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ROUND MOUNTAIN

RESERVE

THIRD AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR

ROUND MOUNTAIN RESERVE

[BLANCO COUNTY, TEXAS]

THIS DOCUMENT AMENDS, RESTATES, AND REPLACES IN ITS ENTIRETY THAT CERTAIN SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHTS FOR ROUND MOUNTAIN RESERVE, RECORDED UNDER DOCUMENT NO. 2023-231793 IN THE OFFICIAL PUBLIC RECORDS OF BLANCO COUNTY, TEXAS.

Town Founder: SLICKROCK RANCH, LLC, a Texas limited liability company

This Third Amended and Restated Declaration of Covenants, Conditions and Restrictions may be used only in connection with the residential community known as Round Mountain Reserve in Blanco County, Texas and the operation of Round Mountain Reserve Community Foundation
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**SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
ROUND MOUNTAIN RESERVE**

This Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Round Mountain Reserve (the “**Declaration**”) is made by **SLICKROCK RANCH, LLC**, a Texas limited liability company (the “**Town Founder**”), and is as follows:

R E C I T A L S:

A. Slickrock Ranch, LLC, a Texas limited liability company (“**Slickrock Ranch**”) previously executed and recorded that certain instrument entitled Declaration of Covenants, Conditions, Restrictions, Reservations, Easements and Rights for Round Mountain Reserve, recorded under Document No. 2021-214200, Official Public Records of Blanco County, Texas, as amended by that certain Amended and Restated Declaration of Covenants, Conditions, Restrictions, Reservations, Easements and Rights for Round Mountain Reserve, recorded under Document No. 2022-223394. Official Public Records of Blanco County, Texas (collectively, the “**Original Declaration**”).

B. Article X, Section 10.08 of the Original Declaration provides that the Original Declaration may be amended by Town Founder, at its sole and absolute discretion, prior to the expiration of the Round Mountain Reserve Development Period (as defined in the Original Declaration and herein called the “**Development Period**”). The Development Period is still in effect.

C. This Declaration is filed with respect to that certain real property located in Blanco County, Texas, as more particularly described on Exhibit “A” attached hereto and incorporated herein (the “**Property**”). Town Founder is the owner of the Property.

D. Town Founder desires to create and carry out a uniform plan for the development, improvement, and sale of the Property, as well as incorporate Phase II into the Property, subject to the terms and provisions of this Declaration.

E. By the Recording of this Declaration, Town Founder serves notice that the Property is subject to the terms and provisions of this Declaration.

NOW, THEREFORE, it is hereby declared: (i) that the Property (or any portion thereof) will be held sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which will run with such portions of the Property and will be binding upon all parties having right, title, or interest in or to such portions of the Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each owner thereof; and (ii) that each contract or deed conveying the Property (or any portion thereof) will conclusively be held to have been executed, delivered, and accepted subject to the following covenants,

conditions and restrictions, regardless of whether or not the same are set out in full or by reference in said contract or deed.

This Declaration uses notes (text set apart in boxes) to illustrate concepts and assist the reader. If there is a conflict between any note and the text of this Declaration, the text will control.

ARTICLE 1 DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this Declaration will have the meanings hereinafter specified.

"Agricultural Management Plan" means the written plan adopted, implemented, and maintained by the Foundation, acting through the Stewardship Committee, for the purposes of carrying out and complying with the agricultural management requirements of Texas Tax Code §23.51(2) and the requirements of Blanco County for qualification for agricultural appraisal based on agricultural grazing use.

"Ancillary Dwelling" means a secondary dwelling structure that may be constructed upon a Lot prior to, or in addition to, the Primary Dwelling constructed thereon, subject to the advance written approval of the ACC. Any Ancillary Dwelling must comply with the following:

- (a) The Ancillary Dwelling must be used for single-family residential purposes, timely connected with utilities necessary and required for residential purposes;
- (b) The number of Ancillary Dwellings is limited to one (1) per Lot, though the ACC may increase or decrease this amount from time to time;
- (c) The plans, specifications, materials, and elevations must comply with Design Guidelines;
- (d) Either the Primary Dwelling or Ancillary Dwelling shall be Owner occupied; and
- (e) Greenhouses, garden sheds, tool storages, accessory structures, or similar structures shall not be considered Ancillary Dwellings, but shall be approved by the ACC in advance of construction.

"Applicable Law" means all statutes, public laws, ordinances, policies, rules, regulations and orders of all federal, state, county and municipal governments or their agencies having jurisdiction and control over the Property in effect at the time a provision of the

Restrictions is applied, and pertaining to the subject matter of the Restriction provision, and all other ordinances and any other applicable building codes, zoning restrictions and permits or other applicable regulations. Statutes, ordinances and regulations specifically referenced in the Restrictions are “Applicable Law” on the date of the Restrictions, and are not intended to apply to the Property if they cease to be applicable by operation of law, or if they are replaced or superseded by one or more other statutes or ordinances.

“**Architectural Control Committee**” or “**ACC**” means the committee created pursuant to this Declaration to review and approve or deny plans for the construction, placement, modification, alteration or remodeling of any Improvements on a Lot. As provided in *Article 5* below, the Town Founder acts as the ACC and the ACC is not a committee of the Foundation until the Town Founder has assigned its right to appoint and remove all ACC members to the Foundation in a Recorded written instrument.

“**Assessment**” or “**Assessments**” means assessments imposed by the Foundation under this Declaration.

“**Assessment Unit**” has the meaning set forth in *Section 8.7.2*.

“**Board**” means the Board of Directors of the Foundation.

“**Bulk Rate Contract**” or “**Bulk Rate Contracts**” means one or more contracts which are entered into by the Foundation for the provision of utility services or other services of any kind or nature to the Lots. The services provided under Bulk Rate Contracts may include, without limitation, cable television services, telecommunications services, internet access services, “broadband” services, security services, trash pick-up services, propane service, lawn maintenance services, wastewater services, and any other services of any kind or nature which are considered by the Board to be beneficial to all or a portion of the Property. Each Bulk Rate Contract must be approved in advance and in writing by the Town Founder until expiration or termination of the Development Period.

“**Bylaws**” means the Bylaws of the Foundation.

“**Certificate**” means the Certificate of Formation of the Foundation, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

“**City**” means the City of Round Mountain, Blanco County, Texas.

“**Common Area**” means any property and facilities that the Foundation owns or in which it otherwise holds rights or obligations, including any property or facilities held by the Town Founder for the benefit of the Foundation or its Members. Common Area includes any property that the Foundation holds under a lease, license, or any easement in favor of the Foundation. Some Common Area will be solely for the common use and enjoyment of the

Owners, while other portions of the Common Area may be for the use and enjoyment of the Owners and members of the public.

“Community Foundation Manual” means the community foundation manual, which may be initially adopted and recorded by the Town Founder as part of the initial project documentation for the benefit of the Foundation and the Property. The Community Foundation Manual may include the Bylaws, Rules and Regulations and other policies governing the Foundation. The Community Foundation Manual may be amended or supplemented, from time to time, by the Town Founder during the Development Period. Any amendment to the Bylaws, Rules and Regulations and other policies governing the Foundation prosecuted by the Board must be approved in advance and in writing by the Town Founder until expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the Community Foundation Manual may be amended by a Majority of the Board.

“Community Systems” means any and all cable television, telecommunications, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennas, satellite dishes, equipment, materials and installations and fixtures (including those based on, containing and serving future technological advances not now known), if installed by Town Founder pursuant to any grant of easement or authority by Town Founder within the Property.

“Design Guidelines” means the standards for design, construction, landscaping, and exterior items proposed to be placed on any Lot adopted pursuant to *Section 5.2.3*, as the same may be amended from time to time. The Design Guidelines may consist of multiple written design guidelines applying to specific portions of the Property. At Town Founder’s option, Town Founder may adopt or amend from time to time the Design Guidelines for the Property or any portion thereof. Notwithstanding anything in this Declaration to the contrary, the Town Founder will have no obligation to establish Design Guidelines for the Property or any portion thereof.

“Development Period” means the period of time beginning on the date when this Declaration has been Recorded, and ending forty (40) years thereafter, unless earlier terminated by a Recorded written instrument executed by the Town Founder. Town Founder may terminate the Development Period by an instrument executed by Town Founder and Recorded. The Development Period is the period in which Town Founder reserves the right to facilitate the development, construction, and marketing of the Property, and the right to direct the size, shape and composition of the Property. The Development Period is for a term of years and does not require that Town Founder own any portion of the Property.

“Foundation” means Round Mountain Reserve Community Foundation, a Texas nonprofit corporation, which will be created by Town Founder to exercise the authority and assume the powers specified in *Article 4* and elsewhere in this Declaration.

“Improvement” means all physical enhancements and alterations to the Property, including but not limited to grading, clearing, removal of trees, alteration of drainage flow, and site work, and every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, patios, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, patios, decks, walkways, landscaping, mailboxes, poles, signs, antennas, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

“Lot” means any portion of the Property designated by Town Founder or as shown as a subdivided Lot on a Plat other than Common Area.

“Majority” means more than half.

“Manager” has the meaning set forth in *Section 4.5.8*.

“Members” means every person or entity that holds membership privileges in the Foundation.

“Mortgage” or **“Mortgages”** means any mortgage(s) or deed(s) of trust securing indebtedness and covering any Lot.

“Mortgagee” or **“Mortgagees”** means the holder(s) of any Mortgage(s).

“Owner” means the person(s), entity or entities, including Town Founder, holding all or a portion of the fee simple interest in any Lot, but does not include the Mortgagee under a Mortgage prior to its acquisition of fee simple interest in such Lot pursuant to foreclosure of the lien of its Mortgage.

“Plat” means a Recorded subdivision plat of any portion of the Property, and any amendments thereto.

“Primary Dwelling” means a permanent single-family residence designed exclusively for residential purposes. In no case may more than one family occupy a Lot at the same time for more than thirty (30) consecutive days. A “family” for the purposes herein is defined to be one or more persons each related to the other by blood, marriage, or legal adoptions, or a group of not more than three unrelated individuals. All Primary Dwellings must meet the minimum architectural requirements by the Design Guidelines, including approved materials palette, and must be approved in writing by the ACC prior to construction.

“Property” means that certain real property located in Blanco County, Texas, as more particularly described on Exhibit “A” attached hereto and incorporated herein, subject to such additions thereto and deletions therefrom as may be made pursuant to *Section 12.3* and *Section 12.4* of this Declaration.

“Record, Recordation, Recorded and Recording” means recorded or to be recorded in the Official Public Records of Blanco County, Texas.

“Resident” means an occupant or tenant of a Lot, regardless of whether the person owns the Lot.

“Residence” means either a Primary Dwelling or an Ancillary Dwelling as defined herein.

“Restrictions” means the restrictions, covenants, and conditions contained in this Declaration, the Design Guidelines, Bylaws, Community Foundation Manual, Rules and Regulations, or in any other rules and regulations promulgated by the Foundation pursuant to this Declaration, as adopted and amended from time to time. *See Table 1* for a summary of the Restrictions.

“Rules and Regulations” means any instrument, however denominated, which may be adopted by the Town Founder as part of the Community Foundation Manual or subsequently adopted by the Board for the regulation and management of the Property or the Common Area, including any amendments to those instruments. Until expiration or termination of the Development Period, the Town Founder may unilaterally amend the Rules and Regulations, and must approve any amendment to the Rules and Regulations adopted by the Board.

“Solar Energy Device” means a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy. The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.

“Standby Electric Generator” means a device that converts mechanical energy to electrical energy and is (a) powered by natural gas, liquefied petroleum gas, diesel fuel, biodiesel fuel, or hydrogen; (b) fully enclosed in an integral manufacturer-supplied sound attenuating enclosure; (c) connected to the main electrical panel of a Residence by a manual or automatic transfer switch; and (d) rated for a generating capacity of not less than seven kilowatts.

“Stewardship Committee” means the committee of the Foundation created pursuant to this Declaration to maintain and enhance natural, ecological, open space and scenic resources of the Property. The Stewardship Committee shall implement and manage the Agricultural Management Plan in accordance with *Article 7* herein.

“Town Founder” means **SLICKROCK RANCH, LLC**, a Texas limited liability company, its successors or assigns; provided that any assignment(s) of the rights of **SLICKROCK RANCH, LLC**, a Texas limited liability company, as Town Founder, must be expressly set forth in writing and Recorded.

Town Founder enjoys special rights and privileges to help protect its investment in the Property. These special rights are described in this Declaration. Many of these rights do not terminate until either Town Founder: (i) has conveyed all Lots which may be created out of the Property; or (ii) voluntarily terminates these rights by a Recorded written instrument.

“Wilderness Buffer” shall be a one hundred foot (100’) set back measured from the boundary line of each side of the Lot, unless otherwise approved in advance by the ACC. The Wilderness Buffer excludes any portion of the Lot that is less than one hundred (100’) feet in width and provides principal access to the Lot from an adjacent roadway (the **“Flag Strip”**). No Improvement or storing of materials is permitted within the Wilderness Buffer or Flag Strip, except as expressly provided in the Design Guidelines, this Declaration, or otherwise approved in advance by the ACC.

TABLE 1: RESTRICTIONS	
Declaration (Recorded)	Creates obligations that are binding upon the Foundation and all present and future owners of Property.
Certificate of Formation (Recorded)	Establishes the Foundation as a Texas nonprofit corporation.
Bylaws (Recorded)	Governs the Foundation’s internal affairs, such as elections, meetings, etc.
Community Foundation Manual (Recorded)	Establishes Rules and Regulations and policies governing the Foundation.
Design Guidelines (if adopted, Recorded)	Governs the design and architectural standards for the construction of Improvements and modifications thereto. The Town Founder shall have no obligation to adopt the Design Guidelines.
Rules and Regulations (if adopted, Recorded)	Regulates the use of property, activities, and conduct within the Property or the Common Area.
Board Resolutions (adopted by the Board of the Foundation)	Establishes rules, policies, and procedures for the Property, Owners and Foundation.
Notice of Withdrawal of Land (Recorded)	Withdraws and removes land from the Property so that such land is no longer burdened by the terms of this Declaration and no longer under the jurisdiction of the Foundation.

TABLE 1: RESTRICTIONS	
Notice of Addition of Land (Recorded)	Adds additional land to the Property, so such land will be considered part of the Property and subject to the terms of this Declaration and under the jurisdiction of the Foundation.
Notice of Plat Recordation (Recorded)	Identifies specific residential Lots within a Plat. Upon recordation of a Notice of Plat Recordation, the Property included within the Plat not comprising a residential Lot will automatically be withdrawn from the terms and provisions of this Declaration. Town Founder shall have no obligation to Record a Notice of Plat Recordation.

ARTICLE 2 GENERAL AND USE RESTRICTIONS

All of the Property shall be owned, held, encumbered, leased, used, occupied, and enjoyed subject to the following limitations and restrictions:

2.1 General.

2.1.1 Conditions and Restrictions. All Lots within the Property will be owned, held, encumbered, leased, used, occupied and enjoyed subject to the Restrictions.

2.1.2 Ordinances. Ordinances and requirements imposed by local governmental authorities are applicable to all Lots within the Property. Compliance with the Restrictions is not a substitute for compliance with Applicable Law. Please be advised that the Restrictions do not purport to list or describe each restriction which may be applicable to a Lot located within the Property. Each Owner is advised to review all ordinances, requirements, regulations and encumbrances affecting the use and improvement of their Lot prior to submitting plans to the ACC for approval. Furthermore, approval by the ACC should not be construed by the Owner that any Improvement complies with the terms and provisions of any ordinances, requirements, regulations or encumbrances which may affect the Owner's Lot. Certain encumbrances may benefit parties whose interests are not addressed by the ACC.

NOTICE

The Restrictions are subject to change from time to time. By owning or occupying a Lot, you agree to remain in compliance with the Restrictions, as they may change from time to time.

2.2 Conceptual Plans. All master plans, site plans, brochures, illustrations, information and marketing materials relating to the Property or the Common Area (collectively, the "Conceptual Plans") are conceptual in nature and are intended to be used for illustrative

purposes only. The land uses and Improvements, including but not limited to any amenity centers, reflected on the Conceptual Plans are subject to change at any time and from time to time, and it is expressly agreed and understood that land uses within the Property or the Common Area may include uses which are not shown on the Conceptual Plans. Neither Town Founder nor any other developer of any portion of the Property or the Common Area makes any representation or warranty concerning such land uses and Improvements shown on the Conceptual Plans or otherwise planned for the Property or the Common Area and it is expressly agreed and understood that no Owner will be entitled to rely upon the Conceptual Plans or any statements made by the Town Founder or any of Town Founder's representatives regarding the proposed land uses, or proposed or planned Improvements in making the decision to purchase any land or Improvements within the Property. Each Owner who acquires a Lot within the Property acknowledges that development of the Property and/or the Common Area will likely extend over many years, and agrees that the Foundation will not engage in, or use Foundation funds to support, protest, challenge, or make any other form of objection to development of the Property or the Common Area or changes in the Conceptual Plans as they may be amended or modified from time to time.

2.3 Single-Family Residential Use. The Lots shall be used solely for private single family residential purposes.

No professional, business, or commercial activity to which the general public is invited shall be conducted on any Lot, except an Owner or Resident may conduct business activities within a Residence so long as: (i) such activity complies with all Applicable Law; (ii) the business activity is conducted without the employment of persons other than the residents of the home constructed in the Lot; (iii) the business activity does not involve customers, contractors, clients, or the general public visiting the Residence to conduct activities related to the business; (iv) the existence or operation of the business activity is not apparent or detectable by sight, i.e., no sign may be erected advertising the business on any Lot, sound, or smell from outside the Residence; (v) the business activity does not involve door-to-door solicitation of residents within the Property; (vi) the business does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles parked within the Property which is noticeably greater than that which is typical of Residences in which no business activity is being conducted; (vii) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Property as may be determined in the sole discretion of the Board; and (viii) the business does not require the installation of any machinery other than that customary to normal household operations. In addition, for the purpose of obtaining any business or commercial license, neither the Residence nor Lot will be considered open to the public. The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of

whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required.

Leasing of a Residence shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by the Town Founder.

Notwithstanding any provision in this Declaration to the contrary, until the expiration or termination of the Development Period:

(i) Town Founder and/or its licensees may construct and maintain upon portions of the Common Area, any Lot, or portion of the Property owned by the Town Founder, such facilities and may conduct such activities which, in Town Founder's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of Residences constructed upon the Lots, including, but not limited to, business offices, signs, model homes, and sales offices. Town Founder and/or its licensees shall have an easement over and across the Common Area for access and use of such facilities at no charge; and

(ii) Town Founder and/or its licensees will have an access easement over and across the Common Area for the purpose of making, constructing and installing Improvements upon the Common Area.

2.4 Rentals. Nothing in this Declaration will prevent the rental of any Lot and the Improvements thereon by the Owner thereof for residential purposes; provided that: (i) all rentals must be for terms of at least twelve (12) months; and (ii) no portion of a Lot (other than the entire Lot) may be rented. For avoidance of doubt, an Ancillary Dwelling may not be separately rented from the Primary Dwelling. All leases shall be in writing. The Owner must provide to its lessee copies of the Restrictions and shall notify its lessee of any changes or additions thereto. Notice of any lease, together with such additional information as may be required by the Board, will be remitted to the Foundation by the Owner on or before the expiration of ten (10) days after the effective date of the lease. Notwithstanding the foregoing, Town Founder and its affiliates shall be exempt from the rental restrictions contained in this Section 2.4, and this Section 2.4 may not be amended or modified without Town Founder's written and acknowledged consent.

