

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
STALLION LAKE RANCH
PHASE 1

STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF SMITH *

This Declaration, made on the date hereinafter set forth by **TEXAS LAND AND LAKES, INC.**, a Texas Corporation, hereinafter referred to as "Developer".

WITNESSETH:

WHEREAS, Developer is the owner of that certain tract of land known as containing approximately _____ acres of land known as **STALLION LAKE RANCH, PHASE 1**, being a part and portion of **STALLION LAKE RANCH**, a subdivision situated in Smith County, Texas. The Plat of **STALLION LAKE RANCH, PHASE 1** was recorded in the office of the County Clerk of Smith County, Texas on the 27 day of March 2002, after having been approved as provided by law, and being recorded in Cabinet D, Slides 140B, 140C, 140D, 141A, 141B, 141C, 141D, 142A and 142B of the Map Records of Smith County, Texas.

WHEREAS, it is the desire of Developer to place certain restrictions, easements, covenants, conditions, stipulations and reservations (herein sometimes referred to as the "Restrictions") upon and against **STALLION LAKE RANCH, PHASE 1** in order to establish a uniform plan for its development, improvement and sale, and to insure the preservation of such uniform plan for the benefit of both the present and future owners of tracts in **STALLION LAKE RANCH, PHASE 1**.

WHEREAS, Developer reserves and retains unto itself, the right, as it, in its sole discretion, shall determine, to (i) add to or delete areas from the Subdivision (defined in Section 1.11 hereafter); and, (ii) hereafter place and impose such restrictions, easements, covenants, conditions, stipulations and reservations on any and all remaining unrestricted Properties, or portions thereof, in the Subdivision, in order to establish any plan chosen by Developer for the development, improvement and sale thereof.

NOW, THEREFORE, Developer hereby adopts, establishes and imposes upon **STALLION LAKE RANCH, PHASE 1** and declares the following reservations, easements, restrictions, covenants and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said property, which Restrictions shall run with said property and title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof. Developer also declares that **STALLION LAKE RANCH, PHASE 1** shall be subject to the jurisdiction of the "Association" (as hereinafter defined).

ARTICLE I
DEFINITIONS

Section 1.01 "Association" shall mean and refer to the **STALLION LAKE RANCH PROPERTY OWNERS ASSOCIATION**, its successors and assigns.

Section 1.02 "STALLION LAKE RANCH" shall mean and refer to **STALLION LAKE RANCH, PHASE 1** and any other phases of **STALLION LAKE RANCH** hereafter or heretofore made subject to the jurisdiction of the Association.

Section 1.03 "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 1.04 "Builders" shall mean and refer to persons or entities that purchase tracts and build speculative or custom homes thereon for third party purchasers.

Section 1.05 "Common Area" shall mean all real property (including the improvements thereto) within the Subdivision owned by the Developer and/or the Association for the common use and enjoyment of the Owners.

Section 1.06 "Contractor" shall mean and refer to the person or entity with which an Owner contracts to construct a residential dwelling on such Owner's Tract.

Section 1.07 "Developer" shall mean and refer to **TEXAS LAND AND LAKE, INC.** and its successors and assigns.

Section 1.08 "Tract" or "Lot" shall mean and refer to any plot of land identified as a tract or home site on the Plat of **STALLION LAKE RANCH, PHASE 1**. For purposes of this instrument, "Tract" shall not be deemed to include any portion of the "Common Areas" or "Unrestricted Reserves", (defined herein as any Common Areas and Unrestricted Reserves shown on the Plat) in **STALLION LAKE RANCH, PHASE 1** regardless of the use made of such area.

Section 1.09 "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 1.10 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Tract which is a part of the Subdivision, including contract sellers (a seller under a Contract for Deed), but excluding those having such interest merely a security for the performance of an obligation.

Section 1.11 "Subdivision" shall mean all those properties or units forming a part of **STALLION LAKE RANCH**.

ARTICLE II **RESERVATIONS, EXCEPTIONS AND DEDICATIONS**

Section 2.01 Recorded Subdivision map of the Property. The plat ("Plat") of **STALLION LAKE RANCH, PHASE 1** dedicates for use as such, subject to the limitations as set forth therein, the roads, streets and easements shown thereon. The Plat further establishes certain restrictions applicable **STALLION LAKE RANCH, PHASE 1**. All dedications, restrictions, easements and reservations created herein or shown on the Plat, replats or amendments of the Plat of **STALLION LAKE RANCH, PHASE 1** recorded or hereafter recorded shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, whether specifically referred to therein or not.

Section 2.02 Easements. Developer reserves for public use the utility easements shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Official Public Records of Smith County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, storm surface drainage, cable television, or any other utility the Developer sees fit to install in, across and/or under the Property. All utility easements in the subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Reserves, Common Area and/or Tracts. Should any utility company furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, Developer, without the joinder of any other Owner, shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility company serving the subdivision shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements.

Section 2.03 Title Subject to Easements. It is expressly agreed and understood that the title conveyed by developer to any of the Tracts by contract deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, electric lighting, electric power, telegraph or telephone purposes and other easements hereafter granted affecting the Tracts. The Owners of the respective Tracts shall not be deemed to own pipes, wires, conduits or other service lines running through their Tracts which are utilized for or service other Tracts, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Tract. The Developer may convey title to said easements to the public, a public utility company or the Association.

Section 2.04 Utility Easements.

- (a) Utility ground and aerial easements have been dedicated in accordance with the Plat and by separate recorded easement documents.
- (b) No building shall be located over, under, upon or across any portion of any utility easement. The Owner of each Tract shall have the right to construct, keep and maintain concrete drives, fences, and similar improvements across any utility easement, and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Tracts, provided, however, any concrete drive, fence

or similar improvement placed upon such Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Tract subject to said Utility Easements shall be responsible for (i) any and all repairs to the concrete drives, fences and similar improvements which cross or are located upon such Utility Easements and (ii) repairing any damage to said improvements caused by the Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.

