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DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
LAKESIDE ESTATES SECTION 1-A,
WILLIAMSON COUNTY, TEXAS

THE STATE OF TEXAS)
) KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WILLIAMSON)

THAT this Declaration is made on the date hereinafter set forth by HM 456, Ltd., a Texas limited partnership (hereinafter referred to as "Declarant"), and is as follows:

WITNESSETH:

WHEREAS, Declarant is the owner of that certain real property known as LAKESIDE ESTATES SECTION 1-A, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Cabinet R, Pages 394-397 of the Plat Records of Williamson County, Texas (hereinafter referred to as "Plat"); and

WHEREAS, it is deemed to be in the best interests of Declarant and any other persons who may purchase property in LAKESIDE ESTATES SECTION 1-A (the "Subdivision"), that there be established and maintained a uniform plan for the improvement and development of the Subdivision as a highly restricted and modern subdivision of the highest quality; and

NOW, THEREFORE, Declarant hereby declares that this Declaration of Covenants, Conditions and Restrictions for LAKESIDE ESTATES SECTION 1-A, is hereby adopted by Declarant, and that all of the properties described above as being owned by Declarant in LAKESIDE ESTATES SECTION 1-A, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of said real property. These easements, covenants, restrictions and conditions shall run with said real property and be binding upon all parties having or acquiring any right, title or interest in a Lot, as hereinafter defined, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

The following words, when used in this Declaration of Covenants, Conditions and Restrictions, shall have the following meanings:

Section 1. "Association" shall mean and refer to LS ESTATES HOMEOWNERS ASSOCIATION, INC., a Texas nonprofit corporation, its successors and assigns.

Section 2. "Common Area" shall mean and refer to that property owned or to be acquired by the Association and shall include, but is not limited to, all recreational facilities, community

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facilities, swimming pools, storage facilities, pumps, trees, landscaping, sprinkler systems, pavement, streets, pipes, wires, conduits, drainage areas, detention ponds and other public utility lines situated thereon.

Section 3. "Declarant" shall mean and refer to HM 456, Ltd., a Texas limited partnership, its successors and assigns, provided such successors and assigns (i) acquire more than one Lot in the Subdivision for purposes of development or resale and (ii) are designated as a Declarant by an instrument in writing executed by HM 456, Ltd., and filed of record in the Official Records of Williamson County, Texas.

Section 4. "Lot" shall mean and refer to any of the numbered lots shown on the Subdivision Plat or any re-plat thereof.

Section 5. "Living Unit" shall mean and refer to any improvements on a Lot which are designed and intended for occupancy and use as a residence by one person, by a single family, or by persons living together as a single housekeeping unit or by two persons or by two families; provided, however, the term "Living Unit" shall not include a garage constructed on the Lot which is detached from the other improvements on the Lot.

Section 6. "Occupied Lot" shall mean and refer to any Lot on which there is a Living Unit in which one or more persons are residing.

Section 7. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Subdivision, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. However, the term "Owner" shall include any mortgagee or lien holder who acquires fee simple title to any Lot through judicial or nonjudicial foreclosure.

Section 9. "Subdivision" shall mean and refer to that certain real property within the perimeters of the legal description of LAKESIDE ESTATES SECTION 1-A, a subdivision in Williamson County, Texas, as set forth on the Plat thereof recorded in Cabinet R, Pages 394-397, of the Plat Records of Williamson County, Texas.

ARTICLE II PROPERTY RIGHTS

Section 1. **Owner's Easement of Access and Enjoyment.** Every Owner shall have an easement of access and a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to charge a reasonable admission and other fees for the use of any recreational facilities situated on the Common Area;
- (b) The right of the Association to suspend a Member's voting rights and right to use the recreational and other facilities owned or operated by the Association, excluding domestic water, for any period during which any assessment against his Lot or any other sum due the Association by him remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; and
- (c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purpose and subject to such conditions as may be determined by the Association.

Section 2. Delegation of Use. Any Owner may delegate in accordance with the Bylaws of the Association, his right of enjoyment to the Common Area and facilities to members of his family, his tenants, or contract purchasers who reside on the Lot owned by him. The Declarant, for each Lot owned within the Subdivision, hereby covenants, and each Owner of any Lot, by acceptance of a Deed therefor, whether it shall be express in the Deed or the evidence of the conveyance, is deemed to covenant that any lease executed on a Lot shall be in writing and contain provisions binding any lessee thereunder to the terms of this Declaration of Covenants, Conditions and Restrictions and any rules and regulations published by the Association applicable to the Common Area and further providing that noncompliance with these terms of the lease shall be a default thereunder.

Section 3. Title to the Common Area. The Common Area shall be owned by the Association or its successors, it being agreed that this provision is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Common Area. Notwithstanding the above, the Declarant reserves the right to grant, convey, dedicate or reserve easements over, on or under the Common Area for utility services as set forth in Article XI, Section 1 hereof. Notwithstanding anything contained herein to the contrary, the Common Area shall be conveyed to the Association free and clear of all encumbrances before HUD insures the first mortgage on any lot subject to these covenants. If the Association is dissolved, the Common Area and the assets shall be dedicated to a public body, or conveyed to a nonprofit organization with similar purposes.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Organization. Declarant shall, when it is deemed appropriate by Declarant, cause the Association to be organized and formed as a nonprofit corporation under the laws of the State of Texas. The principal purposes of the Association shall be the collection, expenditure and management of the maintenance funds, enforcement of this Declaration, providing for the maintenance, preservation and architectural control (when the powers of the Committee terminate and the Committee's powers vest in the Association) within the Subdivision, the general overall supervision of all of the affairs and well being of the Subdivision and other Subdivisions within its jurisdiction and the promotion of the health, safety and welfare of the residents within the

Subdivision and other Subdivisions within its jurisdiction. Until the Association is so organized, Declarant shall enjoy all of the rights which would otherwise be exercised by the Association hereunder.

Section 2. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in a Lot which is a part of the Subdivision, including contract sellers, shall hold a membership in the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Ownership of a Lot shall be the sole qualification for membership. Any mortgagee or lienholder who acquires title to any Lot which is a part of the Subdivision, through judicial or nonjudicial foreclosure, shall be a Member of the Association.

Section 3. Board of Directors. The Association shall act through a Board of Directors who will manage the affairs of the Association as specified in the Bylaws of the Association.

