



**After Recording Return To:**

**Robert D. Burton, Esq.**  
**Winstead, PC**  
**401 Congress Ave., Suite 2100**  
**Austin, Texas 78701**  
**Email: [rburton@winstead.com](mailto:rburton@winstead.com)**

**VALLEY RANCH**  
**AMENDED AND RESTATED MASTER COVENANT**

*Bexar County, Texas*

**THIS DOCUMENT AMENDS AND RESTATES IN ITS ENTIRETY THAT CERTAIN DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR VALLEY RANCH SUBDIVISION, RECORDED IN DOCUMENT NO. 20150114706, OFFICIAL PUBLIC RECORDS OF BEXAR COUNTY, TEXAS.**

**Declarant: CONTINENTAL HOMES OF TEXAS, L.P., a Texas limited partnership**

**VALLEY RANCH**

**AMENDED AND RESTATED MASTER COVENANT**

**TABLE OF CONTENTS**

**ARTICLE 1 DEFINITIONS.....3**

**ARTICLE 2 GENERAL RESTRICTIONS.....10**

    2.1    **General.....10**

    2.2    **Incorporation of Development Area Declarations.....11**

    2.3    **Conceptual Plans.....11**

    2.4    **Designation of Special Common Areas .....11**

    2.5    **Provision of Benefits and Services to Service Areas .....12**

**ARTICLE 3 VALLEY RANCH COMMUNITY OWNERS ASSOCIATION, INC. ....13**

    3.1    **Organization .....13**

    3.2    **Neighborhoods.....13**

    3.3    **Membership.....13**

    3.4    **Governance.....16**

    3.5    **Representative System of Voting-Optional .....16**

    3.6    **Voting Groups-Optional.....18**

    3.7    **Voting Allocation.....19**

    3.8    **Powers .....20**

    3.9    **Conveyance of Common Area and Special Common Area to the  
          Association .....24**

    3.10   **Indemnification.....24**

    3.11   **Insurance.....25**

    3.12   **Bulk Rate Contracts .....25**

    3.13   **Community Services and Systems.....26**

    3.14   **Protection of Declarant’s Interests .....26**

    3.15   **Administration of Common Area .....27**

    3.16   **Merger .....27**

    3.17   **Right of Action by Association.....27**

**ARTICLE 4 INSURANCE AND RESTORATION .....27**

    4.1    **Insurance.....27**

    4.2    **Restoration Requirements.....28**

    4.3    **Restoration - Mechanic’s and Materialmen’s Lien.....29**

**ARTICLE 5 COVENANT FOR ASSESSMENTS .....29**

    5.1    **Assessments .....29**

    5.2    **Maintenance Fund .....30**

    5.3    **Regular Assessments.....30**

    5.4    **Special Assessments .....30**

    5.5    **Special Common Area Assessments.....31**

    5.6    **Service Area Assessments .....31**

5.7	Individual Assessments.....	31
5.8	Working Capital Assessment.....	32
5.9	Amount of Assessment.....	32
5.10	Late Charges.....	34
5.11	Owner’s Personal Obligation for Payment of Assessments.....	34
5.12	Assessment Lien and Foreclosure.....	34
5.13	Declarant Reimbursement Assessment.....	36
5.14	Exempt Property.....	36
5.15	Fines and Damages Assessment.....	36
<b>ARTICLE 6 VALLEY RANCH REVIEWER.....</b>		<b>37</b>
6.1	Architectural Control By Declarant.....	37
6.2	Architectural Control by Association.....	38
6.3	Prohibition of Construction, Alteration and Improvement.....	38
6.4	Architectural Approval.....	38
<b>ARTICLE 7 MORTGAGE PROVISIONS.....</b>		<b>41</b>
7.1	Notice of Action.....	41
7.2	Examination of Books.....	41
7.3	Taxes, Assessments and Charges.....	41
<b>ARTICLE 8 EASEMENTS.....</b>		<b>42</b>
8.1	Reserved Easements.....	42
8.2	Common Area or Special Common Area Right of Ingress and Egress.....	42
8.3	Bulk Rate Services; Community Services and Systems Easement.....	42
8.4	Roadway and Utility Easements.....	42
8.5	Subdivision Entry and Fencing Easement.....	43
8.6	Landscape, Monumentation, Retaining Walls and Signage Easement.....	43
8.7	Easement for Special Events.....	43
8.8	Notice Concerning Mineral Reservation.....	43
<b>ARTICLE 9 DEVELOPMENT RIGHTS.....</b>		<b>44</b>
9.1	Development.....	44
9.2	Special Declarant Rights.....	44
9.3	Addition of Land.....	45
9.4	Withdrawal of Land.....	45
9.5	Notice of Applicability.....	46
9.6	Designation of Neighborhood.....	47
9.7	Assignment of Declarant’s Rights.....	47
9.8	Notice of Plat Recordation.....	47
<b>ARTICLE 10 GENERAL PROVISIONS.....</b>		<b>47</b>
10.1	Term.....	48
10.2	Eminent Domain.....	48
10.3	Amendment.....	48
10.4	Enforcement.....	49
10.5	No Warranty of Enforceability.....	49

10.6	Higher Authority .....	49
10.7	Severability .....	49
10.8	Conflicts .....	49
10.9	Gender .....	49
10.10	Acceptance by Grantees .....	50
10.11	Damage and Destruction .....	50
10.12	No Partition .....	51
10.13	View Impairment .....	51
10.14	Safety and Security .....	51
10.15	Public Use Improvements .....	52
10.16	Water Quality Facilities .....	52
10.17	Notices .....	52

**ARTICLE 11 DISPUTE RESOLUTION .....** 53

11.1	Agreement to Encourage Resolution of Disputes Without Litigation .....	53
11.2	Claims Process .....	53
11.3	Notice .....	54
11.4	Negotiation .....	55
11.5	Mediation .....	55
11.6	Termination Of Mediation .....	56
11.7	Binding Arbitration-Claims .....	56
11.8	Allocation Of Costs .....	58
11.9	General Provisions .....	58
11.10	Approval & Settlement .....	58

**VALLEY RANCH**  
**AMENDED AND RESTATED MASTER COVENANT**

This Valley Ranch Amended and Restated Master Covenant (the “**Covenant**”) is made by **CONTINENTAL HOMES OF TEXAS, L.P.**, a Texas limited partnership (the “**Declarant**”), and is as follows:

**RECITALS:**

A. Declarant previously executed and recorded that certain Declaration of Covenants, Conditions and Restrictions for Valley Ranch Subdivision, recorded as Document No. 20150114706, Official Public Records of Bexar County, Texas (the “**Original Covenant**”).

B. Pursuant to Section 9.5 of the Original Covenant, the Declarant (as each such term is defined in the Original Covenant), may unilaterally amend the Original Covenant for any purpose it deems necessary.

C. Declarant now desires to amend certain provisions of the Original Covenant, and restate the Original Covenant in its entirety, as set forth hereinbelow.

D. The Original Covenant encumbers that certain real property located in Bexar County, Texas, as more particularly described on Exhibit “A” attached hereto and incorporated herewith (the “**Original Property**”). The Original Property, which was heretofore subjected to the Original Covenant, shall be subject to this Covenant at the time of Recordation, and will constitute a portion of the Development (as defined below) and be governed by and fully subject to this Covenant, along with any applicable Development Area Declaration (as defined below).

E. Certain additional real property, as more particularly described on Exhibit “B”, attached hereto and incorporated herewith (the “**Additional Property**”), may be made subject to this Covenant upon the Recording of one or more Notices of Applicability pursuant to *Section 9.5* below. Once such Notices of Applicability have been Recorded, the portions of the Additional Property described therein will become a part of the Development (as defined below) and will be governed by and fully subject to this Covenant, and the Development in turn will be comprised of separate Development Areas (as defined below) which will be governed by and subject to separate Development Area Declarations (as defined below), in addition to this Covenant.

F. This Covenant serves notice that upon the further Recording of one or more Notices of Applicability, portions of the Additional Property identified in such notice or notices will be subject to the terms and provisions of this Covenant.

No portion of the Additional Property is subject to the terms and provisions of this Covenant until a Notice of Applicability is Recorded. A Notice of Applicability may only be Recorded by the Declarant.

**Additional Property versus Development versus Development Area**

- “Additional Property”** This is the land described in Exhibit “B”, that may be made subject to this Covenant, from time to time, by the Recording of one or more Notices of Applicability. Declarant has no obligation to add all or any portion of the Additional Property to this Covenant.
- “Development”** This is the land described on Exhibit “A” which is subject to this Covenant upon recordation of the Covenant, as well as any land that has been made subject to this Covenant through the Recording of a Notice of Applicability.
- “Development Area”** This is a portion of the Development. Each Development Area may be made subject to a Development Area Declaration.

NOW, THEREFORE, it is hereby declared that: (i) the Original Property shall be held, sold, conveyed, used and occupied subject to the following covenants, conditions and restrictions, which shall run with the Original Property and shall be binding upon all parties, their heirs, successors and assigns, having right, title or interest in or to the Original Property or any part thereof, and shall inure to the benefit of each owner thereof; (ii) all dedications, limitations, restrictions and reservations shown on a Plat (as defined below) and all grants and dedications of easements, rights-of-way, restrictions and related rights made prior to any portion of the Original Property becoming subject to this Covenant are hereby incorporated into this Covenant for all purposes as if fully set forth herein and shall be construed as adopted in each and every contract, deed or conveyance; (iii) each contract or deed conveying any portion of the Original Property shall conclusively be held to have been executed, delivered and accepted subject to this Covenant and any applicable Development Area Declaration, regardless of whether the same is set out in full or by reference in said contract or deed; and (iv) upon the Recording of this Covenant, the Original Covenant shall be amended, restated and replaced in its entirety by the terms and provisions of this Covenant; and

**IT IS FURTHER DECLARED THAT:** (i) those portions of the Additional Property as and when made subject to this Covenant by the Recording of a Notice of Applicability will be held, sold, conveyed, and occupied subject to the following covenants, conditions and restrictions which will run with such portions of the Additional Property and will be binding upon all parties having right, title, or interest in or to such portions of the Additional Property or any part thereof, their heirs, successors, and assigns and will inure to the benefit of each Owner thereof; (ii) all dedications, limitations, restrictions and reservations shown on a Plat (as defined below) and all grants and dedications of easements, rights-of-way, restrictions and related rights made prior to any portion of the Additional Property becoming subject to this Covenant are hereby incorporated into this Covenant for all purposes as if fully set forth herein and shall be construed as adopted in each and every contract, deed or conveyance; and (iii) each contract or deed conveying those portions of the Additional Property which are made subject to this Covenant 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 Covenant 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 the Covenant, the text will control.

## ARTICLE 1 DEFINITIONS

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

**“Additional Property”** means all of that certain real property described on Exhibit “B”, attached hereto and incorporated herein by reference, subject to such additions thereto and deletions therefrom as may be made pursuant to *Section 9.3* and *Section 9.4* of this Covenant.

**“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 Development, and any other applicable building codes, zoning restrictions, permits and ordinances adopted by a Governmental Entity (defined below), which are in effect at the time a provision of the Documents is applied, and pertaining to the subject matter of the Document provision. Statutes, ordinances and regulations specifically referenced in the Documents are “Applicable Law” on the effective date of the Document, and are not intended to apply to the Development 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.

**“Assessment”** or **“Assessments”** means all assessments imposed by the Association under this Covenant.

**“Assessment Unit”** has the meaning set forth in *Section 5.9.2*.

**“Association”** means the Valley Ranch Community Owners Association, Inc., a Texas non-profit corporation. The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Covenant, the Certificate, the Bylaws, and Applicable Law.

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

**“Bulk Rate Contract”** or **“Bulk Rate Contracts”** means one or more contracts which are entered into by the Association for the provision of services of any kind or nature to the Lots and/or Condominium Units. The services provided under Bulk Rate Contracts may include, without limitation, security services, trash pick-up services, propane service, natural gas service, landscape services and any other services of any kind or nature which are considered by the Board to be beneficial to the Development. Each Bulk Rate Contract must be approved in

advance and in writing by the Declarant until expiration or termination of the Development Period.

**"Bylaws"** means the bylaws of the Association as adopted and amended from time to time. The Bylaws may be amended, from time to time, by the Declarant until expiration or termination of the Development Period. Any amendment to the Bylaws proposed by the Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period. Upon expiration of the Development Period, the Bylaws may be amended by a Majority of the Board.

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

**"Common Area"** means any property and facilities that the Association owns or in which it otherwise holds rights or obligations, including any property or facilities held by the Declarant for the benefit of the Association or its Members. Declarant reserves the right, from time to time and at any time, to designate by written and Recorded instrument portions of the Development or Additional Property being held by the Declarant for the benefit of the Association. Upon the Recording of such designation, the portion of the Development or Additional Property identified therein will be considered Common Area for the purpose of this Covenant. Common Area also includes any property that the Association holds under a lease, license, or any easement in favor of the Association. 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 Manual"** means the community manual of the Association, which may be initially adopted and Recorded by the Declarant or the Board of the Association and Recorded as part of the initial project documentation for the benefit of the Association and the Development. The Community Manual may include the Bylaws, Rules and other policies governing the Association. The Bylaws, Rules and other policies set forth in the Community Manual may be amended, from time to time, by the Declarant until expiration or termination of the Development Period. Any amendment to the Bylaws, Rules and other policies governing the Association prosecuted by the Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the Community Manual may be amended by a Majority of the Board.

**"Condominium Unit"** means an individual unit, including any common element assigned thereto, within a condominium regime, if any, established within the Development. A Condominium Unit may be designated by the Declarant in a Recorded instrument for residential, commercial or live/work purposes.

**"Declarant"** means CONTINENTAL HOMES OF TEXAS, L.P., a Texas limited partnership. Notwithstanding any provision in this Covenant to the contrary, Declarant may,

by Recorded written instrument, assign, in whole or in part, exclusively or non-exclusively, any of its privileges, exemptions, rights, reservations and duties under this Covenant to any person. Declarant may also, by Recorded written instrument, permit any other person to participate in whole, in part, exclusively or non-exclusively, in any of Declarant's privileges, exemptions, rights and duties under this Covenant.

Declarant enjoys special privileges to facilitate the development, construction, and marketing of the Additional Property and the Development, and to direct the size, shape and composition of the Additional Property and the Development. These special rights are described in this Covenant. Many of these rights do not terminate until either Declarant: (i) has sold all Lots or Condominium Units which may be created out of the Additional Property; or (ii) voluntarily terminates these rights by a Recorded written instrument. Declarant may also assign, in whole or in part, all or any of the Declarant's rights established under the terms and provisions of this Covenant to one or more third-parties.

**"Design Guidelines"** means the standards for design and construction of Improvements, landscaping, and exterior items proposed to be placed on any Lot or Condominium Unit, and adopted pursuant to *Section 6.4.2*, 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 Development. The Valley Ranch Reviewer may adopt, and amend from time to time, the Design Guidelines applicable to the Development or any Development Area, or any portion thereof. The Design Guidelines may be Recorded as a separate written instrument or may be incorporated into a Notice of Applicability or Development Area Declaration by exhibit or otherwise. Notwithstanding anything in this Covenant to the contrary, Declarant will have no obligation to establish Design Guidelines for the Additional Property, the Development, or any portion thereof.

**"Development"** refers to all of the property described on Exhibit "A" attached hereto and incorporated herewith, and all or any portion of the Additional Property described on Exhibit "B", which is made subject to this Covenant by the Recording of a Notice of Applicability in accordance with Section 9.5.

**"Development Area"** means any part of the Development (less than the whole), which Development Area may be subject to a Development Area Declaration in addition to being subject to this Covenant.

**"Development Area Declaration"** means, with respect to any Development Area, the separate instrument containing covenants, restrictions, conditions, limitations and/or easements, to which the property within such Development Area is subjected.

**"Development Period"** means the period of time beginning on the date when this Covenant has been Recorded, and ending seventy-five (75) years thereafter, unless earlier

terminated by a Recorded written instrument executed by the Declarant. Declarant may terminate the Development Period by a Recorded written instrument executed by the Declarant. The Development Period is the period of time in which Declarant reserves the right to facilitate the development, construction, and marketing of the Additional Property and the Development, or the right to direct the size, shape and composition of the Additional Property and the Development. The Development Period is for a term of years and does not require that Declarant own any portion of the Additional Property or the Development.

**“Documents”** means, singularly or collectively, as the case may be, this Covenant, the Certificate, Bylaws, the Community Manual, the Design Guidelines, any Development Area Declaration, any Notice of Applicability, as each may be amended from time to time, and any Rules, policies or procedures promulgated by the Association pursuant to this Covenant or any Development Area Declaration, as adopted and amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Document is part of a Document. See Table 1 for a summary of the Documents.

**“Governmental Entity”** means (a) a public improvement district created pursuant to Chapter 372, Subchapter B of the Texas Local Government Code; (b) a municipal utility district created pursuant to Article XVI, Section 59 of the Constitution of Texas and/or Chapters 49 and 54, Texas Water Code; (c) any other similarly constituted quasi-governmental entity created for the purpose of providing benefits or services to the Development; or (d) any other regulatory authority with jurisdiction over the Development.

**“Homebuilder”** refers to any Owner (other than Declarant) who is in the business of constructing single-family residences and acquires all or a portion of the Development or Additional Property to construct single-family residences for resale to third parties.

**“Improvement”** means any and all physical enhancements and alterations to the Development, 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, pool equipment, satellite television receivers, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, walls, gates, signage, screening walls, retaining walls, alteration of drainage flow, drainage facilities, detention/retention ponds, water features, stairs, patios, decks, walkways, landscaping, trails, hardscape, mailboxes, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, 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.

**“Individual Assessments”** means assessments levied against the Lots and/or Condominium Units as described in *Section 5.7*.

**“Lot”** means any portion of the Development designated by Declarant in a Recorded written instrument or as shown as a subdivided lot on a Plat other than Common Area, Special Common Area, or a Lot on which a condominium will be impressed creating Condominium Units.

**“Majority”** means more than half.

**“Manager”** has the meaning set forth in *Section 3.8.8*.

**“Maximum Number of Lots”** means the maximum number of Lots that may be created and made subject to the terms and provisions of this Covenant. The Maximum Number of Lots for the purpose of this Covenant is five thousand (5,000). Until expiration or termination of the Development Period, Declarant may unilaterally increase or decrease the Maximum Number of Lots by Recorded written instrument.