2.5 Hazardous Activities. No activities may be conducted on or within the Property and no Improvements may be constructed on or within any portion of the Property which, in the opinion of the Board, are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or fireworks may be discharged upon any portion of the Property unless discharged in conjunction with an event approved in advance by the Board and no open fires may be lighted or permitted except within safe and well-designed fireplaces or in contained barbecue units while attended and in use for cooking

purposes. No portion of the Property may be used for the takeoff, storage, or landing of aircraft (including, without limitation, helicopters) except for medical emergencies.

2.6 Insurance Rates. Nothing shall be done or kept on the Property which would increase the rate of casualty or liability insurance or cause the cancellation of any such insurance on the Common Area, or the Improvements located thereon, without the prior written approval of the Board.

2.7 Mining and Drilling. Unless otherwise provided in *Section 11.18*, no portion of the Property may be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth. This provision will not be construed to prevent the excavation of rocks, stones, sand, gravel, aggregate, or earth or the storage of such material for use as fill provided that such activities are conducted in conjunction with the construction of Improvements and/or the development of the Property by the Town Founder, or as otherwise approved in advance by the ACC. Furthermore, this provision will not be interpreted to prevent the drilling of water wells by the Town Founder or otherwise approved in advance by the ACC which are required to provide water to all or any portion of the Property. All water wells must also be approved in advance by any applicable regulatory authority.

2.8 Maintenance. The Owners of each Lot shall jointly and severally have the duty and responsibility, at their sole cost and expense, to keep their Lot and all Improvements thereon in good condition and repair and in a well-maintained, safe, clean and attractive condition at all times. The Board, in its sole discretion, shall determine whether a violation of the maintenance obligations set forth in this *Section 2.8* has occurred. Such maintenance includes, but is not limited to the following, which shall be performed in a timely manner, as determined by the Board, in its sole discretion:

- (i) Prompt removal of all litter, trash, refuse, and wastes.
- (ii) Keeping exterior lighting and mechanical facilities in working order.
- (iii) Keeping walkways and driveways in good repair.
- (iv) Complying with Applicable Law.
- (v) Repainting of Improvements.
- (vi) Repair of exterior damage, and wear and tear to Improvements.

2.9 Use and Storage of Recreational Vehicles. Use of smaller recreational vehicles, including but not limited to, electric utility terrain vehicles, all-terrain vehicles, and golf carts, on the Property is allowed on the roadways and certain Common Area permitted by the

Foundation. Use of smaller recreational vehicles, including but not limited to utility terrain vehicles, all-terrain vehicles, and golf carts is also permitted on the Owner's Lot. If larger recreational vehicles, such as a camper or motor home, are parked or placed on a Lot, it shall be parked or placed so as to be shielded from view of public or private thoroughfares, and no portion of it shall be kept within the Wilderness Buffer. If fencing or a structure is utilized to shield recreational vehicles, the fencing and/or structure must be approved in advance and in writing by the ACC. In the event of any dispute regarding the effect or application of this *Section 2.9*, the interpretation of the ACC will be final.

2.10 Signs. Unless otherwise prohibited by Applicable Law, no sign of any kind may be displayed to the public view on any Lot except for:

- (i) signs which are expressly permitted pursuant to this Declaration, the Design Guidelines, or the Rules and Regulations, or as approved in advance and in writing by the ACC;

- (ii) signs which are part of Town Founder's overall marketing, sale, or construction activities for the Property;

- (iii) candidate or measure signs may be erected provided the sign:
(a) is erected no earlier than the ninetieth (90th) day before the date of the election to which the sign relates; (b) is removed no later than the tenth (10th) day after the date of the election to which the sign relates; and (c) is ground-mounted. Only one sign may be erected for each candidate or measure. In addition, signs which include any of the components or characteristics described in Section 259.002(d) of the Texas Election Code are prohibited;

- (iv) permits as may be required by legal proceedings;

- (v) permits as may be required by any governmental entity;

- (vi) for sale signs, provided that sign is approved in advance by the ACC (the ACC reserves the right to adopt standard requirements governing for sale signs to be displayed within the Property).

2.11 Temporary Structures. No tent, shack, or other temporary building, Improvement, or structure shall be placed upon the Property without the prior written approval of the ACC; provided, however, that temporary structures necessary for storage of tools and equipment during actual construction may be maintained with the prior approval of ACC (unless placed by the Town Founder).

2.12 Animal Enclosures. All fencing, enclosed areas and/or shelters constructed for the purposes of sheltering animals permitted in *Section 2.16*, including but not limited to chicken coops, runs, or related Improvements must be: (i) constructed in accordance with

materials, plans and specifications in conformance with the terms and provisions of this Declaration and any additional conditions imposed by the ACC; (ii) of reasonable design and construction to adequately fence, enclose and/or shelter such animals in accordance with the provisions hereof; and (iii) approved in advance and in writing by the ACC. All such enclosures and related Improvements must at all times be maintained and remain in sanitary conditions without noxious odors. The Foundation reserves the right to enter Owner's Lot to inspect the condition of any such enclosures and related Improvements, and any violations may result in the immediate removal of all farm animals on the Lot, permanent denial of any future use related to the housing of chickens, and is subject to fines.

2.13 Consolidation. An Owner of two contiguous Lots may, with prior written approval of the Foundation, consolidate such Lots into one single Lot, provided that voting rights and assessments will be allocated according to *Section 4.4(i)*. Such combination shall be at the sole expense of the requesting Owner. The Foundation may withhold approval of such a combination in its sole discretion.

2.14 Subdividing. No Lot shall be further divided or subdivided, nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior written approval of the ACC; provided, however, that when Town Founder is the Owner thereof, Town Founder may further divide and subdivide any Lot and convey any easements or other interests less than the whole, all without the approval of the ACC.

2.15 Clearing of Lots. Any clearing of trees or underbrush within any Lot must be approved in advance by the ACC and comply with all applicable Design Guidelines.

2.16 Animals – Household Pets. Unless expressly authorized herein, no animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept, maintained, or cared for on or within the Property (as used in this paragraph, the term "domestic household pet" shall not mean or include non-traditional pets such pot-bellied pigs, miniature horses, exotic snakes or lizards, monkeys, or other exotic animals). The Board may determine, in its sole discretion, whether a particular pet is a domestic household pet within the ordinary meaning and interpretation of such words. Subject to advanced written approval by the Stewardship Committee in accordance with *Section 2.17*, horses and certain other livestock kept for the purposes of an approved agricultural activity may be permitted. No Owner may keep on such Owner's Lot more than five (5) cats and dogs, in the aggregate. As may be further regulated by the Board, each Owner may keep up to thirty (30) chickens, with roosters being expressly prohibited, on such Owner's Lot with the written approval of the Board. No animal may be allowed to make an unreasonable amount of noise, or to become a nuisance. No animals shall be allowed to run at large or roam free on the Property and all animals shall be kept within Owner's Lot in areas or enclosures which must be clean, sanitary and reasonably free of refuse, insects and waste at all times. Furthermore, the Board may restrict pets to certain areas on the Property and may adopt measures that must be taken to ensure any animal permitted by this *Section 2.16* remains on Owner's Lot. All fencing, enclosed

areas and/or shelters constructed hereunder must be: (i) constructed in accordance with materials, plans and specifications in conformance with the terms and provisions of this Declaration and any additional conditions imposed by the ACC; (ii) of reasonable design and construction to adequately fence, enclose and/or shelter such animals in accordance with the provisions hereof; and (iii) approved in advance and in writing by the ACC. No animal may be stabled, maintained, kept, cared for, or boarded for hire or remuneration on the Property, and no kennels or breeding operation will be allowed. All animals permitted by this *Section 2.16* must be registered, licensed and inoculated as required by Applicable Law. If the Board determines, in its sole discretion, that any animal becomes a source of unreasonable annoyance to others, or the owner of the animal fails or refuses to comply with these restrictions, the Owner, upon written notice, may be required to remove the animal from the Property.

2.17 Agricultural Activities. Owner may be permitted to conduct limited accredited agricultural activities on Owner's Lot upon written approval of their plan and activities from the Stewardship Committee, such approval to be granted or withheld in the sole discretion of the Stewardship Committee. Agricultural activities that are inconsistent or incompatible with the Agricultural Management Plan as described in *Section 2.30* are prohibited.

2.18 Exterior Lighting. In order to minimize light pollution and preserve nighttime darkness, all exterior illumination shall be designed and located to encourage conformance to "Dark Sky" principles. "Dark Sky" principles include avoiding adverse impact of artificial light including sky glow, glare, light trespass, light clutter, decreased visibility at night, and energy waste. Each Owner hereby acknowledges that the Blanco County Commissioners Court has passed and approved a resolution to preserve and promote Dark Sky principles and that any exterior lighting is to conform to such resolution and any other Applicable Law. For further information with regard to exterior lighting, the Design Guidelines may include additional requirements that is otherwise required by the resolution or the ACC. The ACC reserves the right to adopt specific requirements from time to time with respect to wattage and the type of lighting necessary to comply with Dark Sky principles.

2.19 Rubbish and Debris. As determined by the Board, no rubbish or debris of any kind may be placed or permitted to accumulate on or within the Property, and no odors will be permitted to arise therefrom so as to render all or any portion of the Property unsanitary, unsightly, offensive, or detrimental to any other property or Residents. Refuse, garbage, and trash must be kept at all times in covered containers, and such containers must be kept within enclosed structures or appropriately screened from view. Unless otherwise provided by the Foundation, each Owner will contract with an independent disposal service to collect all garbage or other wastes, if such service is not provided by a governmental entity or the Foundation.

2.20 Antennas. No exterior television antennas or aerial or satellite dish or disc, shall be erected, maintained or placed on a Lot without the prior written approval of the ACC. Antennas shall be limited to those necessary for providing video programming services,

satellite communications, or satellite internet to Residences. An Antenna must comply with the Design Guidelines and may be installed solely on the Owner's Lot and shall not encroach upon any portion of a Wilderness Buffer, street, or Common Area.

The ACC may, from time to time, modify, amend, or supplement the rules regarding installation and placement of Permitted Antennas.

2.21 Flags – Approval Requirements. An Owner is permitted to display the flag of the United States of America, the flag of the State of Texas, an official or replica flag of any branch of the United States armed forces, ("**Permitted Flag**") and is permitted to install a flagpole no more than six feet (6') in length affixed to the garage or front of a Residence near the principal entry or affixed to the rear of a Residence ("**Permitted Flagpole**"). A Permitted Flag or Permitted Flagpole need not be approved in advance by the ACC. Approval by the ACC is required prior to installing vertical freestanding flagpoles installed in the front or back yard area of any Lot ("**Freestanding Flagpole**").

2.22 Flags – Installation and Display. Unless otherwise approved in advance and in writing by the ACC, Permitted Flags, Permitted Flagpoles and Freestanding Flagpoles, installed in accordance with the Flagpole Application, must comply with the following:

- (i) No more than one (1) Freestanding Flagpole OR no more than one (1) Permitted Flagpoles are permitted per Lot, on which only Permitted Flags may be displayed;
- (ii) The location of any Permitted Flagpole or Freestanding Flagpole must be submitted to the ACC for prior written approval, and in no event, may be installed in the Wilderness Buffer;
- (iii) Any Permitted Flagpole must be no longer than six feet (6') in length and any Freestanding Flagpole must be no more than twenty feet (20') in height;
- (iv) If a Permitted Flag is to be displayed daily (from dusk till dawn) using a Freestanding Flagpole, then a permanent Freestanding Flagpole must be installed;
- (v) If a Permitted Flag is to be displayed on specific holidays only or less frequently than every day using a Freestanding Flagpole, then the Freestanding Flagpole must be temporary and must be removed when the flag is not being displayed;
- (vi) Any Permitted Flag displayed on a Permitted Flagpole may not be more than three feet in height by five feet in width (3'x5');

(vii) Any Permitted Flag displayed on a Freestanding Flagpole must be appropriate for the height of the flag pole, but may not (i) exceed four feet in height by six feet in width (4'x6') for flagpoles taller than fifteen feet (15'); and (ii) exceed three feet in height by five feet in width (3'x5') for flagpoles shorter than fifteen feet (15').

(viii) With the exception of flags displayed on Common Area or any Lot which is being used for marketing purposes by the Town Founder, the flag of the United States of America must be displayed in accordance with 4 U.S.C. Sections 5-10 and the flag of the State of Texas must be displayed in accordance with Chapter 3100 of the Texas Government Code;

(ix) The display of a Permitted Flag, or the location and construction of a Permitted Flagpole or Freestanding Flagpole must comply with all Applicable Law, easements and setbacks of record;

(x) Each Permitted Flagpole and Freestanding Flagpole must be constructed of permanent, long-lasting materials, with a finish appropriate to the materials used in the construction thereof and harmonious with the Residence;

(xi) Any Permitted Flag, Permitted Flagpole, and Freestanding Flagpole must be maintained in good condition and any deteriorated Permitted Flag or deteriorated or structurally unsafe Permitted Flagpole or Freestanding Flagpole must be repaired, replaced or removed;

(xii) A Permitted Flag may be illuminated by no more than one (1) halogen landscaping light of low beam intensity which shall not be aimed towards or directly affect any neighboring Lot; and

(xiii) Any external halyard of a Permitted Flagpole or Freestanding Flagpole must be secured so as to reduce or eliminate noise from flapping against the metal of the Permitted Flagpole or Freestanding Flagpole.

2.23 Display of Religious Items. An Owner or Resident may display or affix to their Residence one or more religious items, motivated by the Owner's or Resident's sincere religious belief, subject to the following restrictions:

(i) Any display or affixing of a religious item to the Residence that threatens the public health or safety is prohibited;

(ii) Any display or affixing of a religious item to the Residence that violates a law is prohibited;

(iii) Any display or affixing of a religious item to the Residence that contains language, graphics, or any display that is patently offensive to a passerby is prohibited;

(iv) The Foundation may remove any item affixed or displayed that violates this *Section 2.23*.

2.24 Tanks. The ACC must approve any tank used or proposed in connection with a Residence, including tanks for storage of fuel, water, oil, propane, or liquid petroleum gas (LPG), and including swimming pool filter tanks. No elevated tanks of any kind may be erected, placed or permitted on any Lot without the advance written approval of the ACC. All permitted tanks must be screened from view in accordance with a screening plan approved in advance by the ACC. This provision will not apply to a tank used to operate a standard residential gas grill, provided, however, that Owners shall not store propane for standard residential gas grills and other devices that use propane in any single tank with a storage capacity greater than twenty-five (25) gallons.

2.25 Playscapes and Sports Courts. Playscapes and sport courts are permissible at the sole discretion of the ACC. If allowed, these facilities must be properly sited and screened so as to minimize the visual and audio impact of the facility on adjacent properties. The construction and design of playscapes and sports courts must be approved in advance by the ACC and shall otherwise comply with the Design Guidelines and Applicable Law.

2.26 Exterior Window Air Conditioning Units. No exterior window air conditioning units are permitted on any Lot without the advance written approval of the ACC.

2.27 Window Treatments. An Owner may install window treatments inside the Residence constructed on his or her Lot, provided that the window treatments, including drapes, blinds, shades or shutters, must appear to be (i) clear, (ii) white, or (iii) near-white light neutral when viewed from adjacent property. The use of newspaper, bed sheets, tablecloths, or other obviously non-drapery fabrics, aluminum foil, and reflective materials as window treatments are expressly prohibited.

2.28 Shared Mailboxes. One or more mailbox kiosks (the “**Shared Mailboxes**”) may be installed by Town Founder to serve the Owners. If installed, such Shared Mailboxes are hereby designated as Common Area, and the Foundation shall maintain the Shared Mailboxes in good condition and repair in accordance with United States Postal Service requirements. The costs incurred, or estimated to be incurred, by the Foundation for maintenance of the Shared Mailboxes shall be discharged through Assessments. Notwithstanding the foregoing, individual Owners are required to replace the locks and/or keys as needed and are for the cost associated therewith.

2.29 Driveways and Parking. The construction of all driveways and parking areas must be approved in advance by the ACC and shall otherwise comply with the Design

Guidelines and Applicable Law. All Owners and Residents are encouraged to park vehicles in the garage on their Lot and use the driveways on their Lot as overflow parking. Parking of any vehicle, including any recreational vehicle, or trailer within the Wilderness Buffer or Flag Strip is prohibited, except as necessary during the actual construction of any Improvement and as otherwise approved in advance by the ACC.

2.30 Individual Lot Agricultural Management Plan. It is anticipated that Town Founder, without obligation, will implement an Agricultural Management Plan for each Lot.

(a) Purpose. The purpose of the Agricultural Management Plan is to effectively manage each Lot's qualification for a reduced agricultural use appraisal by allowing free range and free grazing blackbuck antelope across all Lots. The Agricultural Management Plan is outlined in the Round Mountain Reserve Community Foundation Manual and may be updated by Town Founder, the Foundation, and their agents, employees and designees, as needed to comply with Blanco County Appraisal District regulations.

(b) Agricultural Management Use, Ad Valorem Tax Valuation. Each Owner, by acquiring a Lot, agrees to commit the primary use of their Lot to agricultural management as described in Section 23.51(2) of the Texas Tax Code and to the requirements of Blanco County for qualification for agricultural appraisal based on agricultural grazing use. Each Owner shall be responsible for maintaining an ad valorem tax valuation based on the agricultural management on such Owner's Lot ("Agricultural Valuation") by allowing the Foundation or Stewardship Committee to implement an Agricultural Management Plan as described herein and by taking the actions prescribed by the Foundation or Stewardship Committee, including, but not limited to signing and/or implementing any Agricultural Management Plan adopted by the Foundation or Stewardship Committee or any annual report for such Owner's Lot. The Foundation or Stewardship Committee may retain a third-party company specializing in agricultural management plans to assist in this effort. If for any reason a Lot no longer qualifies for the Agricultural Valuation, the Owner thereof shall be responsible for and shall pay all rollback and market value taxes due and payable on said Lot.

(c) Implementation of Agricultural Management Plan. Each Owner, by acquiring a Lot, authorizes the Foundation or Stewardship Committee to adopt and implement an Agricultural Management Plan for each Lot within the Property and agrees to comply with the Agricultural Management Plan, if any, adopted by the Foundation or Stewardship Committee and to allow the Foundation or Stewardship Committee to take the actions necessary to implement the Agricultural Management Plan on each Lot. Such activities include, but are not limited to, preparing an Agricultural Management Plan for the Property. The Foundation or Stewardship

Committee may enter into agreements with third-party service companies to prepare and implement the Agricultural Management Plan.

(d) Cooperation in Submittal of the Agricultural Management Plan. In the event the Foundation or Stewardship Committee establishes an Agricultural Management Plan for the Property, each Owner agrees to designate the Board, or its duly authorized agent, to act on behalf of the Owner in agricultural management property tax matters relating to submitting the Agricultural Management Plan or related annual report for Owner's Lot and the Property. In the event the Foundation or Stewardship Committee establishes an Agricultural Management Plan for the Property, each Owner agrees to execute Texas Comptroller of Public Accounts Form 50-162 to designate the Foundation, the Manager, the Stewardship Committee, or a third-party selected by the Board or Stewardship Committee as such Owner's agent for agricultural management property tax matters as is necessary to allow the Foundation or Stewardship Committee to submit a single Agricultural Management Plan and/or preparation of an annual report showing implementation of the Agricultural Management Plan for the Property. Alternatively, in the event individual Owners' signatures are required, each Owner shall execute the Agricultural Management Plan adopted by the Foundation or Stewardship Committee.

(e) Principle Use. Owners agree that any residential development that occurs on their Lot shall be secondary in nature to the principal use of agricultural management and grazing of agricultural animals, shall not significantly or demonstrably interfere with the practices and activities being conducted on the land, shall not be detrimental to the species under management, and further agree that any residential development shall comply with any applicable legal limits established by the relevant governmental entity.

