DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE MADRONA SUBDIVISION

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF GILLESPIE

That Stonewall Development, LLC ("Declarant"), being the owner of that certain subdivision known as "Madrona", according to the map or plat thereof filed of record at Volume 6, Page 14, Plat Records of Gillespie County, Texas (hereinafter referred to as the "Subdivision"), consisting of 13.07 acres of land, more or less, and, as such, desiring to create and carry out a uniform plan for the improvement, development, and sale of Lots within the Subdivision, does hereby adopt and establish the following easements, restrictions, covenants and conditions to run with the land and to apply in the use, occupancy, and conveyance of Lots within the Subdivision, which easements, restrictions, covenants and conditions shall be binding on all parties having a right, title or interest in or to the above described Subdivision or any part thereof, and their heirs, successors and assigns, and which easement, restrictions, covenants and conditions shall inure to the benefit of each owner thereof; and each contract or deed which may be executed with regard to any of such property shall be conclusively held to have been executed, delivered and accepted, subject to the following restrictions and covenants:

ARTICLE I.
DEFINITIONS

"Association" shall mean and refer to Madrona Homeowners Association, Inc. (a Texas non-profit corporation), its successors and assigns.

"Common Area" shall mean all real property (including the Improvements thereto) leased, owned or maintained by the Association for the common use and enjoyment of the Owners. By way of illustration, Common Area may include, but not necessarily be limited to, the following: detention basin, landscaping, lighting, entrance signs, and other similar or appurtenant improvements.

"Declarant" shall mean and refer to Stonewall Development, LLC, its successors and assigns, if such successors or assigns should acquire all or any portion of the undeveloped and unsold Lots or acreage from Declarant for the purpose of development.

"Declaration" shall mean this instrument as it may be amended from time to time.

"Dwelling" shall mean and refer to any building or portion of a building situated upon the Property which is designed and intended for use and occupancy as a residence.

"Improvement" or "Improvements" shall mean or refer to all structures or other improvements to any portion of the Property, whether above or below grade, including, but not limited to, buildings, barns, carports, fences, pens, well houses, entryways, gates, exterior lighting, mailboxes, flag poles, recreation areas, utility installations (including, without limitation, water,

telephone, electric, satellite, propane gas tanks and systems, and septic tanks and systems), driveways, and any exterior additions, including any changes or alterations thereto. The term "Improvement" shall also mean all exterior sculptures and other artwork to the extent the Association determines, in its sole discretion, that such items are visible and notable features of a Lot.

"Member" shall mean and refer to an Owner who is a member of the Association as provided for below.

"Owner" shall mean and refer to the record owner (including Declarant), whether one or more persons or entities, of a fee simple title to any Lot, including contract Sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Property" or "Subdivision" shall mean and refer to that certain real property hereinbefore described as the "Subdivision" and more particularly described as MADRONA, a subdivision consisting of 13.07 acres of land, more or less, according to the map or plat thereof filed of record at Volume 6, Page 14, Plat Records of Gillespie County, Texas, and any additional property that may be made subject to this Declaration pursuant to Article II hereof.

"Lot" shall mean and refer to each and every parcel of land that is a portion of the Subdivision (as such parcels may be subdivided or combined from time to time), with the exception of any parcel designated as a Common Area. For purposes hereof, if a Lot is combined, the combined Lots shall constitute one (1) Lot.

ARTICLE II
ADDITION OF LAND

Declarant hereby reserves to itself and shall hereafter have the right, but not the obligation at any time and from time to time, in its sole and absolute discretion, and without notice to or the approval of any party or person whomsoever or whatsoever, to impose this Declaration or a substantially similar Declaration upon additional property adjacent, contiguous or nearby to the Property. Declarant may, at any time and from time to time, add any other lands to the Property, and upon such addition, this Declaration and the covenants, conditions, restrictions and obligations set forth herein shall apply to the added land, and the rights, privileges, duties and liabilities of the person subject to the Declaration shall be the same with respect to the added land a with respect to the lands originally covered by this Declaration, unless such supplemental Declaration shall provide for changes to the Declaration to deal with the unique character of Declarant's overall development plans for the added property. In order to add lands to the Property hereunder, Declarant shall be required only to record in the Official Public Records of Gillespie County, Texas, a notice of addition of land (in the form of a Supplemental Declaration) containing the following provisions:

(a) A reference to this Declaration, which reference shall state the Clerk's file number of the Official Public Records wherein this Declaration is recorded;

(b) A statement that the provisions of this Declaration shall apply to the added land;

(c) A legal description of the added land; and

(d) Any covenants, conditions, or restrictions that are different or unique to the added land.

ARTICLE III
RESERATION OF RIGHTS

Section 1. Reservation of Right to Create and Dedicate Additional Roadways. Declarant reserves the right, without the necessity of the joinder of the Association or any Owner or other person or entity, (i) to grant, dedicate, reserve or otherwise create additional roadway easements within the portions of the Property then owned by Declarant, (ii) to construct additional roads along any such additional roadway easements, and (iii) to execute and deliver any and all instruments and documents in connection therewith, including, without limitation, any amendments (s) to this Declaration. All such additional roadways shall be included within the term "Roadways" for purposes of this Declaration, shall be considered part of the Common Areas, and shall be maintained by the Association as provided for herein.

Section 2. Reservation of Right to Construct Improvements. Until Turnover (as hereinafter defined), Declarant, and Declarant's successors and assigns, shall have the exclusive right to construct Improvements in the Common Areas, including, without limitation, the right to construct roads along the Roadways. and after Turnover, the Association, and the Association's successors and assigns, shall have the exclusive right to construct Improvements in the Common Areas.

Section 3. Maintenance of Common Areas. The Association shall have the exclusive right to repair, replace and maintain the Common Areas.