Section 2.05 Mowing Easement. Developer reserves an easement for the mowing and or bailing of hay across all lots subject to these Restrictions. Such easement shall terminate on each lot the earlier of (a) the beginning of construction of a residence on the lot, (b) the fencing of such lot or (c) two (2) years from the Effective Date of these Restrictions. Although Developer reserves the right to mow and bail hay, no obligation to do so shall arise from this reservation. This paragraph in no way shall limit or diminish the obligation of the Owner of each lot to maintain his lot.

ARTICLE III USE RESTRICTIONS

Section 3.01 Single Family Residential Construction. No building shall be erected, altered, placed or permitted to remain on any Tract other than dwellings to be used for residential purposes. All single story dwellings on tracts must have at least 1800 square feet of living area, excluding porches, and have at least a two car garage and no more than a five car garage, which may be detached. One and one-half (1½) and two story dwellings must have a minimum of 2200 square feet of living area, excluding porches, with at least 1,200 square feet on the ground floor and must have at least a two car garage and no more than a five car garage, which may be detached. No carports shall be allowed. Garage door openings must face side or rear lot lines for all size dwellings. One secondary dwelling may be built on tracts, provided said secondary dwelling contains a minimum of 500 square feet and cannot exceed 1200 square feet of living area size. Secondary dwellings must be built after or while the primary dwelling is being built and must be approved by the Architectural Control Committee. Detached garages, workshops, and barns may be constructed on the property prior to the main dwelling being built. All dwellings, detached garages, work shops, barns and any other improvements must be approved in writing by the Architectural Control Committee prior to being erected, altered or placed on property. The term "dwelling" does not include single or doublewide manufactured homes or prefab homes, and said manufactured homes and prefab homes are not permitted within the subdivision. All primary & secondary homes must be site constructed, built with new construction materials and use exterior materials that are approved by the Architectural Control Committee. Aluminum, asbestos, plywood, and vinyl siding shall not be allowed. All primary and secondary homes must have concrete and rebar foundation, a pier foundation or a combination of a concrete slab and pier foundation. Detached garages must be built out of similar material as the main house. Other accessory buildings and barns must be built with new construction material and may be built with wood or metal siding. All shingle roofs must have at least a 30-year life. Metal and tile roofs will be permitted. Any building, structure or improvement commenced on any tract shall be completed as to exterior finish and appearance within nine (9) months from the commencement date. While dwellings are being constructed, the owner and/or contractor must provide a trash dumpster and temporary restroom facilities on the tract.

Section 3.02 Composite Building Site. Any Owner of one or more adjoining Tracts (or portions thereof) may, with the prior written approval of the Architectural Control Committee, consolidate such Tracts or portions into one building site, with the privilege of placing or constructing improvements on such resulting site, in which case the side set-back lines shall be measured from the resulting side property lines rather than from the Tract lines as indicated on the Plat. It is the responsibility of the owner to obtain all needed easement releases from the appropriate agencies.

Section 3.03 Location of the Improvements upon the Tract. No building of any kind shall be located on any tract nearer than the following:

Lots 1-32 shall be setback 100 feet from the front property line, 50 feet from the side property line and 50 feet from the rear property line.

Lots 33-54 shall be setback 50 feet from the front property line, 20 feet from the side property line and 20 feet from the rear property line.

Lots 55-57 shall be setback 50 feet from the front property line, 20 feet from the side property line and 75 feet from the rear property line.

Lots 58-66 shall be setback 50 feet from the front property line, 20 feet from the side property line and 20 feet from the rear property line.

Lots 67-78 shall be setback 50 feet from the front property line, 20 feet from the side property line

and 75 feet from the rear property line.

Lots 79-117 shall be setback 100 feet from the front property line, 50 feet from the side property line and 50 feet from the rear property line.

Lots 118-131 shall be setback 50 feet from the front property line, 20 feet from the side property line and 20 feet from the rear property line.

Lots 132-136 shall be setback 100 feet from the front property line, 50 feet from the side property line and 50 feet from the rear property line.

Lots 137-139 shall be setback 100 feet from the front property line, 20 feet from the side property line and 50 feet from the rear property line.

Lots 140-145 shall be setback 100 feet from the front property line, 50 feet from the side property line and 50 feet from the rear property line.

Lots 146-160 shall be setback 50 feet from the front property line, 20 feet from the side property line and 20 feet from the rear property line.

Notwithstanding, on those lots located adjacent to water, regardless of size, no building shall be built nearer than seventy-five (75) feet from the property line adjacent to the water. The maximum height shall be two stories, but not to exceed thirty-five (35) feet per dwelling from the first floor elevation, which is measured from the highest point of the virgin soil. Height of any accessory building shall not exceed twenty-five (25) feet. Provided however, as to any tract, the Architectural Control Committee may waive or alter any such setback line or height restriction, if the Committee, at its sole discretion determines that such waiver, or alteration is necessary to permit effective utilization of a tract. Any such waiver or alteration must be in writing and recorded in the Deed of Records of Smith County, Texas. All dwellings placed on Subject Property must be equipped with septic tank or other sewage disposal system meeting all applicable laws, rules, standards and specifications, and all such dwellings must be served with water and electricity.

Section 3.04 Use of Temporary Structures. No structure of a temporary character, whether basement, shack, garage, barn, recreational vehicle, camper or other outbuilding shall be maintained or used on any Tract at any time as a residence, either temporarily or permanently. Notwithstanding, the developer reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the subdivision as in its sole discretion may be necessary or convenient while selling Tracts.