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

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

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

**“Neighborhood”** has the meaning set forth in *Section 3.2*.

**“Neighborhood Delegate”** means the representative elected by the Owners of Lots and Condominium Units in each Neighborhood pursuant to the Representative System of Voting (as further defined herein) which may be established by the Declarant to cast the votes of all Lots and Condominium Units in the Neighborhood on all matters requiring a vote of the membership of the Association, except for the following situations in which this Covenant specifically requires Members or Owners to cast their vote individually: (a) changes to the term of the Covenant as described in *Section 10.1*; (b) amendments to the Covenant as described in *Section 10.3*; and (c) initiation of any judicial or administrative proceeding as described in *Section 10.4*. Notwithstanding the foregoing, the Documents may set forth additional circumstances in which the Members or Owners are required to cast their vote individually, and voting by Neighborhood Delegates is prohibited.

**“Notice of Applicability”** means the Recorded notice executed by the Declarant for the purpose of adding all or any portion of the Additional Property to the terms and provisions of this Covenant in accordance with *Section 9.5* below. A Notice of Applicability may also subject a portion of the Additional Property to a previously Recorded Development Area Declaration.

**“Occupant”** means any resident, occupant, or tenant of a Lot or Condominium Unit other than an Owner.

**“Owner”** means the person(s), entity or entities, including Declarant, holding all or a portion of the fee simple interest in any Lot or Condominium Unit and in no event shall mean any Occupant. Mortgagees who acquire title to a Lot or Condominium Unit through a deed in lieu of foreclosure or through foreclosure are Owners. Persons or entities having ownership interests merely as security for the performance of an obligation are not Owners. Every Owner is a Member of the Association.

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

**“Record, Recording, Recordation and Recorded”** means recorded in the Official Public Records of Bexar County, Texas.

**“Representative System of Voting”** means the method of voting which may be established by Declarant pursuant to *Section 3.6* below. Declarant shall have no obligation to implement the Representative System of Voting.

**“Residential Developer”** refers to any Owner, other than the Declarant, who acquires undeveloped land, one or more Lots, or any other portion of the Development or Additional Property for the purposes of development for and/or resale to a Homebuilder.

**“Residential Lot”** means a portion of the Development shown as a subdivided lot on a Plat, other than Common Area, Special Common Area, or a Lot on which a condominium regime has been established, which is intended and designated solely for single-family residential use.

**“Rules”** means any instrument, however denominated, which may be adopted by the Declarant as part of the Community Manual or subsequently adopted by the Board for the regulation and management of the Development, including any amendments to those instruments. Any amendment to the Rules or Community Manual must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

**“Service Area”** means a group of Lots and/or Condominium Units designated as a separate Service Area pursuant to this Covenant for purpose of receiving benefits or services from the Association which are not provided to all Lots and Condominium Units. A Service Area may be comprised of more than one type of use or structure and may include noncontiguous Lots. A Lot or Condominium Unit may be assigned to more than one Service Area. Service Area boundaries may be established and modified as provided in *Section 2.5*.

**“Service Area Assessments”** means assessments levied against the Lots and/or Condominium Units in a particular Service Area to fund Service Area Expenses, as described in *Section 5.6*.

**“Service Area Expenses”** means the estimated and actual expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Service Area, which may include a reserve for operations and capital repairs and replacements.

**“Special Assessment”** means assessments levied by the Board in accordance with *Section 5.4* of this Covenant.

**“Special Common Area”** means any interest in real property or improvements which benefits certain Lot(s), Condominium Unit(s) or one or more portion(s) of, but less than all, of the Development, which is designated by Declarant in a Notice of Applicability, a Development Area Declaration or in any written instrument Recorded by Declarant (which designation will be made in the sole and absolute discretion of Declarant) as Special Common Area for the exclusive use of and/or the obligation to pay Special Common Area Assessments by the Owners of such Lot(s), Condominium Unit(s) or portion(s) of the Development attributable thereto, and is or will be conveyed to the Association or as to which the Association will be granted rights or obligations, or otherwise held by the Declarant for the benefit of the Association, as further set forth in *Section 2.4*.

**“Special Common Area Expenses”** means the estimated and actual expenses which the Association incurs or expects to incur to operate, maintain, repair and replace Special Common Area, which may include a reserve for operations and capital repairs and replacements.

**“Special Common Area Assessments”** means assessments levied against the Lots and/or Condominium Units as described in *Section 5.5*.

**“Valley Ranch Reviewer”** means the party holding the rights to approve Improvements within the Development and shall be Declarant or its designee until expiration or termination of the Development Period. Upon expiration or termination of the Development Period, the rights of the Valley Ranch Reviewer will automatically be transferred to the ACC appointed by the Board, as set forth in *Section 6.2* below.

**“Voting Group”** has the meaning set forth in *Section 3.6* below.

**TABLE 1: DOCUMENTS**

<b>Covenant</b> (Recorded)	Creates obligations that are binding upon the Association and all present and future owners of the Development and the Additional Property made subject to the Covenant by the Recording of a Notice of Applicability.
<b>Notice of Applicability</b> (Recorded)	Describes the portion of the Additional Property being made subject to the terms and provisions of the Covenant and any applicable Development Area Declaration.
<b>Development Area Declaration</b> (Recorded)	Includes additional covenants, conditions and restrictions governing portions of the Development.
<b>Certificate of Formation</b> (Filed with Secretary of State and Recorded)	Establishes the Association as a not-for-profit corporation under Texas law.
<b>Bylaws</b> (Recorded)	Governs the Association's internal affairs, such as elections, meetings, etc.
<b>Community Manual</b> (Recorded)	Establishes Rules and policies governing the Association and the Development.
<b>Design Guidelines</b> (if adopted, Recorded)	If adopted, governs the design and architectural standards for the construction of Improvements and modifications thereto. Neither the Declarant nor the Valley Ranch Reviewer shall have any obligation to adopt Design Guidelines.
<b>Rules</b> (if adopted, Recorded)	Rules regarding the use of property, activities, and conduct within the Development. The Rules may be included within the Community Manual.

**ARTICLE 2  
GENERAL RESTRICTIONS**

**2.1 General.**

2.1.1 **Conditions and Restrictions.** All Lots and Condominium Units within the Development to which a Notice of Applicability has been Recorded in accordance with *Section 9.5*, along with all of the property which is already subject to this Covenant upon recordation, will be owned, held, encumbered, leased, used, occupied and enjoyed subject to the Documents. **NO PORTION OF THE ADDITIONAL PROPERTY WILL BE SUBJECT TO THE TERMS AND PROVISIONS OF THIS COVENANT UNTIL A NOTICE OF APPLICABILITY HAS BEEN RECORDED.**

2.1.2 **Compliance with the Documents and Applicable Law.** Compliance with the Documents is mandatory. However, compliance with the Documents is not a substitute for compliance with Applicable Law. Please be advised that the Documents do not purport to list or describe each requirement, rule, or restriction which may be applicable to a Lot or a Condominium Unit located within the Development. Each Owner is advised to review all encumbrances affecting the use and improvement of their Lot or Condominium Unit.

Furthermore, an approval by the Valley Ranch Reviewer should not be construed by the Owner that any Improvement complies with the terms and provisions of all encumbrances which may affect the Owner's Lot or Condominium Unit. The Association, each Owner, Occupant or other user of any portion of the Development must comply with the Documents and Applicable Law, as supplemented, modified or amended from time to time.

**2.2 Incorporation of Development Area Declarations.** Upon Recordation of a Development Area Declaration, such Development Area Declaration will, automatically and without the necessity of further act, be incorporated into, and be deemed to constitute a part of this Covenant, to the extent not in conflict with this Covenant, but will apply only to the portions of the Development designated in such Development Area Declaration, or portions of the Additional Property made subject to the Development Area Declaration upon the Recordation of one or more Notices of Applicability. To the extent of any conflict between the terms and provisions of a Development Area Declaration and this Covenant, the terms and provisions of this Covenant will control.

**2.3 Conceptual Plans.** All master plans, site plans, brochures, illustrations, information and marketing materials related to the Additional Property or the Development (collectively, the "**Conceptual Plans**") are conceptual in nature and are intended to be used for illustrative purposes only. The land uses and Improvements 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 Additional Property or the Development may include uses which are not shown on the Conceptual Plans. Neither Declarant, a Residential Developer, nor any Homebuilder or other developer of any portion of the Additional Property or the Development makes any representation or warranty concerning such land uses and Improvements shown on the Conceptual Plans or otherwise planned for the Additional Property or the Development and it is expressly agreed and understood that no Owner will be entitled to rely upon the Conceptual Plans or any statement made by the Declarant or any of Declarant's representatives regarding proposed land uses, or proposed or planned Improvements, in making the decision to purchase any land or Improvements within the Additional Property or the Development. Each Owner who acquires a Lot or Condominium Unit within the Development acknowledges development will extend over many years, and agrees that the Association will not engage in, or use Association funds to support, protest, challenge, or make any other form of objection to development of the Additional Property or changes in the Conceptual Plans as they may be amended or modified from time to time.

**2.4 Designation of Special Common Areas.** Until the expiration or termination of the Development Period, Declarant may designate, in a Notice of Applicability, a Development Area Declaration or in any written instrument Recorded by Declarant (which designation will be made in the sole and absolute discretion of Declarant), any interest in real property or improvements which benefits certain Lot(s), Condominium Unit(s) or one or more portion(s) of but less than all of the Development as Special Common Area, for the exclusive use of and/or the obligation to pay Special Common Area Assessments by the Owners of such Lot(s),

Condominium Unit(s) or portion(s) of the Development attributable thereto, and is or will be conveyed to the Association or as to which the Association will be granted rights or obligations, or otherwise held by the Declarant for the benefit of the Association. The Notice of Applicability, Development Area Declaration, or other Recorded written notice designating such Special Common Area will identify the Lot(s), Condominium Unit(s) or portion(s) of the Development assigned to such Special Common Area and further indicate whether the Special Common Area designated therein is for the purpose of the exclusive use and the payment of Special Common Area Assessments by the Owner(s) thereof, or only for the purpose of paying Special Common Area Assessments attributable thereto, but not also for exclusive use. By way of illustration and not limitation, Special Common Area might include such things as private drives and roads, entrance facilities and features, monumentation or signage, walkways or landscaping, which may or may not be exclusively used by the Owners paying the attributable Special Common Area Assessments therefor. All costs associated with maintenance, repair, replacement, and insurance of such Special Common Area will be assessed as a Special Common Area Assessment against the Owners of the Lots and/or Condominium Units to which the Special Common Area is assigned.

**2.5 Provision of Benefits and Services to Service Areas.**

(i) Declarant, in a Notice of Applicability Recorded pursuant to *Section 9.5* or in any written Recorded notice, may assign Lots and/or Condominium Units to one or more Service Areas (by name or other identifying designation) as it deems appropriate, which Service Areas may be then existing or newly created, and may require that the Association provide benefits or services to such Lots and/or Condominium Units in addition to those which the Association generally provides to the Development. During the Development Period, Declarant may unilaterally amend any Notice of Applicability or any written Recorded notice, to re-designate Service Area boundaries. All costs associated with the provision of services or benefits to a Service Area will be assessed against the Lots and/or Condominium Units within the Service Area as a Service Area Assessment.

(ii) In addition to Service Areas which Declarant may designate, until expiration or termination of the Development Period, any group of Owners may petition the Board to designate their Lots and/or Condominium Units as a Service Area for the purpose of receiving from the Association: (a) special benefits or services which are not provided to all Lots and/or Condominium Units; or (b) a higher level of service than the Association otherwise provides. Upon receipt of a petition signed by Owners of a Majority of the Lots and/or Condominium Units within the proposed Service Area, the Board will investigate the terms upon which the requested benefits or services might be provided and notify the Owners in the proposed Service Area of such terms and associated expenses, which may include a reasonable administrative charge in

such amount as the Board deems appropriate (provided, any such administrative charge will apply at a uniform rate per Lot and/or Condominium Units among all Service Areas receiving the same service). If approved by the Board, the Declarant during the Development Period, and the Owners of at least sixty-seven percent (67%) of the total number of votes held by all Lots and/or Condominium Units within the proposed Service Area, the Association will provide the requested benefits or services on the terms set forth in the proposal or in a manner otherwise determined by to the Board. The cost and administrative charges associated with such benefits or services will be assessed against the Lots and/or Condominium Units within such Service Area as a Service Area Assessment. After expiration or termination of the Development Period, the Board may discontinue or modify benefits or services provided to a Service Area.

### ARTICLE 3

#### VALLEY RANCH COMMUNITY OWNERS ASSOCIATION, INC.

**3.1 Organization.** The Association will be a non-profit corporation created for the purposes, charged with the duties, and vested with the powers of a Texas nonprofit corporation. Neither the Certificate nor the Bylaws will, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Covenant.

**3.2 Neighborhoods.** Declarant reserves the right to record a Designation of Neighborhood pursuant to *Section 9.6* to assign portions of the Development to a "Neighborhood." A Neighborhood may be comprised of any number of Lots and/or Condominium Units and may include Lots or Condominium Units of more than one type, as well as Lots or Condominium Units that are not contiguous to one another. Each Designation of Neighborhood shall initially assign the portion of the Development described therein to a specific Neighborhood which may then exist (being identified and described in a previously Recorded Notice of Applicability) or may be newly created. After a Designation of Neighborhood is Recorded, any and all portions of the Development which are not assigned to a specific Neighborhood shall constitute a single Neighborhood. Until expiration or termination of the Development Period, Declarant may Record an amendment to any previously Recorded Designation of Neighborhood to designate or change Neighborhood boundaries. Declarant shall have no obligation to establish Neighborhoods.

**3.3 Membership.**

**3.3.1 Mandatory Membership.** Any person or entity, upon becoming an Owner, will automatically become a Member of the Association. Membership will be appurtenant to and will run with the ownership of the Lot or Condominium Unit that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot or Condominium Unit, or in any way transferred, pledged, mortgaged or alienated, except together with the title to such Lot or Condominium Unit.

3.3.2 Easement of Enjoyment – Common Area. Every Member of the Association will have a right and easement of enjoyment in and to all of the Common Area which easement will be appurtenant to and will pass with the title to such Member's Lot or Condominium Unit, subject to the following restrictions and reservations:

(i) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to cause such Improvements and features to be constructed upon the Common Area;

(ii) The right of the Association to suspend the Member's right to use the Common Area for any period during which any Assessment against such Member's Lot or Condominium Unit remains past due or for any period during which such Member is in violation of any provision of this Covenant;

(iii) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to dedicate or transfer all or any part of the Common Area to any Governmental Entity;

(iv) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to grant easements or licenses over and across the Common Area;

(v) With the advance written approval of the Declarant 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 Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to promulgate Rules regarding the use of the Common Area and any Improvements thereon; and

(vii) The right of the Association 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 Declarant.

3.3.3 Easement of Enjoyment – Special Common Area. Each Owner of a Lot or Condominium Unit which has been assigned use of Special Common Area in a Notice of Applicability, Development Area Declaration, or other Recorded instrument, will have a right and easement of enjoyment in and to all of such Special Common Area for its intended purposes, and an access easement, if applicable, by and through such Special Common Area,

which easement will be appurtenant to and will pass with title to such Owner's Lot or Condominium Unit, subject to *Section 3.3.2* above and subject to the following restrictions and reservations:

(i) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to cause such Improvements and features to be constructed upon the Special Common Area;

(ii) The right of Declarant during the Development Period to grant additional Lots or Condominium Units use rights in and to Special Common Area in a subsequently Recorded Notice of Applicability, Development Area Declaration, or Recorded instrument;

(iii) The right of the Association to suspend the Member's rights to use the Special Common Area for any period during which any Assessment against such Member's Lot or Condominium Unit remains past due and for any period during which such Member is in violation of any provision of this Covenant;

(iv) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to grant easements or licenses over and across the Special Common Area;

(v) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to dedicate or transfer all or any part of the Special Common Area to any Governmental Entity;

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

(vii) The right of the Declarant, during the Development Period, and the Board, with the Declarant's advance written consent during the Development Period, to promulgate Rules regarding the use of the Special Common Area and any Improvements thereon; and

(viii) The right of the Association 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 Declarant.

**3.4 Governance.** The Board will consist of at least three (3) persons elected at the annual meeting of the Association, or at a special meeting called for such purpose. Notwithstanding the foregoing provision or any provision in the Documents to the contrary, until one hundred and twenty (120) days after seventy-five percent (75%) of the Maximum Number of Lots have been made subject to the terms and provisions of this Covenant and have been conveyed to Owners other than the Declarant or a builder in the business of constructing homes who purchased the Lots from the Declarant for the purpose of selling completed homes built on the Lots, Declarant will appoint and remove all members of the Board and officers of the Association. Within one hundred and twenty (120) days after seventy-five percent (75%) of the Maximum Number of Lots have been made subject to the terms and provisions of this Covenant and have been conveyed to Owners other than the Declarant or a builder in the business of constructing homes who purchased the Lots from the Declarant for the purpose of selling completed homes built on the Lots, the Board will call a meeting of Members of the Association for the purpose of electing one-third of the Board (the "Initial Member Election Meeting"), which Board member(s) must be elected by Owners other than the Declarant. Declarant may appoint and remove two-thirds of the Board from and after the Initial Member Election Meeting until expiration or termination of the Development Period. The individuals 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.

**3.5 Representative System of Voting-Optional.** The Representative System of Voting shall only be established if the Declarant first calls for election of a Neighborhood Delegate for a particular Neighborhood. The Declarant, may, but shall have no obligation to establish the Representative System of Voting at any time prior to expiration or termination of the Development Period.

**3.5.1 Election of Initial Neighborhood Delegate.** In the event that the Declarant chooses to establish a Representational System of Voting, the Owners of Lots and Condominium Units within each Neighborhood shall elect a Neighborhood Delegate and an alternate Neighborhood Delegate, in the manner provided below, to cast the votes of all Lots and Condominium Units in the Neighborhood on matters requiring a vote of the Members, except where this Covenant specifically requires the Owners or Members to cast their votes individually as described in the definition of "Neighborhood Delegate" in Article 1 of this Covenant or the Documents. Notwithstanding the foregoing or any provision to the contrary in this Covenant, as provided in Section 3.4 above, until one hundred and twenty (120) days after seventy-five percent (75%) of the Maximum Number of Lots have been made subject to the terms and provisions of this Covenant and have been conveyed to Owners other than the Declarant, Declarant will have the sole right to appoint and remove all members of the Board.