Section 4. Voting Rights. There shall be two classes of membership entitled to voting rights in the Association with respect to the Subdivision and they shall be as follows:

- (a) **Class A:** All Owners, other than Declarant, shall be considered Class A Members, and for each Lot owned shall be entitled to one (1) vote on each matter coming before the Members at any meeting or otherwise, unless their voting rights have been suspended by the Board of Directors as hereinabove provided in Article II, Section 1(b). When a particular Lot is owned by more than one individual or entity, all the individuals or entities holding an ownership interest in that Lot shall be considered Class A Members, however, for that particular Lot they shall be entitled to a total of no more than one vote on each matter coming before the Members at any meeting or otherwise. The vote for such Lot shall be exercised as they among themselves determined.
- (b) **Class B:** Class B Members shall be the Declarant, and for each Lot owned it shall be entitled to twenty (20) votes on each matter coming before the Members at any meeting or otherwise. Once a Lot is sold to an individual or individuals who would be classified as Class A Members, subject to paragraph (c) below, the twenty (20) votes attached to the Lot shall be extinguished, subject to paragraph (c) below. All Class B memberships with respect to the Subdivision shall cease and be automatically converted into Class A Memberships on the happening of any of the following events, whichever occurs earlier:
 - (i) When 75% of the all the lots that are subject to these covenants are deeded to homeowners.
 - (ii) Ten (10) years from the date this Declaration of Covenants, Conditions and Restrictions is filed with the County Clerk of Williamson County, Texas, for recordation in the Official Records of Williamson County, Texas; or

(iii) At such earlier time as the Class B Member, in its sole discretion, shall elect.

- (c) **Reinstatement of Class B Members.** Notwithstanding the prior provisions of paragraph (b) above, if additional land is or becomes subject to the jurisdiction of the Association or subject to these covenants such that the Declarant owns more than 10% of all lots, then the provisions in the first sentence of paragraph (b) above shall be automatically reinstated ipso facto.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessment. The Declarant, for each Lot within the Subdivision which shall be or thereafter become subject to the assessments hereinafter provided for, hereby covenants, and each Owner of any Lot that shall be or thereafter become assessable, by acceptance of a Deed therefor, whether or not it shall be express in the Deed or other evidence of the conveyance, is deemed to covenant and agree to pay the Association the following:

- (a) Annual assessments or charges;
- (b) Special assessments for capital improvements; and
- (c) Any other sums to the extent they are specifically provided for elsewhere in this instrument.

Such assessments or charges are to be fixed, established and collected as hereinafter provided. These charges and assessments, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall be a charge on the land and shall be secured by a continuing lien upon the Lot against which such assessments or charges are made. Each such assessment or charge, together with such interest, costs and reasonable attorney's fees shall also be and remain the personal obligation of the individual or individuals who owned the particular Lot at the time the assessment or charge fell due notwithstanding any subsequent transfer of title to such Lot. The personal obligation for delinquent assessments and charges shall not pass to successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Subdivision. Without limiting the foregoing, the total assessments accumulated by the Association, insofar as the same may be sufficient, shall be applied toward the payment of all taxes, insurance premiums and repair, maintenance, bookkeeping, accounting fees, postage, mowing, management fees, and acquisition expenses incurred by the Association and, at the option of the Board of Directors of the Association, for any or all of the following purposes: street lighting, improving and maintaining signs, streets, alleyways, sidewalks, paths, parks, parkways, entry & subdivision fences, easements, and drainage areas in the Subdivision and in other subdivisions within its jurisdiction; collecting and disposing of garbage, ashes, rubbish and materials of a similar nature; payment of legal and all other expenses incurred in connection with the collection, enforcement and administration of all assessments and charges and in connection with the

enforcement of this Declaration of Covenants, Conditions and Restrictions; employing policemen or watchmen and/or a security service; fogging and furnishing other general insecticide services; providing the planting and upkeep of trees and shrubbery in any of the Common Areas; acquiring and maintaining any amenities or recreational facilities that are or will be operated in whole or in part for the benefit of the Owners; and doing any other thing necessary or desirable in the opinion of the Board of Directors of the Association to keep and maintain the property in the Subdivision and in other subdivisions within its jurisdiction in neat and good order, or which they consider of general benefit to the Owners or occupants of the Subdivision and in other subdivisions within its jurisdiction, including the establishment and maintenance of a reserve for repair, maintenance, taxes, insurance and other charges as specified herein. Such funds may also be used to repair, maintain and restore abandoned or neglected residences and Lots as hereinafter provided. The judgment of the Board of Directors of the Association in establishing annual assessments, special assessments and other charges and in the expenditure of said funds shall be final and conclusive so long as said judgment is exercised in good faith. However, no assessment shall be allowed that would bring any action or suit against Declarant or members of the Board, or their representatives.

Section 3. Basis and Maximum Level of Annual Assessments. Until January 1, of the year immediately following the conveyance of the first Lot from Declarant to an Owner, the maximum annual assessment shall be One Hundred Twenty and No/100 Dollars (\$120.00) per Lot; provided, however, if Declarant constructs a swimming pool and related facility (which Declarant may, but is not obligated to construct) then such maximum annual assessment shall be Two Hundred Forty and No/100 Dollars (\$240.00) per Lot. From and after January 1 of the year immediately following the conveyance of the first Lot from Declarant to an Owner, the maximum annual assessment may be increased by the Board of Directors of the Association, effective January 1 of each year, in conformance with the rise, if any, in the Consumer Price Index for the "All Urban Consumer" Index (U.S. Average) (base year 1967 = 100) published by the Department of Labor, Washington, D.C. for the year ended the preceding June 30th or alternatively, by an amount equal to the difference between the then current assessment and the projected assessment calculated by increasing the original assessment set forth herein by an amount equal to 10% compounded annually for each year from the date hereof, whichever is greater, without a vote of the Members of the Association. From and after January 1 of the year immediately following the conveyance of the first Lot by Declarant to an Owner, the maximum annual assessment may be increased above that established by the Consumer Price Index formula or the above mentioned percentage increase only by written approval of the Owners of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose. After consideration of current maintenance costs and future needs of the Association, the Board of Directors may fix the annual assessment at an amount not in excess of the maximum amount approved by the Owners. Assessments will commence upon conveyance of the Common Area to the Association. Each lot owner shall have the right to inspect the books of the Association.

Section 4. Special Assessments for Capital Improvement. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction or unexpected repair or replacement of a particular capital improvement located upon the Common Area, easements or drainage area, including the necessary fixtures and

personal property related thereto, provided that any such assessment shall have the written approval of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 5. Notice of Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting of the Members of the Association called for the purpose of taking any action authorized under Sections 3 and 4 of this Article shall be sent to all members and shall be posted at a public place within the Subdivision not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of the Members holding sixty percent (60%) of all membership votes entitled to be cast or their proxies shall constitute a quorum. If the required quorum is not present, additional meetings may be called subject to the same notice requirements and the required quorum at each subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than (60) days following the preceding meeting.

Section 6. Rates of Assessments. Both annual and special assessments on all Lots, whether or not owned by the Declarant, must be fixed at uniform rates as follows:

- (a) **Occupied Lots:** Those Lots containing an occupied Living Unit (that is, a Living Unit that has been initially occupied, although it may no longer be occupied) shall be assessed the full assessment as set by the Board of Directors of the Association;
- (b) **Completed Living Unit:** Those Lots containing a substantially completed but unoccupied Living Unit (that is, a Living Unit that has not been initially occupied), shall be assessed fifty percent (50%) of the full assessment as set by the Board of Directors of the Association; and
- (c) **Vacant Lots:** Those Lots which are vacant or upon which a residence is under construction shall be assessed at a rate equal to twenty-five percent (25%) of the full assessment as set by the Board of Directors of the Association. If such Owner fails to maintain said Lot in accordance with the requirements set forth in this Declaration, the Association is hereby authorized to do so and any expense the Association incurs thereby shall become a lien on the Lot and the general personal obligation of said Owner.