(f) Inspection. Owners agree that the Town Founder, the Foundation, and their agents, employees and designees shall have the right to inspect their Lot to ensure compliance with the Agricultural Management Plan, to implement agricultural management practices, and in the event of a breach of the Agricultural Management Plan, to enforce this restrictions, and to recoup costs involved in enforcement, as further provided in this Declaration.

2.31 Propane Service Agreement. It is anticipated that Town Founder, without obligation, will enter into a Propane System Installation Agreement ("**Propane Agreement**") that burdens the Property (including any amendments thereto) to provide propane gas from a centrally installed propane gas system.

2.32 Compliance with Restrictions. Each Owner, his or her family, Residents of a Lot, tenants, and the guests, invitees, and licensees of the preceding shall comply strictly with

the provisions of the Restrictions as the same may be amended from time to time. Failure to comply with any of the Restrictions shall constitute a violation of the Restrictions and may result in a fine against the Owner in accordance with *Section 8.12* of this Declaration, and shall give rise to a cause of action to recover sums due for damages or injunctive relief, or both, maintainable by the Town Founder, the Board on behalf of the Foundation, the ACC, or by an aggrieved Owner. The result of every act or omission that violates any provision of the Restrictions is a nuisance, and any remedy allowed by law against a nuisance, either public or private, is applicable against the violation. Without limiting any rights or powers of the Foundation, the Board may (but shall not be obligated to) remedy or attempt to remedy any violation of any of the provisions of the Restrictions, and the Owner whose violation has been so remedied shall be personally liable to the Foundation for all costs and expenses of effecting (or attempting to effect) such remedy. If such Owner fails to pay such costs and expenses upon demand by the Foundation, such costs and expenses (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, at the rate of one and one-half percent (1-1/2%) per month) shall be assessed against and chargeable to the Owner's Lot(s). Any such amounts assessed and chargeable against a Lot shall be secured by the liens reserved in this Declaration for Assessments and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot(s). **EACH SUCH OWNER SHALL RELEASE AND HOLD HARMLESS THE FOUNDATION AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE FOUNDATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 2.32 (INCLUDING ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE FOUNDATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE FOUNDATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

2.33 Liability of Owners for Damage to Common Area. No Owner shall in any way alter, modify, add to or otherwise perform any work upon the Common Area without the prior written approval of the Board and the Town Founder during the Development Period. Each Owner shall be liable to the Foundation for any and all damages to: (i) the Common Area and any Improvements constructed thereon; or (ii) any Improvements constructed on any Lot, the maintenance of which has been assumed by the Foundation, which damages were caused by the neglect, misuse or negligence of such Owner or Owner's family, or by any tenant or other Resident of such Owner's Lot, or any guest or invitee of such Owner or Resident. The full cost of all repairs of such damage shall be an Individual Assessment against such Owner's Lot, secured by a lien against such Owner's Lot and collectable in the same manner as provided in *Section 8.10* of this Declaration.

2.34 No Warranty of Enforceability. Town Founder makes no warranty or representation as to the present or future validity or enforceability of the Restrictions. Any Owner acquiring a Lot in reliance on one or more of the Restrictions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Town Founder harmless therefrom.

ARTICLE 3 CONSTRUCTION RESTRICTIONS

3.1 Approval for Construction. Unless prosecuted by the Town Founder, no Improvements shall be constructed upon any Lot without the prior written approval of the ACC in accordance with *Article 5* of this Declaration.

3.2 Required Construction Timeline. The start of construction on a Lot shall begin with either the Primary Dwelling or Ancillary Dwelling, as described in the Design Guidelines. Construction must be started within three (3) years from the initial date of purchase of a Lot from the Town Founder or within three (3) years from the date the electrical lines are installed within the area designated for such utility easement pursuant to *Section 10.3* to allow for such construction to commence on a Lot, whichever is later. The “start of construction” for purposes of this *Section 3.2* is defined as an Owner in receipt of all written approvals and permits prior to beginning the construction of an Improvement upon a Lot including, but not limited to, written architectural approval from the Foundation and any required governmental body as well as some physical evidence on the Lot that construction of a Residence has begun. Construction of Improvements shall be continuous and proceed in an orderly fashion without interruption and any individual Improvement on a Lot shall be completed in a reasonable time, not to exceed eighteen (18) months from the ACC’s receipt of the compliance deposit per the Design Guidelines.

If an Owner commences the construction timeline by constructing an Ancillary Dwelling, an additional two (2) years will be granted to the Owner to commence construction on the Primary Dwelling. In the event Owner fails to begin construction of a Residence within three (3) years of the above-designated date or within five (5) years of such date, whichever is applicable, the Town Founder may adopt an annual fee as determined from time to time by the Town Founder during the Development Period.

3.3 Flag Strip Improvements. With respect to any Flag Strip portion of the Lot, only the following Improvements are permitted, except as otherwise approved in advance by the ACC:

- (i) Any Improvement related to the construction, installation, or maintenance of driveways, fencing, irrigation, or utilities necessary and required for residential purposes or the proper functioning of the Property is permitted, so

long as such Improvement is approved by the ACC and complies with applicable restrictions in the Design Guidelines; and

(ii) Any ground lighting fixtures to be installed for the purposes of lighting and demarcating the driveway from the adjacent roadway to the Residence, subject to the advance approval of the ACC and any lighting specifications the ACC may choose to adopt.

3.4 Fences. All fences must be approved in advance by the ACC, and shall comply with all Applicable Law. The ACC, in its sole discretion, may prohibit the construction of any proposed fence and/or gate, modify the materials, location or height of any proposed fence or gate. Fencing shall conform to the Design Guidelines unless otherwise approved in writing by the ACC prior to commencement of construction.

3.5 Trash Containers. Trash containers and recycling bins must be stored on an Owner's Lot in such a manner that the trash container and recycling bin are not visible from any private or public thoroughfares.

3.6 Drainage. There shall be no interference with the established drainage patterns over any of the Property, including the Lots, except by Town Founder, unless adequate provision is made for proper drainage and such provision is approved in advance by the ACC. Specifically, and not by way of limitation, no Improvement, including landscaping, may be installed which impedes the proper drainage of water between Lots.

3.7 Construction Activities. The Restrictions will not be construed or applied so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by the Town Founder, or as otherwise approved in advance by the ACC. Specifically, no such construction activities will be deemed to constitute a nuisance or a violation of the Restrictions by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. 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 ACC may contract for or cause such debris to be removed, and the Owner of the Lot will be liable for all reasonable expenses incurred in connection therewith.

3.8 Roofing. The roofs of all buildings shall comply with the Design Guidelines. Roofs of buildings may be constructed with "**Energy Efficient Roofing**" with the advance written approval of the ACC. For the purpose of this *Section 3.8*, "**Energy Efficient Roofing**" means shingles that are designed primarily to: (i) be wind and hail resistant; (ii) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (iii) provide solar generation capabilities. The ACC will not prohibit an Owner from

installing Energy Efficient Roofing provided that the Energy Efficient Roofing shingles: (a) resemble the shingles used or otherwise authorized for use within the community; (b) are more durable than, and are of equal or superior quality to, the shingles used or otherwise authorized for use within the community; and (c) match the aesthetics of adjacent property. An Owner who desires to install Energy Efficient Roofing will be required to comply with the architectural review and approval procedures set forth in the Restrictions. In conjunction with any such approval process, the Owner should submit information which will enable the ACC to confirm the criteria set forth in this *Section 3.8*. Any other type of roofing material shall be permitted only with the advance written approval of the ACC.

3.9 Swimming Pools. Any swimming pool constructed on a Lot may not be visible from any private and public thoroughfares, must be approved in advance by the ACC, and must satisfy all requirements imposed by Applicable Law. The ACC may require that swimming pools be screened from the view of a Residence constructed on an adjacent Lot.

3.10 Compliance with Setbacks and Easements. No Residence or Improvement may be constructed on any Lot nearer to a street than the minimum building setback lines shown on the Plat and no Improvement shall be located on any drainage, utility or conservation easement, or any portion of the Wilderness Buffer, unless otherwise permitted pursuant to Applicable Law.

3.11 Standby Electric Generators. The installation, operation and maintenance of all Standby Electric Generators must comply with the following:

- (a) The installation and maintenance of any Standby Electric Generator must be in compliance with manufacturer's specifications and all Applicable Law;
- (b) The installation of all electrical, plumbing and fuel line connections must be performed only by licensed contractors;
- (c) The installation of all electrical connections must be performed in accordance with Applicable Law;
- (d) The installation of all natural gas, diesel fuel, biodiesel fuel, or hydrogen fuel line connections must be performed in accordance with Applicable Law;
- (e) The installation of all liquefied petroleum gas fuel line connections must be performed in accordance with the rules and standards promulgated and adopted by the Railroad Commission of Texas and other Applicable Law;
- (f) The installation and maintenance of non-integral Standby Electric Generator fuel tanks must comply with applicable municipal zoning ordinances and other Applicable Law;

(g) All Standby Electric Generators and their electrical lines and fuel lines must be maintained in good condition. In addition, the repairing, replacing and removal of any deteriorated or unsafe component of the Standby Electric Generator, including electrical or fuel lines, is required;

(h) Owners must screen the Standby Electric Generator if it is:

(i) Visible from the street faced by a Residence; or

(ii) Visible from a Residence constructed on an adjacent Lot or from an adjacent Common Area;

(i) Any periodic testing of the Standby Electric Generator consistent with the manufacturer's recommendation must only be performed during the hours of 9:00 a.m. to 7:00 p.m., Monday through Saturday;

(j) Use of a Standby Electric Generator to generate all or substantially all of the electrical power to a Lot is strictly prohibited, except when utility-generated electrical power is not available or is intermittent due to causes other than nonpayment for utility service;

(k) No Standby Electric Generator shall be located in a Common Area;

(l) No Standby Electric Generator may be installed prior to obtaining written approval pursuant to this *Article 5*; and

(m) In addition to the foregoing requirements, no Standby Electric Generator and related electrical, plumbing and fuel lines shall be erected, constructed, placed or permitted to remain on any Lot unless such installation strictly complies with the following location requirements (however, each location requirements shall not apply if it increases the cost of installation of the Standby Electric Generator by more than ten (10%) percent or increases the cost of installing and connecting by more than twenty (20%) percent):

(i) To the extent feasible, the Standby Electric Generator and related electrical, plumbing and fuel lines shall be located behind the Primary Dwelling and in no event shall be installed within the Wilderness Buffer.

(ii) To the extent feasible, no Standby Electric Generator and related electrical, plumbing and fuel lines shall be constructed or placed or permitted to remain on any utility easement or other easement or right-of-way located on any Lot.

3.12 Solar Energy Device. Solar Energy Devices may be installed with the advance written approval of the ACC in accordance with the procedures set forth below.

3.12.1 Application. To obtain ACC approval of a Solar Energy Device, the Owner shall provide the ACC with the following information: (i) the proposed installation location of the Solar Energy Device; and (ii) a description of the Solar Energy Device, including the dimensions, manufacturer, and photograph or other accurate depiction (the “**Solar Application**”). A Solar Application may only be submitted by an Owner unless the Owner’s tenant provides written confirmation at the time of submission that the Owner consents to the Solar Application. The Solar Application shall be submitted in accordance with the provisions of *Article 5* of this Declaration.

3.12.2 Approval Process. The ACC will review the Solar Application in accordance with the terms and provisions of *Article 5* of this Declaration. The ACC will approve a Solar Energy Device if the Solar Application complies with applicable restrictions set forth herein and in the Design Guidelines **UNLESS** the ACC makes a written determination that placement of the Solar Energy Device, despite compliance, will create a condition that substantially interferes with the use and enjoyment of other Lots within the Property by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. The ACC’s right to make a written determination in accordance with the foregoing sentence is negated if all Owners of Lots immediately adjacent to the Owner/applicant provide written approval of the proposed placement. Any proposal to install a Solar Energy Device on Common Area or property maintained by the Foundation must be approved in advance and in writing by the Board, and the Board need not adhere to this *Section 3.12* when considering any such request.

3.13 Rainwater Harvesting Systems. Rain barrels or rainwater harvesting systems (a “**Rainwater Harvesting System**”) may be installed with the advance written approval of the ACC.

3.13.1 Application. To obtain ACC approval of a Rainwater Harvesting System, the Owner shall provide the ACC with the following information: (i) the proposed installation location of the Rainwater Harvesting System; and (ii) a description of the Rainwater Harvesting System, including the color, dimensions, manufacturer, and photograph or other accurate depiction (the “**Rain System Application**”). A Rain System Application may only be submitted by an Owner unless the Owner’s tenant provides written confirmation at the time of submission that the Owner consents to the Rain System Application.

3.13.2 Approval Process. The decision of the ACC will be made in accordance with *Article 5* of this Declaration. Any proposal to install a Rainwater Harvesting System on Common Area must be approved in advance and in writing by the Board, and the Board need not adhere to this *Section 3.13* when considering any such request.

3.13.3 Approval Conditions. Unless otherwise approved in advance and in writing by the ACC, each Rain System Application and each Rainwater Harvesting System to be installed in accordance therewith must comply with the following:

(i) The Rainwater Harvesting System must be consistent with the color scheme of the Residence constructed on the Owner's Lot, as reasonably determined by the ACC.

(ii) The Rainwater Harvesting System does not include any language or other content that is not typically displayed on such a device.

(iii) There is sufficient area on the Owner's Lot to install the Rainwater Harvesting System, as reasonably determined by the ACC.

3.13.4 Guidelines. If the Rainwater Harvesting would be visible from a street, Common Area, or another Owner's Lot, the ACC may regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System. Accordingly, when submitting a Rain System Application, the application should describe methods proposed by the Owner to shield the Rainwater Harvesting System from the view of any street, Common Area, or another Owner's Lot. Any regulations imposed by the ACC to regulate the size, type, shielding of, and materials used in the construction of the Rainwater Harvesting System, may not prohibit the economic installation of the Rainwater Harvesting System, as reasonably determined by the ACC.

3.14 Xeriscaping. As part of the installation and maintenance of landscaping on an Owner's Lot, an Owner may submit plans for and install drought tolerant landscaping ("Xeriscaping") upon written approval by the ACC. All Owners implementing Xeriscaping shall comply with the following:

3.14.1 Application. Approval by the ACC is required prior to installing Xeriscaping. To obtain the approval of the ACC for Xeriscaping, the Owner shall provide the ACC with the following information: (i) the proposed site location of the Xeriscaping on the Owner's Lot; (ii) a description of the Xeriscaping, including the types of plants, border materials, hardscape materials and photograph or other accurate depiction and (iii) the percentage of yard to be covered with gravel, rocks and cacti (the "**Xeriscaping Application**"). A Xeriscaping Application may only be submitted by an Owner unless the Owner's tenant provides written confirmation at the time of submission that the Owner consents to the Xeriscaping Application. The ACC is not responsible for: (a) errors or omissions in the Xeriscaping Application submitted to the ACC for approval; (b) supervising installation or construction to confirm compliance with an approved Xeriscaping Application or (c) the compliance of an approved application with Applicable Law.

3.14.2 Approval Conditions. Unless otherwise approved in advance and in writing by the ACC, or otherwise required to be approved under Applicable Law, each

Xeriscaping Application and all Xeriscaping to be installed in accordance therewith must comply with the following:

(i) The Xeriscaping must be aesthetically compatible with other landscaping in the community as reasonably determined by the ACC. For purposes of this *Section 3.14*, “aesthetically compatible” shall mean overall and long-term aesthetic compatibility within the community.

(ii) The Xeriscaping must not attract diseases and insects that are harmful to the existing landscaping on neighboring Lots, as reasonably determined by the ACC.

3.14.3 Process. The decision of the ACC will be made within a reasonable time, or within the time period otherwise required by the principal deed restrictions which govern the review and approval of improvements. A Xeriscaping Application submitted to install Xeriscaping on property owned by the Foundation or property owned in common by members of the Foundation will not be approved. Any proposal to install Xeriscaping on property owned by the Foundation or property owned in common by members of the Foundation must be approved in advance and in writing by the Board, and the Board need not adhere to the requirements set forth in this *Section 3.14* when considering any such request.

3.14.4 Approval. Each Owner is advised that if the Xeriscaping Application is approved by the ACC, installation of the Xeriscaping must: (i) strictly comply with the Xeriscaping Application; (ii) commence within ninety (90) days of approval; and (iii) be diligently prosecuted to completion. If the Owner fails to cause the Xeriscaping to be installed in accordance with the approved Xeriscaping Application, the ACC may require the Owner to: (a) modify the Xeriscaping Application to accurately reflect the Xeriscaping installed on the Property; or (b) remove the Xeriscaping and reinstall the Xeriscaping in accordance with the approved Xeriscaping Application. Failure to install Xeriscaping in accordance with the approved Xeriscaping Application or an Owner’s failure to comply with the post-approval requirements constitutes a violation of this Declaration and may subject the Owner to fines and penalties. Any requirement imposed by the ACC to resubmit a Xeriscaping Application or remove and relocate Xeriscaping in accordance with the approved Xeriscaping Application shall be at the Owner’s sole cost and expense.

3.15 Water Wells. Potable water will be provided by private water wells (the “Well”) located on each Owner’s individual Lot. The Well must be installed and ready to provide potable water to the Residence prior to the occupancy thereof, in accordance with Blanco County Subdivision Regulations. The installation and construction of the Well will be the sole responsibility of the Owner. Each Owner must ensure that: (1) the architectural design of any water well house is consistent with the architectural design of the Residence on the same Lot; (2) the location of the Well has been approved in advance by the ACC, which such approval may be withheld by the ACC in its sole and absolute discretion; and (3) the Well is used to

dispense water solely for domestic use. The registration, construction, maintenance, use, operation, testing, monitoring, production, and plugging/capping of all Wells must comply with Applicable Law. Specifically, in accordance with the Chapter 36 of the Texas Water Code, any Well must be registered with the Blanco Pedernales Groundwater Conservation District ("BPGCD") and adhere to BPGCD rules. A registration form is made available for download at www.BPGCD.org. Furthermore, all operation, maintenance, repair and replacement shall be performed by a licensed professional, and be performed in accordance with BPGCD requirements, TCEQ requirements, industry standards and Applicable Law. Each Owner understands and acknowledges that additional permits may be necessary or required for the operation and/or maintenance of the Well if so determined by an applicable regulatory authority under Applicable Law. Neither the Town Founder nor the Foundation makes any representation or warranty concerning the production capacity of any Well or the quality, potability, or safety of any Well or any water from any Well. Owners shall be required to plug any Wells that are permanently out of use in a timely manner.

3.16 Water Quality Facilities, Drainage Facilities and Drainage Ponds. The Property may include, now or in the future, one or more water quality facilities, sedimentation, drainage and detention facilities, or ponds which serve all or a portion of the Property and are inspected, maintained and administered by the Foundation in accordance with all Applicable Law. Access to these facilities and ponds is limited to persons engaged by the Foundation or its agents to periodically maintain such facilities. Each Owner is advised that the water quality facilities, sedimentation, drainage and detention facilities and ponds are an active utility feature integral to the proper operation of the Property and may periodically hold standing water. Each Owner is advised that entry into the water quality facilities, sedimentation, drainage and detention facilities or ponds may result in injury and is a violation of the Rules and Regulations, unless otherwise approved by the Foundation.

3.17 Garages and Carports. No garage or carport shall be placed on Owner's Lot without the prior written approval of the ACC, and in any case, must be in accordance with the Design Guidelines.

