

Improvements upon the Lots in the Property.

1.3 Assessment. "Assessment" or "Assessments" shall mean such assessments as may be levied by the Association under the terms and provisions of this Declaration.

1.4 Association. "Association" shall mean and refer to Clearwater Canyon Ranch Property Owners Association, a Texas non-profit corporation, its successors and assigns. Clearwater Canyon Ranch Property Owner Association shall consist of members from all units or phases of the Property unless otherwise determined by the Developer.

1.5 Board. "Board" shall mean the Board of Directors of the Association.

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

1.7 Certificate of Formation. "Certificate of Formation" shall mean the Certificate of Formation of Clearwater Canyon Ranch Property Owners Association, which is filed in the office of the Secretary of State of Texas, and as from time to time amended.

1.8 Common Area. "Common Area" shall mean that portion of the Property owned or leased by the Association for the common use and enjoyment of the Members of the Association including but not limited to, all parks, recreational facilities, community facilities, landscaping, sprinkler systems, pavement, streets (to the extent not owned by appropriate governmental authorities), gates, walkways, traffic islands, open spaces, landscape buffers, easements owned by the Association, parking lots, pipes, wires, conduits and other public utility lines situated thereon (to the extent not owned by appropriate governmental authorities or by local utility companies).

1.9 Design Guidelines. "Design Guidelines" shall mean the criteria and guidelines established by the Architectural Control Committee for the design and/or construction of all Improvements, landscaping and other exterior items within the Subdivision.

1.10 Development Period. The "Development Period" is the period of time beginning on the date when the Declaration has been recorded and ending six months after the date that the Declarant no longer owns any portion of the Property, unless earlier terminated by a recorded written instrument executed by the Declarant. The Development Period is the period in which the Declarant reserves the right to facilitate the development, construction, and marketing of the Property, and the right to direct the size, shape and composition of the Property.

1.12 Improvement. "Improvement" shall mean every structure and all appurtenances thereto of every type and kind located on any Lot in the Subdivision, including but not limited to buildings, outbuildings, storage sheds, patios, tennis courts, basketball goals, hot tubs, swimming pools, and swimming pool equipment and covers, garages, storage buildings, tree houses, playscapes, fences, gates, trash enclosures, screening walls, retaining walls, stairs, decks, landscaping, poles, signs, exterior air conditioning, water softener fixtures or equipment and poles, pumps, wells, tanks, reservoirs, pumps, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.13 Lot or Tract. "Lot", "Lots", "Tract" or "Tracts" shall mean any parcel or parcels of land within the Subdivision shown as a subdivided lot on a plat of the Subdivision, together with all Improvements located thereon.

1.14 Member. "Member" or "Members" shall mean any person, persons, entity or entities holding membership rights in the Association.

1.15 Mortgage. "Mortgage" shall mean any mortgage or deed of trust lien covering all or any portion of the Subdivision given to secure the payment of a debt.

1.16 Mortgagee. "Mortgagee" or "Mortgagees" shall mean the holder or holders of any Mortgage

or Mortgages.

1.17 Owner. “Owner” or “Owners” shall mean and refer to a person or persons, entity or entities holding a fee simple interest in all or any portion of the Subdivision but shall not include the Developer or a Mortgagee until such Mortgagee forecloses on one or more Lots in the Subdivision.

1.18 Person. “Person” or “Persons” shall mean any individual, individuals, entity or entities having the legal right to hold title to real property.

1.19 Plans and Specifications. “Plans and Specifications” shall mean any and all documents designed to guide or control the construction or creation 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, landscaping and fencing plans, signage, lighting, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to such Improvement.

1.20 Plat. “Plat” shall mean a final plat of any portion of the Property, as defined below.

1.21 Property. “Property” shall mean that real property which is subject to the terms of this or any other declaration for CLEARWATER CANYON RANCH and subject to the jurisdiction of the Association. The Property acreage may be increased or decreased at the sole discretion of the Developer.

1.22 Supplemental Declaration. “Supplemental Declaration” shall mean and refer to any declaration of covenants, conditions and restriction which may be recorded hereafter in order (i) to incorporate Additional Property into the Development, (ii) to subject any area of the Property to further covenants, conditions or restrictions, or (iii) to withdraw land from the Property.

ARTICLE II ADDITIONS TO THE PROPERTY

2.1 Phased Subdivision.

(A) Incorporation and Withdrawal. The Declarant, its successors and assigns, shall have the sole right, without requiring the consent or approval of any third party, including the Owners of any Lots or lienholders on those Lots, at any time prior to June 1, 2030, to (i) annex or incorporate within the scheme of this Declaration additional lots or phases of the property (a) following the acquisition of such property, or (b) barring acquisition of such property, with the consent of the record owner of such other property; or (ii) withdraw any property owned by the Declarant from the Subdivision or (iii) remove property owned by the Declarant from the terms of these Restrictions.

(B) Filing Affidavit. To evidence the incorporation or annexation of additional property (including but not limited to additional Lots) or withdrawal of property from the Subdivision or these restrictions, Declarant shall record an Affidavit stating that such property has been incorporated into, annexed into or withdrawn from the Subdivision or these Restrictions.

(C) Phases. Declarant may develop the Property into additional phases and may, at its sole discretion, encumber each phase with similar or the same restrictions.

2.2 Merger of Consolidation. Upon a merger or consolidation of the Association with another association, the Association’s properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the property, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Subdivision and/or the Property together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants established by this Declaration pertaining to the Property except as hereinafter provided.

ARTICLE III
GENERAL RESTRICTIONS

All of the Lots in the Subdivision except utility lots, Common Areas and other similar areas, shall be owned, held, encumbered, leased, used, occupied and enjoyed subject to the following limitations and restrictions:

3.1 Single Family Residential Construction. All Lots shall be used solely for single family residential purposes. No building or structure shall be erected, altered, placed or permitted to remain on any Lot without the approval in writing of the Architectural Control Committee. Such Dwelling must have at least 1400 square feet. No Lot shall have more than one main Dwelling but may also have a guest house as set forth below so long as such guest house is not used as a permanent residence. A Dwelling must have a covered porch and/or no less than two distinct vertical surface finishes at the front elevation of the Dwelling. All Dwellings must have a garage or carport, even if the Dwelling has a port-a-cache.

The guest/servants house, if any, must be of the same general construction and exterior as the Dwelling, including exterior materials, roofing materials, and color and must be located according to the Committee approved building site plan. One guest/servants house shall be allowed provided said guest/servants house (i) contains no less than five hundred (500) square feet nor more than one-half of the square footage of the main Dwelling, (ii) is built after or while the Dwelling is being built and (iii) has prior approval of the Architectural Control Committee. All square footage calculations shall exclude porches and garages. Any building, structure or Improvements commenced on any tract shall be completed as to the exterior finish and appearance within six months from the commencement date.

The term "Dwelling", "main Dwelling" and "guest/servants house" does not include either industrialized housing, double wide, triple wide or manufactured homes, single wide mobile homes, or prefab houses regardless of whether the same are placed upon permanent foundation, and said homes are not permitted within the Subdivision. As used herein, "Manufactured home" includes but is not limited to, any prefabricated or pre-built Dwelling which consists of one (1) or more transportable sections or components and shall also be deemed to include manufactured housing, manufactured home, HUD-code manufactured home and mobile home as defined in the Texas Occupations Code, Section 1201.003, in effect on January 2, 2008, as amended.

3.2 Driveways and Garages. The first 75 feet of all driveways beginning at the road shall be constructed of asphalt, two course chip and seal asphalt paving, exposed aggregate concrete, concrete, or brick paver materials unless otherwise approved in writing by the Architectural Control Committee. All garages and carports, including detached garages, shall be of the same general construction and exterior as the main Dwelling and located on the tract according to the Committee approved building site plan and shall be suitable for not less than two automobiles. Port-a-caches may be allowed with the Committee's approval but must be of the same or similar construction and material as the main Dwelling. All driveways, garages, and port-a-caches must be shown on the plans submitted to the Architectural Control Committee and approved prior to any action being taken.