**3.5.2 Term.** The Neighborhood Delegate and the alternate Neighborhood Delegate shall be elected on a biennial basis (once every two years), by electronic or absentee ballot without a meeting of Owners, or at a meeting of the Owners within each Neighborhood

where written, electronic, proxy, and/or absentee ballots may also be utilized, as the Board determines. If the Board determines to hold a meeting for the election of the Neighborhood Delegate and the alternate Neighborhood Delegate, the presence, in person or by proxy, absentee or electronic ballot, of Owners representing at least ten percent (10%) of the total votes in a Neighborhood shall constitute a quorum at such meeting. In the event that a quorum is not met to elect a Neighborhood Delegate and an alternate Neighborhood Delegate by the Owners of Lots and Condominium Units within any Neighborhood, Declarant during the Development Period, and the Board thereafter, shall have the right to appoint a Neighborhood Delegate until the next election is held. Notwithstanding the foregoing provision, the Declarant during the Development Period, and the Board thereafter, may elect to extend the term of a Neighborhood Delegate and alternate Neighborhood Delegate to the extent Declarant or the Board, as applicable, determines that such extension will result in administrative efficiencies by allowing elections within different Neighborhoods to occur in close proximity to one another; provided, however, that the term of an existing Neighborhood Delegate and alternate Neighborhood Delegate shall not be extended for more than twelve (12) months.

3.5.3 Term Limits. No Neighborhood Delegate or alternate Neighborhood Delegate shall be permitted to serve in such position for more than three (3) consecutive terms of two (2) years each; provided, however, that a Neighborhood Delegate or alternate Neighborhood Delegate may serve additional terms beyond the term limits in this Section 3.5.3 if such Neighborhood Delegate or alternate Neighborhood Delegate does not serve for a period of two (2) years after reaching its initial term limit.

3.5.4 Election Results. At any Neighborhood election, the candidate for each position who receives the greatest number of votes shall be elected to serve as the Neighborhood Delegate and the candidate with the second greatest number of votes shall be elected to serve as the alternate Neighborhood Delegate. The Neighborhood Delegate and alternate Neighborhood Delegate shall serve until his or her successor is elected or appointed.

3.5.5 Voting by the Neighborhood Delegate. The Neighborhood Delegate or, in his or her absence, the alternate Neighborhood Delegate, attends Association meetings and casts all votes allocated to Lots and Condominium Units in the Neighborhood that he or she represents on any matter as to which such Neighborhood Delegate is entitled to vote under the Documents. A Neighborhood Delegate may cast all votes allocated to Lots and Condominium Units in the Neighborhood in such delegate's discretion and may, but need not, poll the Owners of Lots and Condominium Units in such Neighborhood prior to voting.

3.5.6 Qualification. Candidates for election as the Neighborhood Delegate and alternate Neighborhood Delegate from a Neighborhood shall be Owners of Lots or Condominium Units in the Neighborhood, spouses of such Owners, Occupants of the Neighborhood, or an entity representative where an Owner is an entity. If during such Neighborhood Delegate's term, the Neighborhood Delegate is no longer an Owner of a Lot or Condominium Unit within the Neighborhood, spouse of such Owner, Occupant of the

Neighborhood, or an entity representative where an Owner is an entity, such Neighborhood Delegate shall be automatically removed from its position as Neighborhood Delegate. In such event, the alternate Neighborhood Delegate shall serve out the rest of the term as the former Neighborhood Delegate, and another alternate Neighborhood Delegate shall be elected by the Owners or Members in the Neighborhood to serve out the term as the successor alternate Neighborhood Delegate.

3.5.7 Removal. Any Neighborhood Delegate or alternate Neighborhood Delegate may be removed, with or without cause, upon the vote or written petition of Owners holding a Majority of the votes allocated to the Lots and Condominium Units in the Neighborhood that the Neighborhood Delegate represents or by the Declarant, until the expiration or termination of the Development Period. If a Neighborhood Delegate is removed in accordance with the foregoing sentences, the alternate Neighborhood Delegate shall serve as the Neighborhood Delegate unless also removed.

3.5.8 Subordination to the Board. Neighborhood Delegates are subordinate to the Board and their responsibility and authority does not extend to policy making, supervising, or otherwise being involved in Association governance.

3.5.9 Running for the Board. An Owner may not simultaneously hold the position of Neighborhood Delegate and be a member of the Board of Directors. In addition, if Neighborhood Delegates are established, a Neighborhood Delegate running for the Board shall resign their position prior to casting any vote for a member of the Board. In such event, the alternate Neighborhood Delegate shall serve out the rest of the term as the former Neighborhood Delegate, and another alternate Neighborhood Delegate shall be elected by the Owners or Members in the Neighborhood to serve out the term as the successor alternate Neighborhood Delegate.

3.6 Voting Groups-Optional. Declarant may designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing members of the Board. The purpose of Voting Groups is to provide groups with dissimilar interests the opportunity to be represented on the Board and to avoid a situation in which less than all the Neighborhoods are able to elect the entire Board. Voting Groups may be established by the Declarant until expiration or termination of the Development Period without regard to whether the Representative System of Voting has been implemented in accordance with *Section 3.5* by the Declarant. If Voting Groups are established and the Representative System of Voting has been implemented, then a Neighborhood Delegate shall only vote on the slate of Board candidates assigned to the Neighborhood Delegate. If Voting Groups are established and the Representative System of Voting has not been implemented, then each Owner of a Lot or Condominium Unit shall only vote on the slate of Board candidates assigned to their Neighborhood.

3.6.1 Voting Group Designation. Declarant shall establish Voting Groups, if at all, by Recording a written instrument identifying the Neighborhoods within each Voting

Group (the “**Voting Group Designation**”). The Voting Group Designation will assign the number of members of the Board which the Voting Group is entitled to exclusively elect.

3.6.2 Amendment of Voting Group Designation. The Voting Group Designation may amended unilaterally by the Declarant at any time prior to the expiration or termination of the Development Period. After expiration or termination of the Development Period, the Board shall have the right to Record or amend such Voting Group Designation upon the vote of a Majority of the Board and approval of Neighborhood Delegates representing a Majority of the Neighborhoods. Neither Recordation nor amendment of such Voting Group Designation shall constitute an amendment to this Covenant, and no consent or approval to modify the Voting Group shall be required except as stated in this paragraph.

3.6.3 Single Voting Group. Until such time as Voting Groups are established, all of the Development shall constitute a single Voting Group. After a Voting Group Designation is Recorded, any and all portions of the Development which are not assigned to a specific Voting Group shall constitute a single Voting Group.

3.7 Voting Allocation. The number of votes which may be cast for election of members to the Board (except as provided by Section 3.4) and on all other matters to be voted on by the Members will be calculated as set forth below.

3.7.1 Residential Lot. Each Owner of a Residential Lot will be allocated one (1) vote for each Residential Lot so owned. In the event of the re-subdivision of any Residential Lot into two or more Residential Lots: (i) the number of votes to which such Residential Lot is entitled will be increased as necessary to retain the ratio of one (1) vote for each Residential Lot resulting from such re-subdivision, *e.g.*, each Residential Lot resulting from the re-subdivision will be entitled to one (1) vote; and (ii) each Residential Lot resulting from the re-subdivision will be allocated one (1) Assessment Unit. In the event of the consolidation of two (2) or more Residential Lots for purposes of construction of a single residence thereon, voting rights and Assessments will continue to be determined according to the number of original Residential Lots contained in such consolidated Residential Lot. Nothing in this Covenant will be construed as authorization for any re-subdivision or consolidation of Residential Lots, such actions being subject to the conditions and restrictions of the applicable Development Area Declaration.

3.7.2 Condominium Unit. Each Owner of a Condominium Unit will be allocated the number of votes for such Condominium Unit so owned as determined by Declarant, which determination will be set forth in the Notice of Applicability attributable to the Condominium Unit(s). Declarant will determine such votes in its sole and absolute discretion. Declarant’s determination regarding the number of votes to which such Owners will be entitled will be final, binding and conclusive. Declarant, in its sole and absolute discretion, may modify and amend (which modification and amendment may be effected after Declarant’s conveyance of any Condominium Unit to any person not affiliated with Declarant) the number of votes

previously assigned to a Condominium Unit if the actual use of the Condominium Unit or the Improvements actually constructed on the Condominium Unit differ from the anticipated use of the Condominium Unit or Improvements contemplated to be constructed thereon at the time a notice allocating votes thereto was originally filed. In the event of a modification to the votes allocated to a Condominium Unit, Declarant will Record an amended Notice of Applicability setting forth the revised allocation of votes attributable to such Condominium Unit.

3.7.3 **Declarant Votes.** In addition to the votes to which Declarant is entitled by reason of Sections 3.7.1 and 3.7.2, for every one (1) vote outstanding in favor of any other person or entity, Declarant will have four (4) additional votes until the expiration or termination of the Development Period. Declarant may cast votes allocated to the Declarant pursuant to this Section 3.7, shall be considered a Member for the purpose of casting such votes, and need not own any portion of the Development as a pre-condition to exercising such votes.

3.7.4 **Action Without Member Meeting.** Any action required or permitted by Applicable Law to be taken at a meeting of the Members, may be taken without a meeting, without prior notice, and without a vote if written consent specifically authorizing the proposed action is signed by the Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all the Members entitled to vote thereon were present. Any action proposed to be taken by the Members without a meeting pursuant to this Section 3.7.4 must be approved by the Declarant during the Development Period.

3.8 **Powers.** The Association 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 Covenant. Without in any way limiting the generality of the two preceding sentences, the Board, acting on behalf of the Association, will have the following powers at all times:

3.8.1 **Rules.** To make, establish and promulgate, and in its discretion to amend from time to time, or repeal and re-enact, Rules, policies, the Bylaws and the Community Manual, as applicable, which are not in conflict with this Covenant, as it deems proper, covering any and all aspects of the Development (including the operation, maintenance and preservation thereof) or the Association. Any Rules, policies, the Bylaws and the Community Manual and any modifications thereto, proposed by the Board must be approved in advance and in writing by the Declarant until expiration or termination of the Development Period.

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

3.8.3 **Records.** To keep books and records of the Association's affairs, and to make such books and records, together with current copies of the Documents available for

inspection by the Owners, Mortgagees, and insurers or guarantors of any Mortgage upon request during normal business hours in accordance with Applicable Law.

3.8.4 Assessments. To levy and collect Assessments and to determine Assessment Units, as provided in *Article 5* below.

3.8.5 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, upon any Lot or Condominium Unit for the purpose of enforcing the Documents or for the purpose of maintaining or repairing any area, Improvement or other facility or removing any item to conform to the Documents. The expense incurred by the Association in connection with the entry upon any Lot or Condominium Unit and the removal or maintenance and repair work conducted therefrom, thereon or therein will be a personal obligation of the Owner of the Lot or the Condominium Unit so entered, will be deemed an Individual Assessment against such Lot or Condominium Unit, will be secured by a lien upon such Lot or Condominium Unit, and will be enforced in the same manner and to the same extent as provided in *Article 5* hereof for Assessments. The Association 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 Documents. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Documents; provided, however, that the Board will never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, or its successors or assigns. The Association may not alter or demolish any Improvements on any Lot or Condominium Unit, other than Common Area or Special Common Area, in enforcing this Covenant before a judicial order authorizing such action has been obtained by the Association, or before the written consent of the Owner(s) of the affected Lot(s) or Condominium Unit(s) has been obtained. **EACH OWNER AND OCCUPANT HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION, 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 ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 3.8.5 (INCLUDING ANY COST, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION ARISING OUT OF THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH), EXCEPT TO THE EXTENT SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION RESULTED FROM THE ASSOCIATION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. "GROSS NEGLIGENCE" DOES NOT INCLUDE SIMPLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE OR SIMILAR NEGLIGENCE SHORT OF ACTUAL GROSS NEGLIGENCE.**

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

3.8.7 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 or Special 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.

Until expiration or termination of the Development Period, any grant or conveyance under this *Section 3.8.7* must be approved in advance and in writing by the Declarant. In addition, the Association (with the advance written approval of the Declarant during the Development Period) and the Declarant are expressly authorized and permitted to convey easements over and across Common Area or Special Common Area for the benefit of property not otherwise subject to the terms and provisions of this Covenant.

3.8.8 Manager. To retain and pay for the services of a person or firm (the "Manager"), which may include Declarant or any affiliate of Declarant, to manage and operate the Association, including the Common Area, Special Common Area, and/or any Service Area, to the extent deemed advisable by the Board. Additional personnel may be employed directly by the Association or may be furnished by the Manager. To the extent permitted by 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 Association or its Members. **THE MEMBERS HEREBY RELEASE THE ASSOCIATION AND THE MEMBERS OF THE BOARD FROM LIABILITY FOR ANY OMISSION OR IMPROPER EXERCISE BY THE MANAGER OF ANY SUCH DUTY, POWER OR FUNCTION SO DELEGATED.**

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

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

3.8.11 Construction on Common Area and Special Common Area. To construct new Improvements or additions to Common Area and Special Common Area, subject to the approval of the Board and the Declarant until expiration or termination of the Development Period.

3.8.12 Contracts. To enter into Bulk Rate Contracts or other contracts or licenses with Declarant or any third party on such terms and provisions as the Board will determine, to operate and maintain the Development, any Common Area, Special Common Area, Service Area, Improvement, 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 Declarant, the Board, the Association, or the Members. During the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant.

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

3.8.14 Authority with Respect to the Documents. To do any act, thing or deed that is necessary or desirable, in the judgment of the Board, to implement, administer or enforce any of the Documents. Any decision by the Board to delay or defer the exercise of the power and authority granted by this Section 3.8.14 will not subsequently in any way limit, impair or affect ability of the Board to exercise such power and authority.

3.8.15 Membership Privileges. To establish Rules governing and limiting the use of the Common Area, Special Common Area, Service Area, and any Improvements thereon. All Rules governing and limiting the use of the Common Area, Special Common Area, Service Area, and any Improvements thereon must be approved in advance and in writing by the Declarant during the Development Period.

3.8.16 Relationships with Governmental Entities and Tax Exempt Organizations. To create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Area, Special Common Area, or Service Area to Governmental Entities or non-profit, tax-exempt organizations. The Association may contribute money, real or personal property, or services to such entity. Any such contribution shall be a common expense to be included in the Assessments levied by the Association and included as a line item in the Association's annual budget.

**3.9 Conveyance of Common Area and Special Common Area to the Association.**

The Association may acquire, hold, and dispose of any interest in tangible and intangible personal property and real property. Declarant, and its assignees, reserves the right, from time to time and at any time, to designate, convey, assign or transfer by written and Recorded instrument property being held by the Declarant for the benefit of the Association. Upon the Recording of a designation, the portion of the property identified therein will be considered Common Area or Special Common Area, as applicable, for the purpose of this Covenant and the Association shall have an easement over and across the Common Area or Special Common Area necessary or required to discharge the Association's obligations under this Covenant, subject to any terms and limitations to such easement set forth in the designation. Declarant and its assignees may also assign, transfer or convey to the Association interests in real or personal property within or for the benefit of the Development, for the Development and the general public, or otherwise, as determined in the sole and absolute discretion of the Declarant. All or any real or personal property assigned, transferred and/or conveyed by the Declarant to the Association shall be deemed accepted by the Association upon Recordation, and without further action by the Association, and shall be considered Common Area or Special Common Area without regard to whether such real or personal property is designated by the Declarant as Common Area or Special Common Area. If requested by the Declarant, the Association will execute a written instrument, in a form requested by the Declarant, evidencing acceptance of such real or personal property; provided, however, execution of a written consent by the Association shall in no event be a precondition to acceptance by the Association. The assignment, transfer, and/or conveyance of real or personal property to the Association may be by deed without warranty, may reserve easements in favor of the Declarant or a third party designated by Declarant over and across such property, and may include such other provisions, including restrictions on use, determined by the Declarant, in the Declarant's sole and absolute discretion. Property assigned, transferred, and/or conveyed to the Association may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. Upon Declarant's written request, the Association will re-convey to Declarant any unimproved real property that Declarant originally conveyed to the Association for no payment.

**3.10 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 Association, the Association 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 he or she is, or was, a director, officer, committee member, employee, servant or agent of the Association against expenses, including attorneys' fees, reasonably incurred by him or her 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: (a) 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 Association; or (b) 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 Association or, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

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

**3.12 Bulk Rate Contracts.** Without limitation on the generality of the Association powers set out in *Section 3.8* hereinabove (except that during the Development Period, all Bulk Rate Contracts must be approved in advance and in writing by the Declarant), the Association will have the power to enter into Bulk Rate Contracts at any time and from time to time. The Association may enter into Bulk Rate Contracts with any service providers chosen by the Board (including Declarant, and/or any entities in which Declarant, or the owners or partners of Declarant are the 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 Association may, at its option and election add the charges payable by such Owner under such Bulk Rate Contract to the Assessments (Regular, Special, Service Area, Special Common Area, or Individual, as the case may be) against such Owner's Lot or Condominium Unit. 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 Association will be entitled to collect such charges by exercising the same rights and remedies it would be entitled to exercise under this Covenant 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 or Condominium Unit which is reserved under the terms and provisions of this Covenant. 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 Association 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 at law, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility service or other service provided at the cost of the Association and not paid for by such Owner (or Occupant of such Owner's Lot or Condominium Unit) 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 Occupant of such Owner's Lot or Condominium Unit) 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.

**3.13 Community Services and Systems.** The Declarant, or any affiliate of the Declarant with the Declarant's consent, during the Development Period, and the Board, with the Declarant's consent during the Development Period, is specifically authorized, but not required, to install, provide, maintain and furnish, or to enter into contracts with other persons to install, provide, maintain and furnish, central telecommunication receiving and distribution systems (e.g. cable television, high speed data/Internet/intranet services, and security monitoring) and related components, including associated infrastructure, equipment, hardware, and software, to serve all or any portion of the Development ("**Community Services and Systems**"). The Community Services and Systems, including any fees or royalties paid or revenue generated therefrom, shall be the property of Declarant unless transferred by Declarant, whereupon any proceeds of such transfer shall belong to Declarant and neither the Association nor any Owner shall have any interest therein. Declarant shall have the right but not the obligation to convey, transfer, sell or assign all or any portion of the Community Services and Systems or all or any portion of the rights, duties or obligations with respect thereto, to the Association or to any individual or entity. Any or all of such services may be provided either: (a) directly through the Association and paid for as part of the Assessments; or (b) directly by Declarant, any affiliate of Declarant, or a third party, to the Owner who receives the services. In the event the Declarant, or any affiliate of the Declarant, elects to provide any of the Community Services and Systems to all or any portion of the Development, the Declarant or affiliate of the Declarant may enter into an agreement with the Association with respect to such services. In the event Declarant, or any affiliate of the Declarant, enters into a contract with a third party for the provision any Community Services and Systems to serve all or any portion of the Development, the Declarant or the affiliate of the Declarant may assign any or all of the rights or obligations of the Declarant or the affiliate of the Declarant under the contract to the Association or any individual or entity. Any such contracts may provide for installation, operation, management, maintenance, and upgrades or modifications to the Community Services and Systems as the Declarant or the Board, as applicable, determines appropriate. Each Owner acknowledges that interruptions in Community Services and Systems and services will occur from time to time. The Declarant and the Association, or any of their respective affiliates, board members, officers, employees and agents, or any of their successors or assigns shall not be liable for, and no Community Services and Systems user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Community Services and Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control.