ARTICLE 4

ROUND MOUNTAIN RESERVE COMMUNITY FOUNDATION

4.1 Organization. The Foundation will be a nonprofit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas nonprofit corporation. Neither the Certificate nor Bylaws will for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

4.2 Membership.

4.2.1 Mandatory Membership. Any person or entity, upon becoming an Owner, will automatically become a Member of the Foundation. Membership will be

appurtenant to and will run with the ownership of the Lot that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot. Within thirty (30) days after acquiring legal title to a Lot, if requested by the Board, an Owner must provide the Foundation with: (i) a copy of the recorded deed by which the Owner has acquired title to the Lot; (ii) the Owner's address, email address, phone number, and driver's license number, if any; (iii) any Mortgagee's name and address; and (iv) the name, phone number, and email address of any Resident other than the Owner.

**If you acquire a Lot, you automatically become a member of the Foundation.
Membership is Mandatory!**

4.2.2 Easement of Enjoyment – Common Area. Every Member will have a right and easement of enjoyment in and to all of the Common Area and an access easement by and through any Common Area, which easements will be appurtenant to and will pass with the title to such Member's Lot, subject to the following restrictions and reservations:

(i) The right of the Town Founder, or the Town Founder's designee, to cause such Improvements and features to be constructed upon the Common Area, as determined from time to time by the Town Founder, in the Town Founder's sole and absolute discretion;

(ii) The right of the Foundation to suspend the Member's right to use the Common Area for any period during which any Assessment against such Member's Lot remains past due and for any period during which such member is in violation of any provision of this Declaration;

(iii) The right of the Town Founder, during the Development Period, and the Board thereafter, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for any purpose;

(iv) The right of the Town Founder, during the Development Period, and the Board thereafter to grant easements or licenses over and across the Common Area;

(v) With the advance written approval of the Town Founder during the Development Period, the right of the Board to borrow money for the purpose of improving the Common Area and, in furtherance thereof, mortgage the Common Area;

(vi) The right of the Town Founder, during the Development Period, and the Board, with the advance written approval of the Town Founder during

the Development Period, to promulgate Rules and Regulations regarding the use of the Common Area and any Improvements thereon

(vii) The right of the Foundation to contract for services with any third parties on such terms as the Board may determine, except that during the Development Period, all such contracts must be approved in advance and in writing by the Town Founder; and

(viii) No Owner entitled to the use and enjoyment of the Common Area shall use the Common Area or carry on any activity on such Common Area that will detract from, impair or interfere in any way with the Agricultural Management Plan.

4.3 Governance. As more specifically described in the Bylaws, the Board will consist of at least three (3) persons elected at the annual meeting of the Foundation, or at a special meeting called for such purpose. **Notwithstanding the foregoing provision or any provision in this Declaration to the contrary, Town Founder will have the sole right to appoint and remove all members of the Board until the tenth (10th) anniversary of the date this Declaration is Recorded. Not later than the tenth (10th) anniversary of the date this Declaration is Recorded, or sooner as determined by Town Founder, the Board shall hold a meeting of Members of the Foundation for the purpose of electing one-third (1/3) of the Board (the "Initial Member Election Meeting"), which Board member(s) must be elected by Owners other than the Town Founder. Town Founder shall continue to have the sole right to appoint and remove two-thirds (2/3) of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period. The individual(s) elected to the Board at the Initial Member Election Meeting shall be elected for a one (1) year term and shall serve until his or her successor is elected or he or she is replaced in accordance with the Bylaws.**

4.4 Voting Rights. The right to cast votes and the number of votes which may be cast for election of members to the Board (except as provided by *Section 4.3*) and on all other matters to be voted on by the Members will be calculated as set forth below.

(i) The Owner of each Lot will have one (1) vote for each Lot so owned. In the event of the re-subdivision of any Lot into two or more Lots: (a) the number of votes to which such Lot is entitled will be increased as necessary to retain the ratio of one (1) vote for each Lot resulting from such re-subdivision, e.g., each Lot resulting from the re-subdivision will be entitled to one (1) vote; and (b) each Lot resulting from the re-subdivision will be allocated one (1) Assessment Unit. In the event of the consolidation of two (2) or more Lots for purposes of construction of a single Residence thereon, the voting rights and Assessment Units will continue to be determined according to the number of original Lots contained in such consolidated Lot.

(ii) In addition to the votes to which Town Founder is entitled by reason of *Section 4.4(i)*, for every one (1) vote outstanding in favor of any other person or entity, Town Founder will have four (4) additional votes until the expiration or termination of the Development Period.

(iii) When more than one person or entity owns a portion of the fee simple interest in any Lot, all such persons or entities will be Members. As more specifically described in the Bylaws, the vote or votes (or fraction thereof) for such Lot will be exercised by the person so designated in writing to the Secretary of the Foundation by the Owner of such Lot, and in no event will the vote for such Lot exceed the total votes to which such Lot is otherwise entitled under this *Section 4.4*.

4.5 Powers. The Foundation will have the powers of a Texas nonprofit corporation. It will further have the power to do and perform any and all acts that may be necessary or proper, for or incidental to, the exercise of any of the express powers granted to it by Applicable Law or this Declaration. Without in any way limiting the generality of the two preceding sentences, the Board, acting on behalf of the Foundation, will have the following powers at all times:

4.5.1 Rules and Regulations, Bylaws and Community Foundation Manual. To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, such rules, regulations, policies, Bylaws and Community Foundation Manual not in conflict with this Declaration, as it deems proper, covering any and all aspects of the Property or the Common Area (including the operation, maintenance and preservation thereof) or the Foundation. Any Rules and Regulations, policies, Bylaws and Community Foundation Manual and any modifications thereto proposed by the Board must be approved in advance and in writing by the Town Founder until expiration or termination of the Development Period.

4.5.2 Insurance. To obtain and maintain in effect, policies of insurance that, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Foundation's functions.

4.5.3 Records. To keep books and records of the Foundation's affairs, and to make such books and records, together with current copies of the Restrictions available for inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours.

4.5.4 Assessments. To levy and collect assessments, as provided in *Article 8* below.

4.5.5 Right of Entry and Enforcement. To enter at any time without notice in an emergency (or in the case of a non-emergency, after twenty-four (24) hours written notice), without being liable to any Owner or Resident, upon any Lot and into any Improvement

thereon for the purpose of enforcing the Restrictions or for the purpose of maintaining or repairing any area, Improvement or other facility to conform to the Restrictions, or to correct any Owner violations of the Agricultural Management Plan or any deficiency in the implementation thereof pursuant to *Section 2.30(g)*. The expense incurred by the Foundation in connection with the entry upon any Lot and the maintenance and repair work conducted thereon or therein will be a personal obligation of the Owner of the Lot so entered, will be deemed an Individual Assessment against such Lot, will be secured by a lien upon such Lot, and will be enforced in the same manner and to the same extent as provided in *Article 8* hereof for Assessments. The Foundation will have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Restrictions. The Foundation is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Restrictions; provided, however, that the Board will never be authorized to expend any Foundation funds for the purpose of bringing suit against Town Founder, or its successors or assigns. The Foundation may not alter or demolish any Improvements on any Lot other than Common Area in enforcing these Restrictions before a judicial order authorizing such action has been obtained by the Foundation, or before the written consent of the Owner(s) of the affected Lot(s) has been obtained. **EACH SUCH OWNER AND RESIDENT WILL RELEASE AND HOLD HARMLESS THE FOUNDATION, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE FOUNDATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 4.5.5 (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE FOUNDATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING BY REASON OF THE FOUNDATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

4.5.6 Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Foundation.

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

- (i) Parks, parkways or other recreational facilities or structures;
- (ii) Roads, streets, sidewalks, signs, street lights, walks, driveways, trails and paths;

- (iii) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (iv) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or
- (v) Any similar Improvements or facilities.

Nothing set forth above, however, will be construed to permit use or occupancy of any Improvement or other facility in a way that would violate applicable use and occupancy restrictions imposed by the Restrictions or by Applicable Law. In addition, until expiration or termination of the Development Period, any grant or conveyance under this *Section 4.5.7* must be approved in advance and in writing by the Town Founder.

4.5.8 Manager. To retain and pay for the services of a person or firm (the “**Manager**”), which may include Town Founder or any affiliate of Town Founder, to manage and operate the Foundation, including its property, to the extent deemed advisable by the Board. Personnel may be employed directly by the Foundation or may be furnished by the Manager. To the extent permitted by Applicable Law, the Board may delegate any other duties, powers and functions to the Manager. In addition, the Board may adopt transfer fees, resale certificate fees or any other fees associated with the provision of management services to the Foundation or its Members. **THE MEMBERS HEREBY RELEASE THE FOUNDATION AND THE MEMBERS OF THE BOARD AND COMMITTEE MEMBERS FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

4.5.9 Property Services. To pay for water, sewer, garbage removal, street lights, landscaping, gardening and all other utilities, services, repair and maintenance for any portion of the Property, Common Area, private or public recreational facilities, easements, roads, roadways, rights-of-ways, signs, parks, parkways, median strips, sidewalks, paths, trails, ponds, and lakes.

4.5.10 Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments that the Foundation or the Board is required or permitted to secure or to pay for pursuant to Applicable Law or under the terms of the Restrictions or as determined by the Board.

4.5.11 Construction on Common Area. To construct new Improvements or additions to any property owned, leased, or licensed by the Foundation, subject to the approval of the Board and the Town Founder until expiration or termination of the Development Period.

4.5.12 Contracts. To enter into Bulk Rate Contracts or other contracts or licenses with Town Founder or any third party on such terms and provisions as the Board will

determine, to operate and maintain any Common Area or other property, or to provide any service, including but not limited to cable, utility, or telecommunication services, or perform any function on behalf of Town Founder, the Board, the Foundation, or the Members. During the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Town Founder.

4.5.13 Property Ownership. To acquire, own and dispose of all manner of real and personal property, including habitat, whether by grant, lease, easement, gift or otherwise. During the Development Period, all acquisitions and dispositions of the Foundation hereunder must be approved in advance and in writing by the Town Founder.

4.5.14 Allocation of Votes. To determine votes when permitted pursuant to *Section 4.4* above.

4.5.15 Membership Privileges. To establish Rules and Regulations governing and limiting the use of the Common Area and any Improvements thereon.

4.5.16 Creation of Additional Foundations. To create a subsidiary or other association to have the rights and powers, and to perform the duties, obligations or functions necessary to the obtaining of a tax exemption, if it shall ever be ruled or held that an exemption under the Internal Revenue Code is unavailable to the Foundation under this Declaration; or alternatively, the Foundation may retain the rights, powers, duties, obligations and functions which prevent the obtaining of the tax exemption and transfer some of all of its other rights, powers, duties, obligations, and functions to such subsidiary or other association.

4.6 Conveyance of Common Area to the Foundation. The Foundation may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Town Founder, and its assignees, reserves the right, from time to time and at any time, to designate by written and Recorded instrument portions of the Property being held by the Town Founder or a third party for the benefit of the Foundation, in the sole and absolute discretion of the Town Founder. Upon the Recording of such designation, the portion of the Property identified therein will be considered Common Area for the purpose of this Declaration. Town Founder and its assignees may also assign, transfer or convey to the Foundation interests in real or personal property within or for the benefit of the Property, for the Property and the general public, or otherwise, as determined in the sole and absolute discretion of the Town Founder. All or any real or personal property assigned, transferred and/or conveyed by the Town Founder to the Foundation shall be deemed accepted by the Foundation upon Recordation, and without further action by the Foundation, and shall be considered Common Area without regard to whether such real or personal property is designated by the Town Founder as Common Area. If requested by the Town Founder, the Foundation will execute a written instrument, in a form requested by the Town Founder, evidencing acceptance of such real or personal property; provided, however, execution of a written consent by the Foundation shall in no event be a precondition to acceptance by the Foundation. The assignment, transfer,

and/or conveyance of real or personal property to the Foundation may be by deed without warranty, may reserve easements in favor of the Town Founder or a third party designated by Town Founder over and across such property, and may include such other provisions, including restrictions on use, determined by the Town Founder, in the Town Founder's sole and absolute discretion. Property assigned, transferred, and/or conveyed to the Foundation may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. Upon Town Founder's written request, the Foundation will re-convey to Town Founder any unimproved real property that Town Founder originally conveyed to the Foundation for no payment.

4.7 Indemnification. To the fullest extent permitted by Applicable Law but without duplication (and subject to) any rights or benefits arising under the Certificate or Bylaws of the Foundation, the Foundation will indemnify any person who was, or is, a party, or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is, or was, a director, officer, committee member, employee, servant or agent of the Foundation against expenses, including attorneys' fees, reasonably incurred by such person in connection with such action, suit or proceeding if it is found and determined by the Board or a court of competent jurisdiction that he or she: (i) acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Foundation; or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of *nolo contendere* or its equivalent, will not of itself create a presumption that the person did not act in good faith or in a manner which was reasonably believed to be in, or not opposed to, the best interests of the Foundation or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

4.8 Insurance. The Board may purchase and cause to be maintained, at the expense of the Foundation, insurance on behalf of any person who is acting as a director, officer, committee member, employee, servant or agent of the Foundation against any liability asserted against or incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Foundation would have the power to indemnify such person against such liability or otherwise.

4.9 Bulk Rate Contracts. Without limitation on the generality of the Foundation powers set out in *Section 4.5* hereinabove (except that during the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Town Founder), the Foundation will have the power to enter into Bulk Rate Contracts at any time and from time to time. The Foundation may enter into Bulk Rate Contracts with any service providers chosen by the Board (including Town Founder, and/or any entities in which Town Founder, or the owners or partners of Town Founder are owners or participants, directly or indirectly). The Bulk Rate Contracts may be entered into on such terms and provisions as the Board may determine in its sole and absolute discretion. The Foundation may, at its option and election, add the charges

payable by such Owner under such Bulk Rate Contract to the Assessments against such Owner's Lot. In this regard, it is agreed and understood that, if any Owner fails to pay any charges due by such Owner under the terms of any Bulk Rate Contract, then the Foundation will be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Declaration with respect to the failure by such Owner to pay Assessments, including without limitation the right to foreclose the lien against such Owner's Lot which is reserved under the terms and provisions of this Declaration. In addition, in the event of nonpayment by any Owner of any charges due under any Bulk Rate Contract and after the lapse of at least twelve (12) days since such charges were due, the Foundation may, upon five (5) days' prior written notice to such Owner (which may run concurrently with such 12 day period), in addition to all other rights and remedies available pursuant to Applicable Law, terminate, in such manner as the Board deems appropriate, any utility service or other service provided at the cost of the Foundation and not paid for by such Owner (or the Resident of such Owner's Lot) directly to the applicable service or utility provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of termination, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner (or the Resident of such Owner's Lot) can make arrangements for payment of the bill and for re-connection or re-institution of service. No utility or cable television service will be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services.

4.10 Protection of Town Founder's Interests. Despite any assumption of control of the Board by Owners other than Town Founder, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Town Founder, or which would be detrimental to the sale of Lots owned by Town Founder. Town Founder shall be entitled to determine, in its sole and absolute discretion, whether any such action discriminates or is detrimental to Town Founder. The Board will be required to continue the same level and quality of maintenance, operations and services as that provided immediately prior to assumption of control of the Board by Owners other than Town Founder until the expiration or termination of the Development Period.

4.11 Administration of Common Area. The administration, maintenance, repair and replacement of the Common Area by the Foundation (such Common Area includes, without limitation, any Improvements and/or facilities thereon and appurtenances thereto) shall be in accordance with the provisions the Restrictions, Applicable Law, and any other agreements, documents, amendments or supplements to the foregoing which may be duly adopted or subsequently required by any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans (including, for example, the Federal Home Loan Mortgage Corporation) designated by Town Founder or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Common Area or by any title insurance company selected by Town Founder to insure title to any portion of the Common Area.

4.12 Right of Action by Foundation. The Foundation shall not have the power to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings: (i) in the name of or on behalf of any Lot Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section 13.1* below, relating to the design or construction of Improvements on a Lot (whether one or more). This *Section 4.12* may not be amended or modified without Town Founder's written and acknowledged consent and Members entitled to cast at least one hundred percent (100%) of the total number of votes of the Foundation, which must be part of the Recorded amendment instrument.

4.13 Release. Subject to the Foundation's obligations under this Declaration, except as otherwise provided by the Restrictions, each Owner hereby releases, acquits and forever discharges the Foundation, and its affiliates, parents, members, subsidiaries, officers, directors, agents, employees, predecessors, successors, contractors, consultants, insurers, sureties and assigns and agrees to hold such persons harmless of and from any and all claims, damages, liabilities, costs and/or expenses (including reasonable attorneys' fees) relating to the construction of, repair or restoration of, or the sale to the Owners of the Lots, or the Common Areas. This release shall release and forever discharge the Foundation and its affiliates, parents, members, subsidiaries, officers, directors, agents, employees, predecessors, successors, contractors, consultants, insurers, sureties and assigns, from all claims and causes of action, whether statutory or under the common law, known or unknown, now accrued, or that arise in the future.

ARTICLE 5 ARCHITECTURAL CONTROL COMMITTEE

Town Founder has a substantial interest in ensuring that Improvements within the Property maintain and enhance Town Founder's reputation as a community developer and do not impair Town Founder's ability to market and sell all or any portion of the Property. Until Town Founder has delegated its right to appoint and remove all members of the ACC to the Board as provided in *Section 5.2.1* below, the ACC will be acting solely in Town Founder's interest and will owe no duty to any other Owner or the Foundation. Notwithstanding any provision in this Declaration to the contrary, Town Founder may appoint a single person to exercise the rights of the ACC.

5.1 Construction of Improvements. No Improvement may be erected, placed, constructed, painted, altered, modified or remodeled on any Lot, and no Lot may be consolidated with other Lots or Property, by anyone other than Town Founder without the prior written approval of the ACC.

5.2 Architectural Control Committee.

5.2.1 Composition. The ACC will be composed of not more than three (3) persons (who need not be Members or Owners) appointed as provided below, who will review

Improvements proposed to be made by any Owner other than Town Founder. Town Founder will have the right to appoint and remove (with or without cause) all members of the ACC. Town Founder may assign its right to appoint all members of the ACC to the Foundation by Recorded written instrument, and thereafter, the Board will have the right to appoint and remove (with or without cause) all members of the ACC. Any assignment by Town Founder of the right to appoint and remove all members of the ACC may be withdrawn until expiration of twenty-four (24) months after the expiration of the Development Period. If Town Founder withdraws its assignment of the right to appoint and remove all members of the ACC, then on the date of such withdrawal, Town Founder will have the right to appoint and remove (with or without cause) all members of the ACC. Town Founder's right to appoint all members of the ACC will automatically be assigned to the Foundation upon the expiration of twenty-four (24) months after the expiration of the Development Period. Town Founder, at its option, may create and assign specific duties and responsibilities to one or more sub-committees consisting of members and/or nonmembers of the ACC. In the event responsibilities and duties are assigned to a sub-committee, those responsibilities and duties will no longer be discharged by the ACC unless the sub-committee exercising such duties and responsibilities is dissolved by Town Founder. The right to create, dissolve, and appoint members of such sub-committees will reside exclusively with Town Founder until such time as Town Founder has assigned its right to appoint members of the ACC to the Foundation. The ACC will have the right to employ consultants and advisors as it deems necessary or appropriate. The members of the ACC shall be entitled to fees and reimbursement for expenses incurred by them in the performance of their duties herein.

