



**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR**  
**“THE ESTATES ON THE RIVER”**  
**BURNET COUNTY, TEXAS**

**ARTICLE I**  
**DECLARATION OF PURPOSE**

**1.1 General Purposes:**

- (a) Declarant owns the real property hereinafter defined as The Estates on the River, and intends to develop said property as a residential and recreational community for persons residing or lawfully visiting The Estates on the River.
- (b) The Estates on the River Property Owners Association (hereinafter referred to as the “Association”), a Texas non-profit corporation, has been formed to hold, manage, and maintain certain property for the common benefit of Owners; to administer and enforce the covenants, conditions, restrictions, reservations, and easements created hereby; to collect and enforce the assessments, charges, liens imposed pursuant hereto; and for all other purposes as set forth in the Articles of Incorporation of the Association. This Declaration defines certain rights and obligations of the Owners and Guests with respect to the Association and with respect to Functions undertaken and the Commons held by the Association.
- (c) By this Declaration, Declarant intends to establish a means to provide for and maintain the area within The Estates on the River as a reasonably pleasant and desirable environment for all persons residing at or lawfully visiting The Estates on the River.

- 1.2 **Declarant:** To further the general purposes herein expressed, Declarant for itself, its successors and assigns, hereby declares that all real property hereinafter defined as The Estates on the River, including any property added to the same as hereinafter provided shall, at all times, be owned, held, used, occupied, sold and conveyed subject to and conditioned upon the provisions of this Declaration and to the covenants, conditions, restrictions, reservations, easements, assessments, charges, and liens herein contained, which shall run with the property and benefit Declarant, and all other parties having any right title, interest in The Estates on the River or any portion thereof, and their respective successors, assigns, heirs, devisees and other personal representatives.

**ARTICLE II**  
**CURRENT DEFINITIONS**

- 2.1 **Articles:** Articles mean the Articles of Incorporation of the Association, as same may be amended from time to time.
- 2.2 **Association:** Association means The Estates on the River Property Owners Association, a Texas non-profit corporation, including without limitation its successors, assigns, and transferees.

- 2.3 **Association Documents**: Association Documents mean this Declaration, any plat affecting The Estates on the River, the Articles, the Bylaws, and the Rules and Regulations, as same be amended from time to time.
- 2.4 **Board of Directors**: Board of Directors means the board that shall act on behalf of the Association, as more particularly described and defined in the Bylaws.
- 2.5 **Bylaws**: Bylaws mean the Bylaws of the Association, as same may be amended from time to time.
- 2.6 **Commons**: Commons mean, to the extent of the Association's interest in such real estate and/or improvement, and real estate within The Estates on the River:
- (a) that is owned by the Association;
  - (b) that is owned by a Person other than the Association, but in which the Association has rights of use or possession pursuant to a lease, license, easement, or other agreement;
  - (c) that the Association is otherwise required to operate, manage, maintain or repair, together with any improvements located thereon; or
  - (d) that is retained by the Declarant, including any "green belt" areas, but is for the benefit of The Estates on the River and/or the Association.
- 2.7 **Common Expenses**: Common Expenses mean allocations to reserves and all costs, expenses and liabilities incurred by or on behalf of the Association, including but not limited to costs, expenses and liabilities for:
- (a) acquiring, leasing, renting, designing, construction, managing, operation, maintaining, repairing, or improving the Commons;
  - (b) administering or enforcing the covenants, conditions, restrictions, reservations or easements created by this Declaration;
  - (c) levying, collecting, or enforcing the assessments, charges, or liens imposed pursuant to this Declaration;
  - (d) regulating or managing The Estates on the River, including without limitation, performing any and all Functions permitted by this Declaration;
  - (e) operating the Association;
  - (f) paying rentals; and
  - (g) any other cost or expense legally incurred by the Association.

- 2.8 **Declarant**: Declarant means collectively, F & J Development, L.L.C., a Texas limited liability company, its successors, assigns, and any party that:
- (a) acquires all or substantially all of the property in The Estates on the River; and
  - (b) prior to the time of such acquisition is designated by F & J Development, L.L.C., in a written instrument as a successor or assignee of Declarant under this Declaration. Such instrument may specify the extent and portion of the rights or interests as a Declarant that are being assigned or otherwise transferred.
- 2.9 **Declarant Control Period**: Declarant Control Period means a period commencing on the date of the recording of this instrument in the public real estate records of Burnet County, Texas, and continuing thereafter until and ending on the earlier of:
- (a) the date of the sale by the Declarant of the last Lot owned by Declarant in The Estates on the River; or
  - (b) the date the Declarant voluntarily terminates its Class B member status by recording a written notice of such termination in the public real estate records of Burnet County, Texas. After termination of the Declarant Control Period, Declarant, if still an Owner, will have all of the rights and duties given to Members under the Association Documents and will retain all of the rights belonging to the Declarant under the Association Documents (including without limitation the Special Declarant Rights set forth in Section 6.7 below) other than those which expire by their terms upon the expiration of the Declarant Control Period.
- 2.10 **Declaration**: Declaration means this instrument and all amendments or supplements hereto and hereafter recorded in the Official Public Records of Burnet County, Texas, together with any and all plats for The Estates on the River.
- 2.11 **Design Review Board**: Design Review Board means the Design Review Board established hereunder.
- 2.12 **Function**: Function means any activity, function, or services undertaken or performed by the Association, at its sole discretion.
- 2.13 **Guest**: Guest means any family member, customer, agent, employee, independent contractor, guest, or invitee of any Owner, and any family member, customer, agent, employee, independent contractor, guest or invitee of such person or persons, entity or entities.
- 2.14 **Lessee**: Lessee means the person or persons, entity or entities who is the lessee under a lease on any part or all of a Lot for which the Declarant or an Owner is the Lessor under such lease. The term Lessee shall not include the Association or any governmental entity.

- 2.15 **The Estates on the River:** The Estates on the River means all the real property located in Burnet County, Texas, described in **Exhibit "A"** attached hereto, as well as all real property that becomes part of The Estates on the River as provided in this Section. Any real property included in the definition of The Estates on the River pursuant to this Section which is hereafter incorporated as, or becomes a part of, a municipal corporation, may be excluded from and be deemed outside of The Estates on the River by the action of the Association and the written consent of Declarant upon the recording in the Office of the Clerk of Burnet County, Texas, of a written instrument signed by Declarant and the Association containing a legal description of the real property to be excluded and declaring that such real property shall be deemed to be outside The Estates on the River.
- 2.16 **Lot:** At present, there are forty (40) Lots, which are listed on **Exhibit "B"**, attached hereto for The Estates on the River. Notwithstanding the foregoing, a parcel of land owned, held or used in its entirety:
- (a) by the Association or any governmental entity;
  - (b) for or in connection with the distribution of electricity, gas, water, sewer, telephone, television or other utility service; or
  - (c) for access to any property within or without The Estates on the River shall not be considered a Lot. The term "Lot" shall include any improvements that may be constructed from time to time on the land. The number of Lots may increase or decrease from the above number based on any platting, replatting, or additions of property to this Declaration as permitted to Declarant pursuant to this Declaration.
- 2.17 **Member:** Member means each person or entity that holds a Membership in the Association.
- 2.18 **Membership:** Membership means a membership in the Association that is appurtenant to ownership of any Lot, and the right granted to Owners pursuant to this Declaration to participate in the Association.
- 2.19 **Owner:** Owner means the record holder of legal title to the fee simple interest. Each owner shall also be the holder or holders of a Membership in the Association, which is appurtenant to ownership of such Lot. The term Owner shall include Declarant to the extent it is the record owner of a Lot.
- 2.20 **Person:** Person means any natural person, corporation, partnership, limited liability company, association, trustee, or any other entity recognized as being capable of owning real property under the laws of the State of Texas.
- 2.21 **Plat:** Plat means the plat or plats of the Property recorded in the official records of Burnet County, Texas.
- 2.22 **Property:** Property means any and all real property subject to this Declaration from time to time.

- 2.23 **Rules and Regulations:** Rules and Regulations means any instruments adopted by the Association or the Design Review Board for the regulation and management of The Estates on the River or any portion thereof, as the same may be amended from time to time.

**ARTICLE III**  
**CERTAIN OBLIGATIONS AND RIGHTS OF ASSOCIATION**

3.1 **Property Maintenance Function:**

- (a) The Association shall provide for the care, operation, management, maintenance, repair and replacement of all the Commons, including roadways. Moreover, the Association may provide for the care and maintenance of other areas of the Property if the Board of Directors, in its sole and exclusive discretion, deems such care and maintenance to be necessary or desirable for access to the boundary of or full utilization of any Lot or any improvements within The Estates on the River. Such function may include, without limitation, maintenance and care of open space or unimproved areas included in the Commons and of plants, trees and shrubs in such open space or unimproved areas; maintenance of lighting provided for parking areas, roads, walks, drives, and other similar Commons. The Board of Directors shall be the sole judge as to the appropriate care, operation, management, maintenance, repair, and/or replacement of the Commons (including roadways) and other areas of the Property.
- (b) Unless otherwise agreed in writing, the Association shall be obligated to and shall provide for the care, operation, management, maintenance and repair of any Commons consisting of only a portion of, or defined space within, a building or other improvement owned by Declarant and shall be obligated to and shall bear and pay to Declarant its proportionate share of Declarant's costs and expenses relating to such building or improvement as a whole, including without limitation, maintenance, taxes and assessments, insurance and depreciation. The proportionate share of the Association's costs and expenses relating to such building or improvement as a whole shall be determined by Declarant based on the actual amounts of such costs and expenses relating to such building or improvement as a whole multiplied by the ratio with a numerator which is the number of square feet of floor area of such defined space within the building or improvement and a denominator which is the number of square feet of floor area of the entire building or improvement.

- 3.2 **Public Health and Safety Function:** The Association may provide public health and safety services within The Estates on the River, including but not limited to, providing health care services and facilities, security personnel, security systems, fire protection facilities, and a fire water system which may include periodic fire prevention inspections and equipment certifications.

- 3.3 **Water Function:** The Association has no obligation to provide a public or community water system for Lots within the Estates on the River. However, the Association may choose to provide or contract for such a water system for Lots within The Estates on the River. In the event the Association provides or contracts for a public or community water system, the cost of such

services shall be allocated to the Lots so served by the water system in accordance with Article V herein.

- 3.4 **Parking Function**: The Association may construct, purchase, lease, care for, operate, manage, maintain, repair or replace parking areas to accommodate owners, Guests, and members of the general public, including but not limited to, lighting, signs, landscaping and other similar facilities appurtenant to such parking areas. To the extent practicable, the Association shall maintain such parking areas so as to meet any requirements imposed on the Association or on Declarant with respect to The Estates on the River by any federal, state or local governmental agency.
- 3.5 **Vehicular Access Limitation Function**: The Association may provide control over vehicular access to The Estates on the River which it deems necessary or desirable for the health, safety or welfare of persons residing, visiting or doing business within The Estates on the River. Such function may include, without limitation, constructing, operating, and maintaining access road control gates (at such location(s) as the Association may from time to time determine to be appropriate), restricting non-commercial vehicular traffic within The Estates on the River except for Owners or Guests, and restricting commercial vehicular traffic within The Estates on the River. Owners and Lessees may be required to keep the Association informed of all personnel who have overnight accommodations at such Owner's or Lessee's property in order to enforce the Rules and Regulations appropriately.
- 3.6 **Recreation Function**: The Association may provide for the construction, care, operation, management, maintenance, repair, and replacement within The Estates on the River, grill areas, fire pits, and other recreational amenities.
- 3.7 **Animal Control Function**: The Association may provide for regulations (and may provide for personnel and funds) to enforce animal control or exclude animals from The Estates on the River.
- 3.8 **Exterior Maintenance Function**:
- (a) All Owners are expected to maintain their Lots as required under this Declaration, and the Association does not intend to provide any exterior maintenance and repair of such property. If any Owner fails to maintain its Lot or related improvements or property or fails to perform any acts of maintenance or repair required under this Declaration, the Association may, but shall not be obligated to, provide exterior maintenance and repair upon such property thereon. In addition, the Association may, without notice, make such emergency repairs and maintenance as may be necessary, in its judgment, for the safety of any person or to prevent damage to any other property. The costs of such exterior maintenance and repair shall be assessed against the Owner of such Lot and shall be a lien against and obligation of the Owner pursuant to Article V herein and shall become due and payable in all respects as set forth in Article V herein. For the purpose of performing the exterior maintenance authorized by this Section 3.8, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to any owner, to enter upon such site during reasonable hours on any day. The Association or its designee is hereby granted an irrevocable license over all property in The Estates on the

River in order to determine whether any maintenance or repair is necessary under this Section 3.8.