3.3 Barns and Workshops. One permanent metal, wood, rock, and/or fibrous cement barn, storage building or workshop (hereinafter collectively "Barn") shall be allowed so long as such building footprint is no larger than 3000 square feet enclosed space, except as set forth in Section 3.5 below. The Barn must be built with new construction materials. The color of the Barn must be a neutral color or match the main Dwelling. Each metal Barn shall have rock wainscoat beginning at the bottom of the building and extending three (3) feet upward on front and all sides. Such structure may be constructed on the Lot prior to the main Dwelling. Living quarters shall be allowed inside of a barn or workshop (not a portable storage building) so long as such living quarters are no less than 300 square foot and no more than fifty percent (50%) of the footprint of the Barn and approved by the Architectural Control Committee. One portable storage building may be placed on the Property after the main Dwelling is constructed provided it is approved by the Architectural Control Committee, is no larger than 400 square feet, and is located behind the main Dwelling.

3.4 Drainage/Culverts. Natural established drainage patterns of streets, tracts or roadway ditches will not be impaired by any person or persons. Driveway culverts, where needed, must be installed and will be of sufficient size to afford proper drainage of ditches without backing water up into the ditch or diverting flow. If a culvert is required under the entry drive, it must be corrugated metal pipe

greater than a 45 degree slope. Drainage culvert installations are subject to the inspection and approval of the Architectural Control Committee. Lot owners are responsible for the proper conveyance of storm water runoff through their Lots. Lot owners are to refrain from point discharging (collecting and directing) runoff to Lots located down gradient of their Lot.

3.5 Exterior Appearance. The exterior walls of the Dwelling constructed on any Lot shall be constructed of

- a. stucco
- b. rock
- c. timber frame so long as it has three foot rock wainscot beginning at the bottom of the building and extending three (3) feet upward on front and all sides.
- d. fibrous cement
- e. metal so long as the Dwelling is a Bardominium style and has three foot of rock wainscot beginning at the bottom of the building and extending three (3) feet upward on front and all sides. Such Bardominium shall not exceed a 4000 square foot footprint.

Brick accents may be used but shall not comprise more than 10% of the front, sides and rear of the main Dwelling. The exterior of all chimneys shall be 100% masonry of a type and color matching the exterior walls of the Dwelling.

3.6 Height. No building or structure erected, altered, or placed on, within or in the properties shall exceed the lesser of (i) thirty-five (35) feet in height (measured from the highest point of ground under the structure to the topmost part of the roof) or (ii) 2-1/2 stories in height, without the written consent of the Architectural Control Committee.

3.7 Setback Requirements. All Improvements except fences and driveways, shall be set back at least ~~seventy-five (75) feet from the street, twenty-five (25) feet from the side Lot line, and sixty (60) feet from the rear Lot Line.~~ Notwithstanding anything within this paragraph, no Lot Owner shall fence in any meter, utility pole or transformer or place a fence within ten (10) feet from any meter, utility pole or transformer.

3.8 Construction of Improvements. No Improvements shall hereafter be constructed upon any Lot without the prior written approval of the Plans and Specifications for the Improvement(s) by the Architectural Control Committee. Anything herein to the contrary notwithstanding, in the case of a Dwelling constructed on any Lot, the Architectural Control Committee, in its sole discretion, may limit its review of specific floor plans, and elevations, and upon the Architectural Control Committee's approval of such specific floor plans and elevations, a Dwelling may be constructed with the approved floor plans and elevations without the requirement of further review or approval by the Architectural Control Committee.

3.9 Roofing Materials. The roof of all improvements shall be constructed of slate, stone, concrete tile, clay tile, or other tile of a ceramic nature, composition shingles with a thirty (30) year or more warranty; or they may be metal, left natural or painted a color approved by the Architectural Control Committee, using standing or battened seams. The Architectural Control Committee shall have the authority and sole discretion to approve other roof treatments and materials if the form utilized will be harmonious with the surrounding homes and subdivision as a whole.

3.10 Color. All exterior color schemes on any improvement must be approved by the Architectural Control Committee prior to use. Acceptable color schemes include natural or neutral earth tone colors that blend with the natural surroundings. No bright, florescent or contrasting colors shall be allowed.

3.11 Fences. Walls and fences, if any, must be constructed of the following materials:

- A. masonry or masonry veneer. Masonry privacy fences may only be constructed behind the front line of the main Dwelling.
- B. wrought iron.
- C. cedar posts with barbed wire, straight wire, rolled no climb wire and/or heavy gauge cattle/hog panel.
- D. metal pipe with top rail.
- E. metal pipe without top rail so long as the pipe fencing has a top rail along any portion facing a street.

The sides and rear of the fence not facing the street must have a metal pipe no less than every 50 feet with t-posts in between unless otherwise approved by the Architectural Control Committee. All t-posts must be painted the same color as the pipe. No wooden privacy fences are allowed. Barb wire, straight wire, rolled wire and 7 heavy gauge cattle/hog panel wire are allowed so long as they are in combination with the Items specified a through e and meet all other requirement set forth in this section.

Fencing shall be allowed around any tennis court or sports court; however, such fencing shall not be a part of the perimeter fencing and shall be constructed of greencoated chain link fence material, or other material approved by the Architectural Control Committee. Sports court and tennis court fencing shall not exceed ten (10) feet in height. Any such fencing on any lot shall not exceed six and one-half feet (78 inches) in height and must be a minimum of four feet (48 inches) in height.

3.12 Construction in Place. All Improvements constructed shall be built in place on the Lot.

3.13 Subdividing, Combining Two (2) or More Lots. No Lot shall be further divided or subdivided by the Owner thereof without the prior written consent of the Architectural Control Committee and Bandera County, if required; provided, however, when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot or convey an easement or other interest less than the whole, all without the approval of the Architectural Control Committee. Lots may be combined into one Lot for building purposes and the interior common boundary line shall be extinguished by filing a recordable document of record, joined by the Declarant, or Architectural Control Committee, declaring the same to be extinguished. Thereafter, all set back lines shall refer to the exterior property lines. Portions of Lots may be combined with adjoining Lots for building purposes so long as all resulting Lots are larger than the original Lots. Combined Lots shall nevertheless be considered as separate Lots for assessment purposes, unless otherwise determined by Association. Public utility and drainage easements are exempt from this provision and each Lot owner is required to obtain any needed releases from the Public Utility companies.

3.14 Repair of Buildings. All Improvements upon any of the Subdivision shall at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner thereof.

3.15 Alteration or Removal of Improvements. Any construction, other than normal maintenance, which in any way alters the exterior appearance of any Improvement, or the removal of any Improvement, shall be performed only with the prior written approval of the Architectural Control Committee.

3.16 Recreational Vehicles/Campers/Motor Homes. No structure of a temporary character, whether trailer, motor home, recreational vehicle, tent, basement, shack, garage or other outbuilding shall be maintained or used on any Lot at any time as a residence, either temporarily or permanently, except as follows:

A. Prior to the construction of a Dwelling, an Owner may use a recreational vehicle, camper or motor home (RV) for camping purposes no more than seven (7) days out of any thirty (30) day period and no more than fifty (50) days a year. The RV must be self-contained or on an approved septic. THIS PROVISIONS SHALL TERMINATE ONCE FIFTEEN (15) OR MORE DWELLINGS HAVE BEEN BUILT ON THE LOTS IN THE SUBDIVISION

B. No recreational vehicle, camper or motor home may be leased to a third party.

C. No Lot shall be used as a commercial camping ground.

D. An RV may be used as a temporary residence during construction, not to exceed 12 months, provided an approved septic has been installed for the RV, the RV is placed behind construction site and the RV is not placed on the home prior to the breaking of ground.

E. After a Dwelling is built, all RVs must be parked on a Lot so as not to be visible from an adjoining property or private or public thoroughfare for more than five days.

Temporary structures, including a construction office, portable restroom facilities, or construction storage facilities may be located on a Lot while a Dwelling is actively under construction, provided that such are removed upon substantial completion of construction and are not located on a Lot for longer than the time allowed for construction of Dwelling as set forth herein. The Developer reserves the exclusive right to install and make use of a temporary office or temporary storage facilities within the Property while Developer is selling Lots or building homes in the Property.

location as it, in its sole discretion, may determine to be necessary or convenient while selling Lots.