5.2.2 Submission and Approval of Plans and Specifications. Construction plans and specifications or, when an Owner desires solely to consolidate Lots, a proposal for such consolidation, will be submitted in accordance with the Design Guidelines, if any, or any additional rules adopted by the ACC together with any review fee which is imposed by the ACC in accordance with *Section 5.2.3* to the ACC at the offices of Town Founder, at such address as may hereafter be designated in writing from time to time. No consolidation will be made, nor any Improvement placed or allowed on any Lot, until the plans and specifications and the builder which the Owner intends to use to construct the proposed structure or Improvement have been approved in writing by a Majority of the members of the ACC. The ACC may, in reviewing such plans and specifications consider any information that it deems proper; including, without limitation, any permits, environmental impact statements or percolation tests that may be required by the ACC or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The ACC may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which the ACC, in its sole discretion, may require. Site plans must be approved by the ACC prior to the clearing of any Lot, or the construction of any Improvements. The ACC may refuse to approve plans and specifications for proposed Improvements, or for the consolidation of any Lot on any grounds that, in the sole and absolute discretion of the ACC, are deemed sufficient, including, but not

limited to, purely aesthetic grounds. Notwithstanding the provisions of this Declaration to the contrary, or this *Article 5*, the ACC reserves the right to adopt an alternate or additional process for the review and approval of Improvements which may be applied as to all or any Lot, and which may differ from the process set forth herein.

5.2.3 Design Guidelines. Town Founder shall have the right, but shall have no obligation to, adopt Design Guidelines and, during the Development Period, will have the power from time to time, to adopt (unless previously adopted by Town Founder), amend, modify, or supplement the Design Guidelines, if any. Upon expiration or termination of the Development Period, the ACC, or any sub-committee thereof created pursuant to *Section 5.2.1*, will have the power from time to time, to adopt (if not previously adopted by Town Founder), to amend, modify, or supplement the Design Guidelines, if any; provided, however, that any amendment to the Design Guidelines made by a sub-committee will only apply to the Improvements under the jurisdiction of such sub-committee, and during the Development Period, any such amendment, modification or supplement must be approved in advance and in writing by the Town Founder. In the event of any conflict between the terms and provisions of the Design Guidelines, if any, and the terms and provisions of this Declaration, the terms and provisions of this Declaration will control. In addition, the ACC will have the power and authority to impose a fee for the review of plans, specifications and other documents and information submitted to it pursuant to the terms of this Declaration. Such charges will be held by the ACC and used to defray the administrative expenses incurred by the ACC in performing its duties hereunder; provided, however, that any excess funds held by the ACC will be distributed to the Foundation at the end of each calendar year. The ACC will not be required to review any plans until a complete submittal package, as required by this Declaration and the Design Guidelines, is assembled and submitted to the ACC. The ACC will have the authority to adopt such additional procedural and substantive rules and guidelines (including, without limitation, the imposition of any requirements for certificates of compliance or completion relating to any Improvement and the right to approve in advance any contractor selected for the construction of Improvements), not in conflict with this Declaration, as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

5.2.4 Actions of the Architectural Control Committee. The ACC may, by resolution unanimously adopted in writing, designate one or more of its members, or an agent acting on its behalf, to take any action or perform any duties for and on behalf of the ACC, except the granting of variances. In the absence of such designation, the vote of a Majority of all of the members of the ACC taken at a duly constituted meeting will constitute an act of the ACC.

5.2.5 Failure to Act. In the event that any plans and specifications are submitted to the ACC as provided herein, and the ACC fails either to approve or reject such plans and specifications for a period of sixty (60) days following such submission, rejection of such plans and specifications by the ACC will be presumed. In furtherance, and not in limitation, of the foregoing, any failure of the ACC to act upon a request for a variance will not

be deemed a consent to such variance, and the ACC's written approval of all requests for variances will be expressly required.

5.2.6 Variances. The ACC may grant variances, in its sole and absolute discretion, from compliance with any of the provisions of the Design Guidelines, if any, or this Declaration. All variances must be evidenced in writing and must be signed by at least a Majority of the members of the ACC. Each variance must also be Recorded; provided however, that failure to record a variance will not affect the validity thereof or give rise to any claim or cause of action against the ACC, including the Town Founder or its designee, the Foundation, or the Board. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in this Declaration or the Design Guidelines, if any, will be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance will not operate to waive or amend any of the terms and provisions of this Declaration or the Design Guidelines, if any, for any purpose except as to the particular property and in the particular instance covered by the variance, and such variance will not be considered to establish a precedent for any future waiver, modification, or amendment of the terms and provisions of this Declaration or the Design Guidelines, if any.

5.2.7 Duration of Approval. The approval of the ACC of any plans and specifications, and any variances granted by the ACC, will be valid for a period of two (2) years only. If construction in accordance with such plans and specifications or variance is not commenced within such two (2) year period and diligently prosecuted to completion within either: (i) one year after issuance of approval of such plans and specifications; or (ii) such other period thereafter as determined by the ACC, in its sole and absolute discretion, the Owner will be required to resubmit such plans and specifications or request for a variance to the ACC, and the ACC will have the authority to re-evaluate such plans and specifications in accordance with this Section 5.2.7 and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

5.2.8 No Waiver of Future Approvals. The approval of the ACC to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of the ACC will not be deemed to constitute a waiver of any right to withhold approval or consent as to any plans and specifications on any other matter, subsequently or additionally submitted for approval by the same or a different person, nor will such approval or consent be deemed to establish a precedent for future approvals by the ACC.

5.2.9 Limits on Liability. The ACC has sole discretion with respect to taste, design, and all standards specified by this Article. The members of the ACC have no liability for the ACC's decisions made in good faith, and which are not arbitrary or capricious. The ACC is not responsible for: (i) errors in or omissions from the plans and specifications submitted to the ACC; (ii) supervising construction for the Owner's compliance with approved plans and specifications; or (iii) the compliance of the Owner's plans and specifications with Applicable Law.

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

ARTICLE 6 INSURANCE

6.1 Insurance. Each Owner will be required to purchase and maintain commercially standard insurance on the Improvements located upon such Owner's Lot. The Foundation will not be required to maintain insurance on the Improvements constructed upon any Lot. The Foundation may, however, obtain such insurance as it may deem necessary, including but not limited to such policies of liability and property damage insurance as the Board, in its discretion, may deem necessary. Insurance premiums for such policies will be a common expense to be included in the Assessments levied by the Foundation. The acquisition of insurance by the Foundation will be without prejudice to the right and obligation of any Owner to obtain additional individual insurance. During the Development Period, Town Founder reserves the right to satisfy the insurance obligations of the Foundation with a master insurance program controlled by Town Founder.

ARE YOU COVERED?

The Foundation will not provide insurance which covers an Owner's Lot or any Improvements or personal property located on a Lot.

6.2 Restoration. In the event of any fire or other casualty, unless otherwise approved by the ACC, the Owner will promptly repair, restore and replace any damaged or destroyed structures to their same exterior condition existing prior to the damage or destruction thereof. The approval of the ACC shall not be required to restore Improvements to their same exterior condition existing prior to the damage or destruction thereof. Such repair, restoration or replacement will be commenced and completed in a good and workmanlike manner using exterior materials substantially similar to those originally used in the structures damaged or destroyed. To the extent that the Owner fails to commence such repair, restoration or replacement of substantial or total damage or destruction within one hundred twenty (120) days after the occurrence of such damage or destruction, and thereafter prosecute the same to completion, or if the Owner does not clean up any debris resulting from any damage within thirty (30) days after the occurrence of such damage, the Foundation may commence, complete or effect such repair, restoration, replacement or clean-up, and such Owner will be personally liable to the Foundation for the cost of such work; provided, however, that if the Owner is prohibited or delayed by Applicable Law from commencing such repair, restoration, replacement or clean-up, the rights of the Foundation under this provision will not arise until the expiration of thirty (30) days after such prohibition or delay is removed. If the Owner fails

to pay such cost upon demand by the Foundation, the cost thereof (plus interest from the date of demand until paid at the maximum lawful rate, or if there is no such maximum lawful rate, then at the rate of one and one-half percent (1½%) per month) will be added to the Assessment chargeable to the Owner's Lot. Any such amounts added to the Assessments chargeable against a Lot will be secured by the liens reserved in this Declaration for Assessments and may be collected by any means provided in this Declaration for the collection of Assessments, including, but not limited to, foreclosure of such liens against the Owner's Lot. **EACH SUCH OWNER WILL RELEASE AND HOLD HARMLESS THE FOUNDATION AND ITS OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE FOUNDATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 6.2, EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR COST OF ACTION ARISING BY REASON OF THE FOUNDATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" AS USED HEREIN DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

6.3 Mechanic's and Materialmen's Lien. Each Owner whose structure is repaired, restored, replaced or cleaned up by the Foundation pursuant to the rights granted under this *Article 5*, hereby grants to the Foundation an express mechanic's and materialmen's lien for the reasonable cost of such repair, restoration, or replacement of the damaged or destroyed Improvement to the extent that the cost of such repair, restoration or replacement exceeds any insurance proceeds allocable to such repair, restoration or replacement and delivered to the Foundation. Upon request by the Board, and before the commencement of any reconstruction, repair, restoration or replacement, such Owner will execute all documents sufficient to effectuate such mechanic's and materialmen's lien in favor of the Foundation.

ARTICLE 7 STEWARDSHIP COMMITTEE

7.1 Purpose of Stewardship Committee. The Property will have its primary use designated as an agricultural use area, in compliance with Texas Tax Code §23.51(2), to be managed under an Agricultural Management Plan. Management and implementation of such plan shall be by the Stewardship Committee or their agents, employees and designees, including third party administrators.

7.2 Composition of Stewardship Committee. The Stewardship Committee shall consist of three (3) members. The initial Stewardship Committee members shall include three individuals appointed by Town Founder. Notwithstanding anything stated to the contrary herein, for so long as the Town Founder owns any Lot, Town Founder shall have the sole and absolute right to appoint and remove members of the Stewardship Committee at any time without cause. Each member of the Stewardship Committee shall serve until such time as he or

she has resigned or has been removed or his or her successor has been appointed, as provided herein. At the time that the Town Founder sells the last Lot, or sooner if Town Founder so determines in its sole discretion, the duties, rights, powers, and authority of the Stewardship Committee shall be assigned by the Town Founder to the Board, and from and after the date of any assignment, Board shall have full right, authority, and power and shall be obligated to perform the functions of the Stewardship Committee, as provided herein, including appointing members of the Stewardship Committee in accordance with the Bylaws of the Foundation. Except for members appointed by the Town Founder, members of the Stewardship Committee shall be Owners, serve without salary or pay and none of the members shall be required to be a wildlife biologist or to meet any other particular qualifications for membership.

7.3 Duties and Responsibilities. The Stewardship Committee has the duty and responsibility to administer the Agricultural Management Plan as to the Property and as to each Lot, and may undertake and perform any and all acts which may be necessary or proper for or incidental to the maintenance of the Agricultural Management Plan for such Lot, if it so chooses. Furthermore, the Stewardship Committee may adopt rules and regulations relating to the carrying out of the Agricultural Management Plan that are binding on each Owner. The Stewardship Committee may employ, retain, and compensate consultants such as wildlife biologists for review of plans and specifications. The costs necessary to perform such duties will be discharged through either Regular Assessments or Individual Assessments, as the Board deems necessary to implementing the Agricultural Management Plan on the Property or on Owner's Lot, as applicable.

7.4 Timely Review. In order to avoid significant inconvenience to Owners, the Stewardship Committee shall conduct reviews of requests in a timely manner in accordance with the Design Guidelines.

7.5 Meetings of the Stewardship Committee. The Stewardship Committee shall meet from time to time as necessary to perform its duties hereunder. The Stewardship Committee may, by resolution unanimously adopted in writing, designate one of its members to take any action or perform any duties for and on behalf of the Stewardship Committee, except the granting of variances as hereinafter provided. In the absence of such designation, the vote of a majority of all the members of the Stewardship Committee taken with a meeting shall constitute an act of the Stewardship Committee. The Stewardship Committee may take action without formal meeting by unanimously consenting in writing on any matter, which it might consider at a formal meeting. Such unanimous written consent shall constitute the act of the Stewardship Committee. Should a member of the Stewardship Committee submit their own plans to the Stewardship Committee for review, that member will recuse themselves from the approval process. The Stewardship Committee shall keep and maintain written records of all actions taken by it at such meetings or otherwise.

7.6 No Waiver of Future Approval. The approval of the Stewardship Committee of any proposals, plans and specifications for any work done or proposed or any approval in

connection with any other matter requiring the approval and consent of the Stewardship Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications or matter whatever subsequently or additionally submitted for approval or consent.

7.7 Decisions Conclusive. All decisions of the Stewardship Committee shall be final and conclusive, and no Owner or any other person, association or entity shall have any recourse against the Stewardship Committee, or any member thereof, for its or such member's approval or refusal to approve all or any portion of the plans or of any materials submitted therewith, or for any other decision rendered under the authority of this Declaration.

7.8 Non-Liability of Stewardship Committee. Neither the Town Founder, the Stewardship Committee, nor any Stewardship Committee member shall be liable to the Foundation or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Stewardship Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Stewardship Committee. The Stewardship Committee shall review and approve or disapprove all plans submitted to it for any agricultural use practices or activities on the Property, alteration of habitat and proposed habitat management or alteration or addition, solely on the basis of the overall benefit or detriment which would result to wildlife habitat within the Property. The Stewardship Committee shall not be responsible for denial of an agricultural use appraisal by the Blanco County Appraisal District.

7.9 Variances. The Stewardship Committee may authorize variances from compliance with any of the provisions relating to agricultural use of this Declaration, the Agricultural Management Plan, or the Design Guidelines in accordance with the procedures of *Section 5.2.6*, provided that such variances are approved by the Town Founder. If such variances are granted, no violation of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provisions hereof covered by the variance.

7.10 Enforcement of Agricultural Management Plan. The Foundation shall enforce the provisions hereof related to the Agricultural Management Plan, including those set forth in the Design Guidelines, as amended from time to time by the ACC or the Foundation. Should any Owner fail to comply with the requirements for agricultural management under *Section 23.51(d)* of the Texas Tax Code and those set forth in the Design Guidelines and Agricultural Management Plan, the Town Founder, the Foundation, or their agents, employees and designees shall have the right to enter the Lot as may be necessary to correct Owner's violations of the Agricultural Management Plan. If necessary, the Town Founder and/or the Foundation shall give such Owner notice and hearing as provided in *Article 8* herein. Should the Town Founder or the Board be required to enforce the provisions hereof by legal action, the recovery of attorney's fees as more fully set forth in *Article 8*, and costs incurred, whether or not judicial

proceedings are involved shall be collectible from the Owner and shall constitute an Individual Assessment against the Lot as provided in *Article 8* herein. Town Founder and the Board, or its agents or employees, shall not be liable to the Owner for any damages or injury to the Lot or any Improvements thereto.

ARTICLE 8 COVENANT FOR ASSESSMENTS

8.1 Assessments.

8.1.1 Established by Board. Assessments established by the Board pursuant to the provisions of this *Article 8* will be levied against each Lot in amounts determined pursuant to *Section 8.7* below. The total amount of Assessments will be determined pursuant to *Section 8.3, 8.4, 8.5, and/or 8.6.*

8.1.2 Personal Obligation; Lien. Each Assessment, together with such interest thereon and costs of collection as hereinafter provided, will be the personal obligation of the Owner of the Lot against which the Assessment is levied and will be secured by a lien hereby granted and conveyed by Town Founder to the Foundation against each such Lot and all Improvements thereon. The Foundation may enforce payment of such Assessments in accordance with the provisions of this *Article 8.*

8.1.3 Town Founder Subsidy. Town Founder may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots for any fiscal year by the payment of a subsidy to the Foundation. Any subsidy paid to the Foundation by Town Founder may be treated as a contribution or a loan, in Town Founder's sole and absolute discretion. Any subsidy and the characterization thereof may be disclosed as a line item in the annual budget prepared by the Board and attributable to such Assessments. The payment of a subsidy in any given year will not obligate Town Founder to continue payment of a subsidy to the Foundation in future years.

8.2 **Maintenance Fund.** The Board will establish a maintenance fund into which will be deposited all monies paid to the Foundation and from which disbursements will be made in performing the functions of the Foundation under this Declaration. The funds of the Foundation may be used for any purpose authorized by the Restrictions and Applicable Law.

8.3 **Regular Assessments.** Prior to the beginning of each fiscal year, the Board will prepare a budget for the purpose of determining amounts sufficient to pay the estimated net expenses of the Foundation (the "**Regular Assessments**") which sets forth: (i) an estimate of the expenses to be incurred by the Foundation during such year in performing its functions and exercising its powers under the Restrictions, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing any lighting, the cost of administering and enforcing the Restrictions, (ii) an estimate of the expenses to be incurred by the Stewardship Committee during such year in implementing and enforcing the Agricultural

Management Plan; and (iii) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, and will give due consideration to any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses will then be levied at the level of Assessments set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any Assessment, the Foundation may at any time, and from time to time, levy further Assessments in the same manner. All such Regular Assessments will be due and payable to the Foundation annually on or before the first day of the month, or in such other manner as the Board may designate in its sole and absolute discretion.

8.4 Working Capital Assessment. Each Owner will pay a one-time working capital assessment (the "**Working Capital Assessment**") to the Foundation in such amount, if any, as may be determined by the Town Founder, until expiration or termination of the Development Period, and the Board thereafter. Such Working Capital Assessment need not be uniform among all Lots, and the Town Founder or the Board is expressly authorized to levy Working Capital Assessments of varying amounts depending on the size, use and general character of the Lots then being made subject to such levy. The Foundation may use the working capital to discharge operating expenses. The levy of any Working Capital Assessment will be effective only upon the Recordation of a written notice, signed by the Town Founder or a duly authorized officer of the Foundation, setting forth the amount of the Working Capital Assessment.

Notwithstanding the foregoing provision, the following transfers will not be subject to the Working Capital Assessment: (i) foreclosure of a deed of trust lien, tax lien, or the Foundation's Assessment lien; (ii) transfer to, from, or by the Foundation; or (iii) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent. Additionally, the Town Founder will not be subject to the Working Capital Assessment; however, the Working Capital Assessment will be payable by any Owner who acquires a Lot from the Town Founder. In the event of any dispute regarding the application of the Working Capital Assessment to a particular Owner, the determination by the Town Founder during the Development Period, and the Board thereafter, regarding application of the exemption will be binding and conclusive without regard to any contrary interpretation of this *Section 8.4*. The Working Capital Assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 8* and will not be considered an advance payment of such Assessments. The Working Capital Assessment hereunder will be due and payable to the Foundation immediately upon each transfer of title to the Lot, including upon transfer of title from one Owner of such Lot to any subsequent purchaser or transferee thereof. The Town Founder during the Development Period, and thereafter the Board, will have the power to waive the payment of any Working Capital Assessment attributable to a Lot (or all Lots) by the Recordation of a waiver, which waiver may be temporary or permanent.

8.5 Special Assessments. In addition to the Regular Assessments provided for above, the Board may levy special assessments (the “**Special Assessments**”) whenever in the Board’s opinion such Special Assessments are necessary to enable the Board to carry out the functions of the Foundation under the Restrictions. The amount of any Special Assessments will be at the reasonable discretion of the Board. In addition to the Special Assessments authorized above, the Foundation may, in any fiscal year, levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area. Any Special Assessment levied by the Foundation for the purpose of defraying, in whole or in part, costs of any construction, reconstruction, repair or replacement of capital improvement upon the Common Area will be levied against all Owners based on Assessment Units.

8.6 Individual Assessments. In addition to any other Assessments, the Board may levy an individual assessment (the “**Individual Assessment**”) against an Owner and the Owner’s Lot. Individual Assessments may include, but are not limited to: interest, late charges, and collection costs on delinquent Assessments; reimbursement for costs incurred in bringing an Owner or the Owner’s Lot into compliance with this Declaration; fees associated with the implementation and enforcement of the Agricultural Management Plan on any Lot which may warrant additional or alternative requirements given its size, location, or nature; fines for violations of the Restrictions; transfer-related fees and resale certificate fees; fees for estoppel letters and project documents; insurance deductibles; reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner’s guests, invitees or Residents of the Owner’s Lot; common expenses that benefit fewer than all of the Lots, which may be assessed according to benefit received; fees or charges levied against the Foundation on a per-Lot basis; and “pass through” expenses for services to Lots provided through the Foundation and which are equitably paid by each Lot according to the benefit received.