ARTICLE IV.
EASEMENTS

Section 1. Reservation of Utility Easements. Declarant reserves unto Declarant and Declarant's successor and/or assigns, perpetual easements (the "Utility Easements") for the installation and maintenance of utilities and all necessary appurtenances thereto, whether installed in the air, upon the surface or underground, along and within (i) ten (10) feet of the rear, front and side boundary lines of all Lots, (ii) all Roadways, (iii) then (10) feet along and outside of all boundaries of the Roadways, and (iv) twenty (20) feet along the entire perimeter boundary of the Subdivision; with the authority to place, construct, operate, maintain, relocate and replace utility lines, systems and equipment thereon. The Utility Easements include the right of anchoring any support cables or other devices outside such easement areas when deemed necessary to support cables or other devices outside such easement areas when deemed necessary to support equipment. Nothing shall be placed or permitted to remain within the easement areas which may damage or interfere with installation and maintenance of utilities. The easement areas within each Lot and all Improvements within it shall be maintained by the Owner of the Lot, except as otherwise provided in this Declaration and except for those Improvements for which an authority or utility provider is responsible. Utility providers shall have all of the rights and benefits necessary and convenient for the full enjoyment of the rights herein granted, including, but not limited to the free right to ingress to, and egress from, easement areas, and the right from time to time to cut and trim all trees, undergrowth and other obstructions that may injure, endanger or interfere with the installation, operation and maintenance of utilities. Declarant shall have the right, without the necessity of joinder by the Association or any Owner, to execute and deliver any and all

instruments that may be required by any provider of such utilities in order to grant or assign such provider the right to utilize the easement reserved hereby to provide such utilities.

Section 2. Drainage Easements and Drainage Channels. Easements for drainage (the Drainage Easements") throughout the Subdivision are hereby reserved along and within the Roadways. The Drainage Easements are reserved by Declarant, for Declarant and Declarant's successors and assigns. Declarant reserves the right to construct drainage channels and install culverts along and within the Drainage Easements. Declarant shall have all of the rights and benefits necessary and convenient for the full enjoyment of the rights herein granted, including, but not limited to the free right of entry onto all Lots for the right purpose of construction and installation of any drainage channels and culverts, and the right to cut and trim all trees, undergrowth and other obstructions that may interfere with the construction or installation of any drainage channels and culverts. No Owner may perform or cause to be performed any act which would alter, or change the course of, any Drainage Easement, drainage channel, or culvert, in a manner that would divert, increase accelerate or impede the natural flow of water over and across such areas. After the initial construction of any drainage channels and culverts by Declarant, the Association shall have the right to, and shall be responsible for, the maintenance and repair of such drainage channels and culverts to the extent required in order to cause them to adequately perform the drainage and water retention function for which they were initially constructed; provided that the Owner of a Lot on which a Drainage Easement, drainage channel, and/or culvert is situated shall be responsible for the normal, day-to-day maintenance of such areas on such Owner's Lot (including, without limitation, mowing such areas, and keeping such areas free from trash, garbage, leaves, limbs and other debris), and for any maintenance or repairs caused by any violation by such Owner of the restrictions provided for in these declarations. The failure of any Owner to comply with the provision of this Section 2 shall in no event be deemed or construed to impose liability of any nature on the Declarant or the Association. Neither the Declarant, nor the Association, shall be charged with any affirmative duty to police, control or enforce such provisions. The easements, rights and restrictions provided for in this Section 2 shall in no way affect any other recorded easement in the Subdivision.

Section 3. Access Easements. Declarant hereby reserves for itself and its successors and assigns, and the Association is hereby granted, a non-exclusive right of access to and easement across all Lots for purposes of exercising their respective rights or performing their respective duties under these Declarations (including, without limitation, any rights or duties of maintenance or repair.)

ARTICLE V.
COMMON AREAS

Other than the detention basin and the entry to the Subdivision, and any Improvements in connection therewith, there are no Common Areas planned to be developed within the Subdivision.

ARTICLE VI.
PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Roadways and any other Common Areas, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to charge fees for the repair and maintenance of the Common Areas, collect all dues, fines, assessments, reimbursements, and/or other fees or charges of any sort provided for in this Declaration, and enforce collection of any such dues, fines, assessments, reimbursements, and/or other fees or charges in the accordance with any and all terms, conditions or rights set forth in this Declaration;

(b) The right of the Association to suspend the voting rights of an Owner for any period of time during which any assessment against his Lot remains unpaid, or for any period of time during which such Owner is delinquent in the payment of any dues, fines, assessments, reimbursements, and/or other fees or charges due the Association hereunder;

(c) The right of the Association to suspend the voting rights of any Owner during any period of time in which an infraction of any of the rules and regulations set forth in this Declaration, or adopted by the Association, has taken place, and to uphold such suspension for up to 60 days after said Owner's cure; and

(d) The right of the Association to enforce any and all rules and regulations which are a part of this Declaration and to make and adopt rules and regulations regarding the use of the roadways and any other Common Areas.

ARTICLE VII.
HOME OWNER'S ASSOCIATION AND COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Membership and Voting. Declarant shall take all steps necessary to create the Association, to which Association the Declarant may assign or delegate on a permanent or temporary basis one or more of the rights, powers, obligations and duties of the Declarant under this Declaration. Every Owner of a Lot within the Property shall be a member of the Association.

The Association shall have two classes of voting membership.

Class A: Class A Members shall be all Owners of Lots, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person owns an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any one Lot hereunder.

Class B: Class B Members shall be the Declarant. Declarant shall be entitled to thirty (30) votes as long as Declarant owns an interest in any Lot.

When more than one person owns an interest in any Lot, in order for the vote attributable to such Lot to be valid, the Owners of such Lot (or their representatives) shall deliver to the Board of Directors such instruments and document (including, without limitation, resolutions, authorizations, approvals, and certifications) as the Board of Directors may reasonably request to confirm that such vote was authorized; such instruments and documents to be delivered prior to the taking of the vote of the Members. If such instruments and documents are not delivered, or if

the Board of Directors determines, in its sole discretion, that such vote was not properly authorized, the vote submitted for such Lot shall be deemed to be an abstention.