3.17 Mining and Drilling. Except for water wells used for domestic purposes, no portion of the Subdivision shall be used for mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate or earth. Water wells to be used for domestic and irrigation purposes associated with the Lot may be drilled. This Section does not apply to minerals, or resources that are vested in third parties. Declarant makes no warranty or representations regarding the ownership of the minerals or resources or any portion thereof.

3.18 Antennas. No exterior radio, television or computer antenna or aerial or satellite dish receiver, or other devices, designed to receive telecommunication signals, including, but not limited to, radio, television, or microwave signals which are intended for cable television, network television receptions, or entertainment purposes shall be erected or maintained, except by Declarant, without the prior written approval of the Architectural Control Committee, which shall not be unreasonably withheld. No antenna or other receiving device shall extend ten feet above the highest point of the roof. Nothing herein shall be construed to conflict with the rules and regulations set forth by the Federal Communications Commission.

3.19 Signs. Except as specifically set forth in this section, no signs, advertising, billboards or advertising structure of any kind may be erected or maintained on any Lot without the consent in writing of the Architectural Control Committee, except one (1) professionally made sign not more than twenty-four inches (24") by thirty-six inches (36") advertising Owner's Dwelling or lot for sale or rent, and one (1) professionally made sign, not more than twelve inches (12") by twenty-four inches (24") identifying the Tract owner's name or names. The term "professionally made sign" does not include store bought pre-made "for sale" or "for rent" signs. Builders, during the construction of a Dwelling, may place one sign not more than twenty-four inches (24") by thirty-six inches (36") in size on the Lot for purposes of identification of the builder. Builders of a model home may place a pre-approved sign on the tract that does not exceed four (4) feet by four (4) feet advertising the model home. No sign shall be nailed to a tree and all signs must be properly maintained. Declarant or any member of such Committee shall have the right to remove any such sign, advertisement or billboard or structure which is placed on any Tract in violation of these restrictions, and in doing so, shall not be liable, and are hereby expressly relieved from, any liability for trespass or other tort in connection therewith, or arising from such removal.

In accordance with the Texas Property Code, one or more signs advertising a political candidate or ballot item for an election may be displayed as follows:

- A. On or after the 90th day before the date of the election to which the sign relates or b. before the 10th day after the election date Such signs must comply with the following: a. The signs must be ground mounted;
- B. No more than one sign for each candidate or ballot item is allowed;
- C. The sign shall not (i) Contain roofing material, siding, paving materials, flora, one or more balloons or lights or any other similar building, landscaping or nonstandard decorative component; (ii) Is attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle or any other existing structure or object; (iii) Includes the painting of architectural surfaces (iv) threaten the public health or safety; (v) Is larger than four feet by six feet (vi) violate a law; (vii) contain language, graphics or any display that would be offensive to the ordinary person; or (viii) be accompanied by music or other sounds or by streamers or is otherwise distracting to motorists.

Rules may be established regarding the use and display of political signs so long as such rules are not in violation of the Texas statutes.

3.20 Rubbish, Debris or Unsightly Items. No rubbish, debris or other unsightly items of any kind shall be placed or permitted to accumulate upon a Lot and no odors shall be permitted to arise therefrom so as to render such Lot or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property or to its occupants. Refuse, garbage and trash shall be kept at all times in covered containers and such containers shall be kept within enclosed structures or appropriately screened from view. The Architectural Control Committee shall have discretion to determine what constitutes and unsightly item.

3.21 Noise. No exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security or public safety purposes) shall be located, used or placed on

any Lot such that it becomes or will become clearly audible at the property line of adjoining property owners. No noise or other nuisance shall be permitted to exist or operate upon any portion of a Lot so as to be offensive or detrimental to any other portion of the Property or to its occupants.

3.22 Hazardous Activities. No activities shall be conducted in the Subdivision and no Improvements constructed in the Subdivision which are or might be unsafe or hazardous to any person or property.

3.23 Vehicles. Except as expressly allowed in other provisions of these Restrictions, recreational vehicles, campers, motor homes, trailers, graders, trucks other than pickups, boats, tractors, wagons, busses, motorcycles, motor scooters, and garden maintenance equipment shall be kept at all times, except when in actual use or as otherwise allowed herein, in an approved enclosed structure. No repair or maintenance work shall be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or such other structures. No automobiles or other vehicles may be parked in excess of 5 days hours on any Road in or abutting the Property.

3.24 Animals-Household Pets. Except as specifically set forth below, no animals, including but not limited to pigs, pot-bellied pigs, hogs, swine, pigeons, poultry, fowl, wild animals, cattle, sheep, goats, or other type of animals not considered to be domestic household pets within the ordinary meaning and interpretation of such word may be kept, maintained or cared for in the Subdivision. Horses, cows, goats, sheep, llamas, alpacas and miniature animals shall be allowed so long as the number of such animals does not exceed one for every two (2) full acres owned by a Lot owner. Up to ten (10) laying hens shall be allowed per Lot. Animals being raised for 4-H or school sponsored programs will be permitted during the term of such program. No overgrazing is permitted on any portion of a Lot. No animal shall be allowed to make an unreasonable amount of noise or to become a nuisance and no domestic pet shall be allowed on any portion of the Subdivision other than on the Lot of its Owner unless confined to a leash. No animal may be stabled, maintained, kept, cared for or boarded for hire or remuneration in the Subdivision and no kennels or breeding operation will be allowed. No animal shall be allowed to run at large, and all animals shall be kept within the enclosed areas which must be clean, sanitary and reasonably free of refuse, insects and waste at all times. Such enclosed area, whether fences or dog runs, shall be constructed in accordance with plans approved by the Architectural Control Committee, shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof.

3.25 Firearms. No discharge of handguns, rifles, shotguns or other firearms, or other similar weapons are allowed in the Subdivision, except in emergency situations.

3.26 Construction Activities. Notwithstanding any provision herein to the contrary, this Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Declarant) upon any Lot. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of Architectural Control Committee approved signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event of any dispute regarding such matters, a temporary waiver of the applicable provision may be granted by the Architectural Control Committee, provided that such waiver shall be only for the reasonable period of such construction.

3.27 Rentals. Notwithstanding anything herein, Dwellings may be rented to third parties so long as the following conditions are met:

- (A) Only a Lot with a Dwelling may be rented and the entire Lot must be rented to the same person.
- (B) The minimum age of the person renting the Dwelling is twenty-five
- (C) No more than two people per bedroom plus two additional people may stay in the Dwelling.
(Example; a two bedroom house may have six occupants)
- (D) The renters shall have no more cars present than can fit on the driveway and/or in the garage.
- (E) No autos, boats, or other vehicles shall be permitted to be parked on the street or in the yard.
- (F) Owners of such Dwellings shall maintain the Lot and Dwelling and keep all trash and debris picked up.
- (G) If an Owner is using an outside rental or management agency, such Owner shall provide the Board of Directors with the name of a contact person within such rental or management agency.
- (H) Upon request, the Owner shall supply the Board of Directors with the current names, addresses, and phone numbers of the tenants and the Dwelling(s) being rented.

- (I) The Association may require that all tenants register with the Association or the Association's representative and provide a contact person and telephone number where such tenant can be reached.
- (J) Each Owners shall provide Tenants with a copy of these Restrictions together with any rules or regulations. The Owner shall be responsible for the Tenant's compliance with the same. Ant Tenant who fails to comply with the Restrictions or any rules or regulations may be evicted by the association, management group or law enforcement.
- (K) All Tenants shall remove all trash and debris upon leaving a Lot and shall either take the trash and debris out of the subdivision or place the same in an association approved dumpster.
- (L) The Board of Directors may enact other rules and regulations regarding rentals.