- (b) Neither Declarant, the Association, nor any of their respective directors, members, officer, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any Lot or improvements or portion thereof or to repair or maintain the same. Declarant, the Association or any member of the general public, firm or corporation undertaking such repair or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Lot, improvements or portion thereof.

- 3.9 **Television Function:** The Association may, but shall not be obligated to, provide for the installation, operation, maintenance, repair and replacement of satellite dishes, cable television, and related conduits, lines, equipment, and facilities.
- 3.10 **Other Functions:** The Association may undertake and perform other functions as it deems reasonable or necessary to carry out the provision of this Declaration, including without limitation, construction, care, operation, management, maintenance, repair and replacement of a central mailbox facility.
- 3.11 **Insurance:** The Association shall obtain in its name and keep in full force and effect at all times all insurance that the Board of Directors deems necessary with respect to the Commons or otherwise. Any loss covered by insurance maintained by the Association shall be adjusted with the Association in accordance with the terms and conditions herein. The insurance proceeds for any such loss shall be paid in accordance with the terms and conditions herein. Each Owner shall be responsible for insuring its Lot and the Association shall have no responsibility therefor.
- 3.12 **Indemnification:** The Association shall be obligated to and shall indemnify Declarant and hold it harmless from all liability, loss, cost, damage, and expense, including without limitation attorneys' fees and disbursements, arising with respect to any operations of the Association or with respect to any Commons or Functions.
- 3.13 **Right To Make Rules and Regulations:** The Association shall be authorized to and shall have the power to adopt, amend and enforce Rules and Regulations applicable within The Estates on the River with respect to any Commons or Function, and to implement the provision of the Association Documents, including but not limited to, Rules and Regulations to prevent or reduce fire hazard; to prevent disorder and disturbances of the peace; to regulate pedestrian and vehicle traffic; to regulate animals; to protect wildlife; to regulate signs; to regulate weed and pest control on undeveloped property within The Estates on the River; and to protect and preserve property and property rights. All Rules and Regulations shall comply with the Association Documents, and any supplemental declarations of land use restrictions for The Estates on the River. The Rules and Regulations shall be uniformly applied, except such rules may differentiate between the categories of Lots, Owners, Lessees, and Guests. The Association may provide for enforcement of any such Rules and Regulations through reasonable and uniformly applied fines and penalties, through exclusion of violators from the Commons or from enjoyment of any Functions, or otherwise. Each Owner, Lessee, and Guest shall be obligated to and shall comply with and abide

by such Rules and Regulations and pay such fines or penalties upon failure to comply with or abide by such Rules and Regulations and such unpaid fines and penalties shall be enforceable in accordance with Article V.

- 3.14 **Taxes**: The Association shall pay all ad valorem real estate taxes, special improvement and other assessments (ordinary and extraordinary), ad valorem personal property taxes, and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with any Commons or Functions only.
- 3.15 **Governmental Successor**: Any Commons and any Function may be turned over to a governmental entity which is willing to accept and assume the same upon such terms and conditions as the Association shall deem to be appropriate upon the consent of the Members as provided in the Bylaws.
- 3.16 **Records**: The Association shall keep financial records sufficiently detailed to enable the Association to perform all Functions set forth herein that the Association has undertaken to perform, including preparation of statements for assessments. After reasonable prior notice to the Association, all financial records shall be made reasonably available for examination by any Owner or such Owner's authorized agents during normal business hours and under other reasonable circumstances. The Association may charge a reasonable fee for copying such materials. The financial records may be maintained at Declarant's home offices during the Declarant Control Period and at such location as is designated by the Association thereafter.
- 3.17 **Implied Rights of the Association**: The Association shall have and may exercise (but shall have no obligation to do so) any right or privilege given to it expressly in this Declaration or, except to the extent limited by the terms and provisions of this Declaration, given to it by law and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfill its obligations under this Declaration, including without limitation the rights to:
- (a) adopt and amend the Bylaws and Rules and Regulations of the Association;
  - (b) adopt and amend budgets for revenues, expenditures and reserves and collect assessments, including without limitation assessments for Common Expenses, from Owners;
  - (c) hire and terminate managing agents and other employees, agents and independent contractors;
  - (d) institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting The Estates on the River;
  - (e) make contracts and incur liabilities;
  - (f) regulate the use, maintenance, repair, replacement, and modification of the Commons;



- (g) cause additional improvements to be made as part of the Commons, including the construction of capital assets, in whole or in part, for the benefit of some or all of the Owners, Lessees, and Guests, including without limitation, grill areas, streets, and other limited access roads, trails, entrances, paths, walkways, a central mailbox structure and other landscaping changes, improvements (including without limitation, removal of trees and other vegetation) and appurtenances, cattle guards; fences; recreational areas and facilities; water wells, parking areas; storage facilities for supplies and equipment; earth walls, retaining walls; lighting; and signage;
- (h) grant easements, leases, licenses, and concessions through or over the Commons. Without limiting the generality of the foregoing, the Association may grant easements, right-of-way, leases, licenses and concessions to suppliers of utilities serving the Property or property adjacent to the Property and may grant such rights to developers or owners of property adjacent to the Property for the purpose of accommodating minor encroachments onto the Commons or other purposes that do not unreasonably interfere with the use and enjoyment of the Commons;
- (i) impose and receive any payments, fees or charges for the use, rental or operation of the Commons;
- (j) impose charges for late payments of assessments, recover reasonable attorneys' fees and disbursements and other costs of collection for assessments and other actions to enforce the rights of the Association, regardless of whether or not suit was initiated, and after notice and opportunity to be heard, levy reasonable fines and penalties for violations of the Association Documents;
- (k) impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid assessments;
- (l) provide for the indemnification of the Association's officers and directors and maintain directors' and officers' liability insurance;
- (m) assign its right to future income, including without limitation, its right to receive assessments (by way of example and not limitation, the Association may assign its right to receive assessments to secure financing for improvements to the Commons or performance of Functions);
- (n) obtain and pay for legal, accounting and other professional services;
- (o) perform and function by, through or under contracting arrangements, licenses, or other arrangements, licenses, or other governmental or private entity as may be necessary or desirable; and
- (p) Enjoy and exercise any other power of authority which similar associations may now or hereafter enjoy or exercise in the State of Texas.

3.18 **Association Documents:**

- (a) Each Owner shall comply with and may benefit from each term, provision, covenant, condition, restriction, reservation, and easement contained in the Association Documents. The obligations, burdens and benefits of Membership in the Association touch and concern the property comprising The Estates on the River and are, and shall be, equitable servitudes and covenants running with the land for each Lot for the benefit of all other Lots and the Commons.
- (b) In the event that there is any conflict or inconsistency between the terms and conditions of this Declaration and the terms and conditions of the Articles, the Bylaws or the Rules and Regulations, the terms and conditions of this Declaration shall control. In the event that there is any conflict or inconsistency between the terms and conditions of the Bylaws or the Rules and Regulations, the terms and conditions of the Articles shall control. In the event of any conflict or inconsistency between the terms and conditions of the Bylaws and the terms and conditions of the Rules and Regulations, the terms and conditions of the Bylaws shall control.

3.19 THE ASSOCIATION SHALL NOT BE REQUIRED TO PERFORM ANY FUNCTION WHICH IS NOT OBLIGATORY AS SET FORTH IN THIS DECLARATION ("PERMISSIVE FUNCTIONS"), THE ASSOCIATION AND DECLARANT MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER THAT ANY PERMISSIVE FUNCTION WILL BE UNDERTAKEN OR PERFORMED BY THE ASSOCIATION OR DECLARANT AT ANY TIME AND THE DETERMINATION OF WHETHER TO AND/OR WHEN TO UNDERTAKE ANY PERMISSIVE FUNCTION WILL BE DETERMINED IN THE ASSOCIATION'S SOLE DISCRETION.

**ARTICLE IV**  
**THE ESTATES ON THE RIVER - MEMBERSHIP AND VOTING**

4.1 **Membership:**

- (a) There shall be one Membership in the Association attributable to ownership of each Lot. Each such Membership shall be appurtenant to the Lot. The Owner of a Lot shall automatically be the holder of the Membership appurtenant to that Lot and title to and ownership of the Membership for that Lot shall automatically pass with ownership of the Lot. Each Owner of a Lot shall automatically be entitled to the benefits and subject to the burdens relating to the Membership for its Lot as set forth in the Association documents as from time to time in force and effect. If ownership of a Lot is held by more than one person or entity, the Membership appurtenant to that Lot shall be shared by all such personas or entities in the same proportionate interest and by the same type of ownership as the Lot is held.
- (b) Membership in the Association shall be limited to Owners.

## 4.2 **Voting:**

- (a) The Association shall have two classes of voting Membership as set forth below:
- (i) **Class A.** Class A Members shall be all of the Owners of the Lots other than the Declarant. A Class A Member shall be entitled to one vote for each Lot owned by such Class A Member. When more than one person holds such interest(s) in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot (and such vote shall not be split), and such Members shall designate in writing to the Association the Member who shall be entitled to cast the vote of such Lot and the failure to designate such Member shall preclude the vote of such Lot.
  - (ii) **Class B.** The sole Class B Member shall be the Declarant. The Class B Member shall be entitled to four votes. The Class B Membership shall be converted to a Class A Membership at the time of the termination of the Declarant Control Period.
- (b) No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board of Directors is given actual written notice of such change and is provided satisfactory proof thereof. If more than one person or entity holds a Membership in any class and only one of the holders is present at the meeting, such holder is entitled to cast all of the votes allocated to that Membership. If, however, more than one of the holders is present, such holders may vote in any manner in which they all agree. If such holders cannot agree about how to cast their vote on any specific issue, no vote for that issue shall be recorded for their Membership.
- (c) In any election of the directors, the candidates receiving the highest number of votes shall be deemed elected. Cumulative voting shall not be allowed in the election of directors or for any other purposes.
- (d) No Member not in good standing shall be entitled to vote on any matter before the Association for purposes of voting rights. For purposes of determining voting rights, good standing with the Association shall mean that a Member is not delinquent in Association dues and is not subject to any liens, fines, penalties or delinquent assessments.

- 4.3 **Declarant:** So long as Declarant is an Owner, Declarant will have all the rights and duties given to Members under the Association Documents, and will have all of the rights belonging to Declarant under the Association Documents (including, without limitation, the Special Declarant Rights) for the duration of those rights as set forth in the Association Documents.