Section 2. Turnover.

(a) At any time after commencement of operations of the Association, at Declarant's sole discretion, the Owners may be required to take over the management of the Association and relieve Declarant of all duties associated therewith (for purposes of this Declaration, the transfer of management of the Association by Declarant to the Owners is hereinafter referred to as "Turnover"). Upon such Turnover by the Declarant, the Owners will be required to choose their own Board of Directors to represent them and to manage the Association in accordance with the terms and conditions of this Declaration and to establish any and all bylaws, procedures and other management devices by which the Association shall operate. Prior to the date such Turnover occurs, a Director need not be a member of the Association. From and after such date, a Director shall be a member of the Association.

(b) Notwithstanding anything to the contrary, until such Turnover has taken place, the management of the Association shall be by Declarant and its staff, and any expenses incurred in such management shall be reimbursed to Declarant by the Association. Said reimbursable expense shall include the cost of Declarant's staff for the time spent in management of the Association.

(c) Declarant shall give the Owners written notice of the Turnover (the "Turnover Notice") at least thirty (30) days prior to the effective date of such Turnover. The Turnover Notice shall state the effective date of the Turnover (the "Turnover Date"). In addition, the Turnover Notice shall state the place, date and hour of a special meeting of the Owners called for the purpose of the election of a new Board of Directors as of the Turnover Date, and shall constitute a call and notice of such special meeting. In the event the Owners fail to elect a new Board of Directors by the Turnover Date, the Declarant may (but shall not be obligated to) appoint three (3) or more Owners to serve as an interim Board of Directors until such time as the Owners elect a new Board of Directors. Turnover of the Association shall occur on the Turnover Date specified in the Turnover Notice, whether or not a new board of Directors is elected by the Owners by the Turnover Date, and whether or not a n interim Board of Directors is appointed by the Declarant.

(d) The Association shall at all times from and after Turnover indemnify and hold Declarant, its officers and partners, harmless from and against any and all liability, claims for damages of every kind, arising out of the operation of the Association (whether before or after such turnover), or the development and operation of the Subdivision (whether before or after such Turnover), or the development and operation of the Subdivision (whether before or after such Turnover), including, without limitation, the Roadways and any other Common Areas. Additionally, Declarant, its officers and partners, shall not be held liable in any way in its role in enforcing or failing to enforce any of the covenants, conditions, restrictions and other terms of this Declaration, in protecting its rights or in carrying out any of its duties or obligations. The indemnification by the Association of the Declarant shall

include the Association's payment of any and all expenses incurred by Declarant, its officers or partners, including the payment of any and all legal expenses, court costs, and all other costs associated with the protection and/or defense of Declarant, its officers and partners, in any legal actions or proceedings or any other action of any kind.

(e) Upon written request made by Declarant to the Association, which request may be made at any time after the date hereof, the Association shall obtain and maintain in effect at all times, at the Association's expense, Commercial General Liability Insurance with limits of liability reasonably acceptable to Declarant, but not less than $1,000,000.00 per occurrence and $2,000,000.00 aggregate single limit; such insurance (i) to include coverage insuring against liability arising out of or related to the operation of the Association, and the development, operation and maintenance of the Subdivision, including, without limitation, Common areas, (ii) to name Declarant as an additional insured, and (iii) to be issued by an insurance company reasonably acceptable to Declarant. The Association shall, not later than ten (10) days after the date of Declarant's request for such insurance coverage required hereby. The Association shall not cancel any insurance policy obtained in accordance herewith without giving Declarant at least thirty (30) days prior written notice. The Association shall maintain such liability insurance until the later of (a) the date all of the Common Areas are turned over to the Association, (b) the date management of the Association has been turned over to the Owners, or (c) the date Declarant no longer owns any interest in any part of the Subdivision.

Section 3. Personal obligation and Lien Rights Associated with Collection of Dues and Assessments.

(a) Each Owner, by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to agree to pay to the Association regular annual assessments and all other Association dues, fees, fines, assessments or charges of any kind, including special assessments, which may be established and collected as hereinafter provided.

(b) The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time the assessment fell due. The personal obligation for delinquent assessments shall pass to any successors or assigns in title.

Section 4. Purpose of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents and/or Owners of the property, for the improvement and maintenance of the Common Areas, for the improvement and maintenance of all other easements used by or benefiting the Subdivision (whether or not such easements are located within or outside of the Subdivision), for the maintenance and repair of drainage channels, culverts, and for the general and administrative expenses of the Association. These expenses may include, but shall not necessarily be limited to, payment of taxes and

insurance, construction, repair or replacement of entryways and other improvements, cost of trash and debris clean-up, street and lot cleaning, clearing areas contained within the Drainage Easements, repairing drainage channels, and culverts, cost of professional or other outside services, and labor, equipment, materials, outside management and supervision necessary to carry out its authorized functions. Additionally, any other expenses which, in Declarant's sole discretion, are deemed necessary to uphold the subdivision's property values and/or are for the overall betterment of the Subdivision and its appearance, shall be the responsibility of the Association and shall be paid out of the assessments including, but not necessarily limited to, cost of security, lot cleaning, general maintenance and road cleaning.

Section 5. Initial Annual Assessment. Until adjusted in accordance herewith, the maximum annual assessments shall be as follows:

- Class A Members: $50.00 per individual Lot owned; and
- Class B Members: $15.00

(a) From and after January 1 of the calendar year immediately following the first conveyance of a Lot to an Owner, the maximum Class A annual assessment (a) may be increased each year by the Board of Directors not more than 15% above the maximum assessment for the previous year without a vote of membership; and (b) may be increased each year by more than 15% above the maximum assessment for the previous year if such increase is approved by the Board of Directors and by a vote of more than fifty percent (50%) of the votes that may be cast by the members represented in person or by proxy at a meeting duly called for such purpose.