3.28 Prohibition of Offensive Activity. Except for the rental of a Dwelling as allowed herein, no activity, whether for profit or not, shall be conducted on any Lot which is not related to single family residential purposes, unless said activity meets the following criteria: (a) no additional exterior sign of activity is present, (b) no additional traffic, that would not be there normally, is created, (c) no exterior signs or machinery is visible and (d) nothing dangerous is present that should not be there. Home offices are specifically allowed so long as they meet the requirements of (a), (b), (c) and (d) above. No noxious or offensive activity shall be carried out upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood, specifically including, but not limited to the riding of dirt bikes and four wheelers. The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance. Notwithstanding, this restriction is waived in regard to the customary sales activities required to sell homes or lots in the Subdivision. Further, during the Development Period, Declarant may construct and/or maintain upon portions of the Common Area, Lots or any part of the Property such signs or facilities and conduct such activities as may be reasonably required, convenient or incidental to the sale of Lots and uses incidental thereto.

3.29 Propane Tanks, Outside Laundry Areas, etc. All Propane tanks shall be buried or screened from view by a masonry or wooden fence approved by the Architectural Control Committee. All facilities for hanging, drying or rinsing clothing or household fabrics shall be appropriately screened from view from public or private thoroughfares and adjacent properties and no lumber, grass, plant, waste, shrub or tree clippings, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulated on any portion of a Lot except within enclosed structures or appropriately screened from view from public or private thoroughfares and adjacent properties. The Architectural Control Committee may adopt additional rules regulating the appearance and storage of articles, including but not limited to tanks, trash cans, pool equipment, etc.

3.30 Above ground pools. No above ground swimming pools shall be allowed on a Lot at any time.

3.31 Oak Wilt. If Oak Wilt is present on an Owner's Lot, the Owner shall remove all of the trees affected by the Oak Wilt and take immediate action to prevent the spread of the disease to surrounding Lots and trees.

3.32 Flags, Rainwater Harvesting Equipment and Solar Energy Devices. The Board of Directors may adopt rules to regulate the use and placement of flags, rainwater harvesting equipment and solar energy devices. Such rules shall be in compliance with all Texas statutes.

3.33 Landscaping. A minimum of twenty-five feet (25') of the front, fifteen feet (15') of the side yards shall be planted, landscaped and maintained at all times after completion of the main Dwelling. The landscaped area shall consist of a balanced mix of some of the following: trees, shrubs, decomposed granite, pervious hardscape, mulch, rock and drought tolerant lawn grass. All landscaping shall be completed within ninety (90) days of home completion or move in, whichever is first.

3.34 Repairs and/or Restoration of Buildings. In the event of fire or other casualty causing damage to improvements on a Lot, the Owner of the Lot shall promptly remove all debris and promptly repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof.

3.35 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article III or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes

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

NEITHER DEVELOPER NOR CLEARWATER CANYON RANCH MAKES ANY GUARANTEES, WARRANTIES, OR REPRESENTATIONS OF ANY KIND WHATSOEVER, INCLUDING, BUT NOT LIMITED TO THE QUALITY OF CONSTRUCTION OR MATERIALS USED AND/OR THE ABILITY OF ANY BUILDER.

3.36 Compliance with Provisions of these Declarations. Each Owner shall comply strictly with the provisions of the Declarations as the same may be amended from time to time. **Failure to comply with any of Declarations shall constitute a violation of this Declaration, and shall give rise to a cause of action to recover sums due for damages, injunctive relief, fines, or any other right granted to the Board or an aggrieved Owner in these Declarations, at common law or in equity.**

ARTICLE IV USE RESTRICTIONS

4.1 General. Except as otherwise provided below, the Subdivision shall be improved and used solely for single family residential use, utility use, or for Common Areas. Common Areas may, subject to the approval of Declarant, be improved and used for active and passive recreational purposes for the primary benefit of Owners and occupants of portions of the Property; provided, however that, as to any specific area, Declarant may, in its sole and absolute discretion, permit other improvements and uses.

4.2 Minimum Yards. The location of all Improvements on a Lot shall be subject to approval by the Architectural Control Committee. Minimum yard and setback requirements may be established in excess of those shown on the plat by the Architectural Control Committee or by Declarant through a Supplemental Declaration in order to maximize open areas, pedestrian and vehicular movement and to benefit the overall appearance of the Property.

4.3 Common Areas. No land with any Common Areas shall be improved, used, or occupied, except in such a manner as shall have been approved by the Board, in its sole and absolute discretion. Such required approval shall extend to the nature and type of use, occupancy and Improvement. Access to any Common Areas may be limited to persons currently paying Assessment fees and other charges, or otherwise conditioned or restricted, or made available to non-Owners, all on such terms and conditions as the Board may determine, in its sole discretion. Notwithstanding, the Developer shall have use of the Common Areas at all times.

ARTICLE V CLEARWATER CANYON RANCH PROPERTY OWNERS ASSOCIATION

5.1 Organization. The Declarant has caused or shall cause the formation and incorporation of the Association as a nonprofit corporation under the laws of the State of Texas. The Association shall be created for the purposes, charged with the duties, governed by the provisions, and vested with the powers prescribed by law or set forth in its Certificate of Formation and Bylaws or in this Declaration. Neither the Certificate of Formation nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Nothing in this Declaration shall prevent the creation, by provision therefor in Supplement Declaration(s) executed and recorded by Declarant or any person or persons authorized by Declarant, of Sub-associations to own, develop, assess, regulate, operate, maintain or manage the Property subject to such Supplemental Declarations.

5.2 Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot, including but not limited to the Developer but excluding any utility company, shall be a Member of the Association. The foregoing is not intended to include a person or entity holding an interest merely as security for the performance of any obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for membership. Any Mortgagee or Lienholder who acquired title to any Lot which is a part of the Property through judicial or non-judicial foreclosure shall be a Member of the

Association. It is understood that the Development may be developed in phases or sections, and upon the completion of development of each individual section or phase by Declarant, such completed section or phase or any part thereof shall, at the option and election of Declarant, be incorporated within the scheme of the Declarations and become bound hereby and a part hereof or may be restricted under separate Declarations but still be a part of the Association.

5.3 Voting Rights. The Association shall have one class of voting memberships. Each Lot shall have one vote regardless of the number of owners of the Lot or members of the Association, even if such lot is exempt from paying dues hereunder. If two (2) or more Lots are combined into one (1) Lot, but the Lot Owner is still paying dues on all Lots (including partial dues) the resulting Lot shall have one vote for each full assessment that is being paid.

5.4 Powers and Authorities of the Association. The Association shall have the powers of the Texas Nonprofit Corporation, subject only to such limitations upon the exercise of such power(s) as are expressly set forth in this Declaration. It shall further have the power to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers granted to it by the Laws of Texas. The Association acting through its Board, shall have the power and authority at all time as follows:

(A) Clearwater Canyon Ranch Rules and Company Agreement. To make, establish and promulgate, and in its discretion to amend or repeal and re-enact, such Clearwater Canyon Ranch Rules and Regulations not in conflict with this Declaration, as it deems proper covering any and all aspects of its functions.

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

(C) Records. To keep books and records of the Association's affairs.

(D) Assessments. To levy assessments as provided in Article VII below. An assessment is defined as that sum which must be levied in the manner and against the property set forth in Article VII hereof in order to raise the total amount for which the levy in question is being made.

(E) Right of entry and Enforcement. To enter at any time in an emergency (or in the case of non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner, Contractor or Subcontractor, upon any Lot and into any Improvement thereon, excluding a completed, occupied Dwelling, for the purpose of enforcing Clearwater Canyon Ranch Restrictions or for the purpose of maintaining or repairing any area, landscaping, Improvement or other facility to conform to Clearwater Canyon Ranch Restrictions. The expenses Incurred by the Association in connection with such entry upon any Lot and the maintenance and repair work conducted thereon shall be a personal obligation of the Owner of the Lot entered upon, shall be due no later than the first day of the following month, shall be a lien upon the Lot entered upon and upon the Improvements thereon, and shall be enforced in the same manner and to the same extent as provided in Article VII hereof for regular and special assessments. The Association shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of Clearwater Canyon Ranch Restrictions. The Association is also authorized to settle claims, enforce liens, file suit to recover damages, fees and costs, request injunctive relief and take any action as it may deem necessary or expedient to enforce Clearwater Canyon Ranch Restrictions; provided, however, that the Board shall never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, its successors or assigns.

The Association is hereby granted a perpetual easement to enter Lots for the purposes set forth above and shall in no event be liable for a trespass action or any damages, losses or expenses caused by such entry.