**ARTICLE V**  
**ASSESSMENTS, COMMON EXPENSES, OTHER AMOUNTS AND LIENS**

- 5.1 **Obligations for Assessments and Other Amounts:** Each Owner by acceptance of a deed to its Lot, whether or not it shall be so expressed in any such deed, assignment or other conveyance, shall be deemed to covenant and agree, to pay to the Association all assessments, charges, fines, penalties, or other amounts, including the following:
- (a) Annual assessments;
  - (b) Special assessments to be fixed and established from time to time as provided in Section 5.3; and
  - (c) Special individual assessments levied against individual Owners;
    - (i) to reimburse the Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the Owner or its Lessees and Guests;
    - (ii) to reimburse the Association for costs incurred by the Association or Design Review Board resulting from any Owner's failure to comply with the terms and provisions hereof; or
    - (iii) to pay charges and fines against the Owner for failure to comply with the terms and provision hereof. The annual, special, and special individual assessments, together with late fees, interest, and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each Lot against which each such assessment is made. Each such assessment, together with such late fees, interest, and costs of collection thereof as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such property at the time when the assessment fell due. No Owner shall be exempt from liability under this Section by waiving the use or enjoyment of any Commons or by abandoning a Lot against which such assessments are made.
- 5.2 **Purpose of Assessments and Other Amounts:** The assessments levied and any charge, fine, penalty or other amount collected by the Association shall be used exclusively to pay expenses and other obligations that the Association may incur in performing any actions permitted or required under the Association Documents as from time to time in force and effect, including but not limited to, Common Expenses, the costs of constructing or purchasing the Commons and performing Functions, repayment of debt and debt service, providing security for third party obligations as provided in the Association Documents, payment of rentals or other charges owing, Common Access Area Leases, allocations to reserves and installing and maintaining any future community water system (if any). The Association may invest any funds allocated to reserves in a prudent manner. Unless expressly required by any Association Document, the Association need not refund or credit to Owners excess funds collected by the Association.

- 5.3 **Special Assessments:** In addition to the annual assessment, the Association may levy in any year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the costs of:
- (a) any construction or reconstruction, maintenance, unexpected repair or replacement of a described capital improvement upon the Commons, including the necessary fixtures and personal property related thereto; or
  - (b) any other unexpected expense. Except as set forth in Section 5.7(c) establishing a one-time assessment for a Sinking Fund, no special assessments will be levied to Owners prior to calendar year 2009.
- 5.4 **Allocation of Assessments:** Annual and special assessments shall be allocated to each Owner by multiplying such assessment times a ratio, the numerator of the ratio shall be the number of Lots owned by such Owner, and the denominator of the ratio shall be the total number of lots within The Estates on the River. Notwithstanding the preceding sentence, no annual or special assessments shall be made against the Declarant during the Declarant Control Period; however, during the Declarant Control Period, the Declarant shall pay to the Association any shortfall in the annual and special assessments by the Association which are not payable by or collected from Owners but not in excess of the amount which the Owner of the unsold Lots which are owned by Declarant would be obligated to pay if they had been sold and were owned by an Owner other than Declarant.
- (a) In the event the Association has decided to provide or contract for a public or community water system, the cost of such water system shall be payable by the Lots served by such water system. This assessment shall occur irrespective of whether any improvements to any Lot are connected to the water system. In the event that any water system is later expanded to include additional Lots, those Lots shall then become subject to this assessment regardless of whether any improvements to any such Lot are connected to the water system. All costs shall be paid proportionately based on the total number of Lots served by such water system.
- 5.5 **Date of Commencement and Due Dates of Assessments:** The initial annual assessment, until change as provided herein, shall be \$450.00 per Lot paid at closing on each such Lot. The annual assessments provided for herein shall commence as to all Lots upon the date hereof and shall be payable in advance, on the first (1<sup>st</sup>) business day of each January. For Lots sold to an Owner by the Declarant, the assessment for a pro rata portion of the year shall be payable on the date the Lot is sold by Declarant to a buyer. The due date (or dates if it is to be paid in installments) of any special assessment under Section 5.3 shall be fixed in the resolution authorizing such individual assessment. The Association may levy a late payment fee equal to \$25.00 per month for each month that any assessment is delinquent. The Association may also charge interest on such amounts at the rate of eighteen percent (18%) per annum, or such other interest rate as may from time to time be established by the Board of Directors not to exceed eighteen percent (18%) per annum, from the date due and payable until paid. In addition, during the period of any delinquency, the Association may suspend an Owner's voting privileges or any other privileges to use or enjoy the Commons.

5.6 **Omission of Assessments**: The omission of the Board of Directors, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, and the annual assessment filed for the preceding year shall apply until a new annual assessment is made.

5.7 **Maintenance Fund; Working Capital Fund; Sinking Fund**:

(a) The Association may establish and maintain a maintenance fund for the periodic maintenance of the Commons into which funds collected from annual and special assessments pertaining to such maintenance shall be deposited. The Board may at any time ratably increase or decrease the amount of the annual assessments to such level as shall be reasonably necessary in the judgment of the Board to cover the estimated obligations of the Association under this Declaration including provision of reasonable reserves.

(b) The Association may establish a working capital fund for the initial operation of the Commons in such amount as the Board shall determine.

(c) There is hereby established a sinking fund for the purpose of funding necessary or appropriate (as determined in the sole discretion of the Association) capital expenditures related to the Commons, including common roadways, entrances, and related amenities to be initially funded by a one time special assessment on each Lot in the amount of \$250.00, payable by the initial purchaser of a Lot from the Declarant at the time of closing of the purchase of such Lot. Declarant shall deposit into such fund, at the time of such purchase, the sum of \$500.00. To the extent additional capital funds are required, the Association may make additional annual and special assessments from time to time as otherwise provided in Article V.

5.8 **Collection and Enforcement**: The Association shall have a lien on each Lot (including any and all improvements), securing payment of any annual, special or special individual assessment (including penalties), together with late payment fees and interest thereon as provided herein and reasonable attorneys' fees and costs incurred in the collection of same and the enforcement of said lien, whether or not suit is filed. The Association shall take such action as it deems necessary to collect assessments and may settle and compromise the same if it is in the best interest of the Association. Such liens shall be effective as and in the manner provided for herein and shall have the priorities established in the covenants, conditions and restrictions contained herein. The Association may

(a) bring an action for a money judgment against any Owner for any unpaid assessment without foreclosing or waiving any lien securing same, or

(b) foreclose the lien against such Owner's Lot, or

- (c) both, and late fees, interest, costs and reasonable attorney's fees shall be added in the amount of such assessment.

Each Owner, by his acceptance of a deed and/or leasehold assignment of a Lot, hereby expressly vests in the Association or its agent the right and power to bring all actions against such Owner personally for the collection of such assessments as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including, but not limited to, non-judicial foreclosure pursuant to Texas Property Code in force and effect on the date of this Declaration, or in accordance with the prescribed manner for foreclosure of deed of trust as provided by any future amendment to such Property Code or any other statute or article enacted in substitution therefore, and such owner hereby expressly grants to the Board of Directors a power of sale in connection with said lien. Thomas M. Murray, Hutto & Lucksinger, L.L.P., P. O. Box 520, Burnet, Texas 78611, is hereby appointed trustee, unless and until the Board of Directors shall designate a substitute or successor trustee, as hereinafter provided, to post the required notices as provided by law and conduct such foreclosure sale. The Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting an action taken or proposed to be taken by the Trustee hereunder, believed by the Trustee in good faith to be genuine. The Trustee shall be entitled to reimbursement for actual expenses incurred by the Trustee in the performance of the Trustee's duties hereunder and to reasonable compensation for such of the Trustee's services hereunder as shall be rendered. The lien provided for in this Section shall be in favor of the Association and shall be for the common benefit of all Owners and shall have the same effect as though each Owner had expressly granted to the Association for the benefit of the Owners a deed of trust lien as well as a security interest in such Lot to secure the payment of the assessments provided for herein. In addition to such notices as required by the aforesaid statute, the trustee shall mail to the Owner or Owners and mortgagee of a Lot for which the assessment has not been paid, a copy of the notice of trustee's sale at or before the time of posting same by U.S. Postal Service, postage prepaid, certified, return receipt requested, at the Lot or such other address as the Board has been advised in writing for receipt of notices under this Declaration. At any foreclosure, judicial or non-judicial, the Association shall be entitled to apply as a cash credit against its bid all sums due the Association, including late fees, interest, costs and attorneys' fees, covered by the lien foreclosed. From and after any such foreclosure, the former Owner or Owners, their successors, heirs and assigns, shall forthwith, upon such sale, surrender and deliver possession of the property upon demand, and the purchaser or his successors, heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said property in the Justice of the Peace court in the Justice Precinct in which such Lot, or any part thereof, is situated or in any other court of competent jurisdiction. The Association in any event is hereby authorized to appoint a substitute trustee, to act in the place of the trustee who posted the original notices without any formality other than the designation in writing of a substitute or successor trustee; and the authority hereby conferred upon the Association shall extend to the appointment of other successor and substitute trustees successively until the delinquent assessment or assessments have been paid in full, or until said property is sold, and each substitute and successor trustee shall succeed to all the rights and powers of the original trustee appointed by the Association or its agents. The lien is prior to all other liens and encumbrances on a Lot except:

- (a) liens and encumbrances recorded before the recordation of the Declaration;

- (b) a first mortgage lien or mechanic's lien contract on the Lot which secures sums borrowed for the purchase or improvement of such Lot and which mortgage lien was recorded in the Official Public Records of Burnet County, Texas, before the date on which the assessment or other charge sought to be enforced became delinquent provided, however, the Association's lien shall not be inferior to any lien created by virtue of a home equity loan without an express subordination agreement; and
- (c) liens for real estate taxes and over governmental assessments or charges against the Lot.

The recording of this Declaration constitutes record notice and perfection of a lien of the Association on each Lot. No further recordation of any claim of any lien is required. The foreclosure of any superior lien shall not release the Owner of any debt obligation as provided by this Declaration.

- 5.9 **Liability of Owner's Purchasers and Encumbrances:** The amount of any assessment, charge, fine or penalty payable by any Owner, or with respect to such Owner's Lessees, Guests or Lot, shall be a joint and several obligation to the Association of such Owner and such Owner's heirs, devisees, personal representatives, successors and assigns. A Person acquiring ownership of a Lot shall be jointly and severally liable with the former Owner of the Lot for all such amounts which had accrued and were payable at the time of the acquisition of the Lot by such Person, without prejudice to such Person's rights to recover any such amounts paid from the former Owner.
- 5.10 **Exempt Property:** The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein:
- (a) all properties dedicated and accepted by the local public authority and devoted to public use;
  - (b) all Commons; and
  - (c) all Lots and other properties retained by the Declarant for the purpose of sale.

**ARTICLE VI**  
**CERTAIN RIGHTS OF DECLARANT, OWNERS, AND ASSOCIATION**

- 6.1 **Declarant's and Others' Easements and Related Rights:**
- (a) Declarant hereby reserves for itself and its licensees, invitees, lessees, successors and assigns a perpetual easement on, over, upon, across, above, under and through the Commons as may be reasonably necessary to:
    - (i) discharge Declarant's obligations under this Declaration;
    - (ii) exercise any Special Declarant Right;



- (iii) make improvements within The Estates on the River (provided, that nothing herein shall imply any obligation on Declarant to make any improvements within The Estates on the River); or
  - (iv) serve persons residing, visiting, or doing business within The Estates on the River.
- (b) All dedications, easements, rights-of-way, limitations, restrictions, and reservations shown on any plat and all grants and dedications of easements, rights-of-way, restrictions, and related rights, made 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 easement and rights-of-way for the purpose of most efficiency and economically developing the Property. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other person, to grant, delegate, reserve or otherwise create, at any time or from time to time, rights-of-way and easements for public utility purposes (including without limitation, gas, water, electricity, telephone and drainage) in favor of any person along any front or side property line of any Lot, which easements shall have a maximum width of 20 feet along the front property line, and 7.5 feet on either side of the side property lines.
- (c) There is hereby created an easement upon, across, over, and under all of the Property for ingress and egress in connection with installing, replacing, repairing, and maintaining all utilities, including but not limited to, telephones, and electricity lines and appurtenances thereto; however, with respect to Lots, such easements shall exist only over such areas depicted on the plat. By virtue of the 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, on, above, across and 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 electrical lines, or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the Design Review Board. The utility companies furnishing service shall have the right to remove all trees situated within the utility easements shown on the Plat, and to trim overhanging trees and shrubs located on portions of the Property abutting such easements.