Section 3.05 Walls, Fences and Mailboxes. Walls, fences and gates if any, must be approved prior to construction by the Architectural Control Committee. No fence shall be closer to the front property line than the front line of the house on all Lots less than five (5) acres in size. On all Lots except for waterfront Lots, regardless of size, the fences must be constructed of wood, metal pipe, masonry, masonry veneer, wrought iron, coated chain link, white PVC and/or vinyl rail, or a combination thereof. On all Lots, one hundred (100) feet of the side fencing, beginning where the side fencing joins the front fence, must be constructed of the same material as the front fence. All wooden fences (except cedar and redwood) must be painted or stained in a color approved by the Architectural Control Committee. Fences on all lot lines adjacent to any street, regardless of Lot size, shall be constructed of white wood, white PVC and/or vinyl rail, white pipe, white pipe and cable or a combination of those materials. All walls and fences, if any, constructed on waterfront Lots must be constructed of wrought iron or wrought iron and masonry and must be set-back at least fifty (50) feet from the property line fronting the water. All fences on waterfront lots shall be a minimum of four feet in height and a maximum of six feet in height. All other fencing shall be a minimum of four feet in height and a maximum of ten feet in height. No fences shall be built within any equestrian easement or walking trail. All gates that front a road must be of a decorative nature and be constructed of steel. Standard aluminum ranch gates are not permitted. Privacy fencing may be allowed on non-perimeter fencing, around the house area, at the sole discretion of the Association. All fences must be maintained to the satisfaction of the Board of Directors of the Association.

All individual mailboxes must be of masonry construction.

Section 3.06 Prohibition of Offensive Activities. No Activity, whether for profit or not, shall be conducted on any Tract 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) nothing dangerous is present that shouldn't be there and (d) the activity does not constitute a nuisance or annoyance. Nothing herein shall prevent a home office so long as the requirements of (a),(b),(c) and (d) above are met. Further, this restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision.

The Association shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

Section 3.07 Garbage and Propane Storage. Garbage and trash or other refuse accumulated in this

subdivision shall not be permitted to be dumped at any place upon adjoining land where a nuisance to any residence of this subdivision is or may be created. No Tract shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be allowed to accumulate, shall be kept in sanitary containers and shall be disposed of regularly. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and out of sight from public roadways, except on pickup days. Propane tanks must not be visible from the road, and screened with vegetation and/or privacy fencing as approved by the Architectural Control Committee.

Section 3.08 Unsightly Articles, Junked Motor Vehicles Prohibited. No campers, recreational vehicles, boats, trailers, graders, trucks other than pickups, tractors, wagons, busses, motorcycles, motor scooters or garden maintenance equipment may be kept on property prior to main dwelling being built. After main dwelling is complete, such items may be kept on property as long as they are placed in the area of the property that is not visible from any lake, road, right-of-way, or any abutting property and kept in a clean and tidy manner at all times. No maintenance work shall be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. No vehicle may be parked in excess of seventy-two (72) hours on any roadway within the Property.

No article deemed to be unsightly by the Architectural Control Committee shall be permitted to remain on any Lot. Service area, storage area, loading area, compost piles and facilities for hanging, drying or rinsing clothing or household fabrics shall be appropriately screened from view from public or private thoroughfares, the lake and adjacent properties and no lumber, grass, plant, waste, shrub or tree clippings, metals, bulk materials, scrap or refuse shall be kept, stored or allowed to accumulate on any portion of the Property. No junk, abandoned or unregistered vehicles and no vehicles without current inspections shall be allowed on any Lot. Tractor trailer rigs and/or trailers and trucks with more than ten (10) wheels may not be parked or kept on the property or in the subdivision.

Section 3.09 Signs. No signs, advertisements, billboards or advertising structures of any kind may be erected or maintained on any Tract without the consent in writing of the Architectural Control Committee. The Architectural Control Committee shall allow one (1) professionally made sign not more than twenty-four inches (24") by thirty-six inches (36") advertising the Owner's Tract for sale or rent after such home has been built, 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. Notwithstanding, builders may place a pre-approved sign that does not exceed four (4) feet by eight (8) feet advertising a model home on the tract. Except as it applies to Developer, no sign shall be nailed to a tree and all signs must be properly maintained. Developer or any member of the Association or Architectural Control Committee shall have the right to remove such sign, advertisement, 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.

Section 3.10 Animal Husbandry No livestock or poultry of any kind may be kept on any tract, except that on tracts two acres or larger animals being raised for 4-H or FFA school sponsored programs, excluding pigs or hogs, may be raised, bred or kept. Additionally, on all tracts two acres to 4.99 acres, inclusive, one (1) horse, cow or other large animal may be kept so long as such animal does not become a nuisance or threat. On all tracts five (5) acres or larger, one (1) horse, cow or other large animal (excluding pigs and hogs) for every one (1) acre may be kept, as long as such animal(s) does not become a nuisance or threat to other owners. All animals being raised by individual tract owners must be kept in a fenced area on the Owner's Tract. Dogs must be kept in a kennel, dog run, or fenced in area that confines said dog(s) to that area, however, no breeding or other for-profit dog operation shall be allowed. Dogs will not be permitted to run loose and must be vaccinated for rabies according to State Law once a year and registered with Smith County once a year.

Section 3.11 Mineral Development. No commercial oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Tract and no derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Tract.

Section 3.12 Drainage. Natural established drainage patterns of streets, tracts or roadway ditches will not be impaired by any person or persons. No creeks or natural drainage areas may be dammed, or water therefore improved, diverted or used for any purpose without the prior written consent of the Architectural Control Committee. Driveway culverts must be installed and must be of sufficient size to afford proper drainage of ditches without backing water up into ditch or diverting flow. Drainage culvert installation must meet County requirements.

Section 3.13 Antennas/Solar Panels. Antennas of any kind shall not exceed ten (10) feet above the roof of

the dwelling or accessory building. No solar panels, satellite dishes or similar apparatus shall be placed on any dwelling in such a way that panel/apparatus is visible from the street. Ground satellite dishes shall not be erected, installed or placed on property without the prior written approval of the Architectural Control Committee. Nothing herein shall be constructed to conflict with the latest rules and regulations set forth by the Federal Communications Commission.

Section 3.14 Resubdivision. Except as it applies to the Veterans Land Board, no tract shall be resubdivided or split unless otherwise permitted in the restrictions.

Section 3.15 Driveways. The first 100 feet of all driveways up to the garage must be surfaced with either concrete, concrete pavers, asphalt, (2) two course chip and seal, or a combination thereof. Driveways must be surfaced upon completion of the main dwelling.