**3.14 Protection of Declarant's Interests.** Despite any assumption of control of the Board by Owners other than Declarant, until the expiration or termination of the Development Period, the Board is prohibited from taking any action which would discriminate against Declarant, or which would be detrimental to the sale of Lots or Condominium Units owned by Declarant. Declarant shall be entitled to determine, in its sole and absolute discretion, whether

any such action discriminates or is detrimental to Declarant. Unless otherwise agreed to in advance and in writing by the Declarant, 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 Declarant until the expiration or termination of the Development Period.

**3.15 Administration of Common Area.** The administration of the Common Area, Special Common Area and Service Area by the Association shall be in accordance with the provisions of Applicable Law and the Documents, and of 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 Declarant or by any Governmental Entity having regulatory jurisdiction over the Common Area, Special Common Area or Service Area or by any title insurance company selected by Declarant to insure title to any portion of such areas.

**3.16 Merger.** Merger or consolidation of the Association with another association must be evidenced by an amendment to this Covenant. The amendment must be approved by at least two-thirds of the votes of Members present in person or by proxy at the meeting at which the action to merge or consolidate with another association is submitted for a vote. On merger or consolidation of the Association with another association, the property, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to the merger. The surviving or consolidated association may administer the provisions of the Documents within the Development, together with the covenants and restrictions established on any other property under its jurisdiction. No merger or consolidation, however, will effect a revocation, change, or addition to the covenants established by this Covenant within the Development.

**3.17 Right of Action by Association.** The Association shall not have the power to institute, defend, intervene in, settle or compromise litigation or administrative 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 11.1* below, relating to the design or construction of Improvements on a Lot. This *Section 3.17* may not be amended or modified without Declarant's written and acknowledged consent and Members entitled to cast at least one hundred percent (100%) of the total number of votes of the Association, which must be part of the Recorded amendment instrument.

## ARTICLE 4 INSURANCE AND RESTORATION

**4.1 Insurance.** Each Owner will be required to purchase and maintain commercially standard insurance on the Improvements located upon such Owner's Lot or Condominium Unit. The Association will not maintain insurance on the Improvements constructed upon any

Lot or Condominium Unit. The Association may, however, obtain such other 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 Association. The acquisition of insurance by the Association will be without prejudice to the right and obligation of any Owner to obtain additional individual insurance.

**ARE YOU COVERED?**

**The Association will not provide insurance which covers an Owner's Lot, a Condominium Unit, or any Improvements or personal property located on a Lot or within a Condominium Unit.**

**4.2 Restoration Requirements.** In the event of any fire or other casualty, the Owner will either: (i) unless otherwise approved by the Valley Ranch Reviewer, promptly commence the repair, restoration and replacement of any damaged or destroyed Improvements to their same exterior condition existing prior to the damage or destruction thereof within one-hundred and eighty (180) days after the occurrence of such damage or destruction, and thereafter prosecute the same to completion; or (ii) in the case of substantial or total damage or destruction of any Improvement, remove all such damaged Improvements and debris from the Development within sixty (60) days after the occurrence of such damage. Unless otherwise approved by the Valley Ranch Reviewer, any repair, restoration or replacement will be commenced and completed in a good and workmanlike manner using exterior materials identical to those originally used in the Improvements damaged or destroyed. To the extent that the Owner fails to commence repair, restoration, replacement, or the removal of debris, within the time period required in this *Section 4.2*, the Association may commence, complete or effect such repair, restoration, replacement or clean-up, and the costs incurred by the Association will be levied as an Individual Assessment against such Owner's Lot or Condominium Unit; 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 Association 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 Association, 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, than at the rate of one and one-half percent (1½%) per month) will be levied as an Individual Assessment chargeable to the Owner's Lot or Condominium Unit. **EACH OWNER HEREBY RELEASES AND HOLDS HARMLESS THE ASSOCIATION, 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 ASSOCIATION'S ACTS OR ACTIVITIES UNDER THIS SECTION 4.2, EXCEPT FOR SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR COST OF ACTION ARISING BY REASON OF THE ASSOCIATION'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.

4.3 **Restoration - Mechanic's and Materialmen's Lien.** Each Owner whose structure is repaired, restored, replaced or cleaned-up by the Association pursuant to the rights granted under this *Article 4*, hereby grants to the Association an express mechanic's and materialmen's lien for the reasonable cost of such repair, restoration, replacement or clean-up of the damaged or destroyed Improvement to the extent that the cost of such repair, restoration, replacement, or clean-up exceeds any insurance proceeds allocable to such repair, restoration, replacement, or clean-up which are delivered to the Association. Upon request by the Board, and before the commencement of any reconstruction, repair, restoration, replacement, or clean-up such Owner will execute all documents sufficient to effectuate such mechanic's and materialmen's lien in favor of the Association.

## ARTICLE 5 COVENANT FOR ASSESSMENTS

### 5.1 **Assessments.**

5.1.1 **Established by the Board.** Assessments established by the Board pursuant to the provisions of this *Article 5* will be levied against each Lot and Condominium Unit in amounts determined pursuant to *Section 5.9* below. The total amount of Assessments will be determined by the Board in accordance with the terms of this *Article 5*.

5.1.2 **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 or Condominium Unit against which the Assessment is levied and will be secured by a lien hereby granted and conveyed by Declarant to the Association against each such Lot and all Improvements thereon and each such Condominium Unit (such lien, with respect to any Lot or Condominium Unit not in existence on the date hereof, will be deemed granted and conveyed at the time that such Lot or Condominium Unit is created). The Association may enforce payment of such Assessments in accordance with the provisions of this *Article*. Unless the Association elects otherwise (which election may be made at any time), each residential condominium association established by a condominium regime imposed upon all or a portion of the Development Area will collect all Assessments levied pursuant to this *Covenant* from Condominium Unit Owners within such condominium regime. The condominium association will promptly remit all Assessments collected from Condominium Unit Owners to the Association. If the condominium association fails to timely collect any portion of the Assessments due from the Owner of the Condominium Unit, then the Association may collect such Assessments allocated to the Condominium Unit on its own behalf and enforce its lien against the Condominium Unit without joinder of the condominium association. The condominium association's right to collect Assessments on behalf of the Association is a license

from the Association which may be revoked by written instrument at any time, and from time to time, at the sole and absolute discretion of the Board.

5.1.3 **Declarant Subsidy.** Declarant may, but is not obligated to, reduce Assessments which would otherwise be levied against Lots and Condominium Units for any fiscal year by the payment of a subsidy to the Association. Any subsidy paid to the Association by Declarant may be treated as a contribution or a loan, in Declarant's sole and absolute discretion. The payment of a subsidy in any given year will not obligate Declarant to continue payment of a subsidy to the Association in future years.

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

5.3 **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 Association ("**Regular Assessments**") which sets forth: (a) an estimate of expenses to be incurred by the Association during such year in performing its functions and exercising its powers under this Covenant, including, but not limited to, the cost of all management, repair and maintenance, the cost of providing street and other lighting, the cost of administering and enforcing the Documents; and (b) an estimate of the amount needed to maintain a reasonable provision for contingencies and an appropriate replacement reserve, **but excluding** (c) the operation, maintenance, repair and management costs and expenses associated with any Special Common Area. Regular Assessments sufficient to pay such estimated expenses will then be levied at the level set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding. If the sums collected prove inadequate for any reason, including nonpayment of any Assessment by an Owner, the Association may at any time, and from time to time, levy further Regular Assessments in the same manner. All such Regular Assessments will be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

5.4 **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 Association under the Documents. The amount of any Special Assessments will be at the sole discretion of the Board. In addition to the Special Assessments authorized above, the Association 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 or Special Common Area. Any Special Assessment levied by the Association for the purpose of defraying, in whole or in part, costs of any construction, reconstruction, repair or replacement of a capital improvement upon the

Common Area will be levied against all Owners based on Assessment Units. Any Special Assessments levied by the Association for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Special Common Area will be levied against all Owners who have been assigned the obligation to pay Special Common Area Assessments based on Assessment Units. All Special Assessments will be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

**5.5 Special Common Area Assessments.** Prior to the beginning of each fiscal year, the Board will prepare a separate budget covering the estimated expenses to be incurred by the Association to operate, maintain, repair, or manage any Special Common Area. The budget will be an estimate of the amount needed to operate, maintain, repair and manage such Special Common Area including a reasonable provision for contingencies and an appropriate replacement reserve. The level of Special Common Area Assessments will be set by the Board in its sole and absolute discretion, and the Board's determination will be final and binding. If the sums collected prove inadequate for any reason, including non-payment of any Assessment by an Owner, the Association may at any time, and from time to time, levy further Special Common Area Assessments in the same manner as aforesaid. All such Special Common Area Assessments will be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

**5.6 Service Area Assessments.** Prior to the beginning of each fiscal year, the Board will prepare a separate budget for each Service Area reflecting the estimated Service Area Expenses to be incurred by the Association in the coming year. The total amount of Service Area Assessments will be allocated either: (a) equally among Lots or Condominium Units within the Service Area; (b) based on Assessment Units assigned to Lots or Condominium Units within the Service Area; or (c) based on the benefit received among all Lots and Condominium Units in the Service Area. All amounts that the Association collects as Service Area Assessments will be expended solely for the benefit of the Service Area for which they were collected and will be accounted for separately from the Association's general funds.

**5.7 Individual Assessments.** In addition to any other Assessments, the Board may levy an Individual Assessment against an Owner and the Owner's Lot or Condominium Unit, which may include, but is not limited to: (a) interest, late charges, and collection costs on delinquent Assessments; (b) reimbursement for costs incurred in bringing an Owner or the Owner's Lot or Condominium Unit into compliance with the Documents; (c) fines for violations of the Documents; (d) transfer-related fees and resale certificate fees; (e) fees for estoppel letters and project documents; (f) insurance deductibles; (g) reimbursement for damage or waste caused by willful or negligent acts of the Owner, the Owner's guests, invitees or Occupants of the Owner's Lot or Condominium Unit; (h) common expenses that benefit fewer than all of the

Lots or Condominium Units, which may be assessed according to benefit received; and (i) fees or charges levied against the Association on a per-Lot or per-Condominium Unit basis.

**5.8 Working Capital Assessment.** Each Owner (other than Declarant) will pay a one-time working capital assessment to the Association in such amount, if any, as may be determined by the Declarant, until expiration or termination of the Development Period, and the Board thereafter. The working capital assessment hereunder will be due and payable to the Association by the transferee immediately upon each transfer of title to the Lot or Condominium Unit, including upon transfer of title from one Owner of such Lot or Condominium Unit to any subsequent purchaser or transferee thereof. Such working capital assessment need not be uniform among all Lots or Condominium Units, and the Declarant or the Board, as applicable, is expressly authorized to establish a working capital assessments of varying amounts depending on the size, use and general character of the Lots or Condominium Units. The working capital assessment may be used 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 Declarant or a duly authorized officer of the Association, setting forth the amount of the working capital assessment and the Lots or Condominium Units to which it applies.

Notwithstanding the foregoing provision, the following transfers will not be subject to the working capital assessment: (a) foreclosure of a deed of trust lien, tax lien, or the Association's Assessment lien; (b) transfer to, from, or by the Association; or (c) voluntary transfer by an Owner to one or more co-owners, or to the Owner's spouse, child, or parent. Additionally, an Owner who is a Homebuilder or a Residential Developer will not be subject to the working capital assessment. In the event of any dispute regarding the application of the working capital assessment to a particular Owner, Declarant, until expiration or termination of the Development Period, will determine application of an exemption in its sole and absolute discretion. The working capital assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 5* and will not be considered an advance payment of such Assessments. The Declarant 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 Condominium Unit (or all Lots and Condominium Units) by the Recordation of a waiver notice or in the Notice of Applicability, which waiver may be temporary or permanent.

**5.9 Amount of Assessment.**

5.9.1 Assessments to be Levied. The Board will levy Assessments against each "Assessment Unit" (as defined in *Section 5.9.2* below). Unless otherwise provided in this Covenant, Assessments levied pursuant to *Section 5.3* and *Section 5.4* will be levied uniformly against each Assessment Unit. Special Common Area Assessments levied pursuant to *Section 5.5* will be levied uniformly against each Assessment Unit allocated to a Lot or Condominium Unit that has been assigned the obligation to pay Special Common Area Assessments for

specified Special Common Area. Service Area Assessments levied pursuant to *Section 5.6* will be levied either: (a) equally among Lots or Condominium Units within the Service Area; (b) based on Assessment Units assigned to Lots or Condominium Units within the Service Area; or (c) based on the benefit received among all Lots and Condominium Units in the Service Area.

5.9.2 Assessment Unit. Each Residential Lot will constitute one “**Assessment Unit**” unless otherwise provided in *Section 5.9.3*. Each Condominium Unit will be allocated that number of “Assessment Units” set forth in the Notice of Applicability attributable to such Condominium Unit. Declarant will determine such Assessment Units in its sole and absolute discretion. Declarant’s determination regarding the number of Assessment Units applicable to each Condominium Unit will be final, binding and conclusive. Declarant, in its sole and absolute discretion, may modify and amend (which modification and amendment may be effected after Declarant’s conveyance of any Condominium Unit to any person not affiliated with Declarant) the number of Assessment Units previously assigned to a Condominium Unit if the Improvements actually constructed differ from the Improvements contemplated to be constructed at the time the notice allocating Assessment Units thereto was originally filed. In the event of a modification to the Assessment Units allocated to a Condominium Unit, Declarant will Record an amended Notice of Applicability setting forth the revised allocation of Assessment Units attributable to the Condominium Unit.

5.9.3 Residential Assessment Allocation. Declarant, in Declarant’s sole and absolute discretion, may elect to allocate more than one Assessment Unit to a Residential Lot. An allocation of more than one Assessment Unit to a Residential Lot must be made in a Notice of Applicability or in a Development Area Declaration for the Development in which the Residential Lot is located. Declarant’s determination regarding the number of Assessment Units applicable to a Residential Lot pursuant to this *Section 5.9.3* will be final, binding and conclusive.

5.9.4 Declarant Exemption. Notwithstanding anything in this Covenant to the contrary, no Assessments will be levied upon Lots or Condominium Units owned by Declarant.

5.9.5 Other Exemptions. Declarant may, in its sole discretion, elect to: (a) exempt any un-platted or unimproved portion of the Development, Lot or Condominium Unit from Assessments; (b) delay the levy of Assessments against any un-platted, unimproved or improved portion of the Development, Lot or Condominium Unit; or (c) reduce the levy of Assessments against any un-platted, unimproved or improved portion of the Development, Lot or Condominium Unit. In the event Declarant elects to delay or reduce Assessments pursuant to this Section, the duration of the delay or the amount of the reduction will be set forth in a Recorded written instrument. Declarant may terminate, extend or modify any delay or reduction set forth in a previously Recorded instrument by the Recordation of a replacement instrument. Declarant or the Board may also exempt any portion of the Development which is dedicated and accepted by a Governmental Entity from Assessments.

**5.10 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 a charge upon the Lot or Condominium Unit owned by such Owner, collectible in the manner as provided for collection of Assessments, including foreclosure of the lien against such Lot or Condominium Unit; provided, however, such charge will never exceed the maximum charge permitted under Applicable Law.

**5.11 Owner's Personal Obligation for Payment of Assessments.** Assessments levied as provided for herein will be the personal and individual debt of the Owner of the Lot or Condominium Unit 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 or Condominium Unit 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 thereof (or if there is no such highest rate, then at the rate of 1½% per month), together with all costs and expenses of collection, including reasonable attorney's fees.

**5.12 Assessment Lien and Foreclosure.** The payment of all sums assessed in the manner provided in this *Article 5* is, together with late charges as provided in *Section 5.10* and interest as provided in *Section 5.11* and all costs of collection, including attorney's fees, are secured by the continuing Assessment lien granted to the Association pursuant to *Section 5.1.2* above, and will bind each Lot and Condominium Unit 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 or Condominium Unit, except only for (a) tax and governmental assessment liens; (b) all sums secured by a Recorded first mortgage lien or Recorded first deed of trust lien, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot or Condominium Unit in question; and (c) home equity loans or home equity lines of credit which are secured by a second mortgage lien or Recorded second deed of trust lien; provided that, in the case of subparagraphs (b) and (c) above, such Mortgage was Recorded, before the delinquent Assessment was due. The Association 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 authorized officer of the Association. The Association 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 or Condominium Unit covered by such lien and a description of the Lot or Condominium Unit. Such notice may be signed by an officer of the Association and will be Recorded. Each Owner, by accepting a deed or ownership interest to a Lot or Condominium Unit subject to this Covenant will be deemed conclusively to have granted a power of sale to the Association 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 Association may have pursuant to Applicable Law and under this Covenant, including the rights of the Association 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 Association 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 Association 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 or Condominium Unit; 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 5.12, the Association 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 Association has already foreclosed such lien. Such release may be signed by an officer of the Association and Recorded. 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 Association may, upon five (5) days' prior written notice (which may run concurrently with such 12-day period) to such Owner, in addition to all other rights and remedies available pursuant to Applicable Law, equity or otherwise, terminate, in such manner as the Board deems appropriate, any utility or cable services, provided through the Association and not paid for directly by an Owner or occupant 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. Any utility or cable service will not be disconnected or terminated 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 or Condominium Unit will not relieve the Owner of such Lot or Condominium Unit 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 or Condominium Unit and on the date of such conveyance Assessments against the Lot or Condominium Unit remain unpaid, or said Owner owes other sums or fees under this Covenant to the Association, the Owner will pay such amounts to the Association out of the sales price of the Lot or Condominium Unit, and such sums will be paid in preference to any other charges against the Lot or Condominium Unit

other than liens superior to the Assessment liens and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Lot or Condominium Unit which are due and unpaid. The Owner conveying such Lot or Condominium Unit will remain personally liable for all such sums until the same are fully paid, regardless of whether the transferee of the Lot or Condominium Unit also assumes the obligation to pay such amounts. The Board may adopt an administrative transfer fee to cover the expenses associated with updating the Association's records upon the transfer of a Lot or Condominium Unit to a third party.