Section 7. Date of Commencement and Determination of Annual Assessment. The annual assessment provided for herein shall commence as to all Lots on a date fixed by the Board of Directors of the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. On or before the 30th day of November in each year, the Board of Directors of the Association shall fix the amount of the annual assessment to be levied against each Lot in the next calendar year. Written notice of the figure at which the Board of Directors of the Association has set the annual assessment shall be sent to every Owner whose Lot is subject to the payment thereof. However, the failure by the Board of Directors of the Association to fix an annual assessment for any year will not be deemed a waiver with respect to any of the provisions of this Declaration or a release of liability of any Owner to pay annual assessments.

or any installments thereof, for that or any subsequent year. In the event of such failure, each Owner shall continue to pay the annual assessment established for the previous year until the new annual assessment is established. The new annual assessment established by the Board of Directors of the Association shall be applied retroactively to the commencement of the then current assessment year and the deficit shall be paid by each Owner within thirty (30) days after receipt of a statement therefor. Assessments shall be due and payable yearly in advance on the first day of January or as directed by the Board of Directors of the Association. The Association shall, upon demand, and for reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a particular Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessments or charges which are not paid when due shall be delinquent. If an assessment or charge is not paid within thirty (30) days after the due date, it shall bear interest from the due date of the lesser of (i) eighteen percent (18%) per annum or (ii) the maximum rate permitted by law, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien herein retained against the Lot. Interest, costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such assessment or charge. In order to secure the payment of the assessments or charges hereby levied, a vendor's lien for the benefit of the Association, shall be and is hereby reserved in the Deed from the Declarant to the purchaser of each Lot or portion thereof, which lien shall be enforceable through appropriate judicial and nonjudicial proceedings by the Association. As additional security for the payment of the assessments hereby levied, each Owner of a Lot in the Subdivision, by such party's acceptance of a deed thereto, hereby grants the Association a lien on such Lot which may be foreclosed on by a nonjudicial foreclosure and pursuant to the provisions of Section 51.002 of the Texas Property Code (and any successor statute); and each such Owner hereby expressly grants the Association a power of sale in connection therewith. The Association shall, whenever it proceeds with nonjudicial foreclosure pursuant to the provisions of said Section 51.002 of the Texas Property Code and said power of sale, designate in writing a Trustee to post or cause to be posted all required notices of such foreclosure sale and to conduct such foreclosure sale. The Trustee may be changed at any time and from time to time by the Association by means of a written instrument executed by the President or any Vice President of the Association and filed for record in the Official Records of Williamson County, Texas. In the event that the Association has determined to non-judicially foreclose the lien provided herein pursuant to the provisions of said Section 51.002 of the Texas Property Code and to exercise the power of sale hereby granted, the Association shall mail to the defaulting Owner a copy of the notice of Trustee's Sale not less than twenty-one (21) days prior to the date of which sale is scheduled by posting such notice through the U.S. Postal Service, postage prepaid, registered or certified, return receipt request, properly addressed to such Owner at the last known address of such Owner according to the records of the Association. If required by law, the Association or Trustee shall also cause a copy of the Notice of Trustee's Sale to be recorded in the Official Records of Williamson County, Texas. Out of the proceeds of such sale, there shall first be paid all expenses incurred by the Association in connection with such default, including reasonable attorney's fees and a reasonable trustee's fee; second, from such proceeds there shall be paid to the Association an amount equal to the amount in default; third, any amounts required by law to be paid before payment to the

Owner; and, fourth, the remaining balance shall be paid to such Owner. Following any such foreclosure, each occupant of any such Lot foreclosed on and each occupant of any improvements thereon shall be deemed to be a tenant at sufferance and may be removed from possession by any and all lawful means, including a judgment for possession in an action of forcible detainer and the issuance of a writ of restitution thereunder.

In addition to foreclosing the lien hereby retained, in the event of nonpayment by any Owner of such Owner's portion of any assessment, the Association may, acting through the Board, upon ten (10) days prior written notice thereof to such nonpaying Owner, in addition to all other rights and remedies available at law or otherwise, restrict the rights of such nonpaying owner to use the Common Areas, if any, in such manner as the Association deems fit or appropriate and/or suspend the voting rights of such nonpaying Owner so long as such default exists.

It is the intent of the provisions of this Section 8 to comply with the provisions of said Section 51.002 of the Texas Property Code relating to nonjudicial sales by power of sale and, in the event of the amendment of said Section 51.002 of the Texas Property Code hereafter, the President or any Vice President of the Association, acting without joinder of any other Owner or mortgagee or other person may, by amendment to this Declaration filed in the Official Records of Williamson County, Texas, amend the provisions hereof so as to comply with said amendments to Section 51.002 of the Texas Property Code.

No Owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot. In addition to the above rights, the Association shall have the right to refuse to provide the services of the Association to any Owner who is delinquent in the payment of the above described assessments.

Section 9. Subordination of the Lien to Mortgages. As hereinabove provided, the title to each Lot shall be subject to a vendor's lien and power of sale securing the payment of all assessments and charges due the Association, but said vendor's lien and power of sale shall be subordinate to any valid purchase money lien or mortgage covering a Lot and any valid lien securing the cost of construction of home improvements. Sale or transfer of any Lot shall not affect said vendor's lien or power of sale. However, the sale or transfer of any Lot pursuant to a judicial or nonjudicial foreclosure under a purchase money lien or lien securing the cost of construction of home improvements shall extinguish the vendor's lien and power of sale securing such assessment or charge only as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or the Owner thereof from liability from any charges or assessments thereafter becoming due or from the lien thereof. No extinguishment of the vendor's lien and power of sale shall relieve the delinquent Owner from his personal obligation and liability therefor. In addition to the automatic subordination provided hereinabove, the Association, in the discretion of its Board of Directors, may subordinate the lien securing any assessment provided for herein to any other mortgage, lien or encumbrance, subject to such limitations, if any, as such Board may determined. Failure to pay assessments does not constitute a default under a insured mortgage. In addition, Mortgagees are not required to collect assessments.

Section 10. Exempt Property. All properties dedicated to, and accepted by, a local public authority and devoted to public use and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas shall be exempt from the assessments and charges created herein. Notwithstanding the foregoing, no Lot which is used as a residence shall be exempt from said assessments and charges.