Section 3.16 Landscaping and mowing. Four times each year, on dates determined by the Association, the Association shall schedule days on which the Lot owner shall have mowed his Lot. If a Lot is not mowed within the two weeks prior to that day, the Association may, at the Lot Owner's expense have the grass, weeds and cover on the Lot mowed or the Lot otherwise cleaned as often as in their sole discretion is deemed necessary. After construction has begun (reasonable construction and landscaping difficulties permitted and accepted during construction period), as well as after completion of Improvements, each Owner shall keep all shrubs, trees, grass and plantings of every kind on such Owner's Lot cultivated, pruned, mowed and free of trash and other unsightly materials. Front, side and rear yards shall be planted, landscaped and maintained in such a manner as is deemed acceptable by the Developer, or the Association. If, in the opinion of the Developer or the Association, an Owner shall, at any time, fail to maintain his yard in a safe, clean and attractive condition, the Association shall give the Owner ten (10) days written notice thereof. In the event the Owner shall fail to remedy the objectionable matter, the Owner agrees, by virtue of having accepted these Restrictions upon the purchase of the Lot, hereby waiving any claim for damages, that Developer or Association may, without being deemed to have trespassed upon the Lot, enter upon such Lot and perform such maintenance. Thereafter, the Owner shall be liable for the cost of such work, which shall promptly be reimbursed to the Developer or the Association. All landscaping as approved in the plans and specification shall be completed within twelve (12) months following the completion of the Residence.

Section 3.17 Hunting. No hunting is allowed in the subdivision; no discharge of handguns, rifles, shotguns or other firearms, pellet or air guns, bows or cross bows, or other weapons are allowed.

Section 3.18 Underground Utility Lines. Except for existing utility lines or for perimeter boundary lines, no utility lines including, but not limited to, wires or other devices for the communication or transmission of telephone or electric current or power, cable television or any other type of line or wire, shall be erected, placed or maintained anywhere in or upon any portion of the Property unless the same shall be contained in conduit or cables installed and maintained underground or concealed in, under or on buildings or other improvements approved in writing by the Architectural Control Committee; provided, however, that no provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or other improvements which have been previously approved in writing by the Architectural Control Committee. The installation method, including but not limited to, location, type of installation, equipment, trenching method and other aspects of installation, for both temporary and permanent utilities shall be subject to review by the Architectural Control Committee.

Section 3.19 Existing Buildings. All improvements existing on the property on the date of the recording of these Restrictions shall be considered in compliance with these restrictions. However, all future building, demolition and all exterior alterations and additions must be approved by the Architectural Control Committee and must comply in all respects with all sections of these Restrictions, as written.

In the event of the failure of Owner to comply with the above requirements after ten (10) days written notice thereof, the Association or their designated agents may, without liability to the Owner, Contractor or any occupants of the Tract in trespass or otherwise, enter upon (and/or authorize one or more others to enter upon) said Tract, and do any other thing necessary to secure compliance with this Declaration. Payment for the charges shall be payable on the first day of the next calendar month.

ARTICLE IV COMMERCIAL LOT

Section 4.01 Lot 1, Commercial Use. Notwithstanding anything contained in these restrictions to the contrary, Lot 1 may be used for either residential, commercial or a combination of residential and commercial purposes. If used solely for residential purposes, Lot 1 and any and all improvements shall comply with all restrictions set forth in Article III of these restrictions and this Article IV shall not apply. If Lot 1 is used for commercial use or a combination of commercial and residential use, then Lot 1 and all

improvements constructed on Lot 1 shall, except as to Section 3.06, comply with these restrictions, unless otherwise determined by the Architectural Control Committee. The decision of the Architectural Control Committee as to the applicability or non-applicability of the restrictions, once made shall not be subject to reversal by a subsequent or other Architectural Control Committee without the written consent of the then owner of Lot 1.

Section 4.02 Uses. The following limitations apply to the use of commercial uses of Lot 1:

- (1) No liquor store, bar or other facility dedicated solely to the sale or serving of alcoholic beverages shall be permitted.
- (2) No "adults only" houses, including but not limited to video, movie or other similar type facilities shall be permitted; nor shall any massage parlor, unless staffed by an in-house, state licensed, physical therapist shall be permitted.
- (3) No car, mobile home or manufactured home sales lot shall be permitted.
- (4) No bait or tackle shop shall be permitted.
- (5) No offensive or noxious odors or activities shall be permitted on this Lot, nor shall anything be done upon this Lot which may be or may become an annoyance or nuisance to the Owners or the subdivision.
- (6) All other uses shall be approved by the Architectural Control Committee.

Section 4.03 Membership. The owner or owners of Lot 1 shall be members of the Association. However, the Association shall have the right, with respect to the Common Areas, to limit the number of guests of Owners, or if the Owner is a business entity or if such Lot is owned by more than two person, to limit the number of Owners allowed to use the Common Area at any one time. The Common Areas shall be used only by the Lot Owner and his family. Commercial customers, clients or patients shall not be allowed to use the Common Areas.

ARTICLE V **COMMON AREAS**

Section 5.01. Gas motors. No gas motors shall be allowed on the Lake at any time, except in the case of an emergency or for maintenance of the Lake.

Section 5.02. Piers. Owners of lots adjacent to the Lake may erect piers into the Lake, with the approval of the Architectural Control Committee. Such piers shall be no more than three hundred (300) square feet in size, excluding all walkways less than four feet wide. No pier, including the walkway, shall extend more than 50 feet from the average water level line of the lake into the water. No pier shall be covered or more than one story and all piers must be maintained to the satisfaction of the Association.

Section 5.03 Irrigation. Those lots adjacent to the Lake shall be allowed to use the water from the lake for irrigation purposes so long as such irrigation does not materially affect the level of the lake and is in compliance with all states, county and environmental regulations. The Board of Directors of the Association have sole discretion on the determining if such irrigation materially affects the lake level.

Section 5.04 Easement. Developer reserves a maintenance easement, thirty foot in width along the shoreline of the lake, along with an access easement across any and all lots to access such easement. This easement shall be used by Developer and/or its assigns as needed to maintain, repair or preserve the lake and all surrounding vegetation and wildlife.

Section 5.05 Equestrian Easement. Developer reserves, as set forth on the Plat, easements for equestrian use. Such easements shall be maintained by and at the expense of the Property Owners Association. No building, fence or other improvement shall be located over, under, upon or across any portion of any Equestrian Easement.