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

(G) Conveyances. To grant and convey to any person or entity the real property and/or other interest therein, including fee title, leasehold estates, easements, rights-of-way, or mortgages out of, in, on, over, or under any Common Areas for the purpose of constructing, erecting, operating,

repairing or maintaining the following:

- (1) Parks, open spaces, parkways or other recreational facilities or structures;
- (2) Roads, streets, walks, driveways, trails and paths;
- (3) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (4) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines;
- (5) Drainage easements; and/or
- (6) Any similar public, quasi-public or private improvements or facilities; provided, however, that the Association shall not convey fee simple title in and to, or mortgage all or any portion of any Common Area without the consent of at least sixty-seven (67%) of the Owners (excluding Declarant).

Nothing above contained, however, shall be construed to permit use or occupancy of any Improvement or other facility in a way which would violate applicable use and occupancy restrictions imposed thereon by other provisions of this Declaration.

(H) Manager. To retain and pay for the services of a person or firm (the "Manager") to manage and operate the Association, including its property, to the extent deemed advisable by the Board. Additional personnel may be employed directly by the Association or may be furnished by the Manager. To the extent permitted by law, the Association and the Board may delegate any other duties, powers and functions to the Manager. The members of the Association hereby release the Association and the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

(I) Association Property Services. To pay for water, sewer, garbage removal, landscaping, gardening and all other utility services for all Common Areas and to maintain and repair all easements, roads, parks, median strips and other areas in the Property not otherwise dedicated and/or accepted by a governmental entity..

(J) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments which the Association or the Board is required to secure or to pay for pursuant to applicable law, the terms of this Declaration, or the Certificate of Formation or Bylaws of the Association.

(K) Construction on Association Property. To construct new Improvements or additions to Common Areas as provided in this Declaration.

(L) Contracts. To enter into contracts with Declarant and other persons on such terms and provisions as the Board shall determine, to operate and maintain any Common Area or to provide any service or perform any function on behalf of Declarant or any Person.

(M) Property Ownership. To acquire and own and to dispose of all manner of real and personal property, whether by grant, lease, gift or otherwise and to own and operate any and all types of facilities for both active and passive recreation.

(N) Fines. To levy fines in order to enforce compliance with Clearwater Canyon Ranch Restrictions.

5.5 Maintenance and Landscape Authority. The Association shall maintain and repair easements, entrances, gates, roads, roadways, rights-of-way, parks, parkways, swimming pools, landscaped median or median strips, sidewalks, paths, trails, ponds, lakes and other areas of the Property, as appropriate, and all streets and roadways within the Property, which are owned by the Association or have been completed but not accepted by the appropriate governmental entity for maintenance. In addition, the Association shall be authorized to landscape all easements, access easements, rights-of-way, median strips, sidewalks, paths, trails, detention ponds and other areas of the Property, as appropriate. During the Development Period, the Association, shall maintain all Common Areas dedicated to the Association and not maintained by Developer. The Association

shall also maintain any landscaped medians and boulevard areas, not fronting lots, located in any public right-of-way.

5.6 Lighting. The Association shall pay for any electrical service and for all other costs and expenses necessary to operate and maintain the lighting whether within street right-of-ways, or on Common Areas.

5.7 Common Areas. Subject to and in accordance with this Declaration, the Association, acting through the Board, shall have the following duties:

(A) To accept, own, operate and maintain all Common Areas which may be conveyed or leased to it by Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in said area; and to accept, own, operate and maintain all other Common Areas, real and personal, conveyed or leased to the Association by the Declarant and to maintain in good repair and condition all lands improvements and other Association property owned by or leased to the Association. Such maintenance shall include, but not be limited to, mowing and removal of rubbish or debris of any kind.

(B) To construct, maintain, repair and replace landscape improvements and irrigation systems which lie within public rights-of-way, pursuant to any agreement with Bandera County or other appropriate governmental authority.

(C) To pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any property owned by or leased to the Association, to the extent that such taxes and assessments are not levied directly upon the members of the Association. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.

(D) Upon the approval of two-thirds (2/3rds) of the Owners, to execute mortgages, both construction and permanent, for construction of facilities, including improvements on property owned by or leased to the Association. Additionally, the Association may accept lands in Common Areas, whether or not improved, from Declarant subject to such mortgages or by assuming such mortgages. Financing may be effected through conventional mortgages or deeds of trust, the issuance and sale of development or other bonds, or in any other form or manner as may be deemed appropriate by the borrower, whether Declarant or the Association. The mortgage or other security interest given to secure repayment of any debt may consist of a first, second or other junior lien as shall be deemed appropriate by borrower, whether Declarant or the Association, on the improvement or other facility to be constructed, together with such underlying and surrounding lands as the borrower deems appropriate. The debt secured by such mortgage or other security instrument may be retired from and secured by the revenues generated by dues, use fees or Assessment paid by the members of the Association, as the case may be, but subject to the limitations imposed by this Declaration.

(E) To take out and maintain a current policy of liability insurance coverage to cover accidental bodily injury and/or death caused by the use and enjoyment of the Common Area, as well as casualty coverage on all real and personal property owned by the Association, and in such amounts as determined by the Board, if the Board shall deem the same appropriate.

(F) To make any rules or regulations it deems necessary for such Common Areas.

5.8 Indemnification. The Association shall defend and indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was director, officer, committee member, employee, servant or agent of the Association against expenses, including attorney's fees, reasonably incurred by him in connection with such action, suit or proceeding if it is found and determined by the Board or a Court that he (1) acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and (2) with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceedings by settlement, or upon a plea of Nolo Contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. The Board may purchase and maintain

insurance on behalf of any person who is or was a director, officer, committee member, employee, servant or agent of the Association, against any liability asserted against him or incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability hereunder or otherwise.

5.9 Protection of Declarant's Interests. Despite any assumption of control of the Board by Owners, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Declarant or which would be detrimental to the sale of Lots within the Property.

ARTICLE VI ARCHITECTURAL CONTROL COMMITTEE

6.1 Approval of Plans and Specifications. All Dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect or professional designer unless otherwise approved by the Committee. All fill brought onto the Lot must be approved by the Committee prior to placing on Lot. No Improvement shall be commenced, erected, constructed, placed or maintained upon any Lot, no site or dirt work shall be commenced, and no exterior addition to or change or alteration shall be made until the Plans and Specifications therefor shall have been submitted to and approved by the Architectural Control Committee. Construction of any structure approved by the Committee shall be commenced within six months of such approval or the approval shall be null and void and of no further effect and such plans and specifications must then be resubmitted for approval.

6.2 Membership of Architectural Control Committee. The Architectural Control Committee shall consist of not less than three nor more than five voting members ("Voting Members") and such additional nonvoting members serving in an advisory capacity ("Advisory Members") as the voting members of the Committee deem appropriate. The members of the Architectural Control Committee are not required to be Lot Owners or Members of the Association.

6.3 Actions of the Architectural Control Committee. The Architectural Control Committee may, by resolution, unanimously adopted in writing, designate one or two of its members or an agent acting on its behalf to take any action or perform any duties for and on behalf of the Architectural Control Committee. In the absence of such designation, the vote of a majority of all the members of the Architectural Control Committee taken without a meeting, shall constitute an act of the Architectural Control Committee.

6.4 Term. The Declarant shall appoint the initial members of the Architectural Control Committee. Such members shall serve until the termination of the Development Period or until Developer delegates its rights by execution of a written document filed with the records of the Association. If any member resigns during the Development Period, the Declarant shall appoint its replacement. Such members are not required to be a Lot Owner. The Architectural Control Committee will act solely in the Declarant's interest and will owe no duty to any other Owner or the Association until the earlier of the termination of the Development Period or the Declarant delegates its rights, in writing, to the Members.

6.5 Adoption of Rules. The Architectural Control Committee may adopt such procedural and substantive rules, not in conflict with this Declaration, as it may deem necessary or proper for the performance of its duties, including but not limited to, a building code, a fire code, a housing code, and other similar codes as it may deem necessary and desirable. The Architectural Control Committee shall adopt Design Guidelines which shall be incorporated herein for all purposes.