8.7 Amount of Assessment.

8.7.1 Assessments to be Levied. The Board shall levy Assessments against each “Assessment Unit” (as defined in *Section 8.7.2* below). Unless otherwise provided in this Declaration, Assessments levied pursuant to *Section 8.3* and *Section 8.5* shall be levied uniformly against each Assessment Unit allocated to a Lot.

8.7.2 Assessment Unit. Each Lot shall constitute one “Assessment Unit” unless otherwise provided in *Section 8.7.3* and *8.7.4*.

8.7.3 Town Founder Exemption. Notwithstanding anything in this Declaration to the contrary, no Assessments shall be levied upon Lots owned by Town Founder.

8.7.4 Other Exemptions. Town Founder may, in its sole discretion, elect to: (i) exempt any un-platted or unimproved portion of the Property or any Lot from any Assessments levied or charged pursuant to this *Article 8*; or (ii) delay the levy of Assessments

against any un-platted, unimproved or improved portion of the Property. Town Founder or the Board may also exempt any portion of the Property which is dedicated and accepted by public authority from Assessments.

8.8 Late Charges. If any Assessment is not paid by the due date applicable thereto, the Owner responsible for the payment may be required by the Board, at the Board's election at any time and from time to time, to pay a late charge in such amount as the Board may designate, and the late charge (and any reasonable handling costs) will be levied as an Individual Assessment against the Lot owned by such Owner, collectible in the manner as provided for collection of Assessments, including foreclosure of the lien against such Lot; provided, however, such charge will never exceed the maximum charge permitted under Applicable Law.

8.9 Owner's Personal Obligation; Interest. Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot against which are levied such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot will be obligated to pay interest on the amount of the Assessment at the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date therefor (or if there is no such highest rate, then at the rate of one and one half percent (1 1/2%) per month), together with all costs and expenses of collection, including reasonable attorney's fees. Such amounts will be levied as an Individual Assessment against the Lot owned by such Owner.

8.10 Assessment Lien and Foreclosure. The payment of all sums assessed in the manner provided in this *Article 8* is, together with late charges as provided in *Section 8.8* and interest as provided in *Section 8.9* hereof and all costs of collection, including attorney's fees as herein provided, secured by the continuing Assessment lien granted to the Foundation pursuant to *Section 8.1.2* above, and will bind each Lot in the hands of the Owner thereof, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien will be superior to all other liens and charges against such Lot, except only for: (i) tax and governmental assessment liens; (ii) all sums secured by a first mortgage lien or first deed of trust lien of record, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot in question and (iii) home equity loans or home equity lines of credit which are secured by a second mortgage lien or second deed of trust lien of record; provided that, in the case of subparagraphs (ii) and (iii) above, such Mortgage was Recorded before the delinquent Assessment was due. The Foundation will have the power to subordinate the aforesaid Assessment lien to any other lien. Such power will be entirely discretionary with the Board, and such subordination may be signed by an officer, agent or attorney of the Foundation. The Foundation may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice may be signed by one of the officers, agents, or attorneys of the Foundation and will be Recorded. Each Owner, by

accepting a deed or ownership interest to a Lot subject to this Declaration, will be deemed conclusively to have granted a power of sale to the Foundation to secure and enforce the Assessment lien granted hereunder. The Assessment liens and rights to foreclosure thereof will be in addition to and not in substitution of any other rights and remedies the Foundation may have by law and under this Declaration, including the rights of the Foundation to institute suit against such Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien. In any foreclosure proceeding, such Owner will be required to pay the costs, expenses and reasonable attorney's fees incurred. The Foundation will have the power to bid (in cash or by credit against the amount secured by the lien) on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Foundation will report to said Mortgagee any unpaid Assessments remaining unpaid for longer than sixty (60) days after the same are due. The lien hereunder will not be affected by the sale or transfer of any Lot; except, however, that in the event of foreclosure of any lien superior to the Assessment lien, the lien for any Assessments that were due and payable before the foreclosure sale will be extinguished, provided that past-due Assessments will be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the indebtedness secured by the Mortgage. The provisions of the preceding sentence will not, however, relieve any subsequent Owner (including any Mortgagee or other purchaser at a foreclosure sale) from paying Assessments becoming due and payable after the foreclosure sale. Upon payment of all sums secured by a lien of the type described in this *Section 8.10*, the Foundation will upon the request of the Owner, and at such Owner's cost, execute a release of lien relating to any lien for which written notice has been Recorded as provided above, except in circumstances in which the Foundation has already foreclosed such lien. Such release will be signed by an officer, agent, or attorney of the Foundation. In addition to the lien hereby retained, in the event of nonpayment by any Owner of any Assessment and after the lapse of at least twelve (12) days since such payment was due, the Foundation may, upon five (5) days' prior written notice (which may run concurrently with such twelve (12) day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, terminate, in such manner as the Board deems appropriate, any utility or cable service provided through the Foundation and not paid for directly by an Owner or Resident to the utility or service provider. Such notice will consist of a separate mailing or hand delivery at least five (5) days prior to a stated date of disconnection, with the title "termination notice" or similar language prominently displayed on the notice. The notice will include the office or street address where the Owner or the Owner's tenant can make arrangements for payment of the bill and for reconnection of service. Utility or cable service will not be disconnected on a day, or immediately preceding a day, when personnel are not available for the purpose of collection and reconnecting such services. Except as otherwise provided by Applicable Law, the sale or transfer of a Lot will not relieve the Owner of such Lot or such Owner's transferee from liability for any Assessments thereafter becoming due or from the lien associated therewith. If an Owner conveys its Lot and on the date of such conveyance Assessments against the Lot remain unpaid, or said Owner owes other sums or fees under this Declaration to the Foundation, the Owner will pay such amounts to the

Foundation out of the sales price of the Lot, and such sums will be paid in preference to any other charges against the Lot other than liens superior to the Assessment lien and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot which are due and unpaid. The Owner conveying such Lot will remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the expenses associated with updating the Foundation's records upon the transfer of a Lot to a third party; provided, however, that no transfer fee will be due upon the transfer of a Lot from Town Founder to a third party.

Yes, the Foundation *can* foreclose on your Lot!

If you fail to pay assessments to the Foundation, you may lose title to your Lot if the Foundation forecloses its assessment lien.

8.11 Exempt Property. The following areas will be exempt from the Assessments provided for in this *Article 8*:

- (i) All area dedicated and accepted by a public authority;
- (ii) The Common Area; and
- (iii) Any portion of the Property owned by Town Founder.

8.12 Fines and Damages Assessment.

8.12.1 Board Assessment. The Board may assess fines against an Owner for violations of the Restrictions which have been committed by an Owner, a Resident, or the Owner or Residents guests, agents or invitees. Any fine and/or charge levied in accordance with this *Section 8.12* will be considered an Individual Assessment pursuant to this Declaration. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owner. The Board may assess damage charges against an Owner for pecuniary loss to the Foundation from property damage or destruction of Common Area or any facilities caused by the Owner, Resident, or their guests, agents, or invitees. The Manager will have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Rules and Regulations and/or informing them of potential or probable fines or damage assessments. The Board may from time to time adopt a schedule of fines.

8.12.2 Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot is, together with interest as provided in *Section 8.9* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Foundation pursuant to *Section 8.1.2* of this Declaration. The fine and/or damage charge will be considered an Assessment for the purpose of this *Article 8* and will be enforced in

accordance with the terms and provisions governing the enforcement of assessments pursuant to this *Article 8*.

ARTICLE 9 MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots within the Property. The provisions of this *Article 8* apply to this Declaration and the Bylaws of the Foundation.

9.1 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Foundation (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates (thereby becoming an “**Eligible Mortgage Holder**”)), will be entitled to timely written notice of:

(i) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is an eligible Mortgage held, insured, or guaranteed by such Eligible Mortgage Holder;

(ii) Any delinquency in the payment of assessments or charges owed for a Lot subject to the Mortgage of such Eligible Mortgage Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Restrictions relating to such Lot or the Owner or Resident which is not cured within sixty (60) days; or

(iii) Any lapse, cancellation, or material modification of any insurance policy maintained by the Foundation.

9.2 Examination of Books. The Foundation will permit Mortgagees to examine the books and records of the Foundation during normal business hours.

9.3 Taxes, Assessments and Charges. All taxes, assessments and charges that may become liens prior to first lien mortgages under Applicable Law will relate only to the individual Lots and not to any other portion of the Property.

ARTICLE 10 EASEMENTS

10.1 Right of Ingress and Egress. Town Founder, its agents, employees, designees, successors and assigns will have a right of ingress and egress over and the right of access to the Common Area to the extent necessary to use the Common Area and the right to such other temporary uses of the Common Area as may be required or reasonably desirable (as

determined by Town Founder in its sole discretion) in connection with the construction and development of the Property, as well as the preservation of natural areas within the Property, pursuant to the Agricultural Management Plan. The Property shall be subject to a perpetual non-exclusive easement for the installation and maintenance of, including the right to read meters, service or repair lines and equipment, and to do everything and anything necessary to properly maintain and furnish the Community Systems and the facilities pertinent and necessary to the same, which easement shall run in favor of Town Founder. Town Founder shall have the right, but not the obligation, to install and provide the Community Systems and to provide the services available through the Community Systems to any and all Lots within the Property. Neither the Foundation nor any Owner shall have any interest therein. Any or all of such services may be provided either directly through the Foundation and paid for as part of the Assessments or directly to Town Founder, any affiliate of Town Founder, or a third party, by the Owner who receives the services. The Community Systems shall be the property of Town Founder unless transferred by Town Founder, whereupon any proceeds of such transfer shall belong to Town Founder. Town Founder shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Foundation or to any person or entity. The rights of Town Founder with respect to the Community Systems installed by Town Founder and the services provided through such Community Systems are exclusive, and no other person or entity may provide such services through the Community Systems installed by Town Founder without the prior written consent of Town Founder. In recognition of the fact that interruptions in cable television and other Community Systems services will occur from time to time, no person or entity described above shall in any manner be liable, and no user of any Community System shall be entitled to any refund, rebate, discount or offset in applicable fees, for any interruption in Community Systems services, regardless of whether or not same is caused by reasons within the control of the then-provider of such services.

10.2 Reserved Easements. All dedications, limitations, restrictions and reservations shown on any Plat and all grants and dedications of easements, rights-of-way, restrictions and related rights made by Town Founder or any third party 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 will be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Town Founder. Town Founder reserves the right to relocate, make changes in, and additions to said easements, rights-of-way, dedications, limitations, reservations and grants for the purpose of most efficiently and economically developing the Property.

10.3 Utility Easements. Town Founder, during the Development Period, and the Board thereafter, may grant easements over and across the Lots and Common Areas to the extent necessary or required to provide utilities to the Lots, Common Area and any other property owned by the Town Founder; provided, however, that such easements do not unreasonably interfere with the use of any Residence for residential purposes. Town Founder will have the right, from time to time, to Record a written notice, which identifies those portions

of the Property, Common Area or property owned by the Town Founder to which the easement reserved hereunder applies. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property, for ingress, egress, meter reading, installation, maintenance, repair, or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, electronic communications and internet, master or cable television and security.

10.4 Subdivision Entry and Fencing Easement. Town Founder reserves for itself and the Foundation, an easement over and across the Property and any Common Area for the installation, maintenance, repair or replacement of certain subdivision entry facilities, walls, and/or fencing which serves the Property, the Common Area or any other property owned by the Town Founder. Town Founder will have the right, from time to time, to Record a written notice which identifies the subdivision entry facilities, walls, and/or fencing to which the easement reserved hereunder applies. Town Founder may designate all or any portion of the subdivision entry facilities and/or fencing as Common Area by Recorded written notice. The easements reserved hereunder shall be exercised only to the extent necessary to install, maintain, repair, remove, modify, and replace any subdivision entry facilities, walls, and/or fencing.

10.5 Agricultural Management Easement. Town Founder hereby reserves for itself, the Foundation, the Stewardship Committee, and their agents, employees and designees, a perpetual non-exclusive easement over and across the Property for the purpose of pedestrian and vehicular ingress and egress necessary and required for implementing, maintaining, or performing activities related to the Agricultural Management Plan or bringing any Owner's Lot into compliance with the Agricultural Management Plan.

10.6 Landscape and Monument Sign Easement. Town Founder hereby reserves for itself and the Foundation, an easement over and across the Property and the Common Area for the installation, maintenance, repair or replacement of signs, landscaping, and/or monument signs which serve the Property, the Common Area or any other property owned by the Town Founder. Town Founder will have the right, from time to time, to Record a written notice, which identifies those portions of the Property, Common Area or property owned by the Town Founder to which the easement reserved hereunder applies. Town Founder may designate all or any portion of the easement areas reserved hereunder as Common Area. The exercise of the easements reserved hereunder will not extend to permitting entry into any Residence, nor will it unreasonably interfere with the use of any Lot or Residence or Improvement constructed thereon.

10.7 Easement to Inspect and Right to Correct. For a period of ten (10) years after the expiration of the Development Period, Town Founder reserves for itself, and for the Town Founder's architect, engineer, other design professionals, builder and general contractor the right, but not the duty, to inspect, monitor, test, redesign, correct, and relocate any structure,

Improvement, or condition that may exist on any portion of the Property, including the Lots, and a perpetual nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise this right. The party exercising such rights will promptly repair, at its sole expense, any damage resulting from the exercise of this right. By way of illustration but not limitation, relocation of mechanical or electrical facilities may be warranted by a change of circumstance, imprecise siting of the original facilities, or the desire or necessity to comply more fully with Applicable Law. This *Section 10.7* may not be construed to create a duty for Town Founder, the Foundation, or any architect, engineer, other design professionals, builder or general contractor, and may not be amended without Town Founder's advanced written consent. In support of this reservation, each Owner, by accepting an interest in or title to a Lot, hereby grants to Town Founder an easement of access and entry over, across, under, and through the Property, including without limitation, all Common Areas and the Owner's Lot and all Improvements thereon for the purposes contained in this *Section 10.7*.

10.8 Roadway and Utility Easements. Town Founder reserves the right to create, locate, relocate, construct, erect, and maintain or cause to be created, located, relocated, constructed, erected, and maintained in and on any portion of the Property then owned by Town Founder or any streets maintained by the Foundation, or areas conveyed to the Foundation, or areas reserved or held as Common Area, roadways, sewer lines, water lines, electrical lines and conduits, and other pipelines, conduits, wires, and any public utility function beneath or above the surface of the ground with the right of access to the same at any time for the purposes of repair and maintenance.

10.9 Trail Easement. Town Founder reserves for itself, its agents, employees, designees, successors and assigns and the Foundation a perpetual, non-exclusive easement on, over and across an area equal to twelve feet (12') in width, over and across each Lot, parallel and adjacent to the boundary line of the Lot and the immediately adjacent roadway as shown on a Plat (the "**Trail Easement**") for purposes of the construction, operation and maintenance of a trail system serving the Property. The easement reserved shall be restricted to the construction, use and operation of a trail, which shall be accessible only by members of the Foundation and their guests and invitees, subject to rules adopted from time to time by the Foundation. The easement granted herein shall in no event interfere with use of a Lot for residential purposes or restrict or otherwise obstruct customary vehicular and pedestrian access via a driveway to and from the Lot and the adjacent roadway. Driveways necessary and required to access a Lot from the roadway may be constructed over and across the trail easement with no obligation for the Owner of the Lot to restore the portion of the trail, if any, which is required to be removed for purposes of installing and utilizing the driveway serving a Lot. The Trail Easement and trail improvements thereon shall be Common Areas maintained by the Foundation, and a Lot Owner shall in no event be required to maintain the trail. The Foundation will secure and maintain commercial general liability insurance sufficient, in the Foundation's reasonable discretion, to protect each Owner from any liability or damage resulting from use of the trail system.

ARTICLE 11 GENERAL PROVISIONS

11.1 Term. The terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Declaration will run with and bind the Property, and will inure to the benefit of and be enforceable by the Foundation, and every Owner, including Town Founder, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Declaration is Recorded, and continuing through and including January 1, 2098, after which time this Declaration will be automatically extended for successive periods of ten (10) years unless a change (the word “change” meaning a termination, or change of term or renewal term) is approved in a resolution adopted by Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Foundation, voting in person or by proxy at a meeting duly called for such purpose, written notice of which will be given to all Members at least thirty (30) days in advance and will set forth the purpose of such meeting; provided, however, that such change will be effective only upon the Recording of a certified copy of such resolution. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. Notwithstanding any provision in this *Section 11.1* to the contrary, if any provision of this Declaration would be unlawful, void, or voidable by reason of any Applicable Law restricting the period of time that covenants on land may be enforced, such provision will expire twenty-one (21) years after the death of the last survivor of the now living descendants, as of the date this Declaration is Recorded, of King Charles III, King of England.

11.2 Eminent Domain. In the event it becomes necessary for any public authority to acquire all or any part of the Common Area for any public purpose during the period this Declaration is in effect, the Board is hereby authorized to negotiate with such public authority for such acquisition and to execute instruments necessary for that purpose. Should acquisitions by eminent domain become necessary, only the Board need be made a party, and in any event the proceeds received will be held by the Foundation for the benefit of the Owners. In the event any proceeds attributable to acquisition of Common Area are paid to Owners, such payments will be allocated on the basis of Assessment Units and paid jointly to the Owners and the holders of Mortgages or deeds of trust on the respective Lot.

11.3 Amendment. This Declaration may be amended or terminated by the Recording of an instrument executed and acknowledged by: (i) Town Founder acting alone; or (ii) by the president and secretary of the Foundation setting forth the amendment and certifying that such amendment has been approved by Town Founder (until expiration or termination of the Development Period) and Members entitled to cast at least sixty-seven percent (67%) of the total number of votes entitled to be cast by members of the Foundation. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. No amendment will be effective without the written consent of Town Founder, its successors or assigns, during the Development Period. No amendment may affect

Town Founder's rights under this Declaration without Town Founder's written and acknowledged consent, which must be part of the Recorded amendment instrument.

11.4 Enforcement. The Foundation and the Town Founder will have the right to enforce, by a proceeding at law or in equity, the Restrictions. The Foundation and/or the Town Founder may initiate, defend, or intervene in any action brought to enforce any provision of the Restrictions. Such right of enforcement will include both damages for and injunctive relief against the breach of any provision hereof. Every act or omission whereby any provision of the Restrictions is violated, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner of a Lot (at such Owner's own expense), Town Founder or the Foundation. Any violation of any Applicable Law pertaining to the ownership, occupancy, or use of any portion of the Property is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein. Failure to enforce any right, provision, covenant, or condition set forth in the Restrictions will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of the Town Founder or the Foundation to enforce the terms and provisions of the Restrictions shall in no event give rise to any claim or liability against the Town Founder, the Foundation, or any of their partners, directors, officers, or agents.

11.5 Town Founder Fine Authority. During the Development Period, Town Founder may assess fines against an Owner for violations of the Restrictions which have been committed by an Owner, a Resident, or any guests, agents, family members, or invitees of an Owner or Resident. The Town Founder uses fines to discourage violations of the Restrictions, and to encourage compliance when a violation occurs - not to punish violators or generate revenue for the Town Founder. Although a fine may be an effective and efficient remedy for certain types of violations or violators, it is only one of several methods available to the Town Founder for enforcing the Restrictions. The Town Founder may from time to time adopt a schedule of fines. If the violation of the Restrictions is ongoing or continuous, the fine may be assessed on a periodic basis (such as daily, monthly, or quarterly). If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis. An Owner is liable for fines levied by the Town Founder for violations of the Restrictions by the Owner, a Resident, or any guests, agents, family members or invitees of the Owner or Resident. Regardless of who commits the violation, the Town Founder will direct its communications to the Owner, although the Town Founder may send copies of its notices to the Residents.