ARTICLE VI **ARCHITECTURAL CONTROL COMMITTEE**

Section 6.01 Basic Control.

- (1) No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced or changes made in the design or exterior appearance thereof, or any addition or exterior alteration made thereto after original construction, or demolition or destruction by voluntary action made thereto after original construction, on any Tract in the subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Committee of the construction plans and specification for the

construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument and other rules and regulations instituted by the Architectural Control Committee.

- (2) Each application made to the Committee, or to the Developer, shall be accompanied by two sets of plans and specifications for all proposed construction (initial or alteration) to be done on such Tract, including plot plans showing location on the tract and any landscaping.

Section 6.02 Architectural Control Committee.

- (1) The authority to grant or withhold architectural control approval as referred to above is initially vested in the Developer; provided, however, the authority of the Developer shall cease and terminate upon the election of the Architectural Control Committee of the Association (sometimes herein referred to as the "Committee"), in which event such authority shall be vested in and exercised by the Committee, hereinafter referred to, except as to plans and specifications and plot plans theretofore submitted to the Developer which shall continue to exercise such authority over all such plans, specifications and plot plans. The term "Committee", as used in this Declaration, shall mean or refer to the Developer or to the **STALLION LAKE RANCH ARCHITECTURAL CONTROL COMMITTEE** composed of members of the Association, as applicable.
- (2) On or after such time (as shall be solely determined by Developer) ninety-percent (90%) of all of the Lots in all phases of the Subdivision, including those Lots to be platted in all unplatted (whether annexed or declared to be annexed), areas owned by Developer, are conveyed by Developer (from time to time hereafter referred to as the "Control Transfer Date"), the Developer shall cause an instrument transferring control to the Association to be placed of record in the Official Public Records of Smith County, Texas (the effective Control Transfer Date shall be the date of its recording). The first Board of Directors of the **STALLION LAKE RANCH PROPERTY OWNERS ASSOCIATION**, which Board shall be appointed by developer, shall be the Architectural Control Committee who shall serve until the next succeeding annual meeting following the Control Transfer Date. From and after the Control Transfer Date, each member of the Committee must be an Owner of Property in some phase of the **STALLION LAKE RANCH** subdivision. Additionally, the Developer shall have the right to discontinue the exercise of Architectural Control privileges and arrange for the transfer to the Association at any time prior to the Control Transfer Date by filing a statement and instrument to that effect in the Official Public Records of Smith County, Texas.

Section 6.03 Effect of Inaction. Approval or disapproval as to architectural control matters, as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Developer or the Committee) fails to approve or disapprove in writing any plans and specifications and plot plans received by it in compliance with the preceding provisions within thirty (30) days following such submissions, such plans and specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

Section 6.04 Effect of Approval. The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Committee that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan, but, nevertheless, fail to comply with the provisions hereof. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reasons of the good faith exercise thereof.

Section 6.05 Variance. The Developer or, if applicable, the Committee, may, on a case by case basis, authorize variances from compliance with any of the provisions of either (i) this Declaration, or (ii) the minimum acceptable construction standards or regulations and requirements as promulgated from time to time by the Developer or the Committee. Notwithstanding, after the Control Transfer Date, both the Developer and the Architectural Control Committee shall have the right to grant a variance from the Building setback 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 this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance effect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the property concerned and the Plat.

ARTICLE VII
STALLION LAKE RANCH PROPERTY OWNERS ASSOCIATION

Section 7.01 Membership. Every person or entity who is a record owner of any Tract, which is subject to the Maintenance charge (or could be following the withdrawal of an exemption therefrom) and other assessments provided herein, shall be a "Member" of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No Owner shall have more than one membership for each Tract owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Tracts. Regardless of the number of persons who may own a Tract (such as husband and wife, or joint tenants, etc.) there shall be but one membership for each Tract. Additionally, the Directors of the Association must be Members of the Association (as more particularly described in the By-laws). Ownership of the Tracts shall be the sole qualification for membership. These restrictive covenants will not be construed as to assess the Veterans Land Board or the State of Texas. Any assessments are the personal obligation of the Veteran purchaser, his successors, heirs and assigns. Any lien imposed by the restrictive covenants does not affect the Veterans Land Board's interest in the property.

Section 7.02 Voting Rights. Notwithstanding anything herein to the contrary, Developer shall have and exercise sole control over the Association until such time as Developer shall have transferred control to the Association in accordance with Article 6.02 (2). Thereafter, each member shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members of the Association but the vote for such Lot shall be exercised as they among themselves determine. In no event shall more than one vote be cast with respect to any Lot.

Section 7.03 Non-Profit Corporation. **STALLION LAKE RANCH PROPERTY OWNERS ASSOCIATION**, a non-profit corporation, has been (or will be) organized and it shall be governed by the Articles of Incorporation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 7.04 Bylaws. The Association has adopted or may adopt whatever Bylaws it may choose to govern the organization or operation of the subdivision and the use and enjoyment of the Tracts and Common Areas, provided that the same are not in conflict with the terms and provisions hereof.

Section 7.05 Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Areas and such right shall be appurtenant to and shall pass with the title to every assessed Tract, subject to the following provisions:

- (1) The right of the Association, with respect to the Common Areas, to limit the number of guests of Owners.
- (2) The right of the Association, in accordance with its Articles and Bylaws (and until 90% of all tracts in the subdivision are sold, subject to the prior written approval of the Developer), to (i) borrow money for the purpose of improving and maintaining the Common Areas and facilities (including borrowing from the Developer or any entity affiliated with the Developer) and (ii) mortgage said property, however, the rights of such mortgagee of said property shall be subordinate to the rights of the Owners hereunder.
- (3) The right of the Association to suspend the Member's voting rights and the Member's and Member's Guests' right to use any recreational facilities within the Common Areas during any period in which the Maintenance Charge or any assessment against his Tract remains unpaid.
- (4) The right of the Association to suspend the Member's voting rights and the Member's and Member's Guests' right to use any recreational facilities within the Common Area, after notice and hearing by the Board of Directors, for the infraction or violation by such Member or Member's Guests of this Declaration or the Rules and Regulations, as hereinafter defined, which suspension shall continue for the duration of such infraction or violation, plus a period not to exceed sixty (60) days following the cessation or curing of

such infraction or violation.