6.6 Review of Proposed Construction. Whenever in this Declaration, or in any Supplemental Declaration, the approval of the Architectural Control Committee is required, it shall consider all of the Plans and Specifications for the Improvement or proposal in question and all other facts and information which, in its sole discretion, it considers relevant, and may require an Owner to provide such other information as it deems relevant. Except as otherwise specifically provided herein, prior to the commencement of any construction of any Improvement on the Lot or any portion thereof, the Plans and Specifications therefor shall be submitted to the Architectural Control Committee along with a review fee established by the Architectural Control Committee but not to exceed \$500.00, and construction thereof may not commence unless and until the Architectural Control Committee has approved such Plans and Specifications in writing. The Architectural Control Committee may

postpone review of the Plans and Specifications until such time as the Architectural Control Committee has received all information reasonably requested. If the Architectural Control Committee fails to approve or disapprove in writing any plans and specifications within thirty days following the submission of plans, or the receipt of any requested additional information, such plans and specifications shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance of such plans and specifications. The Architectural Control Committee shall perform such other duties assigned to it by this Declaration or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with Plans and Specifications approved by the Architectural Control Committee. The Architectural Control Committee's approval of any Plans and Specifications shall not be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes. All decisions of the Architectural Control Committee may be appealed to the Board of Directors of the Association. The appeal process shall be established by the Board of Directors but shall be similar to the process set forth in Section 209.006 and 209.007 of the Texas Property Code.

Simultaneously with the submission of any plans and specifications, the Builder or Owner of the Lot shall submit an amount for a construction deposit to the Association. Such amount shall be determined by the Board of Directors and set forth in the Design Guidelines. This deposit shall be to guarantee that the Owner of the Lot, as well as any Contractor or Subcontractor, adheres to the provisions of this Declaration. If the Committee or the Association must remedy a violation, the cost of such remedy shall be charged against these funds. This provision does not limit any other relief to which the Association or Committee is entitled to under this Declaration, at law or in equity or limit the amount of damages for which the Owner is liable. If, upon the completion of the Dwelling and all landscaping, the covenants have been complied with, the lesser of one-half of the deposit or any amount not used for remedying a violation shall be returned to the person or entity which deposited the funds. No interest shall accrue on such funds.

6.7 Variances. The Committee and/or the Developer (prior to the termination of the Development Period) may, on a case by case basis, authorize variances from compliance with any of the provisions of either (i) the Restrictions or (ii) minimum acceptable construction standards, regulations and Design Guidelines as promulgated from time to time by the Developer or the Committee. Notwithstanding, after the termination of the Development Period, both the Developer and the Committee shall have the right to grant a variance from the Building set-back line restrictions. Either party may grant this variance as it determines, in its sole discretion is needed, without the consent of the other. Such variances must be evidenced in writing and shall become effective when signed by the Developer or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of these Restrictions for any purpose except as to the particular Lot and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Lot concerned.

6.8 No Waiver of Future Approvals. The approval or consent of the Architectural Control Committee to any Plans or Specifications for any work done or proposed in connection with any other matter requiring the approval or consent of the Architectural Control Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans and Specifications, or other matter whatsoever, subsequently or additionally submitted for approval or consent by the same or a different person.

6.9 Work in Progress. The Architectural Control Committee, at its option, may, but shall not be required to, inspect all work in progress to ensure compliance with approved Plans and Specifications. For this purpose, the Committee shall have a nonexclusive easement for ingress and egress across each Lot.

6.10 Certificate of Compliance. Upon completion of any Improvement approved by the Architectural Control Committee and upon written request by the Owner of the Lot, the Architectural Control Committee shall issue a "Certificate of Compliance With Approved Plans and Specifications" in a form suitable for recordation. The Certificate shall identify the Lot and the Improvements, the use or uses to be conducted thereon, and the Plans and Specifications on file with the Architectural Control Committee pursuant to which the Improvements were made and shall specify that the Improvements comply with the approved Plans and Specifications. The Certificate

shall not be construed to certify the acceptability, sufficiency or approval by the Architectural Control Committee of the actual consideration of the Improvements or of the workmanship or material thereof.

The Owner is hereby notified that the Certificate in no way warrants, except as set forth above, the sufficiency, acceptability or approval by the Architectural Control Committee of the construction workmanship, material and or equipment of the Improvements. Preparation and recordation of such a Certificate shall be at the expense of the Owner of the Lot.

6.11 Non-Liability of Committee Members. NEITHER DECLARANT, THE BOARD, THE ARCHITECTURAL CONTROL COMMITTEE, NOR ANY MEMBER WILL BE LIABLE TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THE ARCHITECTURAL CONTROL COMMITTEE'S DUTIES UNDER THIS DECLARATION.

ARTICLE VII FUNDS AND ASSESSMENTS

7.1 Assessments.

(A) Developer shall not be required to pay an Assessment on any Lot owned by Developer. All other Assessments established hereunder or by the Board pursuant to the provisions of this Article VII shall be levied on a uniform basis against each Lot within the Property. Lots which have been re-platted to create a larger lot shall continue to pay assessments at a rate equal to one assessment for Each Lot. The Developer shall determine the assessments against each Lot until the end of the Development Period.

(B) Each unpaid Assessment together with such interest thereon and costs of collection thereof as hereinafter provided, shall be the personal obligation of the Owner of the Lot against which the Assessment falls due, and shall become a lien against each such Lot and all Improvements thereon. The Developer and/or the Association may enforce payment of such assessments in accordance with the provisions of this Article.

(C) Where the obligation to pay an Assessment first arises after either the commencement of the year or other period for which the Assessment was levied, the Assessment shall be prorated as of the date when said obligation first arose to the duration of the Assessment year or other period remaining after said date.

7.2 Maintenance Fund. The Developer shall initially establish, and the Board shall thereafter continue, a maintenance fund into which shall be deposited all monies paid the Association and from which disbursements shall be made in performing the functions of the Association under this Declaration. The funds of the Association must be used solely for purposes authorized by this Declaration, as it may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment or other maintenance funds by a Sub-association pursuant to any Supplement Declaration.

7.3 Regular Annual Assessments. Prior to the beginning of each fiscal year the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under Clearwater Canyon Ranch Restrictions, including but not limited to, the cost of all maintenance, the cost of enforcing Clearwater Canyon Ranch Restrictions, and a reasonable provision for contingencies and appropriate replacement reserves. Assessments sufficient to pay such estimated net expenses and the level of Assessment set by the Board shall be final and binding so long as it is made in good faith. All such regular Assessments shall be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal quarterly installments on or before the first day of each quarter, or in such other manner as the Board may designate in its sole and absolute discretion. In no event shall the regular Assessment per Lot for the year 2021 exceed the sum of \$595.00 per year.

7.4 Special Assessments. In addition to the Regular Annual Assessment, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against all Lots and may be enforced in the same manner as the Regular Annual Assessment.

7.5 Owner's Personal Obligation for Payment of Assessments. The regular Assessments provided for herein shall be the personal and individual debt of the Owner of the Lot covered by such Assessments. No Owner may exempt himself from liability for such Assessments by nonuse of the Common Areas or sale of his Lot. In the event of default in the payment of any such Assessment, the Owner of the Lot shall be obligated to pay interest on the amount of the Assessment from the due date at a percentage rate of twelve percent (12.0%) per annum, or the highest amount allowed by law, whichever is lower, together with all costs, and expenses of collection, including reasonable attorney's fees.

7.6 Creation of Lien and Personal Obligation. In order to secure the payment of the assessments, fees and other charges hereby levied, each Owner of a Lot in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Lot which may be foreclosed on, either judicially or non-judicially, in compliance with the applicable law, such as Section 51 of the Texas Property Code (and any successor statute) and Section 209 of the Texas Property Code and each such owner hereby expressly grants the Association a power of sale in connection with such statute. The Association shall, whenever it proceeds with foreclosure pursuant to the provisions of the Texas Property Code and said power of sale, 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 a written instrument executed by the President or any Vice-President of the Association and filed for record in the Real Property Records of Bandera County, Texas. In the event that the Association has determined to foreclose the lien pursuant to the provisions 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 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 Lot to the highest bidder for cash by Deed. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with such default, 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 in default; and third, the remaining balance shall be paid to such Owner. Subject to Section 51 and 209 of the Texas Property Code, following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder. In the event of non-payment by any Owner of any assessment, fee or other charge levied hereunder, the Association may, in addition to foreclosing the lien and exercising the remedies provided, upon ten (10) days prior written notice to such non-paying Owner, exercise all other rights and remedies available at law or in equity.

