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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VINEYARD SUBDIVISION

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF GILLESPIE

THAT, BOWTIE INVESTMENTS, LTD., a Texas Limited Partnership ("Declarant"), being the owner of that certain subdivision known as THE VINEYARD SUBDIVISION (hereinafter referred to as the "Subdivision"), according to the plat of said subdivision as recorded in Volume 3, Page 181, of the Plat Records of Gillespie County, Texas, and, as such, desiring to create and carry out a uniform plan for the improvement, development, and sale of the subdivided lots situated within the Subdivision, does hereby adopt and establish the following easements, restrictions, covenants and conditions ("Protective Covenants") to run with the land and to apply in the use, occupancy, and conveyance of the aforesaid described subdivided lots therein, 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 easements, 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 The Vineyard Owners' Association, Inc. (a Texas non-profit corporation), its successors and assigns.

"ACC" shall mean the Architectural Control Committee as referred to in Article IX, hereof.

"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: street medians, entryway Improvements, landscaping, lighting, entrance signs, walls, bridges, and other similar or appurtenant improvements. The term "Common Area" shall also include all Roadways (as defined in Article III) until such time as such Roadways are accepted and included in either Gillespie County's road system or the City of Fredericksburg's road system.

"Declarant" shall mean and refer to BOWTIE INVESTMENTS, LTD., its successors and assigns, if such successors or assigns should acquire all of the undeveloped and unsold lots or acreage from the Declarant for the purpose of development.

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

"Single Family Single Family Dwelling" shall mean and refer to any Improvement on a Tract which is designed and intended for use and occupancy as a residence by one individual, by a single family, or by individuals related by blood, marriage or adoption, who are maintaining a common household.

"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, walls, 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 ACC determines, in its sole discretion, that such items are visible and notable features of a Tract.

"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 Tract, including contract Sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Plat" shall mean and refer to the map or plat of the Subdivision recorded in Volume 3, Page 181, of the Plat Records of Gillespie County, Texas, as such plat may be modified and amended from time to time.

"Property" or "Subdivision" shall mean and refer to that certain real property hereinbefore described as the "Subdivision" and more particularly described as The Vineyard Subdivision, according to the Plat, and any additional property that may be made subject to this Declaration pursuant to Article II hereof.

"Tract" shall mean and refer to any plot of land shown upon the Plat, with the exception of any plot designated on the Plat as a Common Area.

ARTICLE II

ADDITION OR WITHDRAWAL OF LAND

Section 1. 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 persons subject

to the Declaration shall be the same with respect to the added land as 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 book and page numbers 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.

Section 2. Withdrawal of Land. Declarant may, at any time and from time to time, reduce or withdraw areas owned by Declarant from the Property; and upon such withdrawal, this Declaration and the covenants, conditions, restrictions and obligations set forth herein shall no longer apply to those lands withdrawn. In order to withdraw lands from the Property hereunder, Declarant shall be required only to record in the Real Property Records of Gillespie County, Texas, a notice of withdrawal of land containing the following provisions:

(a) A reference to this Declaration, which reference shall state the book and page numbers of the Gillespie County Real Property Records wherein this Declaration is recorded;

(b) A statement that the provisions of this Declaration shall no longer apply to the withdrawn land; and

(c) A legal description of the withdrawn land.

ARTICLE III.