**5.13 Declarant Reimbursement Assessment.** Each Owner who acquires a Lot or Condominium Unit from the Declarant or a Homebuilder will pay a one-time reimbursement fee to the Declarant in the amount of Five-Hundred and No/100 Dollars (\$500.00) per Lot or Condominium Unit owned by such Owner. The reimbursement Assessment will be in addition to, not in lieu of, any other Assessments levied in accordance with this *Article 5* and will not be considered an advance payment of any such Assessments. The reimbursement Assessment hereunder will be due and payable to the Declarant immediately upon transfer of title to the Lot or Condominium Unit, including upon transfer of title from the Declarant to the Declarant's transferee. Declarant will have the power to waive the payment of any reimbursement Assessment attributable to a Lot or Condominium Unit by the Recording of a waiver notice executed by the Declarant.

**5.14 Exempt Property.** The following area within the Development will be exempt from the Assessments provided for in this Article:

- (i) The Common Area and the Special Common Area; and
- (ii) Any portion of the Development owned by Declarant.

No portion of the Additional Property will be subject to the terms and provisions of this Covenant, and no portion of the Additional Property (or any owner thereof) will be obligated to pay Assessments hereunder unless and until such Additional Property has been made subject to the terms of this Covenant by the Recording of a Notice of Applicability in accordance with *Section 9.5* below.

**5.15 Fines and Damages Assessment.**

**5.15.1 Board Assessment.** The Board may assess fines against an Owner for violations of the Documents which have been committed by an Owner, an Occupant or an Owner's or Occupant's guests, agents or invitees pursuant to the *Fine and Enforcement Policy* contained in the Community Manual.. Any fine and/or charge for damage levied in accordance with this Section shall be considered an Individual Assessment pursuant to this Covenant. 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 Association from property damage or destruction of Common Area, Special Common Area, Service Area, or any Improvements caused by the Owner, the Occupant or their

guests, agents, or invitees. The Manager shall have authority to send notices to alleged violators, informing them of their violations and asking them to comply with the Documents and/or informing them of potential or probable fines or damage assessments. The Board may from time to time adopt a schedule of fines.

5.15.2 Lien Created. The payment of each fine and/or damage charge levied by the Board against the Owner of a Lot or Condominium Unit is, together with interest as provided in *Section 5.11* hereof and all costs of collection, including attorney's fees as herein provided, secured by the lien granted to the Association pursuant to *Section 5.1.2* of this Covenant. Unless otherwise provided in this Section, the fine and/or damage charge shall be considered an Assessment for the purpose of this Article and shall be enforced in accordance with the terms and provisions governing the enforcement of assessments pursuant to this Article.

## ARTICLE 6 VALLEY RANCH REVIEWER

6.1 Architectural Control By Declarant. During the Development Period, neither the Association, the Board, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with the approval of any Improvements. Until expiration of the Development Period, the Valley Ranch Reviewer is Declarant or its designee. No Improvement constructed or caused to be constructed by the Declarant will be subject to the terms and provisions of this *Article 6* and need not be approved by the Valley Ranch Reviewer.

6.1.1 Rights Reserved. Each Owner, by accepting an interest in or title to a Lot or Condominium Unit, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that during the Development Period no Improvements will be started or progressed without the prior written approval of the Valley Ranch Reviewer, which approval may be granted or withheld in its sole discretion. In reviewing and acting on an application for approval, the Valley Ranch Reviewer may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf.

6.1.2 Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to an architectural control committee appointed by the Board or a committee comprised of architects, engineers, or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant to: (a) revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and (b) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason. Neither Declarant nor the Valley Ranch Reviewer is responsible for: (i) errors in or omissions from the plans and specifications submitted to the

Valley Ranch Reviewer; (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.

**6.2 Architectural Control by Association.** Until such time as Declarant delegates all or a portion of its reserved rights to the Board, or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through an architectural control committee (the "ACC") will assume jurisdiction over architectural control and will have the powers of the Valley Ranch Reviewer hereunder.

**6.2.1 ACC.** The ACC will consist of at least three (3) but no more than seven (7) persons appointed by the Board. Members of the ACC serve at the pleasure of the Board and may be removed and replaced at the Board's discretion. At the Board's option, the Board may act as the ACC, in which case all references in the Documents to the ACC will be construed to mean the Board. Members of the ACC need not be Owners or Occupants, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the Board.

**6.2.2 Limits on Liability.** The ACC has sole discretion with respect to taste, design, and all standards specified in 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: (a) errors in or omissions from the plans and specifications submitted to the ACC; (b) supervising construction for the Owner's compliance with approved plans and specifications; or (c) the compliance of the Owner's plans and specifications with Applicable Law.

**6.3 Prohibition of Construction, Alteration and Improvement.** No Improvement, or any addition, alteration, improvement, installation, modification, redecoration, or reconstruction thereof may occur unless approved in advance by the Valley Ranch Reviewer. The Valley Ranch Reviewer has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Additional Property and the Development. Notwithstanding the foregoing, each Owner will have the right to modify, alter, repair, decorate, redecorate, or improve the interior of an Improvement, provided that such action is not visible from any other portion of the Development or Additional Property.

**NO IMPROVEMENT MAY BE CONSTRUCTED, ALTERED, OR MODIFIED WITHOUT THE  
ADVANCE WRITTEN APPROVAL OF THE VALLEY RANCH REVIEWER.**

**6.4 Architectural Approval.**

6.4.1 Submission and Approval of Plans and Specifications. Construction plans and specifications or, when an Owner desires solely to plat, re-subdivide or consolidate Lots or Condominium Units, a proposal for such plat, re-subdivision or consolidation, will be submitted in accordance with the Design Guidelines, if any, or any additional rules adopted by the Valley Ranch Reviewer together with any review fee which is imposed by the Valley Ranch Reviewer in accordance with *Section 6.4.2*. No plat, re-subdivision or consolidation will be made, nor any Improvement placed or allowed on any Lot or Condominium Unit, until the plans and specifications and the contractor which the Owner intends to use to construct the proposed Improvement have been approved in writing by the Valley Ranch Reviewer. The Valley Ranch Reviewer 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 Valley Ranch Reviewer or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The Valley Ranch Reviewer may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which the Valley Ranch Reviewer, in its sole discretion, may require. Site plans must be approved by the Valley Ranch Reviewer prior to the clearing of any Lot or Condominium Unit, or the construction of any Improvements. The Valley Ranch Reviewer may refuse to approve plans and specifications for proposed Improvements, or for the plat, re-subdivision or consolidation of any Lot or Condominium Unit on any grounds that, in the sole and absolute discretion of the Valley Ranch Reviewer, are deemed sufficient, including, but not limited to, purely aesthetic grounds. Notwithstanding any provision to the contrary in this Covenant, the Valley Ranch Reviewer may issue an approval to Homebuilders or a Residential Developer for the construction of Improvements based on the review and approval of plan types and adopt a procedure which differs from the procedures for review and approval otherwise set forth in this Covenant.

6.4.2 Design Guidelines. The Valley Ranch Reviewer will have the power, from time to time, to adopt, amend, modify, or supplement the Design Guidelines which may apply to all or any portion of the Development; provided however, that Declarant will have no obligation to establish Design Guidelines for the Additional Property, the Development or any portion thereof. In the event of any conflict between the terms and provisions of the Design Guidelines and the terms and provisions of this Covenant, the terms and provisions of this Covenant will control. In addition, the Valley Ranch Reviewer 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 Covenant. Such charges will be held by the Valley Ranch Reviewer and used to defray the administrative expenses and any other costs incurred by the Valley Ranch Reviewer in performing its duties hereunder; provided, however, that any excess funds held by the Valley Ranch Reviewer will be distributed to the Association at the end of each calendar year. The Valley Ranch Reviewer will not be required to review any plans until a complete submittal package, as required by this Covenant and the Design Guidelines, is assembled and submitted to the Valley Ranch Reviewer. The Valley Ranch Reviewer will have the authority to adopt such additional or alternate procedural and

substantive rules and guidelines not in conflict with this Covenant (including, without limitation, the imposition of any requirements for a compliance deposit, certificates of compliance or completion relating to any Improvement, and the right to approve in advance any contractor selected for the construction of Improvements), as it may deem necessary or appropriate in connection with the performance of its duties hereunder.

6.4.3 Failure to Act. In the event that any plans and specifications are submitted to the Valley Ranch Reviewer as provided herein, and the Valley Ranch Reviewer fails to either approve or reject such plans and specifications for a period of sixty (60) days following such submission, the plans and specifications will be deemed disapproved.

6.4.4 Variances. The Valley Ranch Reviewer may grant variances from compliance with any of the provisions of the Documents, when, in the opinion of the Valley Ranch Reviewer, in its sole and absolute discretion, such variance is justified. All variances must be evidenced in writing and, if Declarant has assigned its rights to the ACC, must be approved by the Declarant until expiration or termination of the Development Period, a Majority of the Board, and 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 Valley Ranch Reviewer, Declarant, the Board or the ACC. If a variance is granted, no violation of the covenants, conditions, or restrictions contained in the Documents 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 the Documents 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 the Documents.

6.4.5 Duration of Approval. The approval of the Valley Ranch Reviewer of any final plans and specifications, and any variances granted by the Valley Ranch Reviewer will be valid for a period of one hundred and eighty (180) days only. If construction in accordance with such plans and specifications or variance is not commenced within such one hundred and eighty (180) day period and diligently prosecuted to completion thereafter, the Owner will be required to resubmit such final plans and specifications or request for a variance to the Valley Ranch Reviewer, and the Valley Ranch Reviewer will have the authority to re-evaluate such plans and specifications in accordance with this *Section 6.4.5* and may, in addition, consider any change in circumstances which may have occurred since the time of the original approval.

6.4.6 No Waiver of Future Approvals. The approval of the Valley Ranch Reviewer to any plans or specifications for any work done or proposed in connection with any matter requiring the approval or consent of the Valley Ranch Reviewer 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 Valley Ranch Reviewer.

6.4.7 Non-Liability of Valley Ranch Reviewer. NEITHER THE DECLARANT, THE BOARD, NOR THE VALLEY RANCH REVIEWER WILL BE LIABLE TO ANY OWNER OR TO ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR INJURY ARISING OUT OF THE PERFORMANCE OF THEIR DUTIES UNDER THIS COVENANT.

## ARTICLE 7 MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots or Condominium Units within the Development. The provisions of this Article apply to the Covenant and the Bylaws of the Association.

7.1 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot or Condominium Unit 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 Development or which affects any Lot or Condominium Unit 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 or Condominium Unit 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 Documents relating to such Lot or Condominium Unit or the Owner or Occupant which is not cured within sixty (60) days after notice by the Association to the Owner of such violation; or

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

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

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

## ARTICLE 8 EASEMENTS

**8.1 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 Declarant or any third-party prior to any portion of the Additional Property becoming subject to this Covenant are incorporated herein by reference and made a part of this Covenant 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 Declarant. Declarant 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 developing the Additional Property and the Development.

**8.2 Common Area or Special Common Area Right of Ingress and Egress.** Declarant, its agents, employees, successors and designees will have a right of ingress and egress over and the right of access to the Common Area or Special Common Area to the extent necessary to use the Common Area or Special Common Area and the right to such other temporary uses of the Common Area or Special Common Area as may be required or reasonably desirable (as determined by Declarant in its sole discretion) in connection with construction and development of the Additional Property or the Development.

**8.3 Bulk Rate Services; Community Services and Systems Easement.** The Development shall be subject to a perpetual non-exclusive easement for the installation, maintenance and repair, including the right to read meters, service or repair lines and equipment, and to do everything and anything necessary to properly install, provide, maintain and furnish Community Services and Systems and the facilities pertinent and necessary to the same, and provide and maintain services available through any Bulk Rate Contract, which easement shall run in favor of Declarant and the Association.

**8.4 Roadway and Utility Easements.** Declarant hereby reserves for itself and its assigns a perpetual non-exclusive easement over and across the Development for: (a) the installation, operation and maintenance of utilities and associated infrastructure to serve the Development, the Additional Property, and any other property owned by Declarant; (b) the installation, operation and maintenance of cable lines and associated infrastructure for sending and receiving data and/or other electronic signals, security and similar services to serve the Development, the Additional Property, and any other property owned by Declarant; (c) the installation, operation and maintenance of, walkways, pathways and trails, drainage systems, street lights and signage to serve the Development, the Additional Property, and any other property owned by Declarant, and (d) the installation, location, relocation, construction, erection and maintenance of any streets, roadways, or other areas to serve the Development, the Additional Property, and any other property owned by Declarant. Declarant will be entitled to unilaterally assign the easements reserved hereunder to any third party who owns, operates or maintains the facilities and Improvements described in (a) through (d) of this Section 8.4. In

addition, Declarant may designate all or any portion of the easements or facilities constructed therein as Common Area, Special Common Area, or a Service Area.

**8.5 Subdivision Entry and Fencing Easement.** Declarant hereby reserves an easement over and across the Development for the installation, maintenance, repair or replacement of landscaping, monumentation and signage which serves the Development, the Additional Property, and any other property owned by Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies the landscaping, monumentation, or signage to which the easement reserved hereunder applies. Declarant may designate all or any portion of the landscaping, monumentation, or signage as Common Area, Special Common Area, or a Service Area.

**8.6 Landscape, Monumentation, Retaining Walls and Signage Easement.** Declarant hereby reserves for itself, itself and its successors, assigns, and designees, and the Association an easement over and across the Development for the installation, maintenance, repair or replacement of landscaping, monumentation, retaining walls and/or signage which serves the Development, the Additional Property, and any other property owned by Declarant. Declarant will have the right, from time to time, to Record a written notice which identifies the landscaping, monumentation, retaining walls and/or signage to which the easement reserved hereunder applies. Declarant may designate all or any portion of the landscaping, monumentation, retaining walls or signage as Common Area, Special Common Area, or a Service Area.

**8.7 Easement for Special Events.** The Declarant reserves for itself and the Association, and their successors, assigns, and designees, a perpetual, nonexclusive easement over the Common Area and Special Common Area, for the purpose of conducting educational, cultural, artistic, musical and entertainment activities; and other activities of general community interest at such locations and times as the Declarant or the Association, in their reasonable discretion, deem appropriate. Members of the public may have access to such events. Each Owner, by accepting a deed or other instrument conveying any interest in a Lot or Condominium Unit subject to this Covenant acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and any Occupants to take no action, legal or otherwise, which would interfere with the exercise of such easement.

**8.8 Notice Concerning Mineral Reservation.** Each Owner is hereby informed that Declarant has conveyed to an affiliated entity all right, title and interest, if any, of Declarant 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 Additional Property or the Development. The conveyance instrument ("**Mineral Deed**") includes a provision whereby the owner of the minerals, resources and groundwater, if any, conveyed by such Mineral Deed will not be permitted to use the surface of the Additional Property or the Development (to a depth of thirty feet below the finished grade of the Additional Property and the Development)

for the purpose of exploring for, developing or producing such minerals, resources and groundwater on and after the date of the first conveyance of a completed residence on the Property or the Development, as applicable (the "Surface Waiver"). This Surface Waiver applies only to the interest, if any, in the minerals, resources and groundwater conveyed by the Mineral Deed. (The minerals, resources and groundwater, or some portion thereof or some interest therein, may have been conveyed or reserved by third parties prior to Declarant's conveyance to its affiliate, and any such portion or interest would not be affected by the Surface Waiver contained in the Mineral Deed. 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. Further, no representation or warranty, express or implied, is made with respect to whether the owner(s), if any, of any interest in or portion of the minerals, resources and groundwater not conveyed by the Mineral Deed has/have waived their rights to use the surface of the Additional Property or the Development or the terms of any such waiver of surface rights.) The Surface Waiver in the Mineral Deed does not prevent the owner of the minerals, resources, and groundwater conveyed by the Mineral Deed from exploring, developing, drilling, producing, withdrawing, capturing, pumping, extracting, mining or transporting the minerals, resources, and groundwater by pooling, unitization, directional drilling or any other manner or method that does not require entry upon the surface of the Additional Property or the Development. Each Owner should carefully review the title commitment delivered in connection with its acquisition of a Lot or Condominium Unit to determine the full extent to which the Mineral Deed and any other mineral conveyances affect the Lots, Condominium Units, Original Property and the Additional Property. In addition, if the Covenant or a Development Area 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.

## **ARTICLE 9 DEVELOPMENT RIGHTS**

**9.1 Development.** It is contemplated that the Development will be developed pursuant to a plan, which may, from time to time, be amended or modified by the Declarant in its sole and absolute discretion. Declarant reserves the right, but will not be obligated, to designate Development Areas, and to create and/or designate Lots, Condominium Units, Neighborhoods, Voting Groups, Common Area, Special Common Area, and Service Areas and to subdivide all or any portion of the Development and Additional Property. As each area is conveyed, developed or dedicated, Declarant may Record one or more Development Area Declarations and designate the use, classification and such additional covenants, conditions and restrictions as Declarant may deem appropriate for that area. Any Development Area Declaration may provide its own procedure for the amendment thereof.

**9.2 Special Declarant Rights.** Notwithstanding any provision of this Covenant to the contrary, at all times, Declarant will have the right and privilege: (a) 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 and Condominium Units in the Development; (b) to maintain Improvements upon Lots, including the Common Area and Special Common Area, as sales, model, management, business and construction offices or visitor centers at no charge; and (c) to maintain and locate construction trailers and construction tools and equipment within the Development. The construction, placement or maintenance of Improvements by Declarant will not be considered a nuisance.

**9.3 Addition of Land.** Declarant may, at any time and from time to time, add additional lands to the Additional Property and, upon the Recording of a notice of addition of land, such land will be considered part of the Additional Property for purposes of this Covenant, and upon the further Recording of a Notice of Applicability meeting the requirements of *Section 9.5* below, such added lands will be considered part of the Development subject to this Covenant and the terms, covenants, conditions, restrictions and obligations set forth in this Covenant, and the rights, privileges, duties and liabilities of the persons subject to this Covenant will be the same with respect to such added land as with respect to the lands originally covered by this Covenant. Such added land need not be contiguous to the Additional Property. To add lands to the Additional Property, Declarant will be required only to Record a notice of addition of land (which notice may be contained within any Development Area Declaration affecting such land) containing the following provisions:

- (i) A reference to this Covenant, which reference will state the document number or volume and page wherein this Covenant is Recorded;
- (ii) A statement that such land will be considered Additional Property for purposes of this Covenant, and that upon the further Recording of a Notice of Applicability meeting the requirements of *Section 9.5* of this Covenant, all of the terms, covenants, conditions, restrictions and obligations of this Covenant will apply to the added land; and
- (iii) A legal description of the added land.

