: [Signature]
Monte Magness, Authorized Agent

STATE OF TEXAS §
 §
COUNTY OF Parker §

CERTIFICATE OF ACKNOWLEDGEMENT

Before me, the undersigned Notary Public, on this day personally appeared Monte Magness who is personally known to me (or proved to me through a federal or state issued ID with photo and signature of person identified) to be the person whose name is subscribed to the foregoing instrument, and who has acknowledged to me that he executed the instrument for the purposes and consideration therein expressed and in the capacity stated herein.

Given under my hand and seal of office on the 17 day of June 2024.

[Signature]
NOTARY PUBLIC, State of Texas

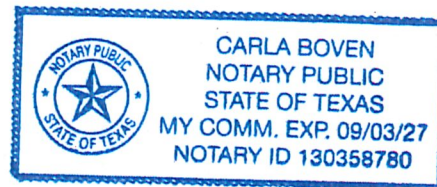


EXHIBIT "A"

BEING a tract of land situated in the Lewis Boatright Survey, Abstract Number 33, J.P. Burton Survey, Abstract Number 832, the Eve Boyet Survey, Abstract Number 804, the W.T. Collins Survey, Abstract Number 767, and the E.C. Loftin Survey Abstract Number 771, Hood County, Texas and being a portion of a tract of land as described by deed to Paluxy Oaks Ranch, LLC., as recorded in Document No. 2023-0009554, Deed Records, Hood County, Texas (D.R.H.C.T.) and also being a portion of a tract of land as described by deed to Paluxy Oaks Ranch, LLC., as recorded in Document No. 2023-0009191, D.R.H.C.T., and being more particularly described by metes and bounds as follows: (Bearings referenced to U.S. State Plane Grid 1983 - Texas North Central Zone (4202) NAD83 as established using the AllTerra RTKNet Cooperative Network. Reference frame is NAD83(2011) Epoch 2010.0000. Distances shown are U.S. Survey feet displayed in surface values);

BEGINNING at a found 6-inch wood post in the west right-of-way line of Coleman Ranch Road, same being the angle point of the said Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554 and being the northeast corner of a tract of land described by deed to Larry Don Cardwell and Spouse, Kathi White Cardell as recorded in Document No. 2011-0005166, having a US State Plane Coordinate - Texas North Central Zone (4202) NAD83 (Grid) of Northing 6805296.22, Easting 2146813.31;

THENCE departing the said right-of-way line and with the common line between the said Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554 and the said Cardwell tract the following courses and distances:

South 59°38'40" West, a distance of 624.29 feet to a found 60d nail in the trunk of a 22" Post Oak for a re-entrant corner in the aforesaid Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554, same being the northwest corner of the said Cardwell tract;

South 30°31'54" East, a distance of 402.63 feet to a found 5/8-inch capped iron rod marked "BROOKES BAKER SURVEYORS";

South 31°48'18" East, a distance of 350.14 feet to a found 5/8-inch capped iron rod marked "BROOKES BAKER SURVEYORS";

South 25°57'43" East, a distance of 377.08 feet to a found 2-1/4-inch metal fence corner post for the southwest corner of the aforementioned Cardwell tract, same being in the north line of a tract of land described by deed to Emily Grace Hallgarth as recorded in Document No. 2019-0003968, D.R.H.C.T.;

THENCE with the common line between the said Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554 and the said Hallgarth tract the following courses and distances:

South 60°05'50" West, a distance of 443.77 feet to found 3-inch wood fence post;

South 57°15'49" West, a distance of 80.97 feet to found 1/2-inch iron rod for the northwest corner of the aforesaid Hallgarth tract, same being the northeast corner of a tract of land described by deed to New Territory Investments, LTD as recorded in Document No. 2024-0004639, D.R.H.C.T;

THENCE with the common line between the said Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554 and the said New Territory Investments tract the following courses and distances:

South 57°34'57" West, a distance of 860.06 feet to found 5/8-inch capped iron rod marked "BHB INC" (CIRF);

South 57°46'33" West, a distance of 1401.06 feet to a found 3-inch wood fence post;

South 58°20'08" West, a distance of 367.57 feet to a CIRF having a US State Plane Coordinate - Texas North Central Zone (4202) NAD83 (Grid) of Northing 6802331.29, Easting 2144152.02;

North 72°31'53" West, a distance of 114.50 feet to a CIRF;

THENCE departing the aforementioned common line and over and across the aforementioned Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554 the following courses and distances:

North 26°56'12" West, a distance of 376.46 feet to a set 5/8-inch capped iron rod marked "BHB INC" (IRS);

North 12°46'36" East, at a distance of 768.06 feet passing the north line of the aforesaid Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554, same being the south line of the aforementioned Paluxy Oaks Ranch, LLC., as recorded in Document No. 2023-0009191 and now continuing over and across the said Paluxy Oaks Ranch, LLC., as recorded in Document No. 2023-0009191, in all, for a total distance of 872.05 feet to an IRS;

THENCE continuing over and across the said Paluxy Oaks Ranch tract recorded in Document No. 2023-0009191 the following courses and distances:

North 19°05'42" East, a distance of 1008.25 feet to an IRS;

North 56°14'54" East, a distance of 489.11 feet to an IRS;

North 11°38'46" East, a distance of 650.12 feet to an IRS;

North 39°05'56" East, a distance of 451.35 feet to an IRS;

North 03°00'42" East, a distance of 283.15 feet to an IRS;