ARTICLE V INSURANCE

The Association, through the Board of Directors, or its duly authorized agent, shall have the authority to obtain the following types of insurance policies:

- (a) Property insurance covering the Common Area, easements and esplanades and all improvements thereon in an amount equal to the full replacement value of the improvements and facilities located upon the Common Area, easements and esplanades and owned by the Association (including all building service equipment and the like) with an "agreed amount endorsement" or its equivalent, a "demolition endorsement" or its equivalent and, if necessary an "increased cost of construction endorsement" or "contingent liability from operation of building laws endorsement" or the equivalent, affording protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement in Texas, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, and water damage, and any such other risk as shall customarily be covered with respect to projects similar in construction, location and use;
- (b) A comprehensive policy of public liability insurance covering all of the Common Area, easements and esplanades, and insuring the Association, within such limits as it may consider acceptable (for all claims for personal injury and/or property damage arising out of a single occurrence); such coverage to include protection against water damage liability, liability for nonowner and hired automobiles, liability for property of others, and any other coverage the Association deems prudent and which is customarily carried with respect to projects similar in construction, location and use; and
- (c) A policy of fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all others who handle, or are responsible for handling funds of the ASSOCIATION; such fidelity bonds shall be of the kind and in an amount the Association deems necessary for the protection of the Owners.
- (d) A policy of errors, omissions and liability coverage to protect officers and directors of the Association against any action or suit when acting in their capacity as an officer or director of the Association.

Premiums for all such insurance policies carried by the Association shall be a common expense payable from the annual assessments on all of the Lots. Liability and property insurance for Lots and the contents of residences shall be the responsibility of each individual Owner. All proceeds from policies held by the Association shall be deposited in a bank or other financial institution, the accounts of which bank or institution are insured by a federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least two (2) of the members of the Board of Directors, or by an agent duly authorized by the Board of Directors. In no event shall the insurance company or the bank or other financial institution holding proceeds on a policy issued in the name of the Association be authorized to distribute any proceeds therefrom to the Declarant. Proceeds from such policies shall be used by the Association only for the benefit of its Members and where such proceeds arise out of an occurrence in which a building or improvement owned by the Association is damaged or destroyed, they shall be used to repair, restore and rebuild such building or improvements. In the latter event, the Board of Directors shall advertise for sealed bids from contractors, and acceptance of a bid received thereby, may negotiate with the contractor, who shall, unless waived by the Board of Directors, be required to provide a full performance and payment bond for the repair, reconstruction or rebuilding of such destroyed improvements or buildings. In the event the insurance proceeds are insufficient to pay all costs of repairing and/or rebuilding said improvements to their original condition, the Association shall levy a special assessment for capital improvements against all owners to make up the deficiency. This shall be done only after compliance with all the requirements for imposition of special assessments.

ARTICLE VI ARCHITECTURAL CONTROL

Section 1. Architectural Control Committee. There is hereby created an Architectural Control Committee (herein referred to as the "Committee") comprised of Richard R. Jenkins, Stephen Bartholomew and David LeBoeuf each of whom shall serve until his successor is appointed. Any two (2) of the members of the Committee shall have the full authority and power to act for the Committee. Any member of the committee may be removed, with or without cause, by the Declarant. In the event any member of the Committee should be so removed from the Committee or if any member of the Committee should die, resign, refuse to act, or become unable or ineligible to act, Declarant shall have the authority to designate a successor. No member of the Committee or its designated representative(s), as herein defined, shall be entitled to any compensation for services performed pursuant to this Article. The Committee may, however, employ one or more architects, engineers, attorneys or other consultants to assist the Committee in carrying out its duties hereunder, and the Association shall pay such consultants for such services as they render to the Committee. A majority of the Committee may designate one or more representative(s) to act for it and such representative(s) shall have the full right, authority, and power to carry out the functions of the Committee.

Section 2. Duties and Powers. The purpose of the Committee is to protect the environmental and architectural integrity of the Subdivision in accordance with the provisions of this Declaration. No building, fence, wall or other structure or improvement of any nature shall be placed, constructed, erected or maintained on any Lot, nor shall any exterior addition to or change

or alteration therein be made until the construction plans and specifications for the same shall have been submitted to and approved in writing by the Committee as to (a) conformity and harmony of external design and location in relation to surrounding structures and topography, and (b) quality of workmanship and materials. Any plans and specifications to be submitted shall specify, in such form as the Committee may reasonably require, the location upon the Lot where the improvements are to be placed and the dimensions thereof as well as appropriate information concerning the structural, mechanical, electrical and plumbing details and the nature, kind, shape, heights, color scheme and materials of the proposed improvements or alterations. The Committee shall also have the right, where not otherwise set forth herein, to specify:

- (a) Minimum setbacks;
- (b) The location, heights and extent of fences, walls, or other screening devices;
- (c) The orientation of structures and landscaping on Lots with respect to streets, walks and structures on adjacent properties, however, the Committee shall not require setbacks further away from the streets than any platted building line; and
- (d) A limited number of acceptable exterior materials and/or finishes that may be used in the construction, alteration or repair of any improvement.

Further, no person exercising any prerogative of approval or disapproval by the Committee shall incur any liability by reason of the good faith exercise thereof.

Section 3. Committee Approval. Any approval or disapproval by the Committee or its designated representative(s) on any of the above matters shall be in writing and either conveyed in person or by registered or certified mail, return receipt requested. In the event said Committee or its designated representative(s) fail to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, then such plans and specifications shall be deemed approved (except for any required variances as provided below). The Committee shall have the right, exercisable at its discretion, to grant variances to the architectural restrictions in specific instances where the Committee in good faith deems that such variance does not adversely affect the architectural and environmental integrity of the Subdivision or the common scheme of the development. If the Committee shall approve a request for variance, the Committee may evidence such approval, and grant its permission for such variance, only by written instrument, addressed to the Owner of the Lot(s) relative to which such variance has been requested, describing the applicable restrictive covenant(s) and the particular variance requested, expressing the decision of the Committee to permit the variance, describing (when applicable) the conditions on which the variance has been approved and signed by a majority of the then members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Lots and with the Plat. Failure by the Committee

to respond within thirty (30) days to the request for a variance shall operate as a denial of the variance.

Section 4. Term. The duties and powers of the members of the Committee herein named, their successors, assigns and designated representative(s) shall cease on the earlier of twenty (20) years from the date this Declaration of Covenants, Conditions and Restrictions is recorded in the Official Records of Williamson County, Texas, or the date upon which all Lots subject to the jurisdiction of the Association become Occupied Lots. Thereafter, the duties and powers of the Committee shall vest in the Board of Directors of the Association or an Architectural Control Committee composed of three (3) or more representatives appointed by the Board of Directors of the Association. The approval required in this Article and the duties and powers vested in the Committee and its successors shall continue so long as this Declaration of Covenants, Conditions and Restrictions remains in force and effect. The then current members of the Committee may at any time voluntarily transfer all their duties and powers to the Board of Directors of the Association. To be effective, such a transfer shall be evidenced by a document executed by each of the then current members of the Committee.

Section 5. No Implied Waiver or Estoppel. No action or failure to act by the Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action by the Committee or Board of Directors with respect to the construction of any improvements within the Subdivision. Specifically, the approval by the Committee or Board of Directors of any such residential construction shall not be deemed a waiver of any right or an estoppel to withhold approval or consent for any similar residential construction or any similar proposals, plans, specifications or other materials submitted with respect to any other residential construction by such person or other Owner.