DEDICATION OF ROADWAY/RESERVATION OF RIGHTS

Section 1. Dedication of Roadways. Declarant will construct the roads shown on the Plat (the "Roadways"). Developer does hereby dedicate the Roadways for the use of the public. Until such time as the Roadways are accepted and included in either Gillespie County's road system or the City of Fredericksburg's road system, Declarant hereby dedicates the Roadways for the common use of all Owners, and does hereby grant to all such Owners, their heirs, successors and assigns, and their agents, licensees, guests, tenants, invitees and permittees, the free nonexclusive and uninterrupted use, liberty, privilege and easement of passage in and along the Roadways, together with free ingress, egress and regress, over and across the same, at all times and seasons forever, in, along, upon and out of said way (the "Roadway Easement"). The right to use and enjoy the Roadway Easement shall exist in favor of and shall inure to the benefit of the Owners, and each of them, and each

of their respective heirs, successors and assigns, and their respective agents, licensees, tenants, guests, invitees and permittees in common with each other, the Declarant, the Declarant's successors and assigns, and their respective agents, licensees, tenants, guests, invitees and permittees. The Roadway Easement shall further be deemed an easement appurtenant to the Property, and each and every portion thereof. The right of ingress and egress provided by the Roadway Easement may be exercised by any reasonable means, whether now in existence or known or whether by a means which may come into existence in the future, and regardless of any increased burden which may result from such use.

Section 2. Reservation of Right to Construct Improvements. Subject to the rights of Gillespie County and/or the City of Fredericksburg with regard to the Roadways, until Turnover (as hereinafter defined), Declarant and/or the Association shall have the exclusive right to construct Improvements in the Common Areas, including, without limitation, the right to construct roads along the Roadways. Subject to the rights of Gillespie County and/or the City of Fredericksburg with regard to the Roadways, from 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.

Section 4. No Extension of Grand Cru Lane South. Grand Cru Lane (as shown on the Plat) shall not be extended to the south boundary line of the Property.

ARTICLE IV.

EASEMENTS

Section 1. Reservation of Utility Easements. Declarant reserves unto Declarant's, Gillespie County, the City of Fredericksburg, and any public or private providers of utility services to the Subdivision, and their respective 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 Tracts, (ii) all Roadways, (iii) ten (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 equipment. Nothing shall be placed or permitted to remain within the easement areas which may damage or interfere with the installation and maintenance of utilities. The easement areas within each Tract and all Improvements within it shall be maintained by the Owner of the Tract, 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

or 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. Easements Shown on Plat. All dedications, limitations, restrictions and reservations shown on the Plat, and all grants and dedications of easements, rights-of-way, restrictions, and related rights made by Declarant prior to the Property becoming subject to this Declaration, are incorporated herein by reference and made a part of this Declaration for all purposes, as if fully set forth herein, and shall be construed as being adopted in each and every contract, deed or conveyance executed or to be executed by or on behalf of Declarant conveying any part of the Property.

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 Tracts 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).

Section 4. No Liability for Damage to Improvements. Declarant shall not be liable to any Owner for any damage to any vegetation (including, without limitation, shrubbery, trees, lawns or flowers) or other Improvements situated within such easement area, as a result of any activity relating to the construction, maintenance, operation, or repair of any utility lines or facilities in any such easement area. A provider of utility services shall not be liable to any Owner for any damage to any vegetation (including, without limitation, shrubbery, trees, lawns or flowers) or other Improvements situated within such easement area, as a result of any activity relating to the construction, maintenance, operation, or repair of any utility lines or facilities in any such easement area, except to the extent liability or obligation to repair any such damage arises out of this Declaration, or any State, County, or Municipal statutes, ordinances, rules or regulations, or the custom and practice of such utility provider. Prior to the construction of any utilities on a developed lot ("developed lot" shall mean any Tract which has a Single Family Dwelling constructed thereon), Declarant and the Association reserve the right to require that the utility provider pay of the cost of repairing the easement area to the same condition as it was prior to construction.

Section 5. Changes, Additions, and Reservations. Declarant reserves the right to make changes in and additions to the easements described in this Article IV for the purpose of more efficiently and economically installing any Improvements. Further, 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 easements for utility purposes, (including, without limitation, water, sewer, gas, electricity, telephone, cable television, and drainage) in favor of any person or entity furnishing or to furnish utility services to the Properties, but only to the extent reasonably necessary and appropriate, and (ii) to execute and deliver any and all instruments and documents in connection therewith, including, without limitation, any and all instruments and documents that may be required by any provider of such utilities.