(b) The Board of Directors may fix the Class A annual assessment at an amount not in excess of the maximum Class A annual assessment, as such maximum Class A annual assessment may be increased from time to time as provided for.

(c) In no event will the maximum Class B assessments stated above be altered or adjusted.

Section 6. Special Assessments. In addition to the annual assessments authorized above, the Board of Directors of the Association may levy special assessments from time to time for the purpose of defraying the cost of any construction, reconstruction, repair or replacement of any capital improvements upon or which are a part of the Common Areas, the cost of any construction, reconstruction, repair or replacement of any easements used by or benefiting the Subdivision (whether or not such easements are located within or outside of the Subdivision), the cost of acquisition, repair or replacement of any fixtures and personal property used by or benefiting the Association or the Subdivision, the cost of repair or replacement of any drainage channels and culverts, and/or for carrying out any other purposes of the Association as stated herein or in the Association's organizational documents, as they may be amended from time to time. In order for the Board of Directors of the Association to levy a special assessment in accordance herewith, such special assessments must be approved by a vote of more than fifty percent (50%) of the votes that may be cast by the members represented in person or by proxy at a meeting duly called for such purpose.

Section 7. Special Assessments for Maintenance of Fencing. Property owners who own lots fronting public roadways that have fencing installed by the developer shall be responsible for the maintenance of these fences on their property. In the event that the fences are not maintained by the property owner as required and such default is not cured within thirty (30) days of written notice to the property owner, the Association shall have the right to enter upon the property owner's lot to perform the required maintenance, if necessary, and recover such expense from the property owners as a special assessment subject to all remedies available to the association.

Section 8. Notice and Quorum for any Action Authorized Under Sections 5 and 6. Written notice of any meeting called for the purpose of talking any action authorized under Sections 5 and 6 above shall be sent to all members not less than 20 days nor more than 90 days in advance of any meeting. At the first such meeting called, the presence of members or proxies entitled to cast fifty percent (50%) of all the votes of the membership of the Association (excluding any votes of Members whose voting rights have been suspended) shall constitute a quorum. If the required quorum is not present, another meeting may be called by the same notice requirement, and the required quorum at the subsequent meeting shall be forty percent (40%) of all the votes of the membership of the Association (excluding any votes of Members whose voting right have been suspended). No such subsequent meeting shall be held more than 90 days following the preceding meeting.

Section 9. Uniform Rate of Assessments. Any and all dues of the Association or special assessments (with the exception of special assessments for fencing made pursuant to Section 7, above) must be fixed at a uniform rate for all Lots owned by Class A Members, and a uniform rate for all Lots owned by Class B Members, and may be collected on a monthly or quarterly basis in lieu of annually. This decision may be made by Declarant until "Turnover" Occurs, and thereafter may be made by the Board of Directors.

Section 10. Date of Commencement of Annual Assessments. The annual assessment period shall be a calendar year. Annual assessments shall not commence until the later of January 1, 2019 or the first sale of one of the Lots referenced herein (the "Assessment Commencement Date"). With respect to the initial sale of a Lot occurring after the Assessment Commencement Date, the buyer may be assessed at the closing of such sale for a prorated amount of the annual assessment attributable to such Lot as if such Lot had been assessed at a the Class A annual assessment rate at all times during such annual assessment period, such prorated amount to be determined based upon the number of days remaining in such annual assessment period after such closing. The Board of Directors shall fix the amount of the annual assessment against each Lot at least ten (10) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto.

Section 11. Assessment Due Date. All assessments (whether annual or special) shall be due and payable in advance upon receipt of the bill for such assessment sent by the Association.

Section 12. Certification Regarding Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by a director of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 13. Reimbursement of Declarant. Notwithstanding any other terms or conditions set forth in this Declaration, any expenses which are incurred by Declarant prior to the establishment of the Association, or prior to sufficient income being received from assessment billings, and which would normally be the responsibility of the Association, shall be reimbursed to Declarant from proceeds of the Association as funds become available from dues and assessments, but in any case not later than one (1) year after the date of the expense was incurred.

Section 14. Effect of Nonpayment of Assessments: Remedies of the Association. The Association may charge a one time late fee of $15.00 if any assessment is not paid within thirty (30) days after the date it is due. In addition, any assessment not paid within thirty (30) days after the date it is due shall bear interest from the due date at a rate equal to the lesser of (a) twelve percent (12%) per annum, or (b) the highest legal rate permitted by law to be charged the non-paying Owner. The Association may bring an action at law against the Owner personally obligated to pay the same, may foreclose the Association's lien again such Owners' Lot, and/or exercise any and all other rights and remedies it may have hereunder, or under Texas law, to enforce an Owner's obligations hereunder. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 15. Subordination of the Lien to Mortgage. The Association's lien to secure payment of the assessments provided for herein shall be subordinate to mortgage, deed of trust, or home equity liens of record. The sale or transfer of any Lot shall not affect the assessment lien. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 16. Exempt Property. All Common Areas shall be exempt from assessment.

Section 17. No Assessments for Initial Construction. Assessments shall not be levied for the initial construction of the main electric and telephone lines and facilities serving the Subdivision along the Roadways.

ARTICLE VIII.
RESTRICTIVE COVENANTS

The Declarant hereby declares that the Property shall henceforth be owned, held, transferred, sold and conveyed subject to the following covenants, conditions and restrictions, which are intended for the purpose of protecting the value and desirability of, and which shall run with, the Property and shall be binding on Declarant and all Owners, and their respective heirs, successors and assigns, and which shall inure to the benefit of Declarant and each Owner of any part of the property, and their respective heirs, successors and assigns. THE FOLLOWING RESTRICTIVE COVENANTS SHALL APPLY TO ALL LOTS UNLESS EXPRESSLY PROVIDED OTHERWISE IN A PARTICULAR RESTRICTIVE COVENANT.