**9.4 Withdrawal of Land.** Declarant may, at any time and from time to time, reduce or withdraw land from the Additional Property, including the Development, and remove and exclude from the burden of this Covenant and the jurisdiction of the Association any portion of the Development. Upon any such withdrawal and removal, this Covenant and the covenants conditions, restrictions and obligations set forth herein will no longer apply to the portion of the Development withdrawn. To withdraw land from the Additional Property or Development hereunder, Declarant will be required only to Record a notice of withdrawal of land containing the following provisions:

- (i) A reference to this Covenant, which reference will state the document number or volume and page number wherein this Covenant is Recorded;

(ii) A statement that the provisions of this Covenant will no longer apply to the withdrawn land; and

(iii) A legal description of the withdrawn land.

**9.5 Notice of Applicability.** Upon Recording, this Covenant serves to provide notice that at any time, and from time to time, Declarant, and Declarant only, may subject all or any portion of the Additional Property to the terms, covenants, conditions, restrictions and obligations of this Covenant. Those portions of the Development which were heretofore subjected to the Original Covenant, shall be subject to this Covenant and any applicable Development Area Declaration. This Covenant and any applicable Development Area Declaration will also hereafter apply to and burden a portion or portions of the Additional Property upon the Recording of a Notice of Applicability describing such property by a legally sufficient description and expressly providing that such property will be considered a part of the Development and will be subject to the terms, covenants, conditions, restrictions and obligations of this Covenant and any applicable Development Area Declaration. To be effective, a Notice of Applicability must be executed by Declarant, and the property included in the Notice of Applicability need not be owned by the Declarant if included within the Additional Property. Declarant may also cause a Notice of Applicability to be Recorded covering a portion of the Additional Property for the purpose of encumbering such Additional Property with this Covenant and any Development Area Declaration previously Recorded by Declarant (which Notice of Applicability may amend, modify or supplement the restrictions, set forth in the Development Area Declaration, which will apply to such Additional Property). To make the terms and provisions of this Covenant applicable to a portion of the Additional Property, Declarant will be required only to cause a Notice of Applicability to be Recorded containing the following provisions:

(i) A reference to this Covenant, which reference will state the document number or volume and page number wherein this Covenant is Recorded;

(ii) A reference, if applicable, to the Recorded Development Area Declaration applicable to such portion of the Additional Property (with any amendment, modification, or supplementation of the restrictions set forth in the Development Area Declaration which will apply to such portion of the Additional Property);

(iii) A statement that all of the provisions of this Covenant will apply to such portion of the Additional Property;

(iv) A legal description of such portion of the Additional Property;  
and

(v) If applicable, a description of any Special Common Area or Service Area which benefits the Additional Property and the beneficiaries of such Special Common Area or Service Area.

**9.6 Designation of Neighborhood.** Declarant may, at any time and from time to time, file a designation of neighborhood (a "**Designation of Neighborhood**") assigning portions of the Development to a specific Neighborhood. Upon the Recording of a Designation of Neighborhood, such land will be considered part of the Neighborhood so designated. To assign portions of the Development to a specific Neighborhood, Declarant will be required only to Record a Designation of Neighborhood containing the following provisions:

(i) A reference to this Covenant, which reference will state the document number or volume and initial page number where this Covenant is Recorded;

(ii) An identification of the Neighborhood applicable to such portion of the Development, as applicable, and a statement that such land will be considered part of such Neighborhood for purposes of this Covenant; and

(iii) A legal description of the designated land.

**9.7 Assignment of Declarant's Rights.** Notwithstanding any provision in this Covenant to the contrary, Declarant may, by Recorded written instrument, assign, in whole or in part, exclusively or nonexclusively, any of its privileges, exemptions, rights, reservations and duties under this Covenant 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, reservations and duties hereunder.

**9.8 Notice of Plat Recordation.** Declarant may, at any time and from time to time, Record 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 Covenant after portions of the Original Property or Additional Property are made subject to a Plat. Unless otherwise provided in the Notice of Plat Recordation, portions of the Original Property or Additional 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 Covenant (without the necessity of complying with the withdrawal provisions set forth in this Article). Declarant 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 Original Property or Additional Property from the terms and provisions of this Covenant.

## ARTICLE 10 GENERAL PROVISIONS

**10.1 Term.** Upon the Recording of a Notice of Applicability pursuant to *Section 9.5*, the terms, covenants, conditions, restrictions, easements, charges, and liens set out in this Covenant will run with and bind the portion of the Additional Property described in such notice, and will inure to the benefit of and be enforceable by the Association, and every Owner, including Declarant, and their respective legal representatives, heirs, successors, and assigns, for a term beginning on the date this Covenant is Recorded, and continuing through and including January 1, 2090, after which time this Covenant 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 by Members entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. The Representative System of Voting is not applicable to a change as contemplated in this *Section 10.1*, it being understood and agreed that any change must be approved by a vote of the Members, with each Member casting their vote individually. Notwithstanding any provision in this *Section 10.1* to the contrary, if any provision of this Covenant 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 of Elizabeth II, Queen of England.

**10.2 Eminent Domain.** In the event it becomes necessary for any Governmental Entity to acquire all or any part of the Common Area or Special Common Area for any public purpose during the period this Covenant is in effect, the Board is hereby authorized to negotiate with such Governmental Entity 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 Association 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 first Mortgages or deeds of trust on the respective Lot or Condominium Unit. In the event any proceeds attributable to acquisition of Special Common Area are paid to Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area, such payment will be allocated on the basis of Assessment Units and paid jointly to such Owners and the holders of first Mortgages or deeds of trust on the respective Lot or Condominium Unit.

**10.3 Amendment.** This Covenant may be amended or terminated by the Recording of an instrument executed and acknowledged by: (a) Declarant acting alone; or (b) by the president and secretary of the Association setting forth the amendment and certifying that such amendment has been approved by Declarant (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 of the Association. The foregoing sentence shall in no way be interpreted to mean sixty-seven percent (67%) of a quorum as established pursuant to the Bylaws. The Representative System of Voting is not applicable to an amendment as contemplated in this *Section 10.3*, it being understood and agreed that any amendment must be approved by a vote of

the Members, with each Member casting their vote individually. No amendment will be effective without the written consent of Declarant during the Development Period.

**10.4 Enforcement.** The Association and the Declarant will have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, charges and other terms now or hereafter imposed by the provisions of this Covenant. Failure to enforce any right, provision, covenant, or condition granted by this Covenant will not constitute a waiver of the right to enforce such right, provision, covenants or condition in the future. Failure of the Declarant or the Association to enforce the terms and provisions of the Documents shall in no event give rise to any claim or liability against the Declarant, the Association, or any of their partners, directors, officers, or agents. **EACH OWNER, BY ACCEPTING TITLE TO ALL OR ANY PORTION OF THE DEVELOPMENT, HEREBY RELEASES AND SHALL HOLD HARMLESS EACH OF THE DECLARANT, THE ASSOCIATION, AND THEIR PARTNERS, DIRECTORS, OFFICERS, OR AGENTS FROM AND AGAINST ANY DAMAGES, CLAIMS OR LIABILITY ASSOCIATED WITH THE FAILURE OF THE DECLARANT OR THE ASSOCIATION TO ENFORCE THE TERMS AND PROVISIONS OF THE DOCUMENTS.**

**10.5 No Warranty of Enforceability.** Declarant makes no warranty or representation as to the present or future validity or enforceability of any restrictive covenants, terms, or provisions contained in the Covenant. Any Owner acquiring a Lot or Condominium Unit in reliance on one or more of such restrictive covenants, terms, or provisions will assume all risks of the validity and enforceability thereof and, by acquiring the Lot or Condominium Unit, agrees to hold Declarant harmless therefrom.

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

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

**10.8 Conflicts.** If there is any conflict between the provisions of this Covenant, the Certificate, the Bylaws, or any Rules adopted pursuant to the terms of such documents, or any Development Area Declaration, the provisions of this Covenant will govern, followed by the Certificate and the Bylaws, in that order.

**10.9 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.

**10.10 Acceptance by Grantees.** Each grantee of a Lot, Condominium Unit, or other real property interest in the Development, by the acceptance of a deed of conveyance, and 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 Covenant or to whom this Covenant is subject, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared. Furthermore, each grantee agrees that no assignee or successor to Declarant hereunder will have any liability for any act or omission of Declarant 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 Development, and will bind any person having at any time any interest or estate in the Development, and will inure to the benefit of each Owner in like manner as though the provisions of this Covenant were recited and stipulated at length in each and every deed of conveyance.

**10.11 Damage and Destruction.**

10.11.1 Claims. Promptly after damage or destruction by fire or other casualty to all or any part of the Common Area or Special 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 10.11.1*, means repairing or restoring the Common Area or Special Common Area to substantially the same condition as existed prior to the fire or other casualty.

10.11.2 Repair Obligations. Any damage to or destruction of the Common Area or Special 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 Association within said period, then the period will be extended until such information will be made available.

10.11.3 Restoration. In the event that it should be determined by the Board that the damage or destruction of the Common Area or Special Common Area will not be repaired and no alternative Improvements are authorized, then the affected portion of the Common Area or Special Common Area will be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

10.11.4 Special Assessment for Common Area. 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 5*, against all Owners. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

**10.11.5 Special Assessment for Special Common Area.** If insurance proceeds are paid to restore or repair any damaged or destroyed Special 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 5*, against all Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area. Additional Assessments may be made in like manner at any time during or following the completion of any repair.

**10.11.6 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 first Mortgages or deeds of trust on their Lots or Condominium Units.

**10.11.7 Proceeds Payable to Owners Responsible for Special Common Area.** In the event that any proceeds of insurance policies are paid to Owners as a result of any damage or destruction to Special Common Area, such payments will be allocated based on Assessment Units and will be paid jointly to the Owners who have been assigned the obligation to pay Special Common Area Assessments attributable to such Special Common Area and the holders of first Mortgages or deeds of trust on their Lots or Condominium Units.

**10.12 No Partition.** Except as may be permitted in this Covenant or amendments thereto, no physical partition of the Common Area or Special Common Area or any part thereof will be permitted, nor will any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless all or the portion of the Development in question has been removed from the provisions of this Covenant pursuant to *Section 9.4* above. This *Section 10.12* 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 Covenant.

**10.13 View Impairment.** Neither the Declarant, the Valley Ranch Reviewer, the ACC, nor the Association guarantee or represent that any view over and across the Lots, Condominium Units, or any open space within the Development will be preserved without impairment. The Declarant, the Valley Ranch Reviewer, the ACC and the Association shall have no obligation to relocate, prune, or thin trees or other landscaping. The Association (with respect to any Common Area or Special 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.

**10.14 Safety and Security.** Each Owner and Occupant of a Lot or Condominium Unit, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Development. The Association may, but shall not be obligated to, maintain or support certain activities within the Development 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 Association nor the Declarant shall in any way be considered insurers or guarantors of safety or security within the Development, 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 Development, 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 Occupants of such Owner's Lot or Condominium Unit that the Association, its Board and committees, and the Declarant are not insurers or guarantors of security or safety and that each person within the Development assumes all risks of personal injury and loss or damage to property, including any residences or Improvements constructed upon any Lot or Condominium Unit and the contents thereof, resulting from acts of third parties.

**10.15 Public Use Improvements.** Certain improvements, physical assets and areas within the Additional Property or Development, as applicable, will be open for the use and enjoyment of the public and may include, by way of example, greenbelts, trails and paths, parks, roads, sidewalks and medians.

**10.16 Water Quality Facilities.** Portions of the Development may include one or more water quality facilities, sedimentation, drainage and detention facilities, ponds or related improvements which serve all or a portion of the Development, the Additional Property, or additional land (collectively, the "Facilities"). Declarant hereby reserves for itself and its assigns a perpetual non-exclusive easement over and across the Development for the installation, maintenance, repair or replacement of the Facilities. The Facilities may be designated by the Declarant in a written notice Recorded to identify the particular Facilities to which the easement reserved hereunder applies, or otherwise dedicated to the public or applicable governmental authority (which may include retention of maintenance responsibility by the Association), conveyed and transferred to any applicable Governmental Entity or conveyed and transferred to the Association as Common Area, Special Common Area or a Service Area. If the Facilities are designated or conveyed or maintenance responsibility reserved or assigned to the Association as Common Area, Special Common Area or a Service Area, the Association will be required to maintain and operate the Facilities in accordance with Applicable Law, or the requirements of any applicable Governmental Entity.

**10.17 Notices.** Any notice permitted or required to be given to any person by this Covenant will be in writing and may be delivered either personally or by mail, or as otherwise provided in this Covenant or required by Applicable Law. If delivery is made by mail, it will be deemed to have been delivered on the third (3<sup>rd</sup>) 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 in writing to the Association for

the purpose of service of notices. Such address may be changed from time to time by notice in writing given by such person to the Association.

## ARTICLE 11 DISPUTE RESOLUTION

### 11.1 Agreement to Encourage Resolution of Disputes Without Litigation.

11.1.1 Bound Parties. Declarant, the Association and its officers, directors, and committee members, Owners and all other parties subject to this Covenant (“**Bound Party**”, or collectively, the “**Bound Parties**”), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Development or the Additional Property without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in *Section 11.1.2*, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in *Section 11.2* in a good faith effort to resolve such Claim.

11.1.2 Claim(s). As used in this Article, the term “**Claim**” or “**Claims**” will refer to any claim, grievance or dispute arising out of or relating to:

- (i) Claim relating to the rights and/or duties of Declarant under the Documents; or
- (ii) Claims against the Declarant relating to the design or construction of Improvements on the Common Areas or Lots.

11.2 Claims Process. In the event the Association or a Lot Owner asserts a Claim, as a precondition to providing the Notice defined in *Section 11.3*, initiating the mandatory dispute resolution procedures set forth in this *Article 11*, or taking any other action to prosecute a Claim, the Association or a Lot Owner, as applicable, must:

11.2.1 Independent Report on the Condition. If the Claim is against the Declarant related to the design or construction of Improvements on the Common Area, Special Common Area, or Lots, obtain an independent third-party report (the “**Condition Report**”) from a licensed professional engineer which: (a) identifies the Improvements subject to the Claim including the present physical condition of the Improvements; (b) describes any modification, maintenance, or repairs to the Improvements performed by the Lot Owner(s) and/or the Association; (c) provides specific and detailed recommendations regarding remediation and/or repair of the Improvements subject to the Claim. For the purposes of this Section, an independent third-party report is a report obtained directly by the Association or a Lot Owner and paid for by the Association or a Lot Owner, as applicable, and not prepared by a person employed by or otherwise affiliated with the attorney or law firm that represents or will represent the Association or a Lot Owner in the Claim. As a precondition to providing the Notice described in *Section 11.3*, the Association or Lot Owner must provide at least ten (10)

days prior written notice of the inspection to each party subject to a Claim which notice shall identify the independent third-party engaged to prepare the Condition Report, the specific Improvements to be inspected, and the date and time the inspection will occur. Each party subject to a Claim may attend the inspection, personally or through an agent. Upon completion, the Condition Report shall be provided to each party subject to a Claim. In addition, before providing the Notice described in *Section 11.3*, the Association or the Lot Owner, as applicable, shall have permitted each party subject to a Claim the right, for a period of ninety (90) days, to inspect and correct, any condition identified in the Condition Report.

**11.2.2 Claims by Association – Owner Meeting and Approval.** If the Claim is brought by the Association, the Association must obtain approval from Members holding sixty-seven percent (67%) of the votes in the Association to provide the Notice described in *Section 11.3*, initiate the mandatory dispute resolution procedures set forth in this *Article 11*, or take any other action to prosecute a Claim, which approval from Members must be obtained at a special 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: (a) the nature of the Claim, the relief sought, the anticipated duration of prosecuting the Claim, and the likelihood of success; (b) a copy of the Condition Report; (c) a copy of any proposed engagement letter, with the terms of such engagement between the Association and an attorney to be engaged by the Association to assert or provide assistance with the claim (the “**Engagement Letter**”); (d) a description of the attorney fees, consultant fees, expert witness fees, and court costs, whether incurred by the Association directly or for which it may be liable if it is not the prevailing party or that the Association will be required, pursuant to the Engagement Letter or otherwise, to pay if the Association elects to not to proceed with the Claim; (e) a summary of the steps previously taken, and proposed to be taken, to resolve the Claim; (f) an estimate of the impact on the value of each Lot and Improvements if the Claim is prosecuted and an estimate of the impact on the value of each Lot and Improvements after resolution of the Claim; (g) an estimate of the impact on the marketability of each Lot and Improvements if the Claim is prosecuted and during prosecution of the Claim, and an estimate of the impact on the value of each Lot and Improvements during and after resolution of the Claim; (h) the manner in which the Association proposes to fund the cost of prosecuting the Claim; (i) the impact on the finances of the Association, including the impact on present and projected reserves, in the event the Association is not the prevailing party. The notice required by this paragraph must be prepared and signed by a person other than, and not employed by or otherwise affiliated with, the attorney or law firm that represents or will represent the Association in the Claim. In the event Members approve providing the Notice described in *Section 11.3*, or taking any other action to prosecute a Claim, the Members holding a Majority of the votes in the Association, at special meeting called in accordance with the Bylaws, may elect to discontinue prosecution or pursuit of the Claim.

**11.3 Notice.** The Bound Party asserting a Claim (“**Claimant**”) against another Bound Party (“**Respondent**”) must notify Respondent in writing of the Claim (the “**Notice**”), stating plainly and concisely: (a) the nature of the Claim, including date, time, location, persons

involved, and Respondent's role in the Claim; (b) the basis of the Claim (i.e., the provision of the Restrictions or other authority out of which the Claim arises); (c) what Claimant wants Respondent to do or not do to resolve the Claim; and (d) that the Notice is given pursuant to this Section. For Claims governed by Chapter 27 of the Texas Property Code, the time period for negotiation in *Section 11.4* 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 11.4* to comply with the terms and provisions of Section 27.004 during such sixty (60) day period. *Section 11.4* 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 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 11.5* 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 11.5* is required without regard to the monetary amount of the Claim.