ARTICLE VIII
MAINTENANCE FUND

Section 8.01 Maintenance Fund Obligation. Each owner of a tract by acceptance of a deed therefor, whether or not shall be expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association an annual maintenance charge (the Maintenance Charge), and any other assessments or charges hereby levied. The Maintenance Charge and any other assessments or charges hereby levied, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Tracts and shall be a continuing lien upon the property against which each such Maintenance Charge and other charges and assessments are made.

Section 8.02 Basis of the Maintenance Charge.

- (1) The Maintenance Charge referred to shall be used to create a fund to be known as the "Maintenance Fund", which shall be used as herein provided; and each such Maintenance Charge (except as otherwise hereinafter provided) shall be paid by the Owner of each Tract (or residential building site) to the Association. The Maintenance Charge for the year of purchase shall be pro-rated at closing and then shall be paid annually, in advance, on or before the first day of the first month of each calendar year. Provided, however if such owner owns more than one tract in the subdivision, such Owner shall pay only twice the assessment of one (1) tract no matter how many tracts are owned or in the event Owner obtains consent from the Committee for a Composite Building site pursuant to Section 3.02 hereof and replats two or more lots into one Composite Building Site, such Composite Building Site shall be considered for the Maintenance Charge as one Lot upon the recording of the replat.
- (2) Any Maintenance Charge not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the hereinafter described lien against the owner's tract. No owner may waive or otherwise escape liability for the Maintenance Charge by non-use of any Common Areas or recreational facilities available for use by owners of the subdivision or by the abandonment of his Tract.
- (3) The initial amount of the Maintenance Charge applicable to each Tract will be determined by the Developer. All other matters relating to the Maintenance Charge and the collection, expenditures and administration of the Maintenance Fund shall be determined by the Developer or the Board of Directors of the Association, subject to the provision hereof.
- (4) The Association, from and after the Control Transfer Date, shall have the further right at any time, with a two-thirds vote of all association members casting votes, to adjust or alter said Maintenance Charge from year to year as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

Section 8.03 Creation of Lien and Personal Obligation. In order to secure the payment of the Maintenance Charge, and other charges and assessments hereby levied, each Owner of a Tract in the subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Tract which may be foreclosed on by non-judicial foreclosure and pursuant to the provisions of Chapters 51 and 209 of the Texas Property Code (and any successor statute); and each such owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with non-judicial foreclosure pursuant to the provisions of said Chapters 51 and 209 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 written instrument executed by the President or any Vice-President of the Association and filed for record in the Official Public Records of Smith County, Texas. In the event that the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Chapters 51 and 209 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 Association, Trustee shall give any further notice of foreclosure sale as may be required by the Texas Property Code as then amended, and shall convey such Tract to the highest bidder for cash by a Trustee's Deed. Out of the proceeds of such sale, if any, there shall first be paid all expenses incurred by the Association in connection with 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. Following any such foreclosure, each occupant of any such Tract 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 Maintenance Charge or other charge or assessment levied hereunder, the Association may, in addition to foreclosing the lien hereby retained, and exercising the remedies provided herein, upon ten (10) days prior written notice thereof to such nonpaying Owner, exercise all other rights and remedies available at law or in equity.

It is the intent of the provisions of this Section 8.03 to comply with the provisions of said Chapters 51 and 209 of the Texas Property Code relating to non-judicial sales by power of sale and, in the event of the amendment of said Chapters 51 and 209 of the Texas Property code 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 filed in the Official Public Records of Smith County, Texas, amend the provisions hereof so as to comply with said amendments to Chapters 51 and 209 of the Texas Property Code.

Section 8.04 Notice of Lien. In addition to the right of the Association to enforce the Maintenance Charge or other charge or assessment levied hereunder, the Association may file a claim or lien against the Tract 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 Tract 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 thereby 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.

Section 8.05 Liens Subordinate to Mortgages. The lien described in Section 8.01 hereof shall be deemed subordinate to a first lien granted by Developer on the Property or any part thereof to any lender and to each and every lien of Developer, any bank, insurance company, savings and loan association, university, pension and profit sharing trust or plans, or any other third party lender, which may have heretofore or may hereafter lend money or extended credit in good faith for the acquisition or improvement of the Property or any part thereof, including without limitation, any one or more Tract(s), and any renewal, extension, rearrangement or refinancing of such acquisition or improvement costs. The lien described in Section 8.01 hereof shall further be deemed subordinate to any home equity loan. Each such lienholder who obtains title to any portion of the Property encumbered by its lien pursuant to the remedies provided in the deed of trust or mortgage granting the lien or by judicial foreclosure of the lien shall take title to said Property free and clear of any claims for unpaid Maintenance Charges or other charges of assessments against such Property which accrued prior to the time such holder acquired title to such Property. No such sale or transfer shall relieve such holder from liability for any Maintenance Charge or other charges or assessments accruing thereafter or from the lien described in Section 8.01 hereof on account thereof. Any other sale or transfer of the Property shall not affect the Associations lien for Maintenance Charges or other charges or assessments. The Association shall make a good faith effort to give each such lienholder having a lien on any portion of the Property to be foreclosed sixty (60) days advance written notice of the Associations proposed foreclosure of the lien described in Section 8.01 hereof, which notice shall be sent to the nearest office of such mortgagee by prepaid United States registered or Certified mail, return receipt requested, and shall contain a statement of delinquent Maintenance Charges or other charges or assessments upon which the proposed action is based, provided, however, the Associations failure to give such notice shall not invalidate any foreclosure conducted by the Association pursuant to the provisions of this Article VIII.