Section 1. Building Restrictions

(1) One Single Family Dwelling. Not more than one single-family dwelling may be erected on any Lot. No other Dwellings shall be permitted.

(2) Garages, Storage sheds, Fences, Etc. Garages, storage sheds, fences, or other structures may not be made or erected on a Lot prior to construction of the principal dwelling.

(3) Dwelling Size. All single-family dwellings shall contain a minimum of 1,600 square feet of living area. For purposes of this restriction the term "living area" shall mean that area of a dwelling which is heated and cooled, exclusive of porches, breezeways, carports, garages or basements. All two-story single family dwellings shall contain a minimum of 1,500 square feet of first floor living area.

(4) Construction Materials. All Dwellings and other Improvements shall be constructed of recognized standard construction quality in accordance with the approved building Code for the City of Fredericksburg. The exterior walls of the dwelling shall be composed of at least 70% masonry or masonry veneer. "Masonry" or "masonry veneer" means fiber cement siding, stucco, plaster and rock. Brick may only be used in limited cases such as accents over windows (lintels) or other openings however it will not be permitted as a primary siding without approval in writing from the Declarant or the Association. Galvalume metal siding may be allowed if less than 30% of the exterior. Exterior area shall be measured across all openings.

(5) Construction in Place. All Dwellings constructed on the Property shall be built in place on the Lot and the use of prefabricated dwellings are prohibited.

(6) Completion. No Dwelling or other Improvements shall remain unfinished for more than twelve (12) months after the commencement of construction of such Dwelling or other Improvement.

(7) Windows. All windows must be of all wood construction, or of all wood vinyl clad, aluminum or other metal.

(8) Improvements Compatible with Single Family Dwelling. All Improvements shall be compatible with the Single Family Dwelling to which they are appurtenant in terms of design and material composition.

(9) Swimming Pools. Moveable, above-ground swimming pools are strictly prohibited. All swimming pools must be of a permanent nature built into the ground, and in accordance with any applicable ordinances, regulations, or statutes.

(10) Foundation Exposure. The foundation of any Improvement shall not be exposed more than nine (9) inches above final grade. If floor level is more than nine (9) inches above final grade, the foundation shall be built to accommodate a finish wall matching the exterior wall of the improvement to within nine (9) inches of final grade. The exposed foundation shall be trowel finished.

(11) Landscaping. A minimum of five percent (5%) of the construction cost of the principal single-family dwelling shall be dedicated to landscaping. A minimum of two (2), 3-inch minimum caliper trees shall be planted in the front yard and one (1),

3-inch minimum caliper tree in the side yard. A landscaping plan will be required in accordance with (23) below.

(12) Governmental Rules. All Improvements located, erected, constructed and installed upon any Lot shall conform to and comply with all applicable governmental regulations, rules and ordinances, including, without limitation, all building and zoning requirements. All activities of the Owners, and those of their tenants, invitees, agents, employees and contractors on or about the Property shall comply with a all applicable governmental regulations, rules and ordinances.

(13) Exterior Colors. Bright colors, including but not limited to: red, orange, bright yellow, aqua, bright pink, purple, fuchsia, lime green, and royal blue are prohibited for use on the exterior of any building without express written consent by the Declarant or Association.

(14) Exterior Lighting. Exterior lighting or illumination of buildings, yards, parking areas, sidewalks, driveways or other Improvements on a Lot shall be designed and installed so as to avoid visible glare (direct or reflected) on to streets and road rights-of-way, and other portions of the Property. Exterior holiday lighting not conforming to this subsection shall be permitted during the calendar month of December, and shall be removed no later than the 15th of January of that following year.

(15) Antennas. No radio or television aerial wires, antennae or other special television apparatus or equipment shall be maintained on any portion of any Lot forward of the rear building line of the principal Single Family Dwelling. All satellite dishes, discs, and similar apparatus or equipment must be screened from the view of streets.

(16) Roofs. The roofs of the main body of all Improvements on the Property shall be pitched at a minimum of 4:12. Flat roofs and "screw down" roofs are prohibited on main dwellings. All roofs shall be constructed of clay tile, cement tile, slate, dimensional asphalt shingle (preferably weathered wood) or standing seam metal or copper. Bright colored roofs are not allowed. No windmills, appliances, rooftop attic ventilators, wind turbine vents, fans, solar collector panels or other rooftop installations or structure of any type shall be placed, located, erected, constructed, installed or maintained upon the exterior roof of any Improvement unless it is erected, constructed, installed and maintained in such manner and at such location that the same shall not be visible from any street. Outbuildings may have a screw down roof.

(17) Fences. All fences erected on any Lot shall be of new material and erected in accordance with professional fence building standards regarding quality and appearance. No fence shall be constructed closer than the front setback line on any Lot. Metal fences are not allowed with the exception of wrought iron.

(18) Recreational Vehicles, Travel Trailers, Etc. Mobile homes, modular homes, pre-manufactured homes and/or industrial-built homes shall not be permitted on any Lot. All boats, tractors, golf carts, ATV's, motorcycles, "pop up" campers, and

other similar types of vehicles and equipment shall be stored in a garage or in another fully enclosed structure.

(19) Height Restriction. No Improvement of more than two (2) stories in height or exceeding a maximum of thirty (30) feet shall be erected on any Lot.

(20) Construction in Common Areas. No Improvement shall be constructed in the Common Areas by any Owner (other than Declarant) without the prior written approval of the Association.

(21) Signs. No signage indicating a Lot is used for any commercial purpose shall be allowed on any Lot. In addition, no sign of any kind shall be displayed for public view on any Lot except:

(a) One (1) temporary sign of not more than six square feet may be placed on a Lot for the following purposes:

a. to advertise a Lot for sale or rent, or

b. to identify the architect or builder of Improvements on a Lot during the construction period of such Improvements.