ARTICLE VII EXTERIOR MAINTENANCE

Section 1. Obligation. All Living Units and other buildings located within the Subdivision must be kept in good repair and must be painted when necessary to preserve their attractiveness. Grass, vegetation and weeds on each Lot shall be cut as often as may be necessary to maintain the same in a neat and attractive condition. All damaged, diseased beyond recovery or dead trees shall be cut and removed from any Lot at the expense of the Owner. Vacant Lots shall be mowed and maintained in appearance by the Owner and shall not be used as dumping grounds for rubbish, trash, rubble or soil, except that Declarant or the Committee may designate fill areas into which materials specified by Declarant or the Committee may be placed. The Association may plant, install and maintain shrubbery and other screening devices around boxes, transformers and other above-ground utility equipment. The Association shall have the right to enter upon the Lots to plant, install, maintain and replace such shrubbery or other screening devices. Owners of residences shall construct and maintain a fence or other suitable enclosure to screen from public view the drying of clothes, yard equipment and wood piles or storage piles.

Section 2. Failure to Maintain. In the event any Owner of any Lot in the Subdivision fails to maintain the Lot and the improvements situated thereon in a manner satisfactory to the Board of

Directors of the Association, the Association, after seven (7) days notice to the Owner of said Lot, setting forth the action intended to be taken by the Association and after approval by a two-thirds (2/3) vote of the Board of Directors, shall have the right (but not the obligation), through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements located thereon. To the extent necessary to prevent rat infestation, diminish fire hazards and accomplish any of the above needed repair, maintenance and restoration, the Association shall have the right (but not the obligation), through its agents and employees, to enter any residence or improvement located upon such Lot. Neither the Association or its agents or employees shall be liable, and are expressly relieved from any liability for trespass or other tort in connection with the performance of the exterior maintenance and other work authorized in this Article. The cost of such exterior maintenance and other work shall be the personal obligation of the Owner of the Lot on which it was performed and shall become a part of the assessment payable by said Owner and secured by the liens herein retained.

ARTICLE VIII USE RESTRICTIONS

Section 1. Residential Use. Each and every Lot in LAKESIDE ESTATES SECTION 1-A, is hereby restricted to residential dwellings for single-family residential use only. As used herein, the term "residential use" shall be held and construed to exclude hospitals, clinics, apartments houses, duplex houses, garage apartments used for rental purposes, boarding houses, hotels and commercial and professional uses whether from homes, residences, or otherwise, and all such uses of said property are hereby expressly prohibited. However, additional land may be annexed into the jurisdiction of this Association where any lots in excess of 60 feet of street frontage may be used for residential duplexes or single family attached dwellings.

Section 2. Business Activity. No business activities of any kind whatsoever shall be conducted in any portion of the Subdivision; provided, however, the foregoing covenant shall not apply to the business activities of the Declarant, its agents and assigns during the construction and sale period, or of the Association, its successors and assigns in furtherance of its powers and purposes as herein set forth. Each builder on Lots in the Subdivision shall be allowed to use the garage structure constructed on the Lot as an office; provided, however, that such structure must be converted back to a garage prior to the sale of the home on the Lot affected to a purchaser.

Section 3. Common Area. The Common Area shall not be used for any commercial purposes; however, this provision shall not preclude the Association from charging reasonable fees for the use of the recreational facilities which are part of the Common Area.

Section 4. Exemption for Sale of Lots. Notwithstanding any provisions herein contained to the contrary, it shall be permissible for Declarant or the builder of any residence to maintain, during the period of construction and sale of Lots within the Subdivision, upon any portion of a Lot, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction and sale of improved Lots, including, without limitation, a business office, storage area, construction yards, model units and a sales office.

Section 5. Animals and Livestock. The raising, breeding or keeping of animals, livestock or poultry of any kind on any Lot in the Subdivision is strictly prohibited; provided, however, consistent with the Living Unit's use as a residence, dogs, cats or other household pets may be kept on a Lot, provided they are not kept, bred or maintained for any commercial purposes and further provided, no more than three (3) such pets shall be kept on a Lot. All pets must be properly tagged for identification and penned in an approved enclosure. No pet may be chained or leashed outside an enclosure unless being walked on a leash. Whenever, a pet is removed from its enclosure, it must be in the possession of its owner or the owner's agent and must be restrained by a proper leash of chain, rope, plastic, leather or similar material.

Section 6. Mineral Production. No oil drilling, oil development operations or oil refining, quarrying or mining operations of any kind shall be permitted upon any portion of the Subdivision, nor any kind shall be permitted upon any portion of the Subdivision, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any portion of the Subdivision. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any portion of the Subdivision.

Section 7. Disposal of Trash. No portion of the Subdivision shall be used or maintained as a dumping ground for rubbish, trash, garbage or other wastes. All rubbish, trash, garbage or other waste shall be kept in sanitary containers and out of sight of the Common Area and any street or adjacent Lot, except on days designated by the Association for pick-up of such garbage. In a manner consistent with good housekeeping, the Owner of each Lot shall remove such prohibited matter from his Lot at regular intervals at his expense. No incinerator may be maintained on any portion of the Subdivision.

Section 8. Storage of Vehicles. No portion of the streets or Common Area shall, without the express written permission of the Association, be used for the storage of boats, trailers, campers, recreational vehicles, motor homes, unused or inoperable automobiles, or any items which the Association deems unsightly or inappropriate. Boats, trailers, campers, recreational vehicles, motor homes, unused or inoperable automobiles and other machinery consistent with the use of the premises as a residence may be kept on Lots, provided they are kept or stored within a garage or such other place as may be completely out of view from the Common Area or any street or adjacent Lot. No Owner of any Lot in the Subdivision or any visitor or guest of any Owner shall be permitted to perform work on any vehicle in any driveway or street other than for work of a temporary nature. For the purpose of the foregoing term, "temporary" shall mean that the vehicle shall not remain in a driveway or street in excess of forty-eight (48) hours. Garage doors shall be closed at all times, except for immediate entry or exit.

Section 9. Storage of Building Materials. No Lot shall be used for storage of any material except that required for landscaping or construction which materials shall not be placed or stored upon any Lot until the Owner is ready to commence construction of improvements on the Lot, at which time such materials shall be placed within the property lines of the Lot upon which the improvements are to be constructed, and shall not be placed in the street or upon any Common Areas.

Section 10. Signs. No advertising signs (except not more than one six (6) square foot "For Rent" or "For Sale" sign per Lot), billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on any portion of the Subdivision. Declarant and the Association, however, shall have the right to erect identifying signs at each entrance of the Subdivision and Declarant may place and maintain, or permit to be placed and maintained, such builder advertising signs as it may desire in its sole discretion in connection with the construction of homes in the Subdivision. The Board of Directors of the Association shall have the right to approve the design and working of all signs and the right to enter in and upon any Lot for the purpose of removing any sign being maintained thereon which has to be approved by it. In no event shall the Association or its Board of Directors be liable to any person or persons for any damages of whatever nature for removing such signs in a reasonable manner.