If the Claimant is the Association, the Notice will also include: (a) a true and correct copy of the Condition Report; (b) a copy of the Engagement Letter; (c) copies of all reports, studies, analyses, and recommendations obtained by the Association related to the Improvements which form the basis of the Claim; (d) a true and correct copy of the special meeting notice provided to Members in accordance with *Section 11.2.2* above; and (e) reasonable and credible evidence confirming that Members holding sixty-seven percent (67%) of the votes in the Association approved providing the Notice.

**11.4 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 Development or the Additional Property, then at such meeting or at some other mutually-agreeable time, Respondent and Respondent's representatives will have full access to the Development or the Additional Property that is subject to the Claim for the purposes of inspecting the Development or the Additional Property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the Development or the Additional Property to take and complete corrective action.

**11.5 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 11.5*.

**11.6 Termination Of Mediation.** If the Parties do not settle the Claim within thirty (30) days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit or initiate arbitration proceedings on the Claim, as appropriate and permitted by this Article.

**11.7 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 11.7*.

**11.7.1 Governing Rules.** If a Claim has not been resolved after Mediation as required by *Section 11.5*, the Claim will be resolved by binding arbitration in accordance with the terms of this *Section 11.7* and the rules and procedures of the American Arbitration Association (“AAA”) or, if the AAA is unable or unwilling to act as the arbitrator, then the arbitration shall be conducted by another neutral reputable arbitration service selected by Respondent in Bexar County, Texas. Regardless of what entity or person is acting as the arbitrator, the arbitration shall be conducted in accordance with the AAA’s “Construction Industry Dispute Resolution Procedures” and, if they apply to the disagreement, the rules contained in the Supplementary Procedures for Consumer-Related Disputes. If such Rules have changed or been renamed by the time a disagreement arises, then the successor rules will apply. Also, despite the choice of rules governing the arbitration of any Claim, if the AAA has, by the time of Claim, identified different rules that would specifically apply to the Claim, then those rules will apply instead of the rules identified above. In the event of any inconsistency between any such applicable rules and this *Section 11.7*, this *Section 11.7* will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal, but may be reduced to judgment 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.

11.7.2 Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this *Section 11.7* 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: (a) exercising self-help remedies (including set-off rights); or (b) 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.

11.7.3 Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this *Section 11.7*.

11.7.4 Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with the applicable substantive law. The arbitrator may grant any remedy or relief that the arbitrator deem just and equitable and within the scope of this *Section 11.7* but subject to *Section 11.8* below; provided, however, that 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. The arbitrator may also grant such ancillary relief as is necessary to make effective the award. 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 (a) factual findings that have no legally or factually sufficient evidence, as those terms are defined in Texas law; (b) conclusions of law that are erroneous; (c) an error of federal or state law; or (d) a cause of action or remedy not expressly provided under existing state or federal law. In no event may an arbitrator award speculative, consequential, or punitive damages for any Claim.

11.7.5 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 by notice from either party to the other. Arbitration proceedings hereunder shall be conducted in Bexar County, Texas. Each party agrees 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 or regulation. In no event shall any party 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.

**11.8 Allocation Of Costs.** Notwithstanding any provision in this Covenant on 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.

**11.9 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.

**11.10 Approval & Settlement.** The Association must levy a Special Assessment to fund the estimated costs of arbitration, including estimated attorney's fees, conducted pursuant to this *Article 11* or any judicial action initiated by the Association. The Association may not use its annual operating income or reserve funds or savings to fund arbitration or litigation, unless the Association's annual budget or a savings account was established and funded from its inception as an arbitration and litigation reserve fund.

*[SIGNATURE PAGES FOLLOW]*

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

**DECLARANT:**

**CONTINENTAL HOMES OF TEXAS, L.P., a  
Texas limited partnership**

By: CHTEX of Texas, Inc., a Delaware  
corporation, its General Partner

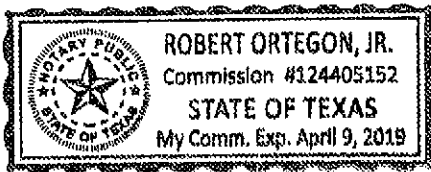
By: Leslie Ostrander  
Printed Name: Leslie Ostrander  
Title: Assistant Secretary

THE STATE OF TEXAS     §  
  §  
COUNTY OF Bexar     §

This instrument was acknowledged before me this 14<sup>th</sup> day of February, 2017 by Leslie Ostrander, Assistant Secretary of CHTEX of Texas, Inc., a Delaware corporation, General Partner of Continental Homes of Texas, L.P., a Texas limited partnership, on behalf of said corporation and partnership.

(SEAL)

Robert Ortega  
Notary Public Signature



## EXHIBIT "A"

### ORIGINAL PROPERTY

#### UNIT 1A

Lots 1 through 7, Block 89; Lots 1 through 17, Block 90; and Lots 1 through 52, Block 92, in Savannah Subdivision, Unit 1A, a subdivision in Bexar County, Texas, according to the map or plat thereof recorded in Volume 9688, Page 132, of the Official Public Records of Bexar County Texas.

#### UNIT 1B

Lots 8 through 30, Block 89; Lots 18 through 26, Block 90; and Lots 57 through 61 and 64 through 77, Block 92, in Savannah Subdivision, Unit 1B, a subdivision in Bexar County, Texas, according to the map or plat thereof recorded in Volume 9688, Page 136, of the Official Public Records of Bexar County Texas.

#### UNIT 1C

Lots 1 through 21, Block 87; and Lots 1 through 10, Block 88, in Savannah Subdivision Unit 1C, a subdivision in Bexar County, Texas, according to the map or plat thereof recorded in Volume 9701, Page 129, of the Official Public Records of Bexar County Texas.

#### UNIT 2A

Lots 1, 2, and 26 through 43, Block 80; Lots 1 through 10, Block 81; Lots 1 through 15, Block 82; and Lots 1 through 15, Block 83 in Valley Ranch Unit 2A, a subdivision in Bexar County, Texas, according to the map or plat thereof recorded in Volume 9701 Page 124, of the Official Public Records of Bexar County Texas.

#### UNIT 4A

Lots 59 through 86, Block 115; Lots 20 through 37, Block 116 and Lots 19 through 34, Block 118, in Valley Ranch Unit 4A, a subdivision in Bexar County, Texas, according to the map or plat thereof recorded in Volume 9697, Page 136, of the Official Public Records of Bexar County Texas.

#### UNIT 5A

Lots 1 through 11, Block 102; Lots 10 through 29, Block 103; Lots 1 through 7, Block 106 and Lots 10 through 17, Block 107, in Savannah Subdivision, Unit 5A, a subdivision in Bexar County, Texas, according to the map or plat thereof recorded in Volume 9688, Page 203, of the Official Public Records of Bexar County Texas.

UNIT 8A

Lots 1 through 19, Block 101; Lots 1 through 18, Block 104, and Lots 1 through 8, Block 105, in Valley Ranch Unit 8A, a subdivision in Bexar County, Texas, according to the map or plat thereof recorded in Volume 9707, Page 145, of the Official Public Records of Bexar County, Texas.

UNIT 10

Lots 1 through 11, Block 112, in Savannah Subdivision, Unit 10, a subdivision in Bexar County, Texas, according to the map or plat thereof recorded in Volume 9690, Page 119, of the Official Public Records of Bexar County Texas.

**EXHIBIT "B"**

**ADDITIONAL PROPERTY**

Approximately 744.428 acres of real property located in Bexar County, Texas, as more particularly described on Exhibit "B-1", Exhibit "B-2", Exhibit "B-3", and Exhibit "B-4" save and except the property described on Exhibit "A", Exhibit "C" and Exhibit "D".

EXHIBIT "B-1"



FIELD NOTES  
FOR  
TRACT 1

A 430.4 acre, or 18,666,256 square feet more or less, tract of land being out of a 430.4 acre tract described as Tract 1 in conveyance to One KR Venture, L.P. in Special Warranty deed recorded in Volume 11566, Pages 1545-1559 of the Official Public Records of Bexar County, Texas, out of the G. Tarin Survey No. 376, Abstract 750, County Block 4458, the J.J. Sanchez Survey No. 83, Abstract 666, County Block 4451 and the M.M.Y. Mosquiza Survey No. 80, Abstract 467, County Block 4450 of Bexar County Texas, said 430.4 acre tract being more fully described as follows (with the basis of bearings being the North American Datum of 1983 (CORS 96), from the Texas Coordinate System established for the south central zone):

**BEGINNING:** At a found  $\frac{1}{2}$ " iron rod with a yellow cap marked "Pape-Dawson", the south corner of said 430.4 acre tract, on the northeast corner of Kallison Lane, an occupied (fenced) variable width tract with no dedication found, now described in Volume 11566, Pages 1560-1566 of the Official Public Records of Bexar County, Texas, from which a found TxDOT monument with brass plate on the northeast corner of the intersection of the north right-of-way line of Colebra Road, F.M. 471, a 120-foot right-of-way, and the east line of said Kallison Lane, the southwest corner of a 426.974 acre tract described in Volume 6004, Pages 1111-1120 of the Official Public Records of Real Property of Bexar County, Texas, bears S 22°47'34"E, a distance of 24.72 feet and S 24°06'34"W a distance of 3385.61 feet;

**THENCE:** Along and with the northeast line of said Kallison Lane, the southwest line of said 430.4 acre tract, the following calls and distances:

N 61°01'24"W, a distance of 444.75 feet to a found  $\frac{1}{2}$ " iron rod with a yellow cap marked "Pape-Dawson";

N 64°49'20"W, a distance of 2752.73 feet to a found  $\frac{1}{4}$ " iron rod with a yellow cap marked "Pape-Dawson";

N 65°03'00"W, a distance of 884.35 feet to a set  $\frac{1}{4}$ " iron rod with a yellow cap marked "Pape-Dawson";

**PAPE-DAWSON ENGINEERS, INC.**

200 East Sprague | San Antonio, Texas 78216 | Phone: 210.375.8000 | Fax: 210.375.8010 | info@pape-dawson.com

THENCE: Departing the northeast line of said Kallision Lane, the southwest line of said 430.4 acre tract, over and across said 430.4 acre tract the following calls and distances;

N 26°07'24"E, a distance of 297.83 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 54°40'51"W, a distance of 33.98 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 60°29'06"W, a distance of 164.41 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 63°30'44"W, a distance of 184.60 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 66°05'31"W, a distance of 142.85 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 62°10'20"W, a distance of 158.17 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 55°43'57"W, a distance of 152.34 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 54°31'58"W, a distance of 145.48 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 51°03'45"W, a distance of 169.51 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 48°38'11"W, a distance of 133.68 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 44°54'16"W, a distance of 79.34 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 51°00'21"W, a distance of 31.18 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 42°31'14"W, a distance of 121.39 feet to a set 1/2" iron rod with a yellow cap marked "Pape-Dawson";

N 39°04'49"W, a distance of 183.85 feet to a set 1/2" iron rod with a yellow cap marked "Pape-Dawson", on the northwest line of said 430.4 acre tract, a southeast line of a 1163.81 acre tract of land described in Volume 9452, Pages 1485-1496 of the Official Public Records of Real Property of Bexar County, Texas;

THENCE: N 24°17'43"E, along and with a northwest line of said 430.4 acre tract, a southeast line of said 1163.81 acre tract, a distance of 1820.20 feet to a found 1/2" iron rod with a yellow cap marked "Pape-Dawson", a reentrant corner of said 1163.81 acre tract;

THENCE: S 65°13'42"E, along and with a southwest line of said 1163.81 acre tract, a northeast line of said 430.4 acre tract, a distance of 2374.97 feet to a found 1/2" iron rod with cap marked "CUDE", an angle point of said 1163.81 acre tract, a reentrant corner of said 430.4 acre tract;

THENCE: N 00°35'33"E, along and with a northeast line of said 1163.81 acre tract, a west line of said 430.4 acre tract, a distance of 1049.81 feet to found 1/2" iron rod with a yellow cap marked "Pape-Dawson", a west corner of a 2.335 acre tract described in Volume 11907, Pages 1961-1965 of the Official Public Records of Bexar County, Texas;

THENCE: S 65°53'26"E, departing a northeast line of said 1163.81 acre tract, the west line of said 430.4 acre tract, along and with the southwest line of said 2.335 acre tract, a distance of 236.40 feet to found 1/2" iron rod with a yellow cap marked "Pape-Dawson", a south corner of said 2.335 acre tract;

THENCE: N 24°06'34"E, along and with the southeast line of said 2.335 acre tract, a distance of 330.00 feet to a found 1/2" iron rod with a yellow cap marked "Pape-Dawson", the southwest line of Lot 77, Block 1 of the Canyon Park Estates at Remuda Ranch Unit 1, Planned Unit Development (P.U.D.) recorded in Volume 9543, Pages 33-36 of the Deed and Plat Records of Bexar County, Texas;

THENCE: S 65°53'26"E, along and with the southwest line of said Block 1, the northeast line of said 430.4 acre tract, a distance of 1946.24 feet to a found 1/2" iron rod;

413.4 acres  
Job No. 9027-06  
Page 2 of 4

THENCE: S 65°43'33"E, continuing along and with the southwest line of said Block 1, the northeast line of said 430.4 acre tract, a distance of 1571.08 feet to a found 3/4" iron rod, the south corner of Lot 57, Block 1 of said Canyon Park Estates at Remuda Ranch Unit 1 P.U.D., the northwest corner of Lot 53, Block 1 of the Canyon Park Estates at Remuda Ranch Unit 2 recorded in Volume 9551, Pages 31-32 of the Deed and Plat Records of Bexar County, Texas;

THENCE: S 24°06'53"W, along and with the northwest line of said Block 1, at a distance of 765.0 feet passing the southwest corner of said Block 1, continuing for a total distance of 3826.09 feet to the POINT OF BEGINNING and containing 413.4 acres in Bexar County, Texas. Said tract being described in accordance with a survey made on the ground and a survey map prepared by Pope-Dawson Engineers, Inc.

PREPARED BY: Pope-Dawson Engineers, Inc.  
DATE: February 09, 2006  
JOB No.: 9027-06  
DOC ID: NS\Survey\06\6-91008027-06\DOC\TRACT A FN.doc



EXHIBIT "B-2"



FIELD NOTES  
FOR  
TRACT 2

A 6.413 acre, or 279,361 square feet more or less tract of land, being out of a called Kallison Lane, an dedication found, an occupied (as fenced) variable width lane, described in conveyance to One KR Venture, L.P., in Deed Without Warranty recorded in Volume 11566, Pages 1560-1566 of the Official Public Records of Bexar County, Texas, out of the J.J. Sanchez Survey No. 83, Abstract 666, County Block 4451 and the M.M.Y. Musquiz Survey No. 86, Abstract 467, County Block 4450 of Bexar County Texas, said 6.413 acre tract being more fully described as follows (with the basis of bearings being the North American Datum of 1983 (CORS 96), from the Texas Coordinate System established for the south central zone):

- BEGINNING:** At a found TxDot monument with brass plate, on the northeast corner of the intersection of the north right-of-way line of Culebra Road, F.M. 471, a 120-foot right-of-way, and the southeast fenced line of said Kallison Lane, the southwest corner of a 426.974 acre tract described in Volume 6004, Pages 1111-1120 of the Official Public Records of Real Property of Bexar County, Texas;
- THENCE:** N 65°57'38"W, departing the fenced southeast line of said Kallison Lane, along and with the north right-of-way line of said Culebra Road, a distance of 24.15 feet to a found 1/2" iron rod with a yellow cap marked "Pape-Dawson";
- THENCE:** N 24°14'15"E, along and with the northwest line of said Kallison Lane, the southeast line of a 741.0 acre tract of land described as Tract 2 in Volume 11566, Pages 1545-1559 of the Official Public Records of Bexar County, Texas, a distance of 1606.68 feet to a found 1/2" iron rod with a yellow cap marked "Pape-Dawson";
- THENCE:** N 24°02'39"E, continuing along and with the northwest line of said Kallison Lane, the southeast line of said 741.0 acre tract, a distance of 1727.23 feet to a found 1/2" iron rod with a yellow cap marked "Pape-Dawson";
- THENCE:** Along and with the fenced southwest line of said Kallison Lane, the northeast line of said 741.0 acre tract, the following calls and distances

**PAPE-DAWSON ENGINEERS, INC.**

535 East Highway | San Antonio, Texas 78218 | Phone: 210.575.6000 | Fax: 210.575.5010 | info@pape-dawson.com

N 46°47'32"W, a distance of 157.91 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

N 64°08'07"W, a distance of 265.41 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

N 64°59'19"W, a distance of 2776.92 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

N 64°56'49"W, a distance of 886.91 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: N 26°07'24"E, departing the southwest line of said Kallison Lane, the northeast line of said 741.0 acre tract, over and across said Kallison Lane, a distance of 52.87 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson", on the northeast line of said Kallison Lane, on the southwest line of a 430.4 acre tract described as Tract 1 in Volume 11566, Pages 1545-1559 of the Official Public Records of Bexar County, Texas;

THENCE: Along and with the northeast line of said Kallison Lane, the southwest line of said 430.4 acre tract, the following calls and distances:

S 65°03'00"E, a distance of 884.35 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

S 64°49'20"E, a distance of 2752.73 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

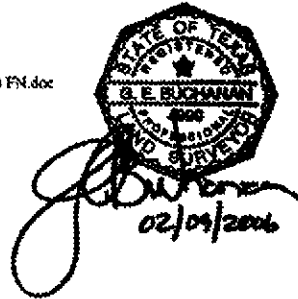
S 61°01'24"E, a distance of 444.75 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson", the south corner of said 430.4 acre tract;

THENCE: S 22°47'34"E, along and with the northeast fenced line of said Kallison Lane, a southwest line of said 426.974 acre tract, a distance of 24.72 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

6.413 acres  
Job No. 9027-06  
Page 3 of 3

THENCE: S 24°06'34"W, continuing along and with the southeast line of said Kallison Lane, the northwest line of said 426.974 acre tract, a distance of 3385.61 feet to the POINT OF BEGINNING and containing 6.413 acres in Bexar County, Texas. Said tract being described in accordance with a survey made on the ground and a survey map prepared by Pape-Dawson Engineers, Inc.