ARTICLE V.

COMMON AREAS

Other than the Roadways (until such Roadways are accepted and included in either Gillespie County's road system or the City of Fredericksburg's road system), the medians, and the entryway 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 Common Areas, which shall be appurtenant to and shall pass with the title to every Tract, 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 Tract 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;

(d) the right of the Association (i) to enforce any and all rules and regulations which are a part of this Declaration or which are adopted by the Association or the ACC pursuant to the authority granted to the Association or the ACC by these Declarations, and (ii) to make and adopt rules and regulations regarding participation in Association activities or the use of the Common Areas, or otherwise related to its purpose; and

(e) the right of the ACC to make and adopt rules and regulations related to its purpose.

ARTICLE VII.

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

Class B: Class B Members shall be the Declarant. Declarant shall be entitled to three (3) votes for each Tract owned. Once a Tract is sold to a person or persons who would be classified as Class A Members, the three (3) votes attached to that Tract shall be extinguished.

When more than one person owns an interest in any Tract, in order for the vote attributable to such Tract to be valid, the Owners of such Tract (or their representatives) shall deliver to the Board of Directors such instruments and documents (including, without limitation, resolutions, authorizations, approvals, and certifications) as the Board of the 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 Tract 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 expenses shall include the cost of Declarant's staff for the time spent in the 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 an 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 or 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), including, without limitation, the 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, the 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 liability coverage, provide Declarant with a certificate of insurance providing for the 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 enforcement of the covenants, conditions and restrictions contained in this Declaration, 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 Common Areas and Improvements thereon, cost of trash and debris clean-up, street and lot cleaning, 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 or Association'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 assessments.

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

* Class A Members: $450.00 per individual Tract owned; and

* Class B Members: $ 450.00 per individual Tract owned.

(a) From and after January 1 of the calendar year immediately following the first conveyance of a Tract 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 two thirds (2/3) 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 above.

(c) In no event will the maximum Class B annual 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 acquisition, repair or replacement of any fixtures and personal property used by or benefiting the Association or the Subdivision, 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 assessment must be approved by a vote of more than two thirds (2/3) 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. Notice and Quorum for any Action Authorized Under Sections 5 and 6. Written notice of any meeting called for the purpose of taking any action authorized under Sections 5 or 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 sixty percent (60%) of all the votes of the membership of the Association 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 one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 90 days following the preceding meeting.

Section 8. Uniform Rate of Assessment. Any and all dues of the Association or special assessments must be fixed at a uniform rate for all Tracts owned by Class A Members, and a uniform rate for all Tracts 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 9. Date of Commencement of Annual Assessments. The annual assessment period shall be a calendar year. Annual assessments shall not commence until January 1, 2005 (the "Assessment Commencement Date"). With respect to the initial sale of a Tract 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 Tract as if such Tract had been assessed at 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 Tract 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 10. 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 11. Certification Regarding Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Tract have been paid. A properly executed certificate of the Association as to the status of assessments on a Tract is binding upon the Association as of the date of its issuance.

Section 12. 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 the expense was incurred.

Section 13. Effect of Nonpayment of Assessments: Remedies of the Association. The Association may charge a one time late fee of $50.00 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' Tract, 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 Tract.

Section 14. 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 Tract shall not affect the assessment lien. No sale or transfer shall relieve such Tract from liability for any assessments thereafter becoming due or from the lien thereof.

Section 15. Exempt Property. All Common Areas and other portions of the Property, if any, which are dedicated to public authorities, shall be exempt from assessment.

Section 16. No Assessments for Initial Construction. Assessments shall not be levied for the initial construction of the Roadways as shown on the current plat of the Subdivision, the initial construction and installation of the main electric and telephone lines and facilities serving the Subdivision along the Roadways, the initial construction of the initial entryway Improvements to the Subdivision, or the initial construction of any drainage channels or culverts to be constructed with respect to the initial development of the Subdivision.