Section 8.06 Purpose of the Maintenance Charges. The maintenance charge levied by the Developer or the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the Owners of the subdivision which hereafter may become subject to the jurisdiction of the Association. In particular, the Maintenance Charge shall be used for any improvement or services in furtherance of these purposes and the performance of the Association's duties described in Article X, including the maintenance of any Common Areas, any Drainage Easements and the establishment and maintenance of a reserve fund for maintenance of any Common Areas. The Maintenance Fund may be expended by the Developer or the Association for any purposes which, in the judgment of the Association, will tend to maintain the property values in the subdivision, including, but not limited to, providing funds for the actual cost to the Association of all taxes, insurance, repairs, energy charges, replacement and maintenance of the Common Area as may

from time to time be authorized by the Association. Except for the Association's use of the Maintenance Charge to perform its duties described in this Declaration and in the Bylaws, the use of the Maintenance Charge for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Association as to the expenditure of said funds shall be final and conclusive so long as such judgment is exercised in good faith.

Section 8.07 Handling of Maintenance Charges. The collection and management of the Maintenance Charge or other charge or assessment levied hereunder, shall be performed by the Developer, or management Company hired for the Association by Developer, until the Control Transfer Date, at which time the Developer shall deliver to the Association all funds on hand together with all books and records of receipt and disbursements. The Developer and, upon transfer, the Association, shall maintain separate special accounts for these funds, and Owners shall be provided at least annually information on the Maintenance Fund.

Section 8.08 Exempt Property. The following property shall be exempt from the Maintenance Charge and all other charges and assessments created herein:

- a. All properties dedicated to and accepted by a local public authority.
- b. All Common Areas; and,
- c. All properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas.

ARTICLE IX DEVELOPER'S RIGHTS AND RESERVATIONS

Section 9.01 Period of Developer's Rights and Reservations. Developer shall have, retain and reserve certain rights as set forth in this declaration with respect to the Association and the Common Area from the date hereof, until the earlier to occur of (i) the Control Transfer Date or (ii) Developer's written notice to the Association of Developer's termination of the rights described in Article VII hereof. The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of a Tract by Developer to an Owner whether or not specifically stated therein and in each deed or other instrument by which any property within the Common Area is conveyed by Developer. The rights, reservations and easements hereafter set forth shall be prior and superior to any other provisions of this Declaration and may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Developer's consent to any one such amendment shall not be construed as a consent to any other or subsequent amendment.

Section 9.02 Right to Construct Additional Improvements in Common Area. Developer shall have and hereby reserves the right (without the consent of any other Owner), but shall not be obligated to construct additional improvements within the common Area at any time and from time to time in accordance with this Declaration for the improvement and enhancement thereof and for the benefit of the Association and Owners, so long as such construction does not directly result in the increase of such Maintenance Charge. Developer shall, on or before the Control Transfer Date, convey or transfer such improvements to the Association and the Association shall be obligated to accept title to care for and maintain the same as elsewhere provided in this Declaration.

Section 9.03 Developer's Rights to Use Common Areas in Promotion and Marketing of the Property. Developer shall have and hereby reserves the right to reasonable use of the Common Area and of services offered by the Association in connection with the promotion and marketing of land within the boundaries of the Property. Without limiting the generality of the foregoing, Developer may erect and maintain on any part of the Common Area such signs, temporary buildings and other structures as Developer may reasonably deem necessary or proper in connection with the promotion, development and marketing of land within the Property; may use vehicles and equipment within the Common Area for promotional purposes; and may permit prospective purchasers of property within the boundaries of the Property, who are not Owners or Members of the Association, to use the Common Area at reasonable times and in reasonable numbers; and may refer to the services offered by the Association in connection with the development, promotion and marketing of the property.

Section 9.04 Developer's Rights to Grant and Create Easements. Developer shall have and hereby reserves the right, without the consent of any other Owners or the Association, to grant or create temporary or permanent easements, for access, utilities, pipeline easement, cable television systems, communication and security systems, drainage, water and other purposes incidental to development, sale, operation and maintenance of the subdivision, located in, on, under, over and across (i) the Tracts or other property owned

by Developer, (ii) the Common Area, and (iii) existing utility easements. Developer also reserves the right, without the consent of any other Owner or the Association, to grant or create temporary or permanent easements for access over and across the streets and roads within the subdivision.

Section 9.05 Developer's Rights to Convey Additional Common Area to the Association. Developer shall have and hereby reserves the right, but shall not be obligated to, convey additional real property and improvements thereon, if any, to the Association as Common Area at any time and from time to time in accordance with this Declaration, without the consent of any other Owner or the Association.

Section 9.06 Annexation of Annexable Area. Additional property outside of the subdivision, may, at any time and from time to time, be annexed by Developer into the real property which becomes subject to the jurisdiction and benefit of the Association, without the consent of the Owners or any other party.

ARTICLE X

DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

Section 10.01 General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness, desirability and safety of the Subdivision. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration.

Section 10.02 Duty to Accept the Property and Facilities Transferred by Developer. The Association shall accept title to any property, including any improvements thereon and personal property transferred to the Association by Developer, and equipment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Functions"), provided that such property and Functions are not inconsistent with the terms of this Declaration. Property interests transferred to the Association by Developer may include fee simple title, easements, leasehold interests and licenses to use such property. Any property or interest in property transferred to the Association by Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, the terms of any declaration of covenants, conditions and restrictions annexing such property to the Common Area, and all easements, covenants, conditions, restrictions and equitable servitude or other encumbrances which do not materially affect the Owners authorized to use such property. Except as otherwise specifically approved by resolution of the Board of Directors, no property or interest in property transferred to the Association by the Developer shall impose upon the Association any obligation to make monetary payments to Developer or any affiliate of Developer including, but not limited to, any purchase price, rent, charge or fee.

Section 10.03 Duty to Manage and Care for the Common Area. The Association shall manage, operate, care for, maintain and repair all Common Areas and entrances and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members.

Further, the Association shall pay for electrical services and for all other costs and expenses necessary to operate and maintain any lighting within street right-of-ways and Common Areas.

Section 10.04 Other Insurance Bonds. The Association shall maintain a general liability insurance policy covering all common areas in an amount determined adequate by the Board of Directors. The Association shall obtain such other insurance as may be required by law, including worker's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary or desirable.

Section 10.05 Duty to Prepare Budgets. The Association shall prepare budgets for the Association, which budgets shall include a reserve fund for the maintenance of all Common Areas.