11.6 Higher Authority. The terms and provisions of this Declaration are subordinate to Applicable Law. Generally, the terms and provisions of this Declaration are enforceable to the extent they do not violate or conflict with Applicable Law.

11.7 Severability. If any provision of this Declaration is held to be invalid by any court of competent jurisdiction, such invalidity will not affect the validity of any other provision of this Declaration, or, to the extent permitted by Applicable Law, the validity of such provision as applied to any other person or entity.

11.8 Conflicts. If there is any conflict between the provisions of this Declaration, the Certificate, the Bylaws, or any Rules and Regulations adopted pursuant to the terms of such documents, the provisions of this Declaration, the Certificate, the Bylaws, and the Rules and Regulations, in such order, will govern.

11.9 Gender. Whenever the context so requires, all words herein in the male gender will be deemed to include the female or neuter gender, all singular words will include the plural, and all plural words will include the singular.

11.10 Acceptance by Owners. Each Owner of a Lot or other real property interest in the Property, by the acceptance of a deed of conveyance, or each subsequent purchaser, accepts the same subject to all terms, restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction rights and powers created or reserved by this Declaration or to whom this Declaration is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. Furthermore, each Owner agrees that no assignee or successor to Town Founder hereunder will have any liability for any act or omission of Town Founder which occurred prior to the effective date of any such succession or assignment. All impositions and obligations hereby imposed will constitute covenants running with the land within the Property, and will bind any person having at any time any interest or estate in the Property, and will inure to the benefit of each Owner in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

11.11 Damage and Destruction. The Foundation shall undertake the following actions subsequent to damage or destruction to all or any part of the Common Area covered by insurance:

11.11.1 Claims. Promptly after damage or destruction by fire or other casualty to all or any part of the Common Area covered by insurance, the Board, or its duly authorized agent, will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair of the damage. Repair, as used in this *Section 11.11.1*, means repairing or restoring the Common Area to substantially the same condition as existed prior to the fire or other casualty.

11.11.2 Repair Obligations. Any damage to or destruction of the Common Area will be repaired unless a Majority of the Board decides within sixty (60) days after the casualty not to repair. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair, or both, are not made available to the Foundation within said period, then the period will be extended until such information will be made available.

11.11.3 Restoration. In the event that it should be determined by the Board that the damage or destruction of the Common Area will not be repaired and no alternative

Improvements are authorized, then the affected portion of the Common Area will be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Foundation in a neat and attractive condition.

11.11.4 Special Assessment. If insurance proceeds are paid to restore or repair any damaged or destroyed Common Area, and such proceeds are not sufficient to defray the cost of such repair or restoration, the Board may levy a Special Assessment, as provided in *Article 8*, against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

11.11.5 Proceeds Payable to Owners. In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or destruction to any Common Area, such payments will be allocated based on Assessment Units and paid jointly to the Owners and the holders of Mortgages or deeds of trust on their Lots.

11.12 No Partition. Except as may be permitted in this Declaration or amendments thereto, no physical partition of the Common Area or any part thereof will be permitted, nor will any person acquiring any interest in the Property or any part thereof seek any such judicial partition unless the portion of the Property or Common Area in question has been removed from the provisions of this Declaration pursuant to *Section 12.4* below. This *Section 11.12* will not be construed to prohibit the Board from acquiring and disposing of tangible personal property or from acquiring title to real property that may or may not be subject to this Declaration.

11.13 Notices. Any notice permitted or required to be given to any person by this Declaration will be in writing and may be delivered either personally or by mail, or as otherwise required by Applicable Law. If delivery is made by mail, it will be deemed to have been delivered on the third (3rd) day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person to the Foundation for the purpose of service of notices. Such address may be changed from time to time by notice in writing given by such person to the Foundation.

11.14 View Impairment. Neither Town Founder nor the Foundation guarantee or represent that any view over and across the Lots, or any open space or Common Area within the Property will be preserved without impairment. Neither the Town Founder, the ACC, nor the Foundation shall have any obligation to relocate, prune, thin trees or perform other landscaping. The Foundation (with respect to any Common Area) will have the right to add trees and other landscaping from time to time, subject to Applicable Law. There shall be no express or implied easements for view purposes or for the passage of light and air.

11.15 Safety and Security. Each Owner and Resident of a Lot, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their

property within the Property and the Common Area. The Foundation may, but shall not be obligated to, maintain or support certain activities within the Property and the Common Area designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. However, neither the Foundation nor Town Founder shall in any way be considered insurers or guarantors of safety or security within the Property or the Common Area, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including security monitoring systems or any mechanism or system for limiting access to the Property or the Common Area, cannot be compromised or circumvented; or that any such system or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing any Residents of such Owner's Lot that the Foundation, its Board and committees, and the Town Founder are not insurers or guarantors of security or safety and that each person within the Property assumes all risks of personal injury and loss or damage to the property, including any Residences or Improvements constructed upon any Lot and the contents thereof, resulting from acts of third parties.

11.16 Gated Access. Town Founder during the Development Period, or the Foundation may from time to time, but is in no way required or obligated, take actions or provide Improvements, including devices or services intended to or which may have the effect of improving safety, including actions, devices or services limiting or controlling access to the Property (including Common Area or Special Common Area), including but not limited to, mechanical system(s) that limit vehicular access to the streets in the Property from public streets (the "**Gate System**").

11.17 Gate System Operation. Town Founder during the Development Period, and the Board thereafter, in its sole and absolute discretion, to determine when the Gate System will be operational, including but not limited to hours of operation and periods when the Gate System will remain open. All Owners are advised that the Gate System may remain open or non-operational during all or a substantial portion of the Development Period and/or buildout of the Property.

11.17.1 Disclaimer. Neither the Town Founder, nor the Foundation, shall be responsible for providing security to the Owners, Residents, or their family members, guests, invitees or their Property or Improvements. The purpose of the Gate System shall be to provide some degree of controlled restriction of access on the streets located within the Property. Neither the Town Founder, nor the Foundation, nor any Owner guarantees or assures any other Owner or any other party whomsoever that the Gate System will in any manner whatsoever provide personal protection or security to any Owner, such Owner's personal property or members, Residents, guests or invitees, or to any other person, and each Owner, by the acceptance of its deed, shall be deemed to have assumed the entire risk as between such Owner

and Town Founder and the Foundation for any loss or damage to person or property within the Property arising from any deficiency, failure or defect in the Gate System or otherwise.

11.17.2 Emergency Services Access. The local police department and fire department shall have access to the Property for law enforcement and fire protection purposes. Each Owner shall look solely to the local police department and fire department for the provisions of law enforcement, police and fire protection.

11.18 Notice Concerning Mineral Reservation. Each Owner is hereby informed that Town Founder has reserved or conveyed to an affiliated entity all right, title and interest, if any, of Town Founder in all minerals, resources, and groundwater, including but not limited to oil, gas and hydrocarbons, in, on or under, and/or that may be produced from, the Property. No representation or warranty, express or implied, is made as to the ownership of the minerals, resources and groundwater or any portion thereof or any interest therein. Each Owner should carefully review the title commitment delivered in connection with its acquisition of a Lot to determine the full extent to which the mineral conveyances affect the Lots and the Property. In addition, if this Declaration includes a prohibition against mineral, resource, and/or groundwater extraction, drilling, or mining, such provision is not binding on the owner(s) of the minerals, resources and groundwater.

11.19 Streets Within the Property. The streets located outside the Property are public streets and maintained by applicable governmental authorities. Certain streets within the Property are private and maintained by the Foundation. Private streets may be designated by the Town Founder as Common Area or Special Common Area. If designated as Common Area or Special Common Area, the Foundation may adopt, amend, repeal, and enforce the rules, regulations and procedures for use of the private streets, including but not limited to: (i) identification of vehicles used by Owners and Residents and their guests; (ii) designation of parking areas and no-parking areas, and loading/unloading zones; (iii) limitations or prohibitions on street parking; (iv) removal or prohibition of vehicles that violate applicable rules and regulations; and (v) fines for violations of applicable rules and regulations.

11.20 Prior Variance. A plan approval and variance applicable to a Lot and granted pursuant to the Original Declaration, and granted prior to this Declaration is referred to herein as a “**Prior Variance**”. A Prior Variance remains in full force and effect and this Declaration is not intended to modify the terms and provisions of a Prior Variance. In the event of a conflict between this Declaration and the Prior Variance, the terms and provisions of the Prior Variance will control and be enforceable by the Lot Owner.

ARTICLE 12 DEVELOPMENT RIGHTS

12.1 Development by Town Founder. It is contemplated that the Property will be developed pursuant to a plan, which may, from time to time, be amended or modified. Town

Founder reserves the right, but will not be obligated, to pursue the development, construction and marketing of the Property, the right to adopt additional restrictive covenants or supplemental declarations to burden the Property by means of a separately recorded instrument, the right to direct the size, shape, and composition of the Property, the right to create and/or designate Lots and Common Areas and to subdivide all or any portion of the Property pursuant to the terms of this *Section 12.1*, subject to any limitations imposed on portions of the Property by any applicable Plat. These rights may be exercised with respect to any portions of the Property and the Common Area. As each area is developed or dedicated, Town Founder may designate the use, classification and such additional covenants, conditions and restrictions as Town Founder may deem appropriate for that area.

12.2 Special Town Founder Rights. Notwithstanding any provision of this Declaration to the contrary, at all times, Town Founder will have the right and privilege: (i) to erect and maintain advertising signs (illuminated or non-illuminated), sales flags, other sales devices and banners for the purpose of aiding the sale of Lots in the Property; (ii) to maintain Improvements upon Lots as sales, model, management, business and construction offices; and (iii) to maintain and locate construction trailers and construction tools and equipment within the Property and the Common Area. The construction, placement or maintenance of Improvements by Town Founder will not be considered a nuisance, and Town Founder hereby reserves the right and privilege for itself to conduct the activities enumerated in this *Section 12.2* until twenty-four (24) months after expiration or termination of the Development Period.

12.3 Addition of Land. Town Founder may, at any time and from time to time, add additional lands to the Property. Upon the Recording of a notice of addition of land, such land will be considered part of the Property for purposes of this Declaration, and such added lands will be considered part of the Property subject to this Declaration and the terms, covenants, conditions, restrictions and obligations set forth in this Declaration, and the rights, privileges, duties and liabilities of the persons subject to this Declaration will be the same with respect to such added land as with respect to the lands originally covered by this Declaration. To add lands to the Property, Town Founder will be required only to Record a notice of addition of land containing the following provisions:

- (i) A reference to this Declaration, which reference will state the document number or volume and initial page number wherein this Declaration is Recorded;
- (ii) A statement that such land will be considered Property for purposes of this Declaration, and that all of the terms, covenants, conditions, restrictions and obligations of this Declaration will apply to the added land; and
- (iii) A legal description of the added land.

12.4 Withdrawal of Land. Town Founder may, at any time and from time to time, reduce or withdraw from the Property, and remove and exclude from the burden of this Declaration and the jurisdiction of the Foundation any portion of the Property. Upon any such withdrawal and removal this Declaration and the covenants, conditions, restrictions and obligations set forth herein will no longer apply to the portion of the Property withdrawn. To withdraw lands from the Property hereunder, Town Founder will be required only to Record a notice of withdrawal of land containing the following provisions:

- (i) A reference to this Declaration, which reference will state the document number or volume and initial page number wherein this Declaration is recorded;
- (ii) A statement that the provisions of this Declaration will no longer apply to the withdrawn land; and
- (iii) A legal description of the withdrawn land.

12.5 Notice of Plat Recordation. Town Founder may, at any time and from time to time, file a notice of plat recordation (a “**Notice of Plat Recordation**”). A Notice of Plat Recordation is Recorded for the purpose of more clearly identifying specific Lots subject to the terms and provisions of this Declaration after portions of the Property is made subject to a Plat. Unless otherwise provide in the Notice of Plat Recordation, portions of the Property included in the Plat identified in the Notice of Plat Recordation, but not shown as a residential Lot on such Plat, shall be automatically withdrawn from the terms and provisions of this Declaration (without the necessity of complying with the withdrawal provisions set forth in *Section 12.4*). Town Founder shall have no obligation to Record a Notice of Plat Recordation and failure to Record a Notice of Plat Recordation shall in no event remove any portion of the Property from the terms and provisions of this Declaration.

12.6 Assignment of Town Founder’s Rights. Notwithstanding any provision in this Declaration to the contrary, Town Founder may, by written instrument, assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any person or entity and may permit the participation, in whole, in part, exclusively, or non-exclusively, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder.

12.7 Restriction Upon the Sale of Lots. Prior to the expiration of the Development Period, the Town Founder reserves the right to restrict the offering of a Lot for sale by an Owner, if the proposed listing price for such Lot is below the current price, determined on a per acre basis, established by Town Founder for Lots owned by the Town Founder. There shall be no restriction on the offering or sale of any Lot at a price equal or higher than the current purchase price established by Town Founder for its own Lot. Prior to listing a Lot for sale below the current purchase price determined by Town Founder for Lots, the selling Owner must provide written notice of their intention and the complete sale listing terms to Town Founder.

Following receipt of such notice, Town Founder shall have fifteen (15) days to notify Owner in writing of their intention to contract to purchase a Lot pursuant to the proposed sale listing terms; any closing under such a contract shall occur within sixty (60) days of the original notice to the Town Founder by Owner. The provisions of this *Section 12.7* will be of no further force or effect as to a particular Lot on the earlier to occur of the date: (i) a first mortgage lien or first deed of trust lien is Recorded against the Lot to the extent such lien secures sums borrowed for the construction of Residence on the Lot; or (ii) of commencement of construction of a Residence on the Lot.

12.7.1 Right of First Refusal. In the event any Owner receives a bona-fide offer (the “**Outside Offer**”) for their Lot for a sales price (the “**Offer Price**”) less than the sales price in which the Owner acquired the Lot from the Town Founder (the “**Original Price**”), and Owner intends to accept the Outside Offer, the Town Founder shall have a right of first refusal to purchase the Lot from the Owner at the Offer Price. Such right of first refusal shall be exercised under the following conditions:

(i) Notice of Lot Owner. Prior to expiration of the Development Period, any Owner who receives an Outside Offer for the purchase of the Owner’s Lot at an Offer Price that is less than the Original Price shall give written notice to the Town Founder of the Outside Offer, including the name and address of the proposed purchaser and such other information as the Town Founder may reasonably require.

(ii) Offer to Town Founder. Owner shall thereupon offer to sell such Lot to the Town Founder or its designee, corporate or otherwise, on the same terms and conditions as contained in such Outside Offer at the Offer Price; however, if the terms and conditions provide for a mortgage at the time of transfer, the Town Founder may, at its option, pay for the Lot in cash.

(iii) Representation by Owner. The giving of such notice shall constitute a warranty and representation by Owner who has received an Outside Offer and that such Owner believes the Outside Offer to be bona fide in all respects and the Owner intends to accept such Outside Offer.

(iv) Election by Town Founder. Within fifteen (15) days after the receipt of such notice, the Town Founder may elect, by notice to such Owner, to purchase such Lot for the Offer Price or to cause the same to be purchased by its designee.

(v) Closing by Town Founder. In the event Town Founder elects to purchase the Lot, the closing shall occur no later than either the closing date specified in the Outside Offer or sixty (60) days following Town Founder’s written notice to Owner of Town Founder’s election to purchase the Lot.

(vi) Failure to Accept Offer. In the event the Town Founder shall fail to accept the Outside Offer within the above-described fifteen (15) day period, the Owner shall may sell the Lot to the purchaser specified in the Outside Offer on the terms set forth in the Outside Offer. Town Founder's right of first refusal extends to each and every Outside Offer received by the Owner where the Offer Price is less than the Original Price. Each Outside Offer, whether same arises between parties to an earlier failed or terminated Outside Offer shall be subject to Town Founder's right of first refusal.

(vii) Violation. Town Founder reserves the right to enforce this Section 12.7 of this Declaration as permitted by law against any Owner in violation of these provisions.

ARTICLE 13 DISPUTE RESOLUTION

This Article 13 is intended to encourage the resolution of disputes involving the Property. A dispute regarding the Lots, Common Area, and/or Improvements can create significant financial exposure for the Association and its Members, interfere with the resale and refinancing of Lots, and increase strife and tension among the Owners, the Board and the Association's management. Since disputes may have a direct effect on each Owner's use and enjoyment of their Lot and the Common Area, this Article 13 requires Owner transparency and participation in certain circumstances. Transparency means that the Owners are informed in advance about a dispute, the proposed arrangement between the Association and a law firm or attorney who will represent the Association in the dispute, and that each Owner will have an opportunity to participate in the decision-making process prior to initiating the dispute resolution process.

13.1 Introduction and Definitions. The Foundation, the Owners, Town Founder, and all persons subject to this Declaration, and each person not otherwise subject to this Declaration who agrees to submit to this *Article 13* by written instrument delivered to the Claimant, which may include, but is not limited to, a general contractor, sub-contractor, design professional, or other person who participated in the design or construction of Lots, Common Area or any Improvement within, serving or forming a part of the Property (individually, a "**Party**" and collectively, the "**Parties**") agree to encourage the amicable resolution of disputes involving the Property and the Common Area to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this *Article 13* applies to all Claims as hereafter defined. Notwithstanding anything contained in this *Article 13*, any Claim brought by an Owner related to a residence that is subject to a warranty agreement provided by the Town Founder will not be subject to this *Article 13*. and will be governed by the warranty agreement, unless the Parties agree to have the dispute governed by this *Article 13*. This *Article 13* may only be amended with the prior written approval of the Town Founder, the Foundation (acting through a Majority of the Board), and

Owners holding 100% of the votes in the Foundation. As used in this *Article 13* only, the following words, when capitalized, have the following specified meanings:

13.1.1 “**Claim**” means:

(i) Claims relating to the rights and/or duties of Town Founder, the Foundation, or the ACC, under the Restrictions.

(ii) Claims relating to the acts or omissions of the Town Founder, the Foundation or a Board member or officer of the Foundation during Town Founder’s control and administration of the Foundation, and any claim asserted against the ACC.

(iii) Claims relating to the design or construction of the Common Area or any Improvements located within or on Common Area.

13.1.2 “**Claimant**” means any Party having a Claim against any other Party.

(i) “**Respondent**” means any Party against which a Claim has been asserted by a Claimant.

13.2 Mandatory Procedures. Claimant may not initiate any proceeding before any judge, jury, arbitrator or any judicial or administrative tribunal seeking redress of resolution of its Claim until Claimant has complied with the procedures of this Article 13. As provided in Section 13.8 below, a Claim must be resolved by binding arbitration.