Section 11. Clothesline. No outside clothesline shall be constructed or maintained on any Lot within sight of the Common Area or any street or adjacent Lot.

Section 12. Nuisances. No noxious or offensive trade or activity shall be carried on upon any portion of the Subdivision, nor shall anything be done thereon which may become an annoyance or nuisance to the residents of the Subdivision or in any way endanger the health of the residents.

Section 13. Prohibited Conduct. No portion of the Subdivision shall be used for vicious, illegal or immoral conduct, or by any conduct in violation of the laws of the State of Texas, or the United States, or of the police, health, sanitary, building or fire codes, regulations or instructions relating to or affecting the use, occupancy or possession of any portion of the Subdivision.

Section 14. Control of Sewage Effluent. No outside toilets will be permitted, except temporarily during the construction of improvements, and no installation of any type of device for disposal of sewage shall be allowed that would result in raw or untreated or unsanitary sewage being carried into the streets or into any body of water. Drainage of storm waste into sewage pipes shall not be permitted. No septic tank or other means of sewage disposal will be permitted.

ARTICLE IX ARCHITECTURAL RESTRICTIONS

Section 1. Type of Living Unit. No building shall be erected, altered, placed or permitted to remain on any Lot in LAKESIDE ESTATES SECTION 1-A, other than a detached single family dwelling of not more than two (2) stories. Seventy Five percent of the residences in LAKESIDE ESTATES SECTION 1-A, shall have an attached or detached enclosed garage for at least two (2) automobiles and the driveway shall accommodate the parking of at least two (2) automobiles. Twenty Five percent of the residences in LAKESIDE ESTATES SECTION 1-A, may have an attached or detached enclosed garage for at least one (1) automobile and the driveway shall accommodate the parking of at least two (2) automobiles. There shall be 3.75 average number of parking spaces per residence and these parking spaces may be in the garage or in the drive way. Carports on Lots are not permitted. All structures shall be of new construction and no structure shall be moved from another location onto any Lot.

Section 2. Type of Construction. Exterior walls may be of masonry, brick, wood, stucco, masonite or other suitable material approved by the Committee and, unless otherwise approved by the Committee, the surface area of all exterior walls of the Living Unit shall consist of at least twenty five percent (25%) brick or masonry. No garage or accessory building shall exceed in height the dwelling to which it is appurtenant without the written consent of the Committee. Every garage and permitted accessory building (except a greenhouse) shall correspond in style and architecture with the dwelling to which it is appurtenant. No structure of any kind or character that incorporates frame construction on the exterior shall be erected on any Lot unless such structure receives at least one coats of paint at the time of construction or the exterior is of redwood or cedar material.

Section 3. Dimensions of Living Unit. Unless otherwise approved by the Committee, no residential structure shall be erected, altered, placed or permitted to remain on any Lot located in the Subdivision unless its living area has a minimum of one thousand (900) square feet of usable floor space exclusive of porches and garage, and, in the case of a two-story structure, at least five hundred (500) square feet on the ground floor.

Section 4. Location of Living Unit on Lot. Except as may be authorized in writing by the Committee, no building or structure shall be located nearer to any front, side or rear Lot line than as permitted by the utility easements and the setback lines shown on the recorded Plat of the Subdivision. If setbacks are not noted on the subdivision plat the minimum front set back shall be ten (10) feet, the minimum rear setback shall be ten (10) feet and the minimum side setback shall be five (5) feet. Roof over-hangs, gutters, down-spouts, patios and decks shall be allowed in the setbacks. Should two or more adjoining building sites be owned by the same or substantially the same Owner or Owners, said Owner or Owners shall be permitted to erect a structure across the building site lines common to the sites owned by said Owner or group of Owners, and such construction shall not be considered to be in violation of the side or rear setback restrictions described above, so long as such improvements or structures are determined to consist of one continuous building, which determination shall be in the sole good faith discretion of the Committee. Except as expressly approved in writing by the Committee, the immediately preceding sentence shall in no way affect or change the side or rear setback lines hereinabove set forth and these setback lines shall continue to apply to any building site or a group of building sites under the same or substantially the same ownership. For the purpose of these restrictions, the front of each Lot shall coincide with and be the property line having the smallest dimension abutting a street. Each Living Unit will face the front of the Lot, and will be provided with driveway access from the front of the Lot only; except that garages on the corner Lots may face the side street. The Architectural Control Committee shall be empowered to grant exceptions for minor variances, up to one (1) foot in any direction in house locations. The front building setback line shall be as hereinabove required. The Living Unit shall not be located on the Lot nearer than five (5) feet from either side property line except that one all corner Lots no structure shall be erected nearer than ten (10) feet from either side line abutting a street. No dwelling shall be located on any Lot within any utility easement.

Section 5. Metal Buildings. No metal buildings of any type shall be placed or constructed upon any Lot.

Section 6. Roof Material. Roof of all residences shall be constructed so that the exposed material is of a material and grade that complies with the FHA and VA guidelines in force on the date of construction of the roof involved, and of a color acceptable to the Committee.

Section 7. Driveways. Unless the Committee agrees otherwise, each Lot shall have driveway access of concrete to the street on which the Living Unit constructed thereon faces and shall not have driveway access to a street on which it may side. Subject to the foregoing limitation, the Owner of each Lot shall construct and maintain at his expense a driveway from his garage to an abutting street, including the portion of the street right-of-way. The Owner shall repair at his expense any damage to the street occasioned by connecting the driveway thereto.

Section 8. Sidewalks. Side walks shall be constructed by the builder or lot owner as required by the subdivision plat or by the regulatory entity approving the subdivision plat and parallel to the street curb. The sidewalk shall extend the full width of the Lot and on Lots that abut on more than one street, the sidewalk shall extend the full width and depth of the Lot and up to the street curb at the corner as shown on the subdivision plat. The sidewalk shall be constructed in accordance with specifications provided by the Committee, if any, Williamson County and any other federal, state or local agency having jurisdiction.

Section 9. Curb Ramps. If required by applicable federal, state or local law, curbs with accompanying sidewalks shall have curb ramps (depressions in the sidewalk and curb) at all crosswalks to provide safe and convenient movement of physically handicapped persons confined to wheelchairs. Such curbs ramps will be provided at the time of construction of any sidewalks and shall be constructed in accordance with specifications provided by the applicable governmental authority.

Section 10. Traffic Sight Areas. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two and six feet above the street shall be permitted to remain on any corner Lot within the triangular area formed by the two (2) Lot lines abutting the streets and a line connecting them at points twenty (20) feet from their intersection or within the triangular area formed by the Lot line abutting a street, the edge line of any driveway or alley pavement and a line connecting them at points ten (10) feet from their intersection.