## 6.2 **Rights and Obligations of Owners:**

- (a) Subject to the provisions of this Declaration and the power of the Association to regulate the use of, and convey or encumber the Commons as set forth in the Association Documents, each Owner, and such Owner's Lessees and Guests shall have a non-exclusive easement over, upon, across and with respect to any Commons as appropriate, and necessary for: access, ingress and egress to the Lot of such Owner, Lessee, or Guest;

and to use the Commons and all other real property that shall become the Commons (as described herein) for all other purposes.

- (c) All rights, easements and obligations of an Owner under this Declaration and all rights of an Owner with respect to Membership under this Declaration are hereby declared to be appurtenant to the Lot owned by such Owner and may not be transferred, conveyed, granted, devised, bequeathed, encumbered or otherwise disposed of separate or part from the ownership of such Owner's Lot. Every transfer, conveyance, grant, devise, bequest, encumbrance, or other disposition of a Lot shall be deemed to constitute a conveyance, grant, devise, bequest, encumbrance, transfer or disposition of such rights and obligations. A transfer of ownership of a Lot may be made by deed and/or assignment of leasehold (as appropriate), intestate succession, testamentary disposition, foreclosure of a deed of trust or mortgage of record or such other legal process as is now effective or may hereafter become effective under the laws of the State of Texas. Any attempt to transfer a Membership in a manner other than those permitted by this Section shall be null and void.
- (d) Each Owner, by accepting a deed or other form of conveyance of an interest in the Property agrees to abide by the provisions of the Association Documents and to cooperate with the Association in its efforts to enforce such provisions.

6.3 **Other Association Easements:** Declarant hereby grants to the Association, its licensees, invitees, lessees, successors and assigns; a nonexclusive, perpetual easement on, over, upon, across, above, under and through The Estates on the River and each portion thereof to:

- (a) exercise any right held by the Association under this Declaration or any other Association Document; and
- (b) perform any obligation imposed upon the Association by this Declaration or any other Association Document. Notwithstanding the foregoing, the Association shall not enter upon any Lot without reasonable prior notice to the Owner of the Lot, except in cases of emergency.

6.4 **Other Easements:** Declarant hereby grants a nonexclusive perpetual easement across and over the Property for ingress and egress to all police, sheriff, fire protection, ambulance and similar emergency agencies or persons, now or hereafter serving the Property, to enter the Property in the performance of their duties.

6.5 **Enjoyment of Functions and The Commons:** There shall be no obstruction of any Commons, nor shall anything be stored in or on any part of any Commons, without the prior written consent of the Association. Nothing shall be altered on, constructed in or removed from any Commons, except with the prior written consent of the Association. Nothing shall be done or kept on or in any Commons, that would result in the cancellation of the insurance or any part thereof which the Association maintains pursuant hereto or increase the rate of the insurance or any part thereof over the amount that the Association, but for such activity, would pay, without the prior written consent of the Association. Nothing shall be done or kept on or in such Commons that would be in violation of any statute, rule, ordinance, regulation, permit or the requirement of any

governmental body. No damage to, or waste of, the Commons shall be committed, and each visitor and Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or waste caused by such visitor, Owner, or such Owner's Lessees or Guests. No noxious, destructive, or offensive activity shall be carried on with respect to the Property or any Commons, nor shall anything be done therein or thereon which may be or become a nuisance to any other visitor, Owner, or to any Lessee or Guest. All restrictions contained herein shall be deemed to apply to the Commons and Property.

6.6 **Assignment of Rights or Obligations to a Lessee:** An Owner may assign or delegate to a Lessee all (but not less than all) of its rights under this Declaration as an Owner or as a Member and may enter into an arrangement with such Lessee under which the Lessee shall agree to assume all of such Owner's obligations hereunder as an Owner or member, provided, however, that any such lease shall be for a term not less than six (6) months and the Lessee shall use the Property for residential purposes only. The Association shall recognize assignment or delegation of rights or arrangements for assumption of obligations, provided that, to be effective with respect to the Association, Declarant or any other Owner, the assignment or delegation of rights or arrangement for assumption of obligations shall be in writing, shall be in terms deemed satisfactorily specific by the Association, and a copy thereof shall be filed with any approved by the Association. Notwithstanding the forgoing, no Owner shall be permitted to relieve itself of the ultimate responsibility for fulfillment of all obligations hereunder of an Owner arising during the period it is an Owner. Furthermore, no Owner shall be permitted to transfer any voting rights to any Lessee.

6.7 **Special Declarant Rights:** Declarant hereby reserves for itself and its successors and assigns the following rights ("Special Declarant Rights"), which rights may be exercised (at Declarant's sole option and discretion) at any time during the term of this Declaration, including but not limited to:

- (a) The right to complete any improvements shown on any plat, and the right to construct any improvement that Declarant deems necessary or advisable on any Commons or any property owned by Declarant;
- (b) The right to construct and maintain sales offices, booths or other structures (including a temporary sales trailer) used for sales or promotional purposes, management offices and models on any Commons or any property owned by Declarant. Declarant also reserves for itself and its successor and assigns the right to construct and maintain signs advertising The Estates on the River on any Commons. The number, size, and location any such sales structures and signage, management offices or models or the relocation thereof shall be determined by the Declarant, subject to the approval of the Design Review Board. Notwithstanding anything contained in this Declaration or any other Association Document to the contrary, any structure utilized or constructed by Declarant on a Lot which structure contains not less than one thousand five hundred (1,500) square feet of heated and air-conditioned space shall be deemed in compliance in all respects with this Declaration, including; but not limited to, Article VII hereof, and such structure may be utilized as a single-family residence notwithstanding any subsequent transfer of such Lot from Declarant;

- (c) The right to use easements through the Commons for the purpose of making improvements within The Estates on the River or within real property which may be added to The Estates on the River;
- (d) The right to appoint and remove the directors during the Declarant Control Period as set forth herein;
- (e) The right to plat, alter, or amend, any plat, and to replat all or any portion of The Estates on the River as Declarant shall determine in its sole discretion without joinder or any Owner of Lot;
- (f) The right to grant and to cause the Association to grant easements to third parties over and across the Commons and to relocate such easements from time to time as the Declarant in its sole judgment shall determine. Such right shall include the right to grant access through as well as the use of gateways and gates to or from The Estates on the River;
- (g) The complete and unfettered right and privilege to amend, change, revise, modify, or delete portions of the Declaration, as the Declarant (in its sole and absolute discretion) shall deem reasonable and appropriate during the Declarant Control Period; and
- (h) The right during the Declarant Control Period as set forth herein, to add additional property or Commons to this Declaration by filing of record a Supplemental Declaration(s) extending the provision of the Declaration to such additional property or Commons.

6.8 **Declarant Right to Appoint:**

- (a) Subject to the terms and conditions of subsection (b) below but notwithstanding anything else to the contrary contained in this Declaration or in any other Association Document, Declarant shall have the exclusive right to appoint and remove all of the Directors of the Board of Directors of the Association during the Declarant Control Period. The Board of Directors shall elect the officers. The Board of Directors and officers shall take office upon election.
- (b) Declarant may voluntarily surrender its right to appoint and remove Directors prior to the expiration of the Declarant Control Period.
- (c) Upon the expiration (or voluntary termination by Declarant) of the Declarant Control Period and so long as Declarant owns at least one (1) Lot, the Declarant shall retain the right to elect one (1) director who need not be an Owner and the remaining directors shall be elected by the Class A Members, which remaining Directors must be Owners other than the Declarant.

**ARTICLE VII**  
**CONSTRUCTION OF IMPROVEMENT AND USE OF LOTS**

- 7.1 **Approval of Construction Activities:** Each Owner shall have the right to construct a building and other improvements on its Lot, provided that no building or other improvements, including without limitation, any boat dock, boat house, fence, wall, driveway, paving, walk, deck, patio, canopy, awning, roof, signage or exterior lighting facility, shall be constructed, erected, placed or installed upon any Lot, and no change or alteration of the materials or appearance (including color) of the exterior of a building or other structure shall be made and no change in the final grade of any Lot shall be performed, and no other construction activity shall be initiated on any Lot, until the approval of the Design Review Board and any governmental or quasi-governmental entity having jurisdiction over the Property has been obtained by such Owner. In this regard, without limiting the generality of the foregoing, each Owner is hereby advised and acknowledges that, in connection with any construction on its Lot, it must comply with the applicable provisions of the Association Documents, which documents include, among other things, the following:
- (a) time limitations for the completion, within specified periods after approval, of the improvements for which approval is required under such documents;
  - (b) minimum square foot areas of living space that may be developed on any Lot; and
  - (c) instructions and/or Rules and Regulations for the construction, reconstruction, refinishing or alteration of any improvement, including any plan to excavate, fill or make any other temporary or permanent change in the natural or existing surface contour or drainage or any installation of utility lines or conduits on the Property, addressing matters such as grading, transformers, meters, fire protection, loading area, water storage, trash and debris removal, parking areas, outside storage, sanitary facilities, and conduct and behavior of builders, subcontractors and Owner's representatives on the Property at any time.
- 7.2 **Residential Use:** The Lots shall be used for single-family residential purposes only. No building or other structure shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single-family residence per Lot, and cabanas and storage buildings and other outbuildings, as provided below, which shall be constructed to minimum Federal Housing Authority ("FHA") and Veteran's Administration ("VA") standards, unless otherwise approved in writing by the Design Review Board (as hereinafter defined).
- (a) All residences shall be recognized standard construction, built in a good and workmanlike manner with seventy-five percent (75%) exterior first floor walls composed of stone, rock, brick or stucco.
- 7.3 **Garage:** Each residence may have a garage or carport that conforms in design and materials with the main structure, the outer walls of which shall be of the same material as the main residence.
- 7.4 **Side Line, Front Line and Back Line Setback Restrictions:** No building structure shall be within certain building setback lines, including forty (40) feet for the front, forty (40) feet for the side property lines, and forty (40) feet to the back property line, unless otherwise approved by the Design Review Board. The setback distances shall be inclusive of the easement widths set forth on the Plat. The Design Review Board may grant variances with respect to such setback requirements in its sole discretion. Declarant may, from time to time, by appropriate instrument

in writing and filed for record in Burnet County, Texas, amend and alter the restrictions set out in this paragraph relative to the locations of improvement to be erected on the Lots.