(b) The Declarant may erect signs of any size in order to advertise the Subdivision and the availability of Lots for sale in the Subdivision, as long as Declarant owns any Lots.

All permitted signs shall be professional in appearance. The Association shall have the authority to require the immediate removal of any sign that the Association determines, in its sole and absolute discretion, does not comply with the requirements of this Declaration.

(22) Alteration of Drainage. No Owner shall alter the natural drainage of surface water over and across the Lots, except as approved by, and with such limitations as may be prescribed by the Association.

(23) Residential Design Plans with Landscape plans shall be submitted to the Declarant or Association for review and written approval prior to construction.

(24) The right-of-way in front of the subdivision shall be mowed and maintained by the Association if it is not properly maintained by the City.

(25) Ceiling Height. The minimum ceiling height in the conditioned space shall be 9’ without express written consent by the Declarant or Association.

Section 2. Use Restrictions.

(1) Single Family Residential use. Except as set forth below, all Lots constituting the Subdivision shall be used for single-family residential purposes only, and no Lot shall be used for any commercial purpose.

(2) Livestock, Pets, Poultry. No livestock or poultry shall be allowed in the subdivision. All pets shall be provided shelter and shall be kept under fence within the boundaries of a Lot.

(3) Clean and Neat Appearance. Abandoned or inoperative equipment, vehicles or junk shall not be permitted on any Lot. Owners are to keep each Lot clean and neat in appearance and free of litter at all times. Garbage or refuse or any hazardous material, as defined by any state or federal law, rule or regulation, shall not be buried or disposed of on any Lot.

(4) Noxious or offensive Activity. Noxious or offensive activity shall not be permitted on any Lot, nor any activity which would be considered an annoyance or nuisance to other Owners.

(5) Trash Receptacles. Trash cans, garbage cans and other trash receptacles may be temporarily placed in front of a Lot for pick up and disposal by a waste disposal service; however, such items shall not be placed in front of a Lot more than 24 hours prior to the scheduled pickup time of such waste disposal service, and shall be removed within 24 hours after the scheduled pickup time, whether or not the trash was picked up.

Section 3. Restriction Against Subdivision.

(1) No subdivision of any Lot shall be permitted.

(2) Adjoining Lots 100% owned by the same Owner may be combined by such Owner. If any Improvements have been constructed on any of the Lots being combined, and such Improvements were constructed in compliance with the Restrictions, the act of combining a Lot shall not, by itself, cause such improvements to be in violation of these Restrictions.

Section 4. Variances. Upon submission of a written request for same, the Association may, from time to time, in its sole discretion, permit Owners to construct, erect, or install Improvements which are in variance from the covenants, restrictions, or architectural standards which are provided in this Declaration or those which may be promulgated in the future. In any case, however, such variances must, in the Association's sole discretion, blend effectively with the general architectural style and design of the Subdivision and must not detrimentally affect the integrity of the Subdivision, nor harmony with natural surroundings; and must be consistent with the goal of reducing the impact the Improvements may have on ability of all Owners to enjoy and experience the serenity and natural beauty of the Texas Hill Country. In determining whether or not to grant a variance, the Association shall consider the following factors:

(a) The architectural design.

(b) The location of the Improvements on the site (including, without limitation, the location of the Improvements in relation to (i) other Improvements on the Lot, and (ii) other Improvements and adjoining Lots and elsewhere in the Subdivision).

(c) Harmony and conformity of the design with the surroundings both natural and built (including, without limitation, natural vegetation and topography.

(d) Adequacy of the design to conditions of the site.

(e) Conformity to specific and general intent of the restrictive covenants set forth in this Declaration.

Neither the Declarant, nor the Association, nor any member of the Board of Directors or of the Association, shall be liable to any Owner for claims, causes of action or damages arising out of the grant of any variance to an Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Association's right to strictly enforce the covenants, restrictions and architectural standards provided hereunder, against any other Owner.

Section 5. Limitation of Liability. Neither the Declarant, nor the Association, nor the Board of Directors, nor the members of the Association, shall be liability in damages or otherwise to any Owner or to any other person or entity, by reason of the exercise of or the failure of the Association to exercise its rights and powers hereunder, including without limitation (i) the enforcement or failure to enforce the provisions of this Declaration, or (ii) the approval or disapproval of any variances.

ARTICLE X.
TERM

The covenants and restrictions set forth in this Declaration are made and adopted to run with the land and shall be binding upon the undersigned and all parties and persons claiming through and under them until January 1, 2049, at which time said covenants and restrictions shall automatically extend for successive periods of ten (10) years unless and until an instrument executed by owners who hold, in the aggregate, more than fifty percent (50%) of the votes that may be cast by the members of the Association, has been recorded agreeing to terminate said covenants and restrictions in whole or in part; provided that, if Declarant owns any interest in the Property at the time, the covenants and restrictions may only be terminated if the Declarant joins in executing such instrument.

ARTICLE XI.
ENFORCEMENT

Section 1. Right of Enforcement. Declarant, its successors or assigns, the Association, its successors or assigns, or any Owner, shall have the right to enforce, by proceedings at law or in equity, the terms, provisions, covenants, conditions, and restrictions of this Declaration. Failure of Declarant or the Association to take any action upon any breach or default shall not be deemed a waiver of their right to take action upon any subsequent breach or default. Declarant, for itself, its successors or assigns, reserves the right to enforce this Declaration, though it may have previously sold or conveyed all Lots controlled hereby. The reservation by Declarant or the Association of this right of enforcement shall not create a duty or obligation of any kind to enforce same, and neither Declarant nor the association shall be subjected to any claim, demand, or cause of action from any Owner by virtue of not enforcing any term, provision, covenant, condition or restrictions herein contained.