Section 11. Screening Fences. Privacy fences shall be of wood construction with the vertical slats "the good side" facing the street, meaning the side with the framing on which the wood slats or pickets are attached shall be facing into the lot and not facing the street) and the fence shall not extend nearer to the front street than the front wall of the residence and on corner lots shall not extend past the side set back lines. Privacy fences shall be built parallel to the streets between residences to block the view of the back yard, including corner lots when a home is constructed on the lot. The erection of chain link fences is prohibited. If the FHA or the VA shall require said protective screening areas, then, whether or not the residence on any Lot affected by the screening requirements is built according to FHA or VA specifications, all screening devices shall be constructed according to FHA or VA requirements, and subject to the Committee review process.

Section 12. Exterior Antennas. Without the prior written approval of the Committee, no exterior television antenna, television satellite reception disc or radio antenna of any sort shall be placed, allowed or maintained upon any portion of the improvements and structures to be located in the Subdivision or upon any Lot, if it is visible from the street.

Section 13. Temporary Structures. No structures of a temporary character, including tents, shacks, barns, or other outbuildings shall be placed on any Lot located within the Subdivision except for such temporary buildings utilized by the Declarant or the builder or any residence during the period of construction. Trailers and motor vehicles shall not be used on any Lot at any time as a residence, either temporarily or permanently.

Section 14. Air Conditioners. No window or wall type air conditioners visible from the street shall be permitted, except as may be used temporarily in the sales or construction offices of a builder.

Section 15. Mailboxes and Identifying Numbers. Mailboxes, house numbers and similar matter used in the Subdivision must be harmonious with the overall character and aesthetic appeal of the community and the decision of the Committee that any such matter is not harmonious shall be final.

Section 16. Private Utility Lines. All electrical, telephone and other utility lines and facilities which are located on a Lot, and are not owned by a governmental entity or a public utility company shall be installed in underground conduits or other underground facilities unless otherwise approved in writing by the Committee.

Section 17. Solar Collectors. No solar collectors shall be installed without the prior written approval of the Committee. Such installation shall be in harmony with the design of the residence. Whenever reasonably possible, solar collectors shall be installed in a location that is not visible from the public street in front of or to the side of any residence.

Section 18. Landscaping, Maintenance of Lawns, Plantings and Trees. Sprinkler systems and landscaping may be installed after completion of each Residential Dwelling, however, each Residential Dwelling shall have the front yard completely sodded with bermuda, buffalo grass or St. Augustine that is in good condition after completion. Each Owner shall keep all shrubs, trees, lawns, grass and plantings of every kind on such Owner's Lot cultivated, adequately watered and maintained, pruned and free of trash and other unsightly material. Each Owner shall trim and edge the grass along all driveways and sidewalks as often as may be required to maintain a clean, neat appearance. The Association and/or the Architectural Control Committee may adopt rules regulating landscaping permitted and required. In the event that any Owner shall fail to install and maintain landscaping in conformance with such rules or shall allow his landscaping to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, the Association upon fifteen (15) days prior written notice to such Owner, shall have the right to correct such condition and to enter upon such Owner's property for the purpose of doing so, and such Owner shall promptly reimburse the Association for the cost thereof. Such cost shall be an assessment and shall create a lien enforceable

in the same manner as other assessments as set forth in this Declaration. Vacant lots shall be mowed and maintained in appearance by the Owner.

Section 19. Lighting. Street lighting, if any, shall consist of a uniform light standard as specified and described by the Architectural Control Committee, on each residential lot, supplied by each Owner and on a photocell, connected to individual Homeowner meter, such light, as location, style, size, and type, shall be installed at time of construction of each single family residence and shall be subject to the approval of the Architectural Control Committee. No holiday or occasion lighting or decorations shall be installed earlier than thirty (30) days prior to occasion and must be removed no later than twenty (20) days after the event.

Section 20. Recreational Equipment. All playground and/or recreation equipment must be placed in the back yard and not be visible from the street unless otherwise approved by the Architectural Control Committee in writing before construction begins or such placement of the playground or recreational equipment on the lot in the Subdivision.

ARTICLE X MANAGEMENT AGREEMENTS

Each owner hereby agrees to be bound by the terms and conditions of all management agreements entered into by the Association for the management of the Common Area and the facilities located thereon. A copy of all such agreements shall be available to each Owner. Any and all management agreements entered into by the Association shall provide that the Association may cancel said management agreement by giving the other party thirty (30) days written notice when so authorized by the vote of a majority of the membership votes in the Association entitled to be cast at a meeting of the members or otherwise. In no event shall such management agreement be canceled prior to the time the Association or its Board of Directors negotiate and enter into a new management agreement which is to become operative immediately upon the cancellation of the preceding management agreement. It shall be the duty of the Association or its Board of Directors to effect a new management agreement prior to the expiration of any prior management contract. Any and all management agreements shall be for a term not to exceed one (1) year and shall be made with a professional and responsible party or parties with proven management skills and experience managing a project of this type.

ARTICLE XI EASEMENTS

Section 1. General. Declarant shall have the right to grant, convey, dedicate or reserve easements over, on or under any part of the land in the Subdivision for streets and/or for electric light and power, telephone, natural gas, water, sanitary sewer, storm sewer, cable television, and other utility lines and facilities by separate recordable document for a period of ten (10) years after the date this Declaration of Covenants, Conditions and Restrictions is filed of record in the Official Records of Williamson County, Texas, regardless of whether at such time Declarant has title to the land within the easement(s). Thereafter, the Association shall have the power and authority to grant such an easement upon the vote of a majority of the membership votes entitled to be cast at any meeting

of the Members of the Association or otherwise. An easement is also specifically granted to the United States Post office, its agents and employees to enter upon any portion of the Subdivision in performance of mail delivery or any other United States Post Offices services. An easement is also granted to all police, fire protection, ambulance and similar persons to enter upon any portion of the Subdivision in performance of their duties. A three (3) foot drainage easement is hereby granted to Declarant and the County along and adjacent to the side and rear property lines of each Lot. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any management company duly selected by the Association, to enter in or cross over the Common Area and/or any Lot to perform the duties of maintenance and repair as provided for herein. The easements provided for in this Article shall in no way affect any other recorded easements covering any portion of the Subdivision. *

Section 2. Underground Electric Service. Underground single phase electric service may be available to all dwellings or structures located in the Subdivision. In such event, the metering equipment shall be located either on the exterior surfaces or walls of dwellings or structures or at points to be designated by the utility company. The utility company shall have a two-foot wide underground easement along and centered on the underground electrical power service conductor installed and running from the utility company's easement shown on the recorded Plat of the Subdivision to the designated point of service on the dwelling or structure. This easement shall be for the maintenance of its conductors and metering equipment. For so long as such underground service is maintained, the electrical service to each dwelling and structure located in the Subdivision shall be uniform and exclusively of the type known as single phase, 120/240 volt, 3 wire, 60 cycle alternating current. This two-foot easement for underground electrical service may be crossed by driveways, walkways and patio areas, provided the Declarant or builder makes prior arrangements with the utility company furnishing such service. However, this easement shall be kept clear of all buildings. Neither the Declarant nor the utility company using this easement shall be liable for any damage done by either of them or their assigns, their agents, employees or servants to shrubbery, trees, flowers or other improvements located on the land covered by such easement. Further, all of the Subdivision shall be subject to such easements, restrictions, covenants and conditions as are required to be imposed against the Subdivision by Declarant in any agreement entered into with any utility company for the delivery of underground electrical service to the Subdivision (the "Utility Easement"). Accordingly, the recordation of any such Utility Agreement in the Official Records of Williamson County, Texas, shall constitute an amendment to the Declaration that includes in this Declaration and imposes against the Subdivision any and all easements, restrictions, covenants and conditions required under said Utility Agreement. *