- 7.5 **Fences**: Fences, walls, or other barriers shall be permitted for the purpose of enclosing or demarcating any property boundaries but only with the prior written approval of the Design Review Board (such prior written approval shall be obtained with respect to color, design building materials and location of all fences, walls or barriers). No fences or wall shall be permitted within forty (40) feet of any common roadway, unless otherwise approved by the Design Review Board due to the size or location of a particular Lot and such other factors as are deemed relevant by the Design Review Board.
- 7.6 **Mailboxes**: Mailboxes shall not be allowed, except at a central mailbox area as shall be designated by the Association.
- 7.7 **Outbuildings**: Outbuildings used for the purpose of housing domestic pets, storage, home shops, and other related personal use shall be constructed in a similar or compatible manner to compliment the main dwelling and shall require specific approval of the Design Review Board.
- 7.8 **Gas Tanks**: When butane or propane tanks are installed on a Lot, they must be buried or totally and permanently screened from public view from the street and all adjoining properties. Each Owner agrees to plant shrubbery so that tanks are totally and permanently screened through the year from public view and adjacent property.
- 7.9 **Water**: Each Lot with a structure designed for occupancy will, prior to occupancy, contain, at the Owner's sole cost and expense, the water and wastewater facilities required by any governmental or quasi-governmental authority, including, without limitation, the Design Review Board. The Declarant and the Association expressly disclaim any representation or warranty regarding water quality or its availability on or to any Lot. Each Owner shall be responsible for determining water availability and quality with respect to its Lot. Neither Declarant nor the Association shall have any responsibility therefor.
- 7.10 **Building Height**: No improvement greater than thirty-five feet (35') in height may be constructed on any Lot without the prior written approval of the Design Review Board. For purposes of this paragraph, height shall be measured from the foundation slab of the proposed improvement to the ridgeline of the roof of the proposed improvement.
- 7.11 **Obstruction of Views**: No improvement may be constructed on any Lot that would unreasonably obstruct the view from other portions of the Property, and the positioning of all improvements upon Lots within the Property is hereby expressly made subject to the Design Review Board's sole review. The Design Review Board may, but shall not be required to, prevent or allow the construction of a proposed improvement based upon the effect it will have upon the view from any particular Lot. Rather, the Design Review Board may consider the effect the improvement will have on the Property as a whole, it being expressly understood that neither the Design Review Board nor the members thereof shall be liable to any Owner in monetary damages or otherwise due to the construction of any improvement within the Property or the creating thereby

of an obstruction to the view from such Owner's Lot or Lots.

- 7.12 **Building Materials; Dwelling Size:** All single-family dwellings shall be of recognized standard construction quality and shall be subject to the approval of the Design Review Board and shall be constructed of material, or such color and shall be located within the boundaries of a Lot as specifically approved in writing by the Design Review Board. All single-family dwellings shall be constructed of stone, rock, brick or stucco and shall contain not less than two thousand (2,000) square feet of finished heated and air-conditioned living space, exclusive of porches (open or covered), decks, garages, and carports. The Design Review Board shall have the right to approve or disapprove and require modifications to site plans, plans and specifications, colors, building materials, elevations and other construction related plans for all improvements of any kind proposed to be built on a Lot.
- 7.13 **Foundations:** All footings, piers and foundations of the main dwelling unit on any Lot in said subdivision shall be of concrete construction. Not more than thirty (30) inches of vertical surface of concrete slab of any structure shall be exposed to view from any street or adjacent Lot. Any slab in excess of thirty (30) inches in height above finished grade shall have at least that excess in height covered with similar material as used in constructing the structure. The Design Review Board, in its sole discretion, will determine the adequacy of the material so employed and must be approved by the Design Review Board prior to construction of the structure.
- 7.14 **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 Design Review Board.
- 7.15 **Manufactured, Prefabricated and Relocated Homes:** No manufactured home, prefabricated home, prefabricated building of any type, relocated home or building may be placed on any Lot or other property within the Property unless approved in writing by the Design Review Board. A manufactured or prefabricated home or prefabricated building shall mean a home or building that is constructed on a remote location and moved, in whole or in major parts, to the Property. A relocated home is any structure constructed on a remote site and moved in whole or in major parts to the Property and shall include older or previously occupied homes or buildings, unless approved by the Design Review Board. The Design Review Board shall have the sole authority to determine what is a manufactured or prefabricated home and what is a relocated home. Notwithstanding the terms of the Section 7.15, nothing contained herein shall be construed so as to interfere with the Special Declarant Rights.
- 7.16 **Roofing Materials:** All roofing materials and colors are subject to prior approval by the Design Review Board. No roofing material that directly reflects sunlight shall be permitted unless the Design Review Board grants a variance in writing.
- 7.17 **Driveway:** The Design Review Board shall have the right to impose limitations on driveway design, including materials, aprons, location, and point of contact with common roadways. Driveways shall be constructed so that they have a sufficient rise in elevation to allow for the surface water drainage along the curb line of the street to continue without interruption or change

in direction of flow.

- 7.18 **Completion:** Any dwelling, other structure, fences or other improvement commenced on the subject property shall be completed with due diligence and in all events shall be completed as to its exterior within six months from the commencement of construction. No building material of any kind shall be placed or stored on the Lot until the owner is ready to commence construction. Construction must be completed within one year from the commencement of construction. Extensions past one year can be granted by the Design Review Board at its sole discretion.
- 7.19 **Garbage Containers:** The Design Review Board shall have the right to require each Owner to specify a specific location for trash service. No garbage containers shall be visible from an adjoining lot or street and such containers shall be screened from view or kept within an enclosed structure except on designated days for garbage collection. The Association shall not be required to provide any garbage collection area or removal or service, but rather, each Owner shall be responsible for its own garbage collection and removal.
- 7.20 **Drainage:** There shall be no interference with the established drainage patterns over any of the Property, except by Declarant, unless adequate provision is made for proper drainage and approved the Design Review Board.
- 7.21 **Construction Activities:** 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 within The Estates on the River. 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 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 that construction upon any Lot does not conform to usual practices in the area as determined by the Design Review Board in its sole good faith judgment, the Association shall have the authority to seek an injunction to stop such construction (all associated costs to be borne by the Owner of the Lot involved). In addition, if during the course of construction upon any Lot there is excessive accumulation of debris of any kind which would render the Lot or any portion thereof unsanitary, unsightly, offensive, or detrimental to it or any other portion of the Property, then the Design Review Board may contract for or cause such debris to be removed, and the Owner of the Lot shall be liable for all expenses incurred in connection therewith.

### **ARTICLE VIII** **RESTRICTIONS APPLICABLE TO PROPERTY**

- 8.1 **Land Use Restriction:** In addition to the restrictions found in this Article, all or any portion of the Property shall be further restricted in its use, density, or design according to:
- (a) any supplemental declarations of land use restrictions for The Estates on the River recorded with the Clerk and Recorder of Burnet County, Texas, if any such supplemental declarations are recorded prior to the time Declarant transfers or conveys any such Property to the Association or to any third party; or



(b) the Rules and Regulations. Each Owner shall comply with all other terms, provision, covenants, conditions, restrictions, easements, and reservations on the Owner's part to be complied with under this Declaration.

8.2 **Division of Lots:** No Lot shall be subdivided into smaller lots by any Owner. This restriction shall not prevent a correction deed or other documents to resolve boundary disputes. In the event of multiple contiguous Lot ownership, the Owner(s) may apply for a replat of the Lots as one Lot. Any such replat shall be deemed effective upon approval of and recording of the replat.

8.3 **Home Business:** A gainful home occupation, profession, trade or other nonresidential use will be a permissible use of a Lot, so long as:

(a) such use is permitted by law;

(b) such use is carried on entirely within a Lot and is secondary and incidental to its use as a residence;

(c) there is no external evidence of any such activity being conducted, including no external signage;

(d) no pedestrian or vehicular traffic is created or increased due to such use; and

(e) the use is conducted in compliance with the Rules and Regulations.

8.4 **Maintenance of Property:** All Property, except for any portion of the Property then undergoing major construction, including all improvements on such Property, shall be kept and maintained by the Owner thereof in a clean, safe, attractive and sightly condition and in good repair, and no trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon a Lot so that they are visible from, or are a nuisance in any way to, any neighboring Lot or any road.

8.5 **Connecting Streets, Roads and Easements:** No roads, streets or easements may be created, constructed or established without the prior written approval of the Declarant or the Association. No Lot, other property in the subdivision, or any roadway within the subdivision, may be used as access to any property that is not subject to this Declaration unless authorized in writing by Declarant or the Association.

8.6 **No Noxious or Offensive Activity:** No noxious or offensive activity shall be carried on upon any Property nor shall anything be done or placed on any Property that is or may become a nuisance or cause any significant embarrassment, disturbance, or annoyance to others.

8.7 **No Harassment of Wildlife:** No harassment of wildlife shall be permitted.

8.8 **No Hazardous Activities:** No activities shall be conducted on any Property and no improvements constructed on any Property that are or might be unsafe or hazardous to any person or property.

BURNET COUNTY REQUIRES ALL OPEN FIRES (INCLUDING CAMPFIRES) BE REPORTED TO THE SHERIFF'S DEPARTMENT PRIOR TO BE LIGHTED. No open fires shall be lighted or permitted on any Property, except (so long as there is no countywide or citywide burn ban in effect):

- (a) in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well designed interior wood or gas burning device;
- (b) campfires or picnic fires on Property designated for such use by Declarant or by the Association and authorized in writing by Declarant or the Association, and fires required for clearing or maintenance of land which are controlled and attended by Declarant or Association;
- (c) chimneys; and
- (d) fire pits or outdoor fireplaces as approved in writing by the Design Review Board.

8.9 **No Unsightliness**: No unsightliness shall be permitted on any Property. Without limiting the generality of the foregoing:

- (a) All unsightly structures, facilities, equipment, objects and conditions shall be kept within an enclosed structure at all times;
- (b) Motorcycles, mopeds, or other motorized recreational vehicles (excluding boats) and garden or maintenance equipment shall be kept in an enclosed structure at all times, except when in actual use;
- (c) Refuse, garbage and trash shall be kept in a covered container at all times;
- (d) Service areas and facilities for hanging, drying, or airing clothing or fabrics shall be kept within an enclosed structure;
- (e) Pipes for water, gas, sewer, drainage or other purposes, wires, cables, poles, antennas and other facilities for the transmission or reception of audio or visual signals or electricity, utility meters or other utility facilities, gas, oil, water or other tanks, and sewerage disposal systems or devices shall be kept and maintained within an enclosed structure or below the surface of the ground (except electric service lines may be above ground). No antenna shall be permitted to be used, erected, placed or maintained on any Lot except an antenna designed to receive direct broadcast satellite service or broadband internet service one (1) meter or less in diameter, an antenna designed to receive video programming service via multipoint distribution service one (1) meter or less in diameter or diagonal measurement, or an antenna designed to receive television broadcast signals. Any permitted antenna shall be installed within a single family dwelling or out-building or shall be enclosed by fences, walls, or landscaping so as not be visible from any roadway, except as expressly approved by the Design Review Board;

- (f) No lumber, grass, shrub or tree clippings or plant waste, compost, metals, bulk materials or scrap or refuse or trash or unused items of any kind shall be kept, stored or allowed to accumulate on any Lot;
- (g) Tennis courts may be constructed on a Lot with the prior approval of the Design Review Board. All proposed lighting is also subject to prior approval of the Design Review Board. All enclosed structures shall comply with the Rules and Regulations of the Design Review Board as in effect from time to time. The Design Review Board shall have the power to grant a variance from the provisions of this Section from time to time, as it deems necessary or desirable; and
- (h) Swimming pools and hot tubs may be constructed on a Lot with the prior approval of the Design Review Board. All proposed light is also subject to the Design Review Board. All enclosed structures shall comply with the Rules and Regulations of the Design Review board as in effect from time to time. Upon giving such approval, the Design Review Board may consider the impact on the view from and impact of the lake, impact on nearby Lots and dwellings and other matters in keeping with the overall plan of The Estates on the River.