Section 2. No Warranty of Enforceability. Declarant makes no warranty or representations as to the present or future validity or enforceability of this Declaration. Each Owner acquiring a Lot in reliance on this Declaration, its terms and provisions shall assume all risks of the possible amendment, validity and enforceability thereof, as well as the possibility that variances from the provisions of this Declaration may be granted from time to time; and, by acquiring the Lot, each Owner agrees to hold Declarant harmless from any damages resulting from any amendment to, variances from, or invalidity or unenforceability of this Declaration.

Section 3. Declarant and Association Rights to Self Help.

(a) The Declarant and Association shall have the authority to employ self-help to enforce compliance with any provision of this declaration. Upon occurrence of a default or other violation of this Declaration, the Declarant or the Association may provide notice to the defaulting Owner of the matter of noncompliance, the action necessary to cure the noncompliance, and a date by which the noncompliance shall be cured; such notice to be sent in accordance with subparagraph (b) below. In the event the Owner fails to cure the matter of noncompliance within the required time, the Association may take action to cure the matter of noncompliance. NEITHER THE DECLARANT, NOR THE ASSOCIATION, NOR ANY OWNER, NOR ANY OF THEIR RESPECTIVE OWNERS, PARTNERS, MEMBERS, DIRECTORS, OFFICERS, AGENTS, LEGAL REPRESENTATIVES OR OTHERS ACTING AT THEIR DIRECTION OR REQUEST, SHALL HAVE ANY LIABILITY TO ANY OWNER WHATSOEVER FOR ANY INJURY, LOSS OR DAMAGE SUFFERED OR INCURRED BY SUCH OWNER ARISING OUT OF THE EXERCISE OF THE RIGHTS GRANTED IN THIS SECTION; AND BY ACCEPTANCE OF A DEED TO A LOT, EACH OWNER WAIVES AND RELEASES ANY AND ALL CLAIMS OR CAUSES OF ACTION THAT MAY ARISE OUT OF THE EXERCISE OF THE RIGHTS GRANTED IN THIS SECTION, INCLUDING, WITHOUT LIMITATION, ANY CLAIMS FOR INJURY, LOSS OR DAMAGE TO THE PROPERTY OF AN OWNER.

(b) Notice of default or other violation of this Declaration and the Declarant's or Association's intent to act pursuant to this provision shall be in the form and in the manner as required by Article XVII. In the event of continuing noncompliance, a second notice, at least ten (10) days subsequent to the date of the mailing of the first notice, shall be sent to the noncomplying Owner. Not sooner than thirty (30) days after date of the mailing of the first notice, the Association or the Declarant may send a third notice (the "Notice of Intent to Remedy") to the noncomplying Owner of the Association's or the Declarant's intent to remedy the noncomplying condition. The Notice of Intent to Remedy shall be sent by United States Certified Mail, return receipt requested, and shall otherwise conform to Article XVII. In the event the noncomplying condition is not cured within ten (10) days after the date of the Notice of Intent to Remedy, the Declarant or the Association may commence actions to remedy the noncomplying condition at the sole expense of the noncomplying owner.

(c) In the event that Declarant or the Association acts to remedy a noncomplying condition in accordance herewith, all sums incurred by the Declarant or the Association in connection therewith, including any attorneys' fees, shall be charged against the Owner, and shall be payable by the Owner upon demand. If such sums are not paid within three (3) days after demand for payment is made thereof, such sums shall bear interest at a rate equal to the lesser of (a) twelve percent (12%) per annum, or (b) the highest legal rate permitted by law to be charged the Owner and, unless otherwise provided herein, shall be secured by the assessment lien provided for herein against all Lots owned by such Owner. In addition, the Declarant or the Association may exercise any and all other rights and remedies that may be available hereunder, or under Texas law, to enforce an Owner's obligation hereunder, which includes the right to trespass to remedy a noncomplying condition.

ARTICLE XII.
ASSESSMENT LIEN/NONJUDICIAL FORECLOSURE

Section 1. Special Deed of Trust. To secure the payment of assessments, reimbursements, and other amounts owed to the Association or Declarant by an Owner hereunder, and to ensure compliance with the applicable covenants, conditions, restrictions and easements set forth herein, each Owner, upon acceptance of such Owner's deed to a Lot governed by these covenants, conditions, restrictions and easements shall remain in effect, such conveyance operating as a Special Deed of Trust. If an Owner fails to tender payment of any assessments, reimbursements, or other amounts owed to the Association or Declarant when due, or if an Owner fails to perform any of the obligations under or maintain any condition required by this Declaration, the Association or Declarant, in accordance with Article XI above, may perform those obligations, advance whatever funds may be required, and then be reimbursed by the Owner on demand for any sums so advanced, including attorney's fees, plus interest on those sums from the dates of payment at a rate equal to the lesser of (a) twelve percent (12%) per annum, or (b) the highest legal rate permitted by law for the Owner. The sum to be reimbursed shall be secured by this Special Deed of Trust.

Section 2. Failure to Pay. If the Owner fails to pay the Association or Declarant for any assessments, reimbursements or other amounts owed by such Owner to the Association or Declarant, and such failure continues after the Association or Declarant gives the Owner notice of the failure and the time within which it must be cured, as may be required by law, the Association or Declarant, as the beneficiary of this Special Deed of Trust, may:

(a) Request the Trustee appointed herein, or such Trustee's successor, to foreclose the liens created herein, in which case the Association or Declarant shall give notice of the foreclosure sale as provided by section 51.002 et. Seq. of the Texas Property Code then in effect or any successor statute thereto; and

(b) Purchase the Lot at any foreclosure sale by offering the highest bid and then have the bid credited to the amounts owed to the Association or Declarant.