13.3 Claim Affecting Common Areas. In accordance with *Section 4.13* of this Declaration, the Foundation does not have the power or right to institute, defend, intervene in, settle, or compromise litigation, arbitration or other proceedings: (i) in the name of or on behalf of any Lot Owner (whether one or more); or (ii) pertaining to a Claim, as defined in *Section 13.1* above, relating to the design or construction of Improvements on a Lot (whether one or more). Additionally, no Lot Owner shall have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area. Each Lot Owner, by accepting an interest in or to title to a Lot, hereby grants to the Foundation the exclusive right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area. In the event the Foundation asserts a Claim related to the Common Area, as a precondition to providing the Notice defined in *Section 13.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 13*, or taking any other action to prosecute a Claim related to the Common Area, the Foundation must:

13.3.1 Obtain Owner Approval of Engagement.

The requirements related to Owner approval set forth in this Section 13.3 are intended to ensure that the Foundation and the Owners approve and are fully informed of the financial arrangements between the Foundation and a law firm or attorney engaged by the Foundation to prosecute a Claim relating to the design or construction of the Common Area. The engagement agreement between the Foundation and the law firm or attorney may include requirements that the Foundation pay costs, fees, and expenses to the law firm or attorney which will be paid through Assessments levied against Owners. The financial agreement between the Foundation and the law firm or attorney may also include obligations related to payment, and the conditions and circumstances when the payment obligations arise, if the relationship between the Foundation and the law firm or attorney is terminated or if the Foundation agrees to settle the Claim. In addition, the financial arrangement between the Foundation and the law firm or attorney may include additional costs, expenses, and interest charges. This financial obligation can be significant. The Board may not engage a law firm or attorney to prosecute a Claim relating to the design or construction of the Common Area or execute a written agreement between the Foundation and a law firm or attorney for the purpose of prosecuting a Claim relating to the design or construction of Common Area unless the law firm or attorney and the financial arrangements between the Foundation and the law firm or attorney are approved by the Owners in accordance with this Section 13.3.

Unless otherwise approved by Members holding eighty percent (80%) of the votes in the Foundation, the Foundation, acting through its Board, shall in no event have the authority to engage a law firm or attorney to prosecute a Claim relating to the design or construction of the Common Area if the agreement between the Foundation and law firm or attorney includes any provision or requirement that would obligate the Foundation to pay any costs, expenses, fees, or other charges to the law firm or attorney, including but not limited to, costs, expenses, fees, or other charges payable by the Foundation: (i) if the Foundation terminates the engagement with the law firm or attorney or engages another firm or third-party to assist with the Claim; (ii) if the Foundation agrees to settle the Claim for a cash payment or in exchange for repairs or remediation performed by the Respondent or any other third-party; (iii) if the Foundation agrees to pay interest on any costs or expenses incurred by the law firm or attorney; and/or (iv) for consultants, expert witnesses, and/or general contractors hired by the law firm or attorney. For avoidance of doubt, it is intended that Members holding eighty percent (80%) of the votes in the Foundation must approve the law firm and attorney who will prosecute the Claim and the written agreement between the Foundation and the law firm and/or attorney.

The approval of the Members required under this Section 13.3 must be obtained at a meeting of Members called in accordance with the Bylaws. The notice of Member meeting will be provided pursuant to the Bylaws but the notice must also include: (a) the name of the law firm and attorney; (b) a copy of the proposed written agreement between the Foundation and the law firm and/or attorney; (c) a narrative summary of the types of costs, expenses, fees, or other charges that may be required to be paid by the Foundation; (d) the conditions upon which such types of costs, expenses, fees, or other charges are required to be paid by the Foundation; (e) an estimate of the costs, expenses, fees, or other charges that may be required to be paid by

the Foundation if the conditions for payment occur, which estimate shall be expressed as a range for each type of cost, expense, fee, or other charge; and (f) a description of the process the law firm and/or attorney will use to evaluate the Claim and whether destructive testing will be required (i.e., the removal of all or portions of the Common Area or Improvements on the Property). If destructive testing will be required or is likely to occur, the notice shall include a description of the destructive testing, likely locations of the destructive testing, whether the Owner's use of their Lots or the Common Area will be affected by such testing, and if the destructive testing occurs the means or method the Foundation will use to repair the Common Area or Improvements affected by such testing and the estimated costs thereof. The notice required by this paragraph must be prepared and signed by a person other than the law firm or attorney who is a party to the proposed agreement being approved by the Members. In the event Members holding eighty percent (80%) of the votes in the Foundation approve the law firm and/or attorney who will prosecute the Claim and the written agreement between the Foundation and the law firm and/or attorney, the Board shall have the authority to engage the law firm and/or attorney and enter into the written agreement approved by the Members.

13.3.2 Provide Notice of the Inspection. As provided in Section 13.3.3 below, a Common Area Report is required which is a written inspection report issued by the Inspection Company. Before conducting an inspection that is required to be memorialized by the Common Area Report, the Foundation must have provided at least ten (10) days prior written notice of the date on which the inspection will occur to each Respondent which notice shall identify the Inspection Company preparing the Common Area Report, the specific Common Areas to be inspected, and the date and time the inspection will occur. Each Respondent may attend the inspection, personally or through an agent.

13.3.3 Obtain a Common Area Report.

The requirements related to the Common Area Report set forth in this Section 13.3.3 are intended to provide assurance to the Claimant, Respondent, and the Owners that the substance and conclusions of the Common Area Report and recommendations are not affected by influences that may compromise the professional judgement of the party preparing the Common Area Report, and to avoid circumstances which would create the appearance that the professional judgment of the party preparing the Common Area Report is compromised.

Obtain a written independent third-party report for the Common Area (the "**Common Area Report**") from a professional engineer licensed by the Texas Board of Professional Engineers with an office located in Blanco County, Texas (the "**Inspection Company**"). The Common Area Report must include: (i) a description with photographs of the Common Area subject to the Claim; (ii) a description of the present physical condition of the Common Area subject to the Claim; (iii) a detailed description of any modifications, maintenance, or repairs to the Common Area performed by the Foundation or a third-party, including any Respondent; and (iv) specific and detailed recommendations regarding remediation and/or repair of the Common Area subject to the Claim. For the purpose of subsection (iv) of the previous sentence,

the specific and detailed recommendations must also include the specific process, procedure, materials, and/or improvements necessary and required to remediate and/or repair the deficient or defective condition identified in the Common Area Report and the estimated costs necessary to effect such remediation and/or repairs. The estimate of costs required by the previous sentence shall be obtained from third-party contractors with an office located in Blanco County, Texas, and each such contractor providing the estimate must hold all necessary or required licenses from the Texas Department of Licensing and Regulation or otherwise required by Applicable Law for the work to which the cost estimate relates.

The Common Area Report must be obtained by the Foundation. The Common Area Report will not satisfy the requirements of this *Section 13.3.3* and is not an “independent” report if: (a) the Inspection Company has an arrangement or other agreement to provide consulting and/or engineering services with the law firm or attorney that presently represents the Foundation or proposes to represent the Foundation; (b) the costs and expenses for preparation of the Common Area Report are not required to be paid directly by the Foundation to the Inspection Company at the time the Common Area Report is finalized and delivered to the Foundation; or (c) the law firm or attorney that presently represents the Foundation or proposes to represent the Foundation has agreed to reimburse (whether unconditional or conditional and based on the satisfaction of requirements set forth in the Foundation’s agreement with the law firm or attorney) the Foundation for the costs and expenses for preparation of the Common Area Report. For avoidance of doubt, an “independent” report means that the Foundation has independently contracted with the Inspection Company on an arms-length basis based on customary terms for the preparation of engineering reports and that the Foundation will directly pay for the report at the time the Common Area Report is finalized and delivered to the Foundation.

13.3.4 Provide a Copy of Common Area Report to all Respondents and Owners. Upon completion of the Common Area Report, and in any event no later than three (3) days after the Foundation has been provided a copy of the Common Area Report, the Foundation will provide a full and complete copy of the Common Area Report to each Respondent and to each Owner. The Foundation shall maintain a written record of each Respondent and Owner who was provided a copy of the Common Area Report which will include the date the report was provided. The Common Area Report shall be delivered to each Respondent by hand-delivery and to each Owner by mail.

13.3.5 Provide a Right to Cure Defects and/or Deficiencies Noted on Common Area Report. Commencing on the date the Common Area Report has been completed and continuing for a period of ninety (90) days thereafter, each Respondent shall have the right to: (i) inspect any condition identified in the Common Area Report; (ii) contact the Inspection Company for additional information necessary and required to clarify any information in the Common Area Report; and (iii) correct any condition identified in the Common Area Report. As provided in *Section 10.7* of this Declaration, the Town Founder has an easement throughout the Property for itself, and its successors, assigns, architects, engineers, other design

professionals, builders, and general contractors that may be utilized during such ninety (90) day period and any additional period needed thereafter to correct a condition identified in the Common Area Report.

13.3.6 Hold Owner Meeting and Obtain Approval. In addition to obtaining approval from Members for the terms of the attorney or law firm engagement agreement, the Foundation must obtain approval from Members holding eighty percent (80%) of the votes in the Foundation to provide the Notice described in *Section 13.5*, initiate the mandatory dispute resolution procedures set forth in this *Article 13*, or take any other action to prosecute a Claim, which approval from Members must be obtained at a meeting of Members called in accordance with the Bylaws. The notice of meeting required hereunder will be provided pursuant to the Bylaws but the notice must also include: (i) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (ii) a copy of the Common Area Report; (iii) a copy of any engagement letter between the Foundation and the law firm and/or attorney selected by the Foundation to assert or provide assistance with the Claim; (iv) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Foundation directly or for which the Foundation may be liable as a result of prosecuting the Claim; (v) a summary of the steps previously taken by the Foundation to resolve the Claim; (vi) a statement that initiating the lawsuit or arbitration proceeding to resolve the Claim may affect the market value, marketability, or refinancing of a Lot while the Claim is prosecuted; and (vii) a description of the manner in which the Foundation proposes to fund the cost of prosecuting the Claim. The notice required by this paragraph must be prepared and signed by a person who is not (a) the attorney who represents or will represent the Foundation in the Claim; (b) a member of the law firm of the attorney who represents or will represent the Foundation in the Claim; or (c) employed by or otherwise affiliated with the law firm of the attorney who represents or will represent the Foundation in the Claim. In the event Members approve providing the Notice described in *Section 13.5*, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Foundation, at a special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

13.3.7 Provide Officer Certification. Within ten (10) days after a vote of Members called pursuant to this *Article 13*, the secretary or another officer of the Foundation will provide to Town Founder and any Respondent (if different than Town Founder): (i) a true and correct copy of the meeting notice provided to Members, for the meeting at which such vote was taken; (ii) copies of the ballots cast at such meeting (whether in person, electronic, or by proxy); (iii) a certification, executed by the issuing officer of the Foundation that: (a) the information set forth in (i) and (ii) hereinabove is true and correct; (b) the meeting notice provided to Members was provided in accordance with this *Article 13*; and (c) the vote was held in accordance with the Bylaws and this *Article 13*.

13.4 Claim by Lot Owners. Pursuant to *Section 13.3* above, an Owner does not have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration

or other proceedings relating to the design or construction of the Common Area. In the event that a court of competent jurisdiction or arbitrator determines that an Owner does have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area, such Owner shall be required, since a Claim affecting the Common Area could affect all Owners, as a precondition to providing the Notice defined in *Section 13.5*, initiating the mandatory dispute resolution procedures set forth in this *Article 13*, or taking any other action to prosecute a Claim, to comply with the requirements imposed by the Foundation in accordance with *Section 13.3.2* (Provide Notice of Inspection), *Section 13.3.3* (Obtain a Common Area Report), *Section 13.3.4* (Provide a Copy of Common Area Report to all Respondents and Owners), *Section 13.3.5* (Provide Right to Cure Defects and/or Deficiencies Noted on Common Area Report), *Section 13.3.6* (Owner Meeting and Approval), *Section 13.3.7* (Officer Certification), and *Section 13.5* (Notice). Additionally, class action proceedings are prohibited, and no Owner shall be entitled to prosecute, participate, initiate, or join any litigation, arbitration or other proceedings as a class member or class representative in any such proceedings under this Declaration.

13.5 Notice. Claimant must notify Respondent in writing of the Claim (the “**Notice**”), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, persons involved, and Respondent’s role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Restrictions or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Notice is given pursuant to this *Section 13.5*. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in *Section 13.6* below, is equivalent to the sixty (60) day period under Section 27.004 of the Texas Property Code. If a Claim is subject to Chapter 27 of the Texas Property Code, the Claimant and Respondent are advised, in addition to compliance with *Section 13.6*, to comply with the terms and provisions of Section 27.004 of the Texas Property Code during such sixty (60) day period. *Section 13.6* does not modify or extend the time period set forth in Section 27.004 of the Texas Property Code. Failure to comply with the time periods or actions specified in Section 27.004 of the Texas Property Code could affect a Claim if the Claim is subject to Chapter 27 of the Texas Property Code. The one hundred and twenty (120) day period for mediation set forth in *Section 13.7* below, is intended to provide the Claimant and Respondent with sufficient time to resolve the Claim in the event resolution is not accomplished during negotiation. If the Claim is not resolved during negotiation, mediation pursuant to *Section 13.7* is required without regard to the monetary amount of the Claim.

If the Claimant is the Foundation, the Notice will also include: (a) if the Claim relates to the design or construction of the Common Area, a true and correct copy of the Common Area Report and any and all other reports, studies, analyses, and recommendations obtained by the Foundation related to the Common Area; (b) a copy of any engagement letter between the Foundation and the law firm and/or attorney selected by the Foundation to assert or provide assistance with the Claim; (c) if the Claim relates to the design or construction of the Common Area, reasonable and credible evidence confirming that Members holding eighty percent (80%)

of the votes in the Foundation approved the law firm and attorney and the written agreement between the Foundation and the law firm and/or attorney in accordance with *Section 13.3*; (d) a true and correct copy of the special meeting notice provided to Members in accordance with *Section 13.3.6* above; and (e) reasonable and credible evidence confirming that Members holding eighty percent (80%) of the votes in the Foundation approved providing the Notice. If the Claimant is not the Foundation and pertains to the Common Areas, the Notice will also include a true and correct copy of the Common Area Report.

13.6 Negotiation. Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within sixty (60) days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually acceptable place and time to discuss the Claim. If the Claim involves all or any portion of the Property, then at such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the Property that is subject to the Claim for the purposes of inspecting the Property.

13.7 Mediation. If the parties negotiate, but do not resolve the Claim through negotiation within one-hundred twenty (120) days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have thirty (30) additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least five (5) years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Respondent will submit the Claim to mediation in accordance with this *Section 13.7*. If the Parties do not settle the Claim within thirty (30) days after submission to mediation, Respondent or Claimant may initiate arbitration proceedings in accordance with *Section 13.8*.

13.8 Binding Arbitration-Claims. All Claims must be settled by binding arbitration. Claimant or Respondent may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this *Section 13.8*.

13.8.1 Governing Rules. If a Claim has not been resolved after mediation in accordance with *Section 13.7*, the Claim will be resolved by binding arbitration in accordance with the terms of this *Section 13.8* and the American Arbitration Association (the "AAA") Construction Industry Arbitration Rules and Mediation Procedures and, if applicable, the rules contained in the AAA Supplementary Procedures for Consumer Related Disputes, as each are supplemented or modified by the AAA (collectively, the Construction Industry Arbitration Rules and Mediation Procedures and AAA Supplementary Procedures for Consumer Related Disputes are referred to herein as the "AAA Rules"). In the event of any inconsistency between the AAA Rules and this *Section 13.8*, this *Section 13.8* will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal, but may be reduced to

judgment or enforced in any court having jurisdiction. Notwithstanding any provision to the contrary or any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

- (i) One arbitrator shall be selected by Respondent, in its sole and absolute discretion;
- (ii) One arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and
- (iii) One arbitrator shall be selected by mutual agreement of the arbitrators having been selected by Respondent and the Claimant, in their sole and absolute discretion.

13.8.2 Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this *Section 13.8* will limit the right of Claimant or Respondent, and Claimant and the Respondent will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

13.8.3 Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this *Section 13.8*.

13.8.4 Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with Applicable Law. The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of this *Section 13.8* and subject to *Section 13.9* below; provided, however, attorney's fees and costs may not be awarded by the arbitrator to either Claimant or Respondent. In addition, for a Claim, or any portion of a Claim governed by Chapter 27 of the Texas Property Code, or any successor statute, in no event shall the arbitrator award damages which exceed the damages a Claimant would be entitled to under Chapter 27 of the Texas Property Code, except that the arbitrator may not award attorney's fees and/or costs to their Claimant or Respondent. In all arbitration proceedings, the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on: (i) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (ii) conclusions of law that are erroneous;

(iii) an error of Applicable Law; or (iv) a cause of action or remedy not expressly provided under Applicable Law. In no event may an arbitrator award speculative, consequential, special, exemplary, treble, or punitive damages for any Claim.

13.8.5 Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within one hundred and eighty (180) days of the filing of the Claim for arbitration. Arbitration proceedings hereunder shall be conducted in Blanco County, Texas. Unless otherwise provided by this *Section 13.8*, the arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and Applicable Law. Claimant and Respondent agree to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by Applicable Law. In no event shall Claimant or Respondent discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

13.9 Allocation of Costs. Notwithstanding any provision in this Declaration to the contrary, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation, and Arbitration sections above, including its attorney's fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

13.10 General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim.

13.11 Period of Limitation.

13.11.1 For Actions by an Owner or Resident. The exclusive period of limitation for any of the Parties to bring any Claim, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Owner or Resident discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design, four (4) years and one (1) day from the date that the Owner or Resident discovered or reasonably should have discovered evidence of the Claim; or (iii) the applicable statute of limitations for such Claim. In the event that a court of competent jurisdiction determines that an Owner does have the power or right to institute, defend, intervene in, settle or compromise litigation, arbitration or other proceedings relating to the design or construction of the Common Area, the exclusive period of limitation for a Claim of construction defect or defective design of the Common Areas, shall be the earliest of: (a) two (2) years and one (1) day from the date that the Owner or the Foundation discovered or reasonably should have discovered evidence of the Claim; or (b) the applicable

statute of limitations for such Claim. In no event shall this *Section 13.11.1* be interpreted to extend any period of limitations.

13.11.2 For Actions by the Foundation. The exclusive period of limitation for the Foundation to bring any Claim, including, but not limited to, a Claim of construction defect or defective design of the Common Areas, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years and one (1) day from the date that the Foundation or its manager, board members, officers or agents discovered or reasonably should have discovered evidence of the Claim; (ii) for Claims other than those alleging construction defect or defective design of the Common Areas, four (4) years and one (1) day from the date that the Foundation or its manager, board members, officers or agents discovered or reasonably should have discovered evidence of the Claim; or (iii) the applicable statute of limitations for such Claim. In no event shall this *Section 13.11.2* be interpreted to extend any period of limitations.

13.12 Funding the Resolution of Claims. The Foundation must levy a Special Assessment to fund the estimated costs to resolve a Claim pursuant to this *Article 13*. The Foundation may not use its annual operating income or reserve funds to fund the costs to resolve a Claim unless the Foundation has previously established and funded a dispute resolution fund.

[SIGNATURE PAGE FOLLOWS]

EXECUTED to be effective on the date this instrument is Recorded.

TOWN FOUNDER:

SLICKROCK RANCH, LLC, a Texas limited liability company

By: _____

Printed Name: _____

Title: _____

STATE OF TEXAS §

§

§

COUNTY OF _____ §

§

This instrument was acknowledged before me this ____ day of _____, 20____,
by _____ of
SLICKROCK RANCH, LLC, a Texas limited liability company, on behalf of said limited liability
company.

(SEAL)

Notary Public Signature

Signature Page

ROUND MOUNTAIN RESERVE

THIRD AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
4878-2813-9990v.2 68198-1

EXHIBIT "A"

ROUND MOUNTAIN RESERVE PROPERTY

Lots 1 through 20, Block A, Round Mountain Reserve, Phase I, a subdivision in Blanco County, Texas, according to the map or plat of record in Document No. 2022-224532, of the Plat Records of Blanco County, Texas; and

Lots 26 through 30 and Lots 33 through 40, Block A, Round Mountain Reserve, Phase II, a subdivision in Blanco County, Texas, according to the map or plat of record in Document No. 2023-230268, of the Plat Records of Blanco County, Texas.