PREPARED BY: Pape-Dawson Engineers, Inc.  
DATE: February 09, 2006  
JOB No.: 9027-06  
DOC.ID: NoSurvey066-31909027-06DOC\TRACT B FN.doc



## EXHIBIT "B-3"

### FIELD NOTES FOR TRACT 3

A 318.3 acre tract, being all of the 334.3 acre, or 14,564,206 square feet more or less, tract of land described herein, save and except the 16.00 acres described herein, being out of a 741.0 acre tract described as Tract 2 in conveyance to One KR Venture, L.P. in Special Warranty Deed recorded in Volume 11566, Pages 1545-1559 of the Official Public Records of Bexar County, Texas, out of the G. Tarin Survey No. 376, Abstract 750, County Block 4458, the J.J. Sanchez Survey No. 83, Abstract 666, County Block 4451 and the M.M.Y. Musquiz Survey No. 80, Abstract 467, County Block 4450 of Bexar County Texas and out of a 317.85 acre tract of land described in Special Warranty Deed recorded in Volume 11263, Pages 1160-1166 of the Official Public Records of Bexar County, Texas, out of the J.J. Sanchez Survey No. 83, Abstract 666, County Block 4451 and the M.M.Y. Musquiz Survey No. 80, Abstract 467, County Block 4450 of Bexar County Texas, said 334.3 acre tract, being more fully described as follows (with the basis of bearings being the North American Datum of 1983 (NAD 83), from the Texas Coordinate System established for the south central zone):

COMMENCING: At a found TxDOT monument with brass plate, on the northeast corner of the intersection of the north right-of-way line of Colebra Road, F.M. 471, a 120-foot right-of-way, and the southeast fenced line of Kallison Lane, an occupied (as fenced) variable width lane, described in Volume 11566, Pages 1560-1566 of the Official Public Records of Bexar County, Texas, the southwest corner of a 426.974 acre tract described in Volume 6004, Pages 1111-1120 of the Official Public Records of Real Property of Bexar County, Texas:

THENCE: N 65°57'38"W, departing the fenced southeast line of said Kallison Lane, along and with the north right-of-way line of said Colebra Road, a distance of 24.15 feet to a found 1/2" iron rod with a yellow cap marked "Page-Dawson", the POINT OF BEGINNING of the herein described tract;

THENCE: N 66°18'20"W, along and with the north right-of-way line of said Colebra Road, a distance of 1617.73 feet to a point from which a found TxDOT monument with brass plate bears S 43°50'45"W a distance of 0.32 feet, the beginning of a tangent curve to the left;

Page 1 of 4

- THENCE: Northwestly, continuing along and with the north right-of-way line of said Culebra Road, along the arc of said curve to the left, said curve having a radius of 2924.79 feet, a central angle of 08°20'27", a chord bearing and distance of N 70°28'34" W, 425.41 feet, an arc length of 425.78 feet to a found ½" iron rod with yellow cap marked "Pape-Dawson", in the west line of a 50-foot Gas Pipeline Easement recorded in Volume 7615, Pages 93-98 of the Deed Records of Bexar County, Texas;
- THENCE: N 24°06'02"W, departing the north right-of-way line of said Culebra Road, along the west line of said Gas Pipeline Easement, a distance of 1148.92 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson", the beginning of a non-tangent curve to the left;
- THENCE: Northwestly, departing the west line of said Gas Pipeline Easement, along the arc of said curve to the left, said curve having a radial bearing of S 04°30'38" W, a radius of 3881.19 feet, a central angle of 22°22'35", a chord bearing and distance of S 83°19'21" W, 1506.15 feet, and an arc length of 1515.77 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson", on the south line of said 317.85 acre tract;
- THENCE: Departing the south line of said 317.85 acre tract, over and across said 317.85 acre tract the following calls and distances:
- N 18°18'13"W, a distance of 516.08 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson", the beginning of a tangent curve to the right;
- Northwesterly, along the arc of said curve to the right, said curve having a radius of 1107.00 feet, a central angle of 52°28'26", a chord bearing and distance of N 07°56'00" E, 978.77 feet, and an arc length of 1013.54 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";
- N 34°10'13"E, a distance of 30.00 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson", the beginning of a tangent curve to the right;
- Northeasterly, along the arc of said curve to the right, said curve having a radius of 1107.00 feet, a central angle of 15°27'54", a chord bearing and distance of N 41°54'10" E, 297.89 feet, and an arc length of 298.79 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

N 49°38'07"E, at a distance of 670.90 feet passing a northeast line of said 317.85 acre tract, and continuing, crossing said 741.0 acre tract, a total distance of 1269.82 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson", the beginning of a tangent curve to the left;

THENCE: Northeasterly, crossing said 741.0 acre tract, along the arc of said curve to the left, said curve having a radius of 835.00 feet, a central angle of 23°30'43", a chord bearing and distance of N 37°52'46" E, 346.25 feet, a distance of 342.65 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: N 26°07'24"E, continuing crossing said 741.0 acre tract, a distance of 391.74 feet to a set ½" iron rod with a yellow cap marked "Pape-Dawson", on the southwest line of said Kallison Lane, the northeast line of said 741.0 acre tract;

THENCE: Along and with the fenced southwest line of said Kallison Lane, the northeast line of said 741.0 acre tract, the following calls and distances

S 64°56'49"E, a distance of 886.91 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

S 64°59'19"E, a distance of 2776.92 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

S 64°08'67"E, a distance of 263.41 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

S 46°47'32"E, a distance of 157.01 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: S 24°02'39"W, along and with the northwest line of said Kallison Lane, the southeast line of said 741.0 acre tract of land, a distance of 1727.23 feet to a found ½" iron rod with a yellow cap marked "Pape-Dawson";

THENCE: S 24°14'15"W, continuing along and with the northwest line of said Kallison Lane, the southeast line of said 741.0 acre tract, a distance of 1606.68 feet to the POINT OF BEGINNING and containing 334.3 acres in Bexar County, Texas. Save and Except 16.00 acres or 696,819 square feet more or less described as follows:

318.3 acres  
Save and Except 16.00 acres  
Job No. 9027-06  
Page 4 of 4

COMMENCING: At a found  $\frac{1}{2}$ " inch iron rod with a yellow cap marked "Pape-Dawson", on the northwest corner of the intersection of the north right-of-way line of Culebra Road, F.M. 471, a 120-foot right-of-way, and the northwest fenced line of said Kallison Lane;

THENCE: N 24°14'15"E, continuing along and with the northwest line of said Kallison Lane, the southeast line of said 741.0 acre tract, a distance of 754.47 feet to a point;

THENCE: Departing the northwest line of said Kallison Lane, the southeast line of said 741.0 acre tract, crossing said 741.0 acre tract, the following calls and distances:

N 65°50'57" W, a distance of 77.53 feet to the set  $\frac{1}{2}$ " iron rod with a yellow cap marked "Pape-Dawson", the POINT OF BEGINNING of the herein described tract;

N 65°50'57"W, a distance of 1149.68 feet to a set  $\frac{1}{2}$ " iron rod with a yellow cap marked "Pape-Dawson";

N 21°58'45"E, a distance of 288.37 feet to a set  $\frac{1}{2}$ " iron rod with a yellow cap marked "Pape-Dawson", the beginning of a tangent curve to the left;

Northeasterly, along the arc of said curve to the left, said curve having a radius of 1010.00 feet, a central angle of 17°50'42", a chord bearing and distance of N 13°03'24" E, 313.30 feet, and an arc length of 314.57 feet to a set  $\frac{1}{2}$ " iron rod with a yellow cap marked "Pape-Dawson";

S 65°53'26"E, a distance of 1220.47 feet to a set  $\frac{1}{2}$ " iron rod with a yellow cap marked "Pape-Dawson";

S 24°06'34"W, a distance of 596.49 feet to the POINT OF BEGINNING and containing 16.00 acres in Bexar County, Texas. Said tract being described in accordance with a survey made on the ground and a survey map prepared by Pape-Dawson Engineers, Inc.

PREPARED BY: Pape-Dawson Engineers, Inc.  
DATE: February 09, 2006  
REVISED: May 26, 2006  
JOB No.: 9027-06

EXHIBIT "B-4"

FIELD NOTES  
FOR  
**Parcel B**  
(6.315 ACRES)

Being a 6.315 acre tract of land out of a called 16.00 acre tract of land in the J.J. Sanchez, Survey Number 83, Abstract Number 666, County Block 4451, and the M.M.Y Musquiz Survey Number 80, Abstract Number 467, County Block 4450, as described in deed recorded in Volume 16481, Page 1152, of the Official Public Records of Real Property of Bexar County, Texas, (O.P.R.) and being more particularly described by metes and bounds as follows:

COMMENCING at a found ½ inch rebar at the southwest corner of said 16.00 acre tract, and lying on the southeast right-of-way line of Ranch View (ROW varies) as shown on the plat of Savannah Subdivision Unit 5, recorded in Volume 9688, Pages 143-147, of the Deed and Plat records (D.P.R.), of Bexar County;

THENCE, S 65°51'01" E, along the southwest line of said 16.00 acre tract, for a distance of 689.68 feet to a found ½ inch rebar with Civil Engineering Consultants (CEC) plastic cap for the west corner of the tract herein described and the **POINT OF BEGINNING**;

THENCE, through said 16.00 acre tract, the following four (4) courses:

N 24°06'30" E for a distance of 119.08 feet to a found 1/2 inch rebar with CEC plastic cap;

With a non-tangent curve to the right having a radius of 51.00 feet and a central angle of 81°50'55", the chord bears N 19°19'08" E - 66.82 feet, for an arc distance of 72.85 feet to a found 1/2 inch rebar with CEC plastic cap at a point of reverse curvature;

With a tangent curve to the left having a radius of 29.00 feet and a central angle of 36°08'05", the chord bears N 42°10'33" E - 17.99 feet, for an arc distance of 18.29 feet to a found 1/2 inch rebar with CEC plastic cap;

N 24°06'30" E for a distance of 393.40 feet to a set 1/2 inch rebar with CEC plastic cap for the north corner of the tract herein described and lying on the northeast line of the before mentioned 16.00 acre tract;

T:\Topo-Staking\CEC-Kalison\survey\3-Parcel B\m&b-Parcel B School Body-update.doc  
Page 1 of 2

1380 Pantheon Way, Suite 290  
San Antonio, Texas 78232

Pb: (210) 495-3100

THENCE S 65°53'30" E with said line for a distance of 460.00 feet to a found 1/2 inch rebar at the north corner of the 16.00 acre tract lying on the northwest line of Lot 903, Block 112, of the Kallison Ranch Subdivision Unit 25, as shown on the plat recorded in Volume 9617, Pages 210-220 Deed and Plat records (D.P.R.) of Bexar County, Texas;

THENCE S 24°06'30" W, with the northwest line of Lot 903, for a distance of 596.49 feet to set 1/2" rebar with D-R e cap, for a re-entrant corner of said lot;

THENCE N 65°51'01" W, with a northeast line of Lot 903, for a distance of 460.00 feet to the **POINT OF BEGINNING** and containing 6.315 acres of land, more or less.

- Bearings source is the northwest line of the 16.00 acre tract between two found 1/2 inch rebar monuments at the west and north corners of same, and called S 65°53'29" E as determined by GPS observation based on NAD 83(2011) datum, Texas State Plane Coordinate System - South Central Zone.

I hereby certify that this description conforms to the minimum standards set forth by the Texas Board of Professional Land Surveying according to an actual survey made on the ground by employees of "Denham-Ramones Engineering and Associates, Inc."

Date: *April 09, 2012*

*Gary B. Neill*

\_\_\_\_\_  
Gary B. Neill  
R.P.L.S. #3964  
T.B.P.L.S. 100237.00



Warning: Only those copies with the Signature and Seal in red should be relied upon.

**EXHIBIT "C"**



**Denham-Ramones Engineering  
and Associates, Inc.**

FIELD NOTES  
FOR  
**Parcel D**  
(Total of 1.176 ACRES)

Being a 1.176 acre tract of land in the J.J. Sanchez, Survey Number 83, Abstract Number 666, County Block 4451, and being described in two tracts as a 0.916 acre parcel out of the 318.3 acre Tract "3" described in tracts in deed recorded in Volume 12157, Page 1916, of the Official Public Records of Real Property (O.P.R.) of Bexar County, and 0.254 acres being all of Lot 904, Block 115, of the Savannah Subdivision Unit 5 recorded in Volume 9688, Pages 143-147 of the Deed and Plat records (D.P.R.) of Bexar County, Texas; and the 0.916 acre parcel being more particularly described by metes and bounds as follows:

COMMENCING at a found 3/4 inch rebar at the west corner of a called 16.00 acre tract, described in the deed recorded in Volume 16481, Page 1152, O.P.R., and lying on the southeast right-of-way line of Ranch View (ROW varies) as shown on the plat of Savannah Subdivision Unit 5, recorded in Volume 9688, Pages 143-147, of the Deed and Plat Records (D.P.R.) of Bexar County;

THENCE S 65°33'39" E, along northwest line of said 16.00 acre tract, for a distance of 15.96 feet to a found 1/2 inch rebar with Denham-Ramones Engineering (D-R E) plastic cap for the southernmost corner of the Lot 904, Block 115, of the above mentioned Unit 5;

THENCE, with the eastern lines of Lot 904, the following three (3) courses:

N 04°07'53" E for a distance of 88.85 feet to a found 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

N 16°54'17" E for a distance of 185.34 feet to a found 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

N 17°54'37" E for a distance of 84.02 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap for the **POINT OF BEGINNING**;

THENCE, continuing with the eastern lines of Lot 904, the following four (4) courses:

N 17°56'35" E for a distance of 17.59 feet to a found 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

N 65°59'10" E for a distance of 29.00 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

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S 65°53'39" E for a distance of 6.03 feet to a found 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

N 24°07'03" E for a distance of 15.06 feet to a point on the southwest right-of-way line of Rodeo Drive (60' ROW), as shown on the plat of Valley Ranch Unit 4A Subdivision, recorded in Volume 9697, Pages 135-136, & Volume 9698 Page 1, D.P.R.;

THENCE, with the southwest right-of-way of Rodeo Drive, the following six (6) courses:

S 65°53'36" E for a distance of 92.71 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

With a tangent curve to the right having a radius of 170.00 feet and a central angle of 04°13'11", the chord bears S 63°46'56" E - 12.52 feet, for an arc distance of 12.52 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

S 61°40'21" E for a distance of 53.21 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

With a tangent curve to the left having a radius of 230.00 feet and a central angle of 04°13'11", the chord bears S 63°46'56" E - 16.94 feet, for an arc distance of 16.94 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

S 65°53'30" E for a distance of 398.44 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

With a tangent curve to the right having a radius of 10.00 feet and a central angle of 90°08'00", the chord bears S 20°33'31" E - 14.14 feet, for an arc distance of 15.71 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap on the northwest right-of-way line of Pardner Drive (50' ROW) according to the above described Unit 4A;

THENCE S 24°06'30" W, with said southwest right-of-way, line for a distance of 39.09 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

THENCE N 65°53'30" W for a distance of 807.16 feet to the **POINT OF BEGINNING** and containing 0.916 acres of land;

FOR a total acreage of 1.170 acres, more or less.

- Bearings source is the northwest line of the 16.00 acre tract between two found 1/2 inch rebar monuments at the west and north corners of same, and called S 65°53'29" E as determined by GPS observation based on NAD 83(2011) datum, Texas State Plane Coordinate System - South Central Zone.

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Page 1 of 1

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## EXHIBIT "D"



### Denham-Ramones Engineering and Associates, Inc.

#### FIELD NOTES FOR Parcel C (6.315 ACRES)

Being a 6.315 acre tract of land out of a 318.3 acre Tract "3" of land, J.J. Sanchez, Survey Number 83, Abstract Number 666, County Block 4451, as described in tracts in deed recorded in Volume 12157, Page 1916, of the Official Public Records of Real Property (O.P.R.) of Bexar County, Texas, and being more particularly described by metes and bounds as follows:

COMMENCING at a found 1/2 inch rebar at the west corner of a called 16.00 acre tract, described in the deed recorded in Volume 16488, Page 1152, D.P.R. and lying on the southeast right-of-way line of Ranch View (ROW varies) as shown on the plat of Savannah Subdivision Unit 5, recorded in Volume 6688, Pages 143-147, of the Deed and Plat Records (D.P.R.), of Bexar County;

THENCE S 65°53'30" E, along northwest line of said 318.3 acre tract, for a distance of 13.96 feet to a found 1/2 inch rebar with Denham-Ramones Engineering (D-R E) plastic cap for the southernmost corner of the Lot 904, Block 115, of the above mentioned Unit 5, for the **POINT OF BEGINNING**;

THENCE, continuing with the eastern line of Lot 904, the following three (3) courses:  
N 04°07'33" E for a distance of 68.85 feet to a found 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

N 16°54'17" E for a distance of 185.34 feet to a found 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

N 17°54'37" E for a distance of 84.02 feet to a found 1/2 inch rebar with Denham-Ramones Engineering plastic cap;

THENCE S 65°53'30" E, through the interior of the 318.3 acre Tract 3, for a distance of 807.16 feet to a set 1/2 inch rebar with Denham-Ramones Engineering plastic cap, on the northwest right-of-way line of Partner Drive (50' ROW) as shown on the plat of Valley Ranch Unit 4A Subdivision, recorded in Volume 9697, Pages 135-136, D.P.R.;

THENCE S 24°06'30" W, pass at 240.91 feet the terminus of Partner Drive, continue on for a total distance of 350.91 feet, to a found 1/2 inch rebar on the northeast line of the above mentioned 16.00 acre tract;

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Page 4 of 8

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THENCE N 65°53'30" W, with said northeast line for a distance of 744.50 feet to the **POINT OF BEGINNING** and containing 6.315 acres of land, more or less.

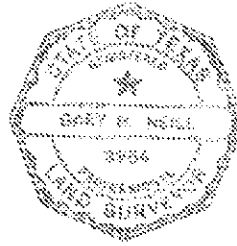
- Bearings source is the northwest line of the 16.68 acre tract between two found 1/2 inch rebar monuments at the west and north corners of same, and called S 65°53'29" E as determined by GPS observation based on NAD 83(2011) datum, Texas State Plane Coordinate System - South Central Zone.

I hereby certify that this description conforms to the minimum standards set forth by the Texas Board of Professional Land Surveying according to an actual survey made on the ground by employees of "Denham-Ramones Engineering and Associates, Inc."

Date: *April 03, 2016*

*Gary B. Neill*

Gary B. Neill  
R.P.L.S. #3964  
T.B.P.L.S. 100237.00



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Page 7 of 7

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San Antonio, Texas 78212

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GERARD C. RICKHOFF  
COUNTY CLERK  
Fees \$370.00

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COUNTY OF BEXAR  
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COUNTY CLERK, BEXAR COUNTY TEXAS



*Gerard C. Rickhoff*