Section 3. Foreclosure. If requested by the Association or Declarant to foreclose the lien, the Trustee shall:

(a) Either personally or by agent give notice of the foreclosure sale as required by section 51.002 et. Seq. of the Texas Property Code then in effect or any successor statute thereto;

(b) Sell and convey the Lot to the highest bidder for cash with a general warranty binding the Owner, subject to prior liens and to other exceptions to conveyance and warranty; and

(c) From the proceeds of the sale, pay, in this order:

(1) expenses of foreclosure, including a commission to Trustee of five percent (5%) of the successful bid;

(2) to the Association or Declarant, the full amount owed, attorney's fees, and other charges due and unpaid;

(3) any amounts required by law to be paid before payment to the Owner; and

(4) to the Owner, any remaining balance.

Section 4. Appointment of Trustee. Eric S. Parker is appointed Trustee for the purpose of this Article XII. The Association or Declarant, as Beneficiary, may appoint a substitute or successor trustee, succeeding to all rights and responsibilities of the Trustee appointed herein, by filing an appropriate designation of substitute trustee among the Official Public Records of Gillespie County, Texas.

Section 5. Tenancy-At-Sufferance. From and after any foreclosure under this Article XII, the occupants of such Lot shall be required to pay a reasonable rent for the use of such Lot and such occupancy shall constitute a tenancy-at-sufferance. The purchaser at such foreclosure shall be entitled to the appointment of a receiver to collect such rents and, further, shall be entitled to sue for recovery of possession of such Lot by forcible detainer without further notice.

Section 6. Compliance with Property Code. It is the intent of the provisions of this Section to comply with the provisions of the Texas Property Code (including, without limitation, Section 51.002), as such provisions may be amended from time to time. Declarant or the Board of Directors of the Association, acting without joinder of any Owner or mortgagee of any Owner, may by amendment to this Declaration filed in the office of the County Clerk of Gillespie County, Texas, amend the provision hereof so as to comply with section 51.002.

Section 7. Priority of Lien. Any liens created by this Declaration, shall be superior to all other liens and charges against any Lot covered hereby, except only for tax liens, and mortgage, deed of trust, or home equity liens of record.

ARTICLE XIV.
PARTIAL INVALIDITY

The invalidation of any of the terms, provisions, covenants, conditions or restrictions contained in this Declaration, by judgment, court order, operation of law or otherwise, shall in no way affect the validity of any other terms, provisions, covenants, conditions or restrictions hereof, which shall remain in full force and effect.

ARTICLE XIV.
AMENDMENT

(a) Except as otherwise provided herein, as long as Declarant owns any interest in the Property, this Declaration may be amended by Owners who hold, in the aggregate, more than fifty percent (50%) of the votes that may be cast by the members of the Association, joined by the Declarant, by executing and filing an instrument containing such amendment, in the office of the County Clerk of Gillespie County, Texas. Except as otherwise provided herein, from and after the date that Declarant no longer owns any interest in the Property, the Owners (but expressly excluding their respective mortgagees, if any) who hold, in the aggregate, more than fifty percent (50%) of the votes that may be cast by the members of the Association, may amend this Declaration (except for the terms and conditions of any loan or assessments due to Declarant by the Association) by executing and filing an instrument containing such amendment, in the office of the County Clerk of Gillespie County, Texas.

(b) Notwithstanding anything to the contrary, Declarant shall have the right at any time, at its sole discretion and without any joinder or consent of any other party, to amend this Declaration for the purposes of correcting any error, ambiguity or inconsistency appearing herein or for any reason whatsoever deemed necessary for the benefit of the overall development as determined by Declarant, in its sole discretion. Said amendment shall be effective upon filing of the instrument containing such amendment in the office of the County Clerk of Gillespie County, Texas.

(c) Notwithstanding the above, the "Use Restrictions" contained in Article VIII, Section 2, above shall not be modified or amended in such a way that would cause a significant adverse affect on an Owner's then existing use of such Owner's Lot, without such Owner's consent.

ARTICLE XV.
WAIVER AND LACHES

The obligation to abide by the provisions contained in this Declaration shall be deemed to be of a continuing and continual basis. Each and every day an Owner allows a condition to exist on such Owner's Lot which is not in compliance with the requirements contained herein shall constitute a separate and individual violation hereof, and shall give rise to a new cause of action for such breach. The intended effect and express purpose of this provision shall be that every Owner by accepting title to a Lot, hereby waives the affirmative defenses of the statute of limitations, waiver and laches with respect to covenant violations. Noncompliant conditions shall be allowed to exist on a Lot only upon the Owner obtaining a written variance in accordance with the applicable provisions herein. Failure of Declarant, the Association, or of any other Owner to enforce the terms of this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE XVI.
ASSESSMENTS BY AWARD OR JUDICIAL DECREE

In the event arbitration or litigation is necessary to enforce any provision contained within this Declaration, any and all awards granted by the arbitrator, or damages, penalties, fees, costs, and/or any other charges awarded in the decree shall also constitute an assessment, which shall likewise run with the land, and which shall be secured by the lien created in Article XII herein.

ARTICLE XVII.
NOTICE

Whenever written notice or demand to an Owner is permitted or required hereunder, such notice shall be given by the mailing of such notice to such Owner at the address of such Owner appearing on the records of the Association, unless such Owner has given written notice to the Association of a different address, in which event such notice shall be sent to the Owner at the address so designated. Notice shall conclusively be deemed to have been given by the Association on the date such notice is deposited in the United States Mail, properly addressed, whether received by the addressee or not.

ARTICLE XVIII.
HEADINGS

The headings contained herein are for convenience and reference only and are not intended to define, limit or describe the scope or intent of any provision of this Declaration.

EXECUTED by said Declarant, this ____ day of _____, 2019.

Stonewall Development, LLC

By:_____
Parker Atkins, President

THE STATE OF TEXAS §
§
COUNTY OF GILLESPIE §

This instrument was acknowledged before me on this the ___ day of _____, 2019 by Parker Atkins, as President of Stonewall Development, LLC.

_____
Notary Public, State of Texas