8.10 **Lights, Sounds and Odors:** All exterior lighting of improvements and ground on the Property will be subject to regulation by the Design Review Board. No light shall be emitted from any Lot which is unreasonably bright or causes unreasonably bright or causes unreasonable glare or shines directly onto an adjacent Lot or street; no sound shall be emitted from any Lot which is unreasonably loud or annoying; and no odor shall be emitted from any Lot which is noxious or offensive to others.

8.11 **Restriction on Animals:** Except as provided by Section 8.11(a) and Section 8.11(c), no animals of any kind shall be raised, bred or kept on any Property except domestic cats, dogs, or other household pets permitted by the Association so long as they are:

- (a) maintained in accordance with this Declaration, the Rules and Regulations and any other Association Document; and
- (b) not a nuisance or kept, bred or maintained for any commercial purposes.
- (c) Notwithstanding the foregoing, upon the express written consent of the Design Review Board, a Member may be permitted to keep domesticated farm animals on a Lot for participation in any approved Future Farmers of America (FFA) program, 4-H, or other similar program; provided, however, no hogs, pigs or swine of any kind shall ever be kept on any Lot.

No person shall allow any dog owned or controlled by such Owner to roam within The Estates on the River unattended. Dogs shall either be contained indoors or enclosed in a dog run or kennel constructed for the purpose of confinement in a manner approved by the Design Review Board. At all other times, dogs shall be on a leash and under the direct control and supervision of their

owners.

- 8.12 **Restriction on Signs**: No signs or advertising devices of any nature shall be erected or maintained on any Lot except signs approved by the Design Review Board, signs required by applicable law or legal proceedings, signs showing the name of the owners of the Lot (as approved by the Design Review Board), temporary signs to caution or warn of danger, or Association signs necessary or desirable to give directions or advise of Rules or Regulations.
- 8.13 **Restrictions on Parking**: Parking of vehicles on Property is permitted only within parking spaces constructed with the prior approval of the Design Review Board and such parking shall be used only for the parking of personal vehicles.
- 8.14 **Ingress and Egress to Parks and Waterfront**: All property owners, members of their family, guests, and invitees shall have ingress and egress to the waterfront and park areas as designated on the plat of the subdivision which for these purposes shall incorporate by reference all property owners as herein described or any future development of any other phases by the Declarant. All parks, fishing piers, and waterfront improvements constructed and made by the Declarant or Association, shall be available for use at their own risk by all property owners, members of their family, guests and invitees. (Such use and availability shall not apply to any commercial activities. The owners of waterfront Lots shall have access to the water by means of the waterfront and park area. Access to the waters shall not be had by going over the Lot or Lots owned by any other person or persons.)
- 8.15 **Landscape Restriction**: No tree within the Commons may be cut without prior written approval of the Design Review Board. Vegetation on all Lots must be maintained to minimize erosion and encourage growth of ground cover. All owners are encouraged to preserve trees on their respective Lots and no tree in excess of six (6) inches in diameter may be removed without prior approval of the Design Review Board.
- 8.16 **No Mining and Drilling**: No Property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, gravel or earth.
- 8.17 **Mobile Homes, Travel Trailers and Recreational Vehicles**: No mobile nor manufactured homes shall be parked or placed on any Lot or used as a residence, either temporary or permanent, at any time. No motor homes, travel trailers nor recreational vehicles shall be parked on or near any Lot so as to be visible from public or private thoroughfares at any time. Any boat, boat trailer or personal watercraft parked on the Property shall be kept behind a fence and shall not be visible from any public or private thoroughfare. Declarant shall be permitted to place a sales office on the Property during the Declarant Control Period.
- 8.18 **General Practices Prohibited**: The following practices are prohibited at the Property:
- (a) removing any rock, plant material, top soil or similar items from any property of others;
  - (b) using surface water for construction; and

(c) disposing carelessly of cigarettes and other flammable materials.

8.19 **No Fireworks**. No fireworks shall be permitted on any portion of the Property.

8.20 **No Harvesting of Firewood**: No Owner may harvest firewood on any portion of the Property.

8.21 **No Hunting**: No hunting or discharge of firearms is allowed anywhere within The Estates on the River.

8.22 **Connecting Streets, Roads and Easements**. No roads, streets or easements may be created, constructed or established without the prior written approval of the Declarant or Design Review Board. No Lot or other property in The Estates on the River, or any roadway within The Estates on the River, may be used as access to any property that is not subject to this Declaration unless authorized in writing by Declarant or the Design Review Board.

8.23 **Declarant's Exemption**: Nothing contained in this Declaration shall be constructed to prevent the exercise by Declarant of any Special Declarant Rights.

8.24 **Health, Safety and Welfare**: In the event additional uses, activities and/or facilities are deemed by the Board of Directors to be nuisances or to adversely affect the health, safety or welfare of Owners or the value of any Property, the Board of Directors may adopt Rules and Regulations restricting or regulating the same.

8.25 **Compliance with Law**: In addition to the compliance requirements set forth elsewhere herein, no Property shall be used, occupied, altered, changed, improved or repaired except in compliance with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of the United States of America, State of Texas, County of Burnet, and other municipal, governmental or lawful authority whatsoever, affecting the Property or the improvements thereon or any part thereof, and of all their departments, bureaus and officials. Furthermore, no Owner shall release, discharge or emit from the Property or dispose of, or allow any person under such Owner's control or direction to release, discharge or emit from the Property or dispose of, any material on, above or under the Property, that is designated as a pollutant or containment under any federal, state or local law, regulation or ordinance.

8.26 **Violation**: Determination with respect to whether or not a particular activity or occurrence shall constitute a violation of this Article VIII shall be made by the Board of Directors after notice to the Owner shall be final.

8.27 **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 or elsewhere in the declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representations 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.

Nothing herein contained shall be deemed to prevent any owner from enforcing any covenants or restrictions in his own name.

**ARTICLE IX**  
**DESIGN REVIEW**

- 9.1 **Purpose:** In order to preserve the natural beauty of The Estates on the River and its setting to maintain The Estates on the River as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of Property, all exterior design, and use of all new development and additions, changes, or alterations to existing use, and exterior design and development of any Lot shall be subject to Design Review.
- 9.2 **Objectives:** The design review process shall be conducted with the following objectives in mind for The Estates on the River:
- (a) Preventing excessive or unsightly grading, indiscriminate earthmoving or clearing of property, removal of trees and vegetation that could cause disruption of natural watercourse or scar natural land forms;
  - (b) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the land and with surrounding Lots, structures and open space, and do not unnecessarily block scenic views from existing buildings or tend to dominate any general development or the natural landscape;
  - (c) Ensuring that the architectural design of structures and their materials and colors are visually harmonious with The Estates on the River's overall appearance, history and cultural heritage, with surrounding development, with natural land forms and native vegetation, and adheres to or complies with development plans, zoning requirements, and other restrictions officially approved by Declarant, the Association or any government or public authority, if any, for the sites in which the structures are proposed to be located;
  - (d) Ensuring that plans for the landscaping of open spaces provide visually pleasing settings for structures on such Lots and on adjoining and nearby Lots and blend harmoniously with the natural landscape;
  - (e) Ensuring that any development, structure, building or landscaping complies with the provisions of this Declaration;
  - (f) Ensuring that building design and construction techniques respond to energy consumption and environmental quality considerations, such as heat loss, air emissions, and run-off water quality;
  - (g) Ensuring that design of residential structures provides rooms of types and standards generally consistent through The Estates on the River; and

- (h) Ensuring that placement of structures provides visually pleasing and ample space between such structures and structures on other Lots.

### 9.3 **Design Review Board:**

- (a) The Association shall establish a Design Review Board which shall consist of three Members, all of which shall be appointed by the Board of Directors, except during the Declarant Control Period membership of the Design Review Board may be comprised of non-members as designated by the Board of Directors. The regular term of office for each member shall be three years, coinciding with the fiscal year of the Association. The Board of Directors may remove any such member, with or without cause at any time by written notice to such appointee. A successor or successors appointed by the Board of Directors to fill such vacancy shall serve the remainder of the term of the former member.
- (b) The Board of Directors shall select the chairperson and vice-chairperson from among the members of the Design Review Board. The chairperson or, in his or her absence, the vice-chairperson shall be the presiding officer of its meetings. In the absence of both the chairperson and the vice-chairperson from a meeting, the member present shall serve as acting chairperson at such meeting. Two (2) members shall constitute a quorum for the transaction of business, and in the absence of a quorum the remaining member shall adjourn the meeting to a later time or date. In the absence of all members any representative of Declarant may adjourn the meeting to a later time or date. The affirmative vote of a majority of the members of the Design Review Board present at any meeting shall constitute the action of the Design Review Board on any matter before it. The Design Review Board shall meet at such location and operate in accordance with such rules of procedure as it may adopt; said rules shall be filed with the Association and maintained in the records of the Association.
- (c) The Design Review Board is hereby authorized to retain the services of one or more consulting architects, landscape architects or urban designers, who may also be members of the Design Review Board and entitled to vote in such capacity, and who need not be licensed to practice in the State of Texas, to advise and assist the Design Review Board in performing the design review functions prescribed in this Article IX and in carrying out the provision of Article VII. Such consultants may be retained to advise the Design Review Board on a single project, on a number of projects or on a continuing basis. Consultants who are also members of the Design Review Board shall disclose to the Design Review Board their interests in any project or matter before the Board promptly after such project comes up for board consideration.

### 9.4 **Design Review Board Approval and Control:**

- (a) In addition to the requirements set forth in Section 8.3 above and except as otherwise provided herein, no Owner, Lessee, or Guest or the Association shall engage, use, or contract for the activities described herein on any Property, Lot or Commons or building or structure thereon, or change the use of any Property or building or structure thereon, unless the Design Review Board has approved the plans and specifications for the project,

showing the nature, kind, shape, height, color, materials and location of same, and the construction procedures to be used to ensure compliance with Article VII, including compliance with land use restrictions made applicable to the Property by Article VIII. Alterations or remodeling which are completely within a building or the structure may be undertaken without Design Review Board approval, provided such alterations or remodeling do not change the use of the building or structure. All actions taken by the Design Review Board shall be in accordance with Rules and Regulations established by the Design Review Board, which shall be published as set forth herein. Such Rules and Regulations may be amended from time to time by action of the Design Review Board that is consistent with and fulfills the purpose of this Declaration. The approval or consent of the Design Review Board on matters properly coming before it shall not be unreasonably withheld, actions taken shall not be arbitrary or capricious and decisions shall be conclusive and binding on all interested parties, subject only to the right of appeal and review by the Board of Directors as set forth below; and such approve or consent shall not prohibit enforcement of the provisions of this Declaration under this Article IX. The Design Review Board or its designated representative shall monitor any approved project to the extent required to ensure that the construction or work on such project complies with any and all approved plans and construction procedures. The Design Review Board or its designated representative may enter upon any Property at any reasonable time or times to inspect the progress, work status, or completion of any project. In addition to the remedies described in this Article IX, the Design Review Board may withdraw approval of any project thereby stopping all activity at such project, if deviations from the approved plan or approved construction practices are not corrected or reconciled within 24 hours after written notification to the Owner specifying such deviations.

- (b) Any material to be submitted or notice to be given to the Design Review Board shall be submitted at the offices of the Declarant or at such other location as the Design Review Board may designate from time to time.
- (c) All actions requiring approval of the Association pursuant to the provisions of this Article shall be deemed approved if such approval is obtained in writing from the Design Review Board.