It is the intent of the provisions of this Section 7.6 to comply with the provisions of Section 51 and 209 of the Texas Property Code and Rules 735 and 736 of the Texas Rules of Civil Procedure relating to non-judicial foreclosure sales by power of sale and, in the event of the amendment of Sections 51, or 209 of the Texas Property code, or Rules 735 or 736 of the Texas Rules of Civil Procedures hereafter, the President or any Vice-President of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration file in the Real Property Records of Bandera County, Texas, amend the provisions hereof so as to comply with said amendments to said Sections.

7.7 Notice of Lien. In addition to the right of the Association to enforce the assessments, fees or other charge levied hereunder, the Association may file a claim or lien against the Lot of the delinquent Owner by recording a notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest thereon, (c) the costs of collection which have accrued thereon, (d) the legal description and street address of the Lot against which the lien is claimed and (e) the name of the 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 secured hereby and all subsequently accruing 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 have been fully paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the preparation and recordation of such release of lien instrument.

7.8 Liens Subordinate to Mortgages. The lien described in this Article VII shall be deemed

subordinate to a first lien or other liens of any bank, insurance company, savings and loan association, university, pension and profit sharing trusts or plans, or any other third party lender, including Developer, which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Lot and any renewal, extension, rearrangement or refinancing thereof, including home equity loans. Each such Mortgagee of a Mortgage encumbering a Lot who obtains title to such Lot pursuant to the remedies provided in the deed of trust or Mortgage or by judicial foreclosure shall take title to the Lot free and clear of any claims for unpaid assessments, fees or other charges against such Lot which accrued prior to the time such holder acquired title to such Lot. No such sale or transfer shall relieve such holder from liability for any assessments, fees or other charges thereafter becoming due or from the lien thereof. Any other sale or transfer of a Lot shall not affect the Association's lien for assessments, fees or other charges. The Association shall make a good faith effort to give each such Mortgagee sixty (60) days advance written notice of the Association's proposed foreclosure of lien described herein, which notice shall be sent the nearest office of such Mortgagee by prepaid United States registered or Certified mail, return receipt requested, and shall contain a statement of delinquent assessments, fees or other charges upon which the proposed 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 VII.

ARTICLE VIII EASEMENTS

8.1 Reserved Easements. All dedications, limitations, restrictions and reservations shown on a Plat and all grants and dedications of easements, rights-of-way, restrictions and related rights, made by Declarant prior to the Property becoming subject to this Declaration, are incorporated herein by reference and made a part of this Declaration for all purposes, as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant conveying any part of the Property. Declarant reserves the right to make changes in and additions to the said easements and rights-of-way for the purpose of most efficiently and economically developing the Property. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other person or entity, to grant, dedicate, reserve otherwise create, at any time or from time to time, rights-of-way and easements for public utility purposes (including without limitation, gas, water, cable television, electricity, telephone and drainage), in favor of Person, along and on either or both sides of any Lot line, which said easement shall have a maximum width of 10.0 feet on each side of such Lot line.

8.2 Installation and Maintenance. There is hereby created an easement upon, across, over and under all of the easement area affecting the Property for ingress and egress in connection with installing, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewer, gas, cable television, telephones, electricity and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service lines or other utility facilities or appurtenances thereto, under the Property, within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any Improvement. Notwithstanding any provision contained in this section, no sewer, electrical lines, water lines or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the Architectural Control Committee. Additionally, it shall be expressly permissible for the utility companies and other entities supplying service to trim overhanging trees and shrubs which are located on portions of the Property abutting such easements in the event it shall be determined that such overhanging limbs and shrubs shall interfere with the maintenance of the utilities.

8.3 Drainage Easements. Each Owner covenants to provide easements for drainage and water flow, as contours of land and the arrangement of Improvements approved by the Architectural Control Committee thereon, require. Each Owner further covenants not to disturb or displace any trees or other vegetation within the drainage easements as defined in this Declaration and shown on the Plat. There shall be no construction of Improvements, temporary or permanent in any drainage easement, except as approved in writing by the Architectural Control Committee.

8.4 Surface Areas. Each Owner shall maintain the surface area of all easements located within his Lot and all improvements located therein except for such improvements for which a public authority or utility company is responsible. The surface of easement areas for underground utility services may be used for planting of shrubbery, trees, lawns or flowers. However, neither the

Declarant nor any supplier of any utility or service using any easement shall be liable to any owner or to the Association for any damage done by them or either of them or their respective agents, employees, servants or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation or repair of any facility in any such easement area.

8.5 Title to Easement and Appurtenances Not Covered. Title to any Lot conveyed by Declarant by contract, deed or other conveyance shall not be held or construed in any event to include the title to any roadways or Common Area or any drainage, water, gas, sewer, storm sewer, electrical light, electrical power, telegraph or telephone way, or any pipes, lines, poles or conduits on or in any utility facility or appurtenances thereto, constructed by or under Declarant or its agents through, along or upon any Lot or any part thereof to serve said Lot or any other portion of the Property, and the right to maintain, repair, sell, or lease such appurtenances to any municipality or other governmental agency or to any public service corporation or to any other party is hereby expressly reserved by Declarant.

8.6 Common Areas. Each Owner shall have an easement of use and enjoyment in and to all Common Areas which shall be appurtenant to and shall with title to such Owner's Lot, subject to the following restrictions:

(A) The right of the Association to suspend the Owner's voting rights and right to use the Common Areas for any period, during which any Assessment against such Owner's Lot remains unpaid, and for any period during which the Owner is in violation of the rules and regulations of the Association;

(B) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be approved by a majority vote of the Members;

(C) The right of the Association to borrow money for the purpose of improving the Common Areas and, in furtherance thereof, to Mortgage the Common Areas, all in accordance with the Certificate of Formation and Bylaws;

(D) The right of the Association to make reasonable rules and regulations regarding the use of the Common Areas and any facilities thereon, including but not limited to the number of guests allowed; and

(E) The right of the Association to contract for services with third parties on such terms as the Association may determine.

8.7 Road Easement. The roads within Clearwater Canyon Ranch have been or will be conveyed to the Association for use as a road. Each Lot Owner is hereby granted a nonexclusive easement for vehicular or pedestrian ingress and egress to and from their Lot(s), any public right-of-way and all Common Areas over and across said roads. The Association shall, at all times, allow Lot Owners access over such easements, regardless of whether such Lot Owner is current with his dues or in compliance with these restrictions. Except as specifically set forth herein, no improvement shall be constructed on or over such easement by any Lot Owner and no action shall be taken by any Lot Owner on or over this easement which would prevent other Lot Owners to have access to their individual properties. The Association shall be responsible for the maintenance of such road. Developer reserves the right to grant easements over the roads to third parties who are not Owners within the Property.

8.8 Drainage Easement. The easements located on the plat as drainage easements shall be maintained by the Lot Owner. The Lot owner shall not fence this area or place any other obstructions within such area that would prevent drainage along this area for the benefit of the subdivision.

8.9 Access Easement. Access easements are located within the private roads for the purpose of providing public safety services, police, fire and medical services, utility meter reading and other similar services as more fully set forth on the plat.

8.10 Easements to Serve Additional Land. The Declarant hereby reserves for itself and its duly authorized agents, representatives and employees, successors, assigns, licensees and mortgagees, an easement over the roadways within the Subdivision and/or the Property and any other roadways or access easements and Common Areas for the purposes of enjoyment, use, access, and development

of Additional Land, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of the roads, for the posting of signs and for connecting and installing utilities serving the Additional Land. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Areas as a result of vehicular traffic connected with development of Additional Land. Declarant reserves the right to convey this non-exclusive easement to any current or successive owner or owners of any part of the Additional Lands.