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 TRACTS UNLESS EXPRESSLY PROVIDED OTHERWISE IN A PARTICULAR RESTRICTIVE COVENANT.

Section 1. General Restrictions

(1) Insurance Rates. Nothing shall be done or kept on the Property which could increase the rate of insurance or cause the cancellation of insurance on any Tract or any of the Improvements located thereon.

(2) Signs. No signs of any kind shall be displayed to the public view on any Tract (or in the right of way of any Roadway adjacent to the Tract) except one sign, commercially attractive, of not more than six (6) square feet advertising the Tract for sale or rent. However, during the construction period of a Single Family Dwelling on a Tract, a builder may have one sign of up to sixteen (16) square feet advertising their particular homes and/or services, and may identify the architect who designed the Single Family Dwelling and may include a lender's name providing construction financing. Declarant, or its agent, shall have the right to remove any sign not complying with the provisions of this subsection, and in so doing shall not be liable for any tort arising from such removal. Declarant may erect signs of any size in order to advertise the Subdivision and the availability of Tracts for sale in the Subdivision, as long as Declarant owns any Tracts.

(3) Rubbish and Debris. No rubbish or debris of any kind shall be placed or permitted to accumulate upon the Property and no odors shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Property or to its occupants. Refuse, garbage and trash shall be kept at all times in covered containers to the rear of the Single Family Dwelling and such containers shall be kept within enclosed structures or appropriately screened from view by the public, and contents thereof disposed of regularly.

(4) Noise. No exterior speakers, horns, whistles, bells or other sound devices (other than speakers for porches or patios, and other than alarm devices used exclusively for security purposes) shall be located, used or placed on any of the Property. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to any other portion of the Property or to its occupants.

(5) Construction of Improvements and Design Restrictions. No building, structure or

other Improvement shall be constructed, erected or placed upon any Tract unless it is in accordance with a development and design plan approved by the ACC pursuant to Article IX hereof, nor shall any external lighting be installed on any Tract unless it is in accordance with an external lighting plan approved by the ACC pursuant to Article IX hereof. No building, structure or other Improvement, and no external lighting, shall be remodeled, renovated, relocated, or otherwise modified unless such remodeling, renovation, relocation, or modification is made in accordance with a development and design plan approved by the ACC. In order to protect the overall integrity of the Subdivision as well as the quality and appearance of Improvements within the Subdivision, the ACC established in Article IX hereof, shall have full authority to control all construction, development and improvement activities of any kind within the Subdivision, and to insure that all such activities are properly conducted in accordance with and in good workman-like manner, and in accordance with standard industry trade practices. "Old World" style architectural designs are encouraged. No geodesic, A-Frames, log homes, or free style architectural designs shall be permitted.

(6) Sidewall Design. The sidewall of each Single Family Dwelling on a corner Tract that faces a side street will be designed and completed to create an attractive appearance that is comparable to its front elevation in terms of building materials, use of architectural trim or décor, windows, doors and other relief areas.

(7) Builder Approval. Declarant desires to create a uniform plan of construction, development and improvement of the Subdivision, consequently, Declarant shall have the right to approve the identity of the builders and general contractors who shall be allowed to construct Improvements in the Subdivision, and Declarant may grant or withhold such approval in Declarant's sole and absolute discretion. Should any Owner desire to obtain the Declarant's approval of a certain builder or general contractor prior to purchasing any Tract, Owner shall submit a written request identifying the builder or general contractor, and shall provide such information about the builder or general contractor as may reasonably be requested by Declarant. Thereafter, Declarant shall provide a letter stating whether or not it approves such builder or general contractor. Declarant's right to approve any builders or general contractors hereunder shall continue until Declarant releases such right by filing an instrument of release of such right in the Real Property Records of Gillespie County, Texas.