9.5 **Exterior Maintenance:** Pursuant to the provisions of this Declaration, the Design Review Board may, by the affirmative vote of a simple majority of the members of the Design Review Board present at any meeting after thirty (30) days notice of such failure to the Owner of such Lot, request that the Association provide exterior maintenance and repair upon any Lot. Notwithstanding the foregoing, the Association shall have no obligation to provide such maintenance and repair.

9.6 **Review Fee:** The Design Review Board may set a review fee schedule sufficient to cover all or part of the cost of Design Review Board time, consultant's fees, and incidental expenses. Applicants for design review may be required to deposit with the Design Review Board a fee which the Design Review Board deems sufficient to cover the cost of design review from which the actual costs shall be deducted when determined and the balance returned to the applicant following completing of the design review procedure.



- 9.7 **Enforcement of Restrictions:** Prior to the completion of construction or action subject to review under this Declaration, the Design Review Board shall have primary responsibility to enforce the restrictions set forth in this Declaration, the Design Rules and Regulations, and restrictions set forth in any supplemental declaration recorded in the records of Burnet County, Texas; provided, however, that such responsibility shall not limit the right of Declarant or the Association to act under this Article IX. If the Design Review Board does not take action to enforce such restrictions within fifteen (15) days after being requested to do so by the Board of Directors, the Association may assume responsibility for enforcing such restrictions in any case in which the Design Review Board declined to act. Subsequent to the completion of construction or action subject to review under this Declaration the Association shall have primary responsibility to enforce such restrictions.
- 9.8 **Reconsideration, Review and Appeal:** Within seven (7) days following action of the Design Review Board, its decision to approve or disapprove the project design shall be transmitted to the applicant and to the Association, and shall be made available to other Members upon their written request. The Board of Directors may confirm, modify, or reverse the decision of the Design Review Board within twenty (20) days following the decision. The decision shall become final if no action is taken by the Board of Directors and no written request for reconsideration is made to the Design Review Board by the applicant or any aggrieved party within twenty (20) days following the decision of the Design Review Board. If the Board of Directors took no action and a request for reconsideration is timely made, the Design Review Board shall reconsider the matter at its next regularly scheduled meeting. The decision rendered upon such reconsideration shall be transmitted to the applicant, any aggrieved party and to the Board of Directors as set forth above, and shall become final if no written appeal to the Board of Directors is made to such decision within seven (7) days following the date of notice of such decision. Not more than sixty(60) days following the filing of an appeal by the applicant or aggrieved party, the Board of Directors shall review the action of the Design Review Board and shall, in writing contain, modify or reverse the decision of the Design Review Board. If the Board of Directors deems insufficient information is available to provide the basis for a sound decision, the Board of Directors may postpone final action for not more than thirty (30) additional days. Failure of the Board of Directors to act within ninety-five (95) days from the date of the filing of the appeal shall be deemed approval by the Board of Directors of the design of the project unless the applicant consents to a time extension. Any decision by the Design Review Board or Board of Directors which results in disapproval of the project design shall specifically state the reasons for such disapproval and the provisions of this Declaration or any Rules or Regulations with which the project does not comply and the manner of noncompliance.
- 9.9 **Lapse of Design Review Approval:** Approval of the design of a project shall lapse and become void one year following the date of final approval of the project, unless prior to the expiration of one year any required building permit is issued and construction is commenced and diligently pursued toward completion.
- 9.10 **Assignment of Function:** Any function to be performed by the Design Review Board pursuant to this Declaration may be assigned to the Association in whole or in part at any time or from time to time by the Design Review Board in its discretion.

- 9.11 **No Liability:** Neither Declarant, the Association nor the Design Review Board nor any of their respective members, officers, directors, employees or agents shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under this Article IX nor for any defects in construction pursuant to such plans and specifications. Approval of plans and specifications under this Article IX shall not be deemed in lieu of compliance by Owners or Lessees with applicable governmental laws or regulations.

**ARTICLE X**  
**ENFORCEMENT AND REMEDIES**

10.1 **Enforcement:**

- (a) Each provision of this Declaration enforceable against the Association shall be enforceable by Declarant, or any Owner by a proceeding for a prohibitive or mandatory injunction.
- (b) Each provision of this Declaration enforceable against an Owner or Lot shall be enforceable by Declarant, or the Association by a proceeding for a prohibitive or mandatory injunction or by suit or action to recover damages, or in the discretion of the Association, for so long as any owner fails to comply with any such provisions, by exclusion of such Owner and/or such Owner's Lessees and Guest from the use of any Commons and from the participation in any Function.

10.2 **Remedies:** In addition, if an Owner fails to perform or observe any covenant or condition on such Owner's part to be performed or observed under this Declaration or any other Association Document, the Association shall have the following rights and remedies:

- (a) The Association may, but is not obligated to, cure such failure to comply at the Owner's or other defaulting party's, sole cost and expense. If the Association cures any such failure to comply, such Owner shall pay to the Association the amount of all costs incurred by the Association in connection therewith within thirty (30) days after the Owner receives a written invoice therefor from the Association.
- (b) The Association may suspend the Owner's right to vote.
- (c) Except as otherwise provided in any Association Document, and in addition to the fines provided for herein, the Association may fine the Owner an amount not to exceed \$1,000 for each violation. The Association may, in its sole and exclusive discretion, annually adjust for inflation the maximum amount of such fine. Each day any violation continues or is permitted to continue shall constitute a separate offense for purposes of levying such fine. The Owner shall pay any such fine to the Association within thirty (30) days after the Owner receives written notice thereof. The fines described in this subsection are in addition to all other rights and remedies of the Association and shall not preclude pursuit thereof by the Association.

- (d) The Association shall have all other rights and remedies available to it under Association Documents, at law or in equity. All rights and remedies of the Association shall be cumulative and the exercise of one right or remedy shall not preclude the exercise of any other right or remedy.

**ARTICLE XI**  
**SPECIAL DISCLOSURE MATTERS**

11.1 Each Owner is hereby advised of the following matters affecting the Property and the use and enjoyment thereof:

- (a) The Property is or may be located in close proximity to one or more of the following: Lake LBJ, recreation area(s), swimming areas, hunting on private property, cliff areas, and wildlife areas (collectively, the "Hazard Areas"). All of these areas create or contain certain hazards associated with the character or use of such area. Such areas may also generate an unpredictable amount of visible, audible, and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance thereof.
- (b) The activities associated with the Hazard Areas may include without limitation:
  - (i) vehicular and pedestrian traffic;
  - (ii) construction vehicles and equipment;
  - (iii) tree cutting and clearing, grading and earth-moving; and other construction activities;
  - (iv) construction, operation and maintenance of roads; and
  - (v) activities relating to the use of the Hazard Areas, including, without limitation, boating, water skiing, swimming, bicycling, motorized "four-wheeling", hunting and other recreational activities and organized events and competitions relating to such activities.
- (c) Other hazards created by the Hazard Areas may include, but are not limited to, obstructed views, damage or injury caused by the general public, and death, personal injury, or property damage caused by wild animals, including snakes and reptiles. Moreover, access to certain common areas shall be restricted from time to time, and substantial construction-related activities relating to the development of the Property or other development within or near The Estates on the River may cause considerable noise, dust and over inconveniences to the persons residing, visiting or doing business in The Estates on the River.
- (d) Each Owner, by accepting a deed a Lot and/or an assignment of a leasehold to a Lot or any interest therein, acknowledges that the impacts, disturbances, hazards and activities

described above may occur in and around such Lot and the Property, and each Owner by accepting a deed to a Lot and/or an assignment of a leasehold or any interest therein, for itself and its Lessees, Guests, successors and assigns, hereby forever waives and releases any claims which such Owner may have against the Declarant and its respective successors and assigns, as a result of, arising out of or in any way relating to the impacts, disturbances, hazards and activities described above.

## ARTICLE XII CASUALTY AND CONDEMNATION

### 12.1 Casualty:

- (a) In the event of damage or destruction to any part of the Commons due to fire or other adversity or disaster, any insurance proceeds shall be collected by and paid to the Association and such insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such damage or destruction are insufficient to repair and reconstruct the damaged or destroyed Commons, as applicable, or if there are no insurance proceeds, the Board of Directors shall levy a special assessment pursuant to the Association Documents in the aggregate amount of such deficiency and shall proceed to make such repairs or reconstruction. Notwithstanding the foregoing, the Association shall have no obligation to repair or reconstruct the damaged or destroyed Commons; if such repair or reconstruction would be illegal under any state or local statute or ordinance governing health or safety, or if within sixty (60) days after such damage or destruction eighty percent (80%) of the votes of the Members of the Association are cast to not rebuild. The special assessment provided for herein shall be a debt of each Owner and a lien on its Lot, and may be enforced and collected in the same manner as any assessment lien provided for in the Association Documents. If eighty percent (80%) of the votes of the Members of the Association elect not to rebuild any damage or destruction to the Commons in accordance with the terms and provisions set forth above, the Association shall demolish any destroyed or damaged improvements, remove all debris and rubble caused by such demolition and return the damaged or destroyed area to a sightly condition and shall have the right to levy against and collect from the Owners a special assessment for this limited purpose, if necessary.
- (b) In the event of damage or destruction of the improvements located on any Lot or any part thereof (other than any Commons which is governed by this Section) due to fire or other adversity or disaster, the Owner of such Lot shall, at its sole cost and expense, with due diligence, either (i) cause the damaged or destroyed improvements to be repaired and restored to a condition comparable to that prior to the damage or destruction, or (ii) demolish the destroyed or damaged improvements, in which event the damaged or destroyed improvements shall forthwith be demolished and all debris and rubble caused by such demolition shall be removed and the affected Lot regraded and landscaped. If such repair or restoration or such demolition, debris removal, regrading and landscaping is not commenced within 180 days from the date of such damage or destruction, or if the same is commenced but then abandoned for a period of more than ninety (90) days, the

Association may, after notice and an opportunity to be heard, impose a fine of \$1,000.00 per day or such other rate imposed by the Board of Directors, charged against the Owner of the Lot until such repair or restoration or such demolition, debris removal, regrading and landscaping is commenced or recommenced, as the case may be. Unless the Owner can prove to the satisfaction of the Board of Directors that such failure is due to circumstances beyond the Owner's control, such fine shall be in addition to any assessment to which such Owner's Lot is subject and the Association shall have all of the rights pertaining to a special individual assessment specified in the Association Documents for such amount.

## 12.2 **Condemnation:**

- (a) In the event the Commons, or any portion thereof, shall be taken for any public or quasi-public use, under any statute, by right of an eminent domain or by purchase in lieu thereof (herein, a "taking"), each Owner will be entitled to notice thereof, but the Association will act as attorney-in-fact for all Owners in the proceedings incident to the taking unless otherwise prohibited by law. The award for such taking will be payable to the Association as trustee for all of the Owners to be disbursed as follows:
  - (i) If the taking involves a portion of the Commons on which improvements have been constructed, then, unless restoration or replacement of such improvements would be illegal under any state or local statute or ordinance governing health or safety or unless within sixty (60) days after such taking eight percent (80%) of the votes of the Members of the Association elect not to restore or replace such improvements, the Association will restore or replace such improvements so taken on the remaining land included in the Commons to the extent lands are available therefor, in accordance with plans approved by the Board of Directors, the Design Review Board, the Authority, and any other governmental or quasi-governmental entity having jurisdiction over the Property. If such improvements are to be restored or replaced, and the award for the taking is insufficient to restore or replace such improvements the Board of Directors shall levy a special assessment in the aggregate amount of such deficiency and shall proceed to restore or replace such improvements.
  - (ii) If the taking does not involve any improvements, or if there is a decision made not to restore or replace as set forth above, or if there are net funds remaining after any such restoration or replacement of improvements is completed, then the Association may retain such excess proceeds or distribute such excess in proportionate shares on the basis of the annual assessment levied against such Lots for the prior 12-month period.
- (b) In the event any Lot, or any portion thereof (other than any Commons which is governed by this Declaration), shall be taken, the condemnation award for such taking shall be paid solely to the Owner of such Lot. The repair or restoration of any improvements located on such Lot that are affected by the taking shall be governed by the terms of this Declaration. If an entire Lot shall be condemned, the Owner thereof shall automatically cease to be a

Member of the Association.