8.11 Oak Wilt. All Owners are advised to secure from the Texas Forest Service, the Texas Extension Forester at Texas A & M University or its local county agent information on oak wilt and other diseases which may infect their trees and possibly spread to trees on other Lots. Each Owner is responsible for taking such actions as may be necessary on his property to ensure that oak wilt and other diseases are not spread to the trees of other Owners. Because there is no known cure for oak wilt and oak wilt almost always spreads from a diseased tree to its neighboring oak trees, each Owner shall properly destroy all infected oak trees, avoid unnecessary pruning, and shall immediately apply dressing to all wounds on all oak trees. If oak wilt is detected, a minimum of 100 feet of the area surrounding the infected oak tree shall be trenched at least three feet (3') deep so as to prevent the oak wilt from spreading through connecting roots. Oak trees are most susceptible to oak wilt from February 1 to June 1. As a precaution, Owners should (i) avoid using firewood from infected oak trees, (ii) dispose of unused oak firewood after one heating season, and (iii) cut firewood only in the summer. Owners should use fungicide propiconazole to treat uninfected oaks when first informed of oak wilt being present on nearby trees. The foregoing information regarding oak wilt is provided to alert Owners and neither Declarant nor the Association shall be liable to any Owner in connection with the existence of spread of oak wilt on any Lot.

8.12 CZP. Each Owner is required to abide by and comply with all the terms of that certain Contributing Zone Plan ("CZP") recorded in the Official Public Records of Bandera County, Texas. A copy of the CZP may be obtained from Declarant. OWNERS ARE ALERTED THAT THE CZP CONTAINS RESTRICTIONS APPLICABLE TO THEIR LOTS.

8.13 Geological Features: Caves and Sinkholes. Natural caves, sinkholes and/or other geological features may exist on some of the Lots in the Property. Each prospective Owners should personally inspect the Lot in which he is interested and/or seek the advice of a professional engineer and/or geologist to assure himself of the location of any such caves, sinkholes and/or other geological features which may be located thereon.

ARTICLE IX MISCELLANEOUS

9.1 Term. This Declaration, including all of the covenants, conditions and restrictions hereof, shall run until June 1, 2039, unless amended as herein provided. After June 1, 2039, this Declaration, including all such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by no less than 66 2/3 of the Lots within the Property then subject to this Declaration.

9.2 Nonliability of Board and Architectural Control Committee Members. Neither the Architectural Control Committee, nor any member thereof, nor the Board nor any member thereof, shall be liable to the Association or to any Owner or to any other person for any loss, damage or injury arising out of their being in any connected with the performance of the Architectural Control Committee's or the Board's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Architectural Control Committee or its members or the Board or its members, as the case may be. Neither the Architectural Control Committee nor the members thereof shall be liable to any Owner due to the construction of any Improvement within the Property.

9.3 Amendment.

(A) By Declarant. This Declaration or any Supplemental Declaration may be amended by the Declarant acting alone until August 1, 2030, or until termination of the Development Period, whichever occurs first, by Declarant filing such Amendment in the Official Public Records of Bandera County, Texas. No amendments by Declarant after August 1, 2030, shall be effective until there has been recorded in the Official Public Records of Bandera County, Texas, an instrument approved and executed and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the President and Secretary of the Board certifying that

the Declarant had the requisite number of votes to amend the Restrictions. Notwithstanding the foregoing, Declarant may amend this Declaration at any time (i) to correct typographical and grammatical errors, and (ii) in order to comply with VA or FHA requirements for approval of the Property.

(B) By Owners. In addition to the method in Section 9.3(A), after August 1, 2030 or after the termination of the Development Period whichever occurs first, or at any other time with the consent of the Developer this Declaration may be amended by the recording in the Official Public Records of Bandera County, Texas, an instrument approved, executed and acknowledged by the President and Secretary of the Association, setting forth the amendment and certifying that such amendment has been approved by at least sixty-six and two thirds percent (66 2/3%) of Lots in the Property (i.e. in all phases developed or to be developed). There shall be one vote per lot, regardless of the number of Owners of such Lot. Notwithstanding anything herein, the Design Guidelines may be amended as set forth in said Design Guidelines.

9.4 Notices. Any notice permitted or required to be given this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person to the Association for the purpose of service of notices. Such address may be changed from time to time by notice in writing given by such person to the Association.

9.5 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of the Property and of promoting and effectuating the fundamental concepts of the Property set forth in this Declaration. This Declaration shall be construed and governed under the laws of the State of Texas.

9.6 Exemption of Declarant. Notwithstanding any provision in this Declaration to the contrary, neither Declarant nor any of Declarant's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural Control Committee or the Association. Without in any way limiting the generality of the preceding sentence, this Declaration shall not prevent or limit the right of Declarant to excavate and grade, to construct and alter drainage patterns and facilities to construct any and all other types of improvements anywhere within the Property, however, the construction of sales and leasing offices and the posting of signs advertising the sale and leasing of Lots by Declarant shall be limited to Lots owned by the Declarant.

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

9.8 Enforcement and Nonwaiver.

(A) Right of Enforcement. Except as otherwise provided herein, any Owner at his own expense, Declarant and/or the Board shall have the right to enforce all of the provisions of the Clearwater Canyon Ranch Restrictions.

(B) Nonwaiver. The failure to enforce any provision of the Clearwater Canyon Ranch Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said restrictions.

(C) Liens. The Association shall have the right, when appropriate in its judgment, to claim or impose a lien upon any Lot or Improvement constructed thereon in order to enforce any right or effect compliance with this Declaration.

9.9 Construction.

(A) Restrictions Severable. The provisions of Clearwater Canyon Ranch Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof.

(B) Singular Includes Plural. Unless the context requires a contrary construction, the

singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

(C) Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise effect that which is set forth in any of the paragraphs, sections or articles hereof.

These Restrictions may be executed in several counterparts, each of which shall be fully effective as an original and all of which together shall constitute one and the same instrument.

This Declaration may be executed in multiple counterparts.

[The remainder of this page is intentionally left blank. Signature Page follows.]

EXECUTED on the date of acknowledgement to be EFFECTIVE as of the ____ day of _____, 2021.

SOUTHERLAND CLEARWATER CANYON,
LLC
A Delaware Limited Liability Company

By: American Land Partners, Inc.,
A Delaware Limited Liability Company,
Manager

By: _____
DAN MULLINS, Authorized Agent

STATE OF TEXAS §

COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2021, by DAN MULLINS, Authorized Agent of American Land Partners, Inc., Manager of Southerland Clearwater Canyon, LLC, a Delaware Limited Liability Company, in the capacity therein stated.

Notary Public, State of Texas

RATIFICATION

The undersigned is the lender under that certain Deed of Trust recorded under Clerk's Document No. 201806033991 in the Official Public Records of Bandera County affecting the Subdivision (together with any amendments, renewals, extensions, or modifications thereto, the "Deed of Trust"). By executing this instrument, the undersigned hereby consents to the execution, delivery and recording of the Declaration of Covenants, Conditions and Restrictions for Clearwater Canyon Ranch, (the "Declaration") to which this page is attached and hereby agrees that the liens, security interests, terms and provisions of the Deed of Trust are hereby subordinated and made subject to the terms, provisions and conditions of the Declaration, such that from and after the effective Date of this consent and subordination, the terms, provisions and conditions of the Declaration are and shall be prior and superior to the liens, security interests, terms and provisions of the Deed of Trust.

Executed by Frost Bank on the date of acknowledgement, to be effective as of the date set forth above.

FROST BANK

By: _____
Printed Name: _____
Title: _____

THE STATE OF _____ *
COUNTY OF _____ *

This instrument was acknowledged before me on the _____ day of _____, 2020, by _____, _____ of FROST BANK, in the capacity therein stated on behalf of said bank.

NOTARY PUBLIC, STATE OF _____

AFTER RECORDING RETURN TO:
Kristen Quinney Porter, LLC
P.O. Box 312643
New Braunfels, Texas, 78131-2643

PREPARED IN THE LAW OFFICE OF:
Kristen Quinney Porter, LLC
P.O. Box 312643
New Braunfels, Texas 78131-2643

FORMATION.

X LR
X 2nd