Section 10.06 Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

Section 10.07 Duty to Provide Annual Review. The Association shall provide for an annual unaudited

independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

Section 10.08 Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Committee as elsewhere provided in Article V of this Declaration.

Section 10.09 Power to Acquire Property and Construct Improvements. The Association may acquire property or an interest in property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

Section 10.10 Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

Section 10.11 Power to Enforce Restrictions and Rules and Regulations. The Association (and any Owner with respect only to the remedies described in (ii) below) shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Member and each Member's Guests. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means: (i) By entry upon any property within the subdivision after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice (written or oral) to the Owner in such manner as to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by the Association to the Owner thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations; (ii) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations; (iii) by exclusion, after notice and hearing, of any Member or Member's Guests from use of any recreational facilities within the Common Areas during and for up to sixty (60) days following any breach of this Declaration or such Rules and Regulations by such Member or any Member's Guests, unless the breach is a continuing breach in which case exclusion shall continue for so long as such breach continues; (iv) by suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Member's Guests of a provision of this Declaration or such Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (v) by levying and collecting, after notice and hearing, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or a Member's Guests which assessment reimbursed the Association for the costs incurred by the Association in connection with such breach; (vi) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Member's Guests for breach of this Declaration or such Rules and Regulations by such Member or a Member's Guests; and (vii) by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Members, plus attorney's fees incurred by the Association with respect to exercising such remedy.

Before the Board may invoke the remedies provided above, it shall give registered notice of such alleged violation to Owner, and shall afford the Owner a hearing. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Developer, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default.

Section 10.12 Power to Grant Easements. In addition to any blanket easements described in this Declaration, the Association shall have the power to grant access, utility, drainage, water facility and other such easements in, on, over or under the Common Area.

ARTICLE XI GENERAL PROVISIONS

Section 11.01 Term. The provisions hereof shall run with all property in **STALLION LAKE RANCH, PHASE 1** and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time said Declaration shall be automatically

extended for successive periods of ten (10) years each, unless an instrument, signed by not less than two-thirds (2/3rds) of the Owners (including the Developer) of the Tracts has been recorded agreeing to amend or change, in whole or in part, this Declaration.

Section 11.02 Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or by signed ballots voting for such amendment, of not less than two-thirds (2/3rds) of all of the Owners (including Developer) of the subdivision. There shall be one vote per Tract. Anyone owning more than one Tract shall have one vote for each Tract owned. If the Declaration is amended by a written instrument signed by those Owners entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Owners of the Association, such amendment must be approved by said Owners within three hundred sixty-five (365) days of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facia evidence of the date of execution of said amendment by such Owner. Any such amendment shall become effective when an instrument is filed for record in the Official Public Records of Smith County, Texas, accompanied by a certificate, signed by a majority of the Board of Trustees, stating that the required number of Members (Owners, including the Developer) executed the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date of filing of the amendment or termination. The Owners shall not amend this Declaration in such a manner as to increase the priority of the Association's lien for the Maintenance Charge or any other charge or assessment as against any lienholder, without the affirmative unanimous vote to do so of all Owners and lienholders directly affected thereby. Furthermore, no amendment to this Declaration which adversely affects the rights or security interests of any holder of a lien to which the lien described in Section 8.01 hereof has been subordinated pursuant to Section 8.05 hereof shall become effective unless and until approved, in writing, by such lienholder. No amendment to this Declaration which adversely affects the rights and privileges of Developer shall become effective unless and until approved, in writing, by Developer and any Mortgagee of Record which is a lender to Developer.

Section 11.03 Amendments by the Developer. The Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record. Additionally, Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of permitting the Owners to enjoy the benefits from technological advances, such as security, communications or energy-related devices or equipment which did not exist or were not in common use in residential communities at the time this Declaration was adopted. Likewise, the Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged and filed for record for the purpose of prohibiting the use of any device or apparatus developed and/or available for residential or commercial use following the date of this Declaration if the use of such device or apparatus will adversely affect the Association or will adversely affect the property values within the subdivision.

Section 11.04 Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity of un-enforceability or partial invalidity or partial un-enforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

Section 11.05 Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose of this Declaration.

Section 11.06 Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners, the Developer and the Association, and their respective heirs, legal representatives, executors, administrators, successors and assigns.

Section 11.07 Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

Section 11.08 Terminology. All personal pronouns used in this Declaration and all exhibits attached hereto, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa. Title of Articles and Sections are for convenience only and neither limit nor amplify the provisions of this Declaration itself. The terms "herein", "hereof" and similar terms, as

used in this instrument, refer to the entire agreement and are not limited to referring only to the specific paragraph, section or article in which such terms appear. All references in this Declaration to Exhibits shall refer to the Exhibits attached hereto.

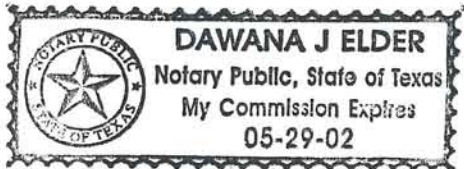
IN WITNESS WHEREOF, the undersigned, being the Developer herein, has hereunto set its hand of this 25 day of April, 2002.

TEXAS LAND AND LAKES, INC.,
A Texas Corporation.

By: *Marcus Smith*
Marcus Smith, President

STATE OF TEXAS *
COUNTY OF Dallas *

This instrument was acknowledged before me on the 25 day of April, 2002, by MARCUS SMITH, President of TEXAS LAND AND LAKES, INC., a Texas Corporation, in the capacity therein stated, on behalf of said Corporation.



Dawana J. Elder
Notary Public, State of Texas

AFTER RECORDING RETURN TO:
BOB R. KIESLING, P.C.
348 E. San Antonio St.
New Braunfels, TEX 78130

Filed for Record in:
SMITH COUNTY, TEXAS
JUDY CARNES, COUNTY CLERK
On Apr 29 2002
At 2:01pm
Receipt #: 229315
Recording: 39.00
Doc/Num : 2002-R0019500
Doc/Type : REC
Deputy -Alexa Murray