Section 3. Cable Service. Declarant reserves the right to hereafter enter into a franchise or similar type agreement with one or more cable television companies and Declarant shall have the right and power in such agreement or agreements to grant such cable television company or companies the uninterrupted right to install and maintain communications cable and related ancillary equipment and appurtenances within the utility easements or rights-of-way reserved and dedicated herein and in the Plat referenced above. Declarant agrees to transfer and assign any such agreement to the Association and Declarant does hereby reserve unto the Association the sole and exclusive right to obtain and retain all income, revenue and other things of value paid or to be paid by such

cable television company or companies pursuant to any such agreements between Declarant or the Association and such cable television company or companies.

ARTICLE XII ANNEXATION

Additional residential property and Common Area may be annexed into the jurisdiction of the Association upon the favorable vote of two-thirds ($\frac{2}{3}$) of the membership votes entitled to be cast at a meeting of the member or otherwise; provided, however, that the additional residential property or Common Area that is a part of a General Plan submitted to and approved by the Federal Housing Administration or the Veterans Administration may be annexed by the Declarant without approval by members of the Association. Annexation of additional property to this Subdivision shall encumber said property with all of the covenants, conditions, restrictions, reservations, liens and charges set forth in this Declaration of Covenants, Conditions and Restrictions and shall become effective on the date an instrument signed and acknowledged by the owner of said annexed property and the appropriate annexing authority (either Declarant or the Association), is filed for record in Williamson County, Texas, evidencing the annexation. Each such instrument evidencing the annexation of additional property shall describe the portion of the property comprising the Lots and Common Area. The funds resulting from any assessment, whether annual or special, levied against any property hereinafter annexed to the Subdivision may be combined with the funds collected from the Owners of Lots in the Subdivision and may be used for the benefit of all property and all Owners in the manner hereinabove provided.

ARTICLE XIII GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by reason of the provisions contained in this Declaration of Covenants, Conditions and Restrictions. Failure of the Association or any Owner to enforce any of the provisions herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Duration and Amendment. The covenants, conditions, restrictions, reservations, liens and charges set forth in this Declaration shall run with the land and shall be binding upon and inure to the benefit of the Association, all Owners, their respective legal representatives, heirs, successors and assigns for a term of forty (40) years from the date this Declaration of Covenants, Conditions and Restrictions is filed with the County Clerk of Williamson County, Texas, for recordation in the Official Records of Williamson County, Texas, after which time said covenants, conditions, restrictions, reservations, liens and charges shall be automatically extended and renewed for successive periods of ten (10) years each, unless prior to said renewal date an instrument signed and acknowledged by the then Owners of not less than two-thirds ($\frac{2}{3}$) of the total number of Lots in the Subdivision is filed for record with the County Clerk of Williamson County, Texas, altering, rescinding or modifying said covenants and restrictions in whole or in part as of said renewal date. Notwithstanding anything to the contrary herein contained, it is expressly understood and agreed that the Owners of two-thirds ($\frac{2}{3}$) of the total number of Lots in the

Subdivision shall always have the power and authority to amend this Declaration and such amendment shall become effective on the date an instrument, signed and acknowledged by the then Owners of not less than two-thirds ($\frac{2}{3}$) of the total number of Lots in the Subdivision is filed for record in Williamson County, Texas, so amending said Declaration of Covenants, Conditions and Restrictions. In addition, Declarant shall have the right at any time and from time to time, without the joinder or consent of any other party, to amend this Declaration of Covenants, Conditions and Restrictions by any instrument in writing duly signed, acknowledged and filed for record in the Official Records of Williamson County, Texas, for the purpose of correcting any typographical or grammatical error, ambiguity or inconsistency appearing herein, or for the purpose of complying with any statute, regulation, ordinance, resolution or order of the Federal Housing Administration, the Veterans Administration, or any federal, state, county, or municipal governing body, or any agency or department thereof; provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration of Covenants, Conditions and Restrictions and any Supplemental Declarations taken collectively, and shall not impair or affect the vested property rights of any Owner or his mortgagee.

Section 3. Canvassing. Where this Declaration of Covenants, Conditions and Restrictions requires that an instrument be executed by a certain percentage or number of the Members or Owners, such instrument may be circulated among the Members or Owners by a door-to-door canvass and need not be presented at any meeting of the members or otherwise, provided the Board of Directors of the Association is notified in writing by certified mail, return receipt requested, of the fact that an action is contemplated by a canvassing of the Members or the Owners.

Section 4. Severability If any provision of this Declaration of Covenants, Conditions and Restrictions or the application thereof to any person or circumstance shall, for any reason or to any extent, be invalid or unenforceable, neither the remainder of this Declaration of Covenants, Conditions and Restrictions nor the application of such provision to other persons or circumstances shall be affected thereby, but shall be enforced to the fullest extent permitted by law.

Section 5. Gender and Number. Whenever used, the singular number shall include the plural, the plural singular, and the use of any gender shall be applicable to all genders.

Section 6. Headings. The paragraph entitlements hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing the text of such paragraphs.

Section 7. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: (a) annexation of additional properties; (b) dedication of Common Area; and (c) amendment of this Declaration of Covenants, Conditions and Restriction.

Section 8. Mortgaging or Conveying Common Area. The Common Area cannot be mortgaged or conveyed without the consent of at least two thirds ($\frac{2}{3}$) of the lot owners, excluding the Declarant.

IN WITNESS WHEREOF, this Declaration is executed on this the 11th day of May, 1999.

HM 456, Ltd., a Texas limited partnership

By: HM 456 Development, Inc., a Texas corporation, its
General Partner

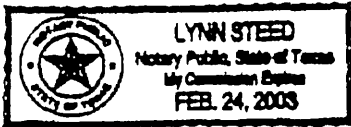
By: [Signature]
Richard R. Jenkins
President

THE STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 11th day of May, 1999, by Richard R. Jenkins, President of HM 456 Development, Inc., a Texas corporation, in its capacity as General Partner of HM 456, Ltd., a Texas limited partnership, on behalf of said corporation and limited partnership.



[Signature]
Notary Public, State of Texas

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

Nancy E. Rister

03-22-2000 12:58 PM 2000017317
MABRY \$55.00
NANCY E. RISTER, COUNTY CLERK
WILLIAMSON COUNTY, TEXAS

OFNT