**ARTICLE XIII  
DEVELOPMENT OF SUBDIVISION**

The Declarant reserves the right to develop the subdivision in phases. This will result in the platting of the Property in a number of different plats, containing different phases, sections, blocks and other identifying numbers and descriptions. All such plats are to be considered a part of the overall development plan of the Property. Some of the various divisions of the Property may contain some differences from this Declaration. These differences will be reflected on the various plats and amendments to this Declaration and the Declaration filed for the respective divisions of the Property. It is planned to adopt all or a portion of the Declaration for these various divisions of the subdivision as they are platted.

13.1 **Formal Requirements for Filing Plats:** The formal requirements of a plat filed under and pursuant to this Declaration and for the purpose of committing the land covered thereby to this Declaration are as follows:

- (a) The plat shall be executed by Declarant and/or any person or entity acting by, through and under the authority of Declarant as set forth herein, and filed for record in Burnet County and, if appropriate, any other county in which the land covered thereby is situated.
- (b) The plat shall contain the plat of a survey of the land covered thereby and shall be certified by a licensed public land surveyor or registered professional engineer of the State of Texas.
- (c) The plat shall contain the following legend: "This plat has been filed under and pursuant to that certain Declaration ('Declaration') dated \_\_\_\_\_ by F&J Development, LLC, a Texas Limited Liability Company, which Declaration is filed in Burnet County under County Clerk's File Number \_\_\_\_\_ and is recorded in the Real Property Records of Burnet County, Texas; and all land included in and covered by this Plat is hereby committed to the Declaration, which is incorporated herein and made a part hereof for all purposes."
- (d) The plat shall subdivide the land covered thereby into one or more Lots, which shall be restricted per the conditions and covenants of this Declaration.
- (e) The plat may dedicate to public or private use the applicable easements for roads, streets, utilities and the like in the sole discretion of Declarant.

13.2 **Land Committed:** Any plat meeting the formal requirements set forth above shall commit the land covered thereby to this Declaration, and such land shall then become and thereafter be part of the Property, as herein defined.

**ARTICLE XIV**  
**MISCELLANEOUS**

- 14.1 **Duration of Declaration:** The covenants, conditions, restrictions, reservations, easements, assessments, charges and liens as set forth in this Declaration shall run with and bind The Estates on the River for a period of twenty (20) years from the date of recordation of this Declaration, after which they shall be automatically extended for successive ten-year periods, unless at least one year prior to the expiration of any such ten-year period of extended duration, this Declaration is terminated by a recorded termination agreement that has been authorized and executed by seventy-five percent (75%) (or more) of the votes of the Members of the Association.
- 14.2 **Amendment:** Any provision contained in this Declaration may be amended or repealed only by the affirmative vote, consent or agreement of at least seventy-five percent (75%) of the votes of the Members of the Association. Any such amendment or repeal shall be evidenced by a written instrument or instruments specifying the amendment or the repeal, executed by the Declarant and the Association, and recorded in the Office of the County Clerk and Recorder of Burnet County, Texas.
- 14.3 **Effect of Provisions of Declaration:** Each provision of this Declaration, and any agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration:
- (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within The Estates on the River is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument;
  - (b) shall, by virtue of acceptance of any right, title or interest in any real property within The Estates on the River by an Owner or the Association be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Association, as the case may be and, as a personal covenant, shall be binding on such Owner or the Association and such Owner's or the Association's respective heirs, personal representatives, successors and assigns and as a personal covenant of an Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Association but not to, with or for the benefit of any over Owner and, if a personal covenant of the Association shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner;
  - (c) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running in each case, as a burden with and upon the title to each parcel of real property within The Estates on the River and, as real covenant and also as an equitable servitude, shall be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within The Estates on the River and for

the benefit of any and all other real property within The Estates on the River; and

- (d) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within The Estates on the River which lien, with respect to any Lot shall be deemed a lien in favor of Declarant and the Association, jointly and severally and, with respect to any real property owned by the Association, shall be deemed a lien in favor of Declarant.

14.4 **Interpretation of the Declaration**: The Association, by and through its Board of Directors, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Associations' construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the covenants and the provisions hereof.

14.5 **Attorneys' Fees**: In the event of any dispute under or with respect to this Declaration or any other Association Document, the prevailing party shall be entitled to recover from the non-prevailing party all of its costs and expenses in connection therewith, including but not limited to, reasonable attorneys' fees and disbursements.

14.6 **Protection of Encumbrances**:

- (a) The Association shall furnish to an Owner or such Owner's designee or mortgagee upon written request, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. The statement shall be furnished within thirty (30) calendar days after receipt of the request and is binding on the Association, the Board of Directors, and every Owner. If no statement is furnished to the Owner, the mortgagee or their designee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert the priority of its assessment lien upon the Lot for unpaid assessments which were due as of the date of the request, but shall nevertheless retain such lien.

- (b) The Association shall report to any Owner's mortgagee any unpaid assessments remaining unpaid for more than sixty (60) days after the same shall have become due. Any mortgagee holding a lien on a Lot may pay any unpaid assessment with respect to such Lot, together with any and all costs and expenses incurred with respect to the assessment lien securing such unpaid assessment, and upon such payment, such mortgagee shall have a lien on the Lot for the amounts paid with the same priority as a lien of the mortgage held by such mortgagee.

14.7 **Limited Liability**:

- (a) No officer or director of the Association, who was appointed by the Declarant, shall be personally liable to the Association or any member for any injury, damage, loss, cost or expenses suffered or incurred by reason of any act, omission of such officer or director,



unless a court of competent jurisdiction finds that such officer or director breached a fiduciary duty that such officer or director owed to the Association or a Member.

- (b) No officer or director of the Association, who was not appointed by the Declarant and no employee, agent or committee member of the Association shall be personally liable to the Association or a member for any injury, damage, loss, cost or expense suffered or incurred by reason of any act or omission of such officer, director, employee, agent or committee member, unless a court of competent jurisdiction finds that the act or omission of such officer, director, employee, agent or committee member was wanton and willful.
- (c) The Association shall indemnify and hold harmless each present or former officer, director, employee, agent or committee member against any and all claims, suits, proceedings, injuries, damages, losses, costs and expenses, including, but not limited to attorneys' fees and disbursements, asserted against or incurred by any such present or former officer, director, employee, agent or committee member to the fullest extent permitted by law; provided, however, that in no event shall the Association indemnify or hold harmless any such officer, director, employee, agent or committee member to the extent that he or she is personally liable for an act or omission under Section 14.7(a) or Section 14.7(b) above.
- (d) Neither the Declarant or any Owner, Member, the Board, any director, nor any officer of the Association shall be personally liable for debts contracted for, or otherwise incurred by the Association, or for a tort of any other Member or Owner whether such other Member or Owner was acting on behalf of the Association or otherwise. Neither the Declarant, the Association, its directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same.

14.8 **Use of Trademark:** Each Owner by acceptance of a deed, or other form of conveyance for its Lot, whether or not it shall be so expressed in any such deed or over conveyance, shall be deemed:

- (a) to acknowledge that The Estates on the River is the trade name and trademark of the Declarant; and
- (b) to covenant that it shall not use the term "The Estates on the River" without the prior written consent of Declarant.

14.9 **Disclaimer of Representations:** Anything to the contrary in this Declaration notwithstanding, and except as otherwise may expressly be set forth on a plat or other instrument recorded in the Office of the Clerk and Recorder for Burnet County, Texas, Declarant makes no warranties or representations whatsoever that the plan presently envisioned for the complete development of The Estates on the River can or will be carried out or that any land now owned or hereafter acquired by Declarant is or will be subjected to this Declaration, or that any such land, whether or not it has been subjected to this Declaration, is or will be committed to or developed for a particular use, or that if such land is once used for a particular use, that such use will continue in effect.

- 14.10 **Venue and Jurisdiction**: Venue and jurisdiction for any dispute, controversy, or other claim related to or arising from the Declaration or in any way concerning the Property and/or The Estates on the River shall exclusively lie in state district court with exclusive venue being in Burnet County, Texas.
- 14.11 **Successors and Assigns**: Except as otherwise provided herein, this Declaration shall be binding upon and shall inure to the benefit of Declarant, the Association, the Authority, and each Owner and their respective heirs, personal representatives, successors and assigns.
- 14.12 **Severability**: Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.
- 14.13 **Captions**: The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.
- 14.14 **Construction**: When necessary for property construction, the masculine of any word used in this Declaration shall include the feminine or neuter gender, and the singular the plural, and vice versa.
- 14.15 **No Waiver**: Failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.
- 14.16 **Notices**: Registration by Owner of Mailing Address: Each Owner shall register its mailing address with the Association, and except for statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by first class mail, postage prepaid, addressed in the name of title Owner at such registered mailing address. An Owner may change its mailing address from time to time by delivering written notice of such change of address to the secretary of the Association. However, if any Owner fails to notify the Association of a registered address, then any notice or demand may be delivered to such Owner at the address of such Owner's Lot or posted at such Owner's Lot. All notices or demands intended to be served upon the Board of Directors, the Declarant or the Association shall be sent by certified mail, postage prepaid to The Estates on the River, \_\_\_\_\_, until such address is changed by any such party, with a copy to Fred D. George, The Estates on the River, 2549 Palo Verde, Odessa, Texas 79762.
- 14.17 **Approvals**: Whenever an approval of the Association or the Design Review Board is required pursuant to this Declaration, such approval to be effective must be in writing and signed by an authorized officer of the Association.

**ARTICLE XV**  
**RESERVATION OF CERTAIN EASEMENTS FOR**  
**BENEFIT OF ADJOINING PROPERTY**

By acceptance of a conveyance of a Lot, each Owner acknowledges that the Association has made them aware of and hereby consents to the following:

The property owners adjoining The Estates on the River have reciprocal access rights over and across the Property between their respective tracts at a location described in that certain Easement Agreement dated September 2, 1981, recorded in Volume 289, Page 884, Official Public Records, Burnet County, Texas, as modified in that certain Amended Easement dated October 6, 2006, recorded in Volume 147, Page 472, Official Public Records, Burnet County, Texas; and as further modified by that certain Second Amended Easement dated June 9, 2008, recorded as Document No. 0806266, Official Public Records, Burnet County, Texas. However, the adjoining property owners have no right of access on, over or across the Property for access to any public road.

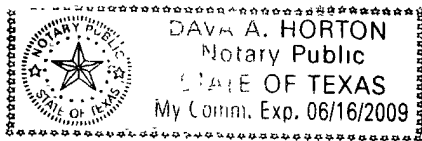
EXECUTED as of the 11<sup>th</sup> day of February, 2009.

DECLARANT: F & J Development, L.L.C., a Texas limited liability company, d/b/a The Estates on the River

By: Fred D. George  
Fred D. George, Member

STATE OF TEXAS           §  
  §  
COUNTY OF Burnet       §

This instrument was acknowledged before me on the 11<sup>th</sup> day of February, 2009, by Fred D. George, Member of F & J Development, L.L.C., a Texas limited liability company, d/b/a The Estates on the River.



Dava A. Horton  
Notary Public, State of Texas