North 19°00'11" East, a distance of 576.89 feet to an IRS for the northernmost corner of the hereon described tract, same being in the southwestern right-of-way line of the aforementioned Coleman Ranch Road;

THENCE with the common line between the said Coleman Ranch Road and the aforementioned Paluxy Oaks Ranch tract recorded in Document No. 2023-0009191 the following courses and distances:

South 56°12'56" East, a distance of 283.97 feet to a found 4-inch pipe post;

South 69°26'06" East, a distance of 158.84 feet to a found 3-inch pipe post for the easternmost northeast corner of the aforementioned Paluxy Oaks Ranch tract recorded in Document No. 2023-0009191, same being the northernmost corner of the aforementioned Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554 and being in the southwestern right-of-way of Coleman Ranch Road;

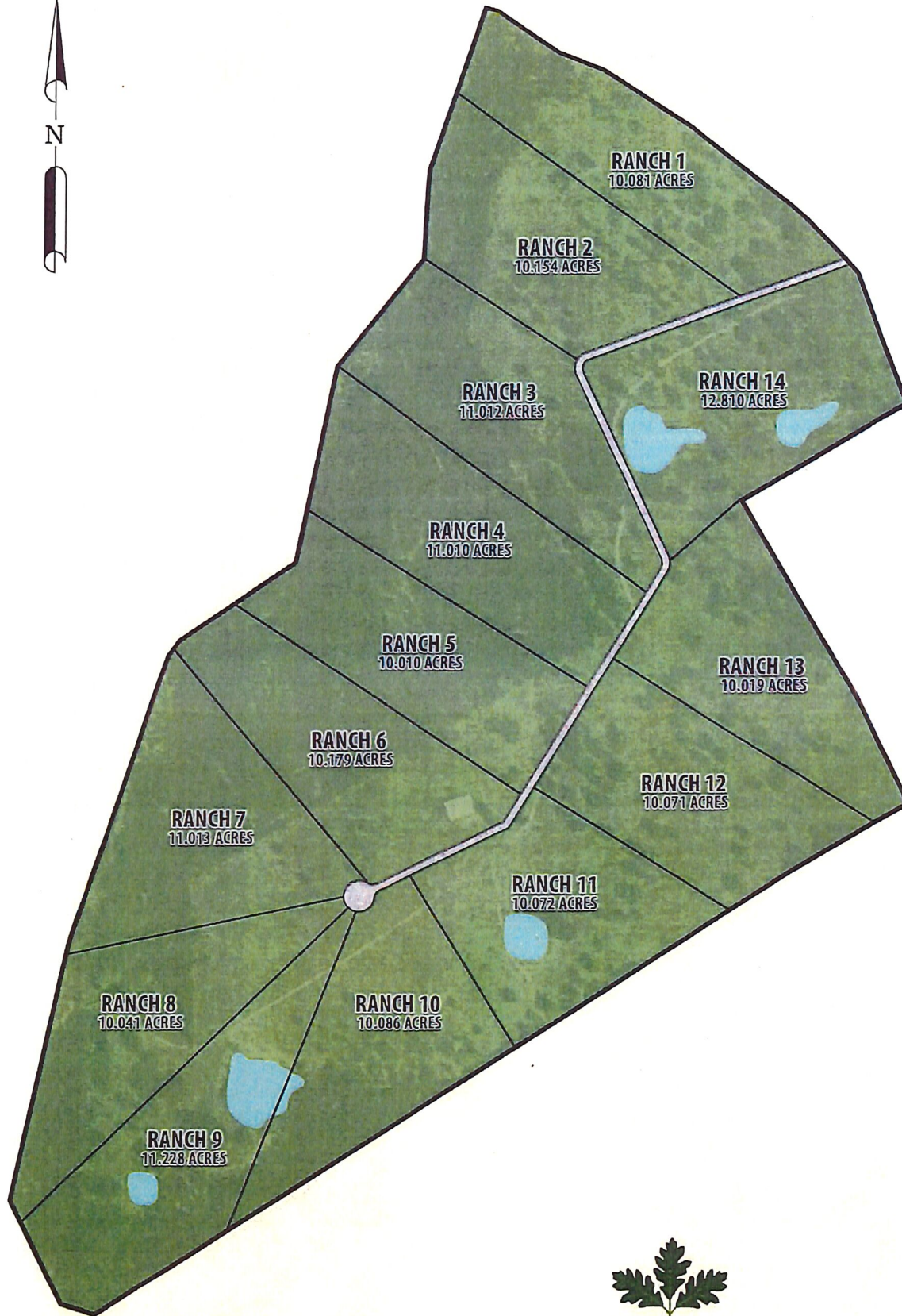
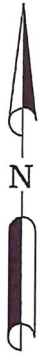
THENCE with the common line between the said Coleman Ranch Road and the aforementioned Paluxy Oaks Ranch tract recorded in Document No. 2023-0009554 the following courses and distances:

South 57°46'16" East, a distance of 351.10 feet to a found 4-inch pipe post;

South 52°31'08" East, a distance of 447.05 feet to a found 4-inch pipe post;

South 45°00'51" East, a distance of 272.01 feet to a found 4-inch pipe post;

THENCE South 20°55'34" East, continuing with the aforementioned common line, a distance of 460.26 feet to the **POINT OF BEGINNING** and containing 6,437,550 square feet or 147.79 acres of land more or less.



SANCTUARY OAKS

RANCH

EXHIBIT "B"