(8) Repair of Buildings. All Improvement upon a Tract shall at all times be kept in good, safe, attractive condition and repair and adequately painted or otherwise maintained by the Owner of such Tract.

(9) Removal of Improvements. In the event that as Single Family Dwelling or other Improvement on a Tract shall be damaged or destroyed by casualty, hazard or other cause, including fire or windstorm, then, within a reasonable period, not exceeding three (3) months following the occurrence of the offending incident, the Owner of the affected Improvement shall cause the damage or destroyed Improvements to be repaired, rebuilt or reconstructed, or to be removed and cleared from such Tract. Any such repair, rebuilding or reconstruction shall be approved and accomplished as otherwise required for new construction pursuant to the provisions of this Declaration.

(10) Hazardous Activities. No activities shall be conduced on a Tract and no Improvements shall be constructed on a Tract which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms or fireworks shall be discharged upon the Property, no open fires shall be lighted or permitted, except within fireplaces (interior or exterior) designed and built according to industry standards and all applicable laws, codes and statutes, or in contain barbecue units for cooking purposes while attended by a responsible adult.

(11) Mining and Drilling. No portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring, or explo9ring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth. No tank for the storage of oil, gasoline, or other hazardous products may be maintained on any Tract.

(12) Unsightly Articles: Vehicles. No unsightly article shall be permitted to remain on any Tract so as to be visible from adjoining Property or public streets. Without limiting the generality of the foregoing, trailers, trucks (other than pickups not to exceed one ton capacity), boats, tractors, vans, recreational vehicles and other vehicles used or designed for use as commercial vehicles, campers, wagons, buses, motorcycles and similar two (2) and four (4) wheel motorized vehicles, motor scooters, golf carts, and garden maintenance equipment, shall be kept at all times, except when in actual use, in enclosed structures or screened from view and no repair or maintenance work shall be done on any of the forgoing, or on any automobile (other than minor emergence repairs), except in fully enclosed garages or other structures, screened from public view. No commercial vehicle owned by an Owner or any resident within the Property shall be parked on the driveway or street within the Subdivision. Each Single Family Dwelling constructed within the Property shall have sufficient garage space, or screened area to the rear of such Single Family Dwelling to house all other vehicles to be kept on the Tract.

(13) Mobile Homes, Travel Trailers and Recreational Vehicles. No mobile homes shall be parked or placed on any Tract at any time, and no travel trailers or recreational vehicles owned by anyone other than the Owner or resident of the Tract, shall be parked on or near any Tract so as to be visible from Adjoining Property or public streets for more than forty-eight (48) hours.

(14) Animals – Household Pets. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, reptiles (except turtles, lizards and non-venomous snakes kept and contained solely within the Single Family Dwelling), horses, cattle, sheep, goats or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept or maintained on the Property. No domestic household pet shall be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on the Property other than on the Tract of its Owner unless confined to a leash. The household within each Tract shall not keep more than two (2) dogs and two (2) cats at any one time, or two (2) of any other type of domestic e animal of any one (1) kind. No animal may be stabled, maintained, kept, caged or boarded for hire or remuneration on the Property and no kennels or breeding operations of animals will be allowed. No domestic household pet shall be allowed to run at large and pets shall be kept within enclosed areas on a Tract which must

be clean, sanitary and reasonable free of refuse, insects and waste at all times. Such enclosed area shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof, and shall be screened so as not to be visible from the front side on the Tract at street level. Dog runs shall not be visible from any portions of the Property at street level. No vicious or dangerous animals shall be allowed on the Property.

(15) Maintenance of Tract and Lawns and Plantings. Each Owner shall keep all shrubs, trees, grass and plantings of every kind of such Owner's Tract cultivated, pruned or mowed, free of trash, weeds and other unsightly material. Prior to the construction of a residence on a Tract, the Tract Owner shall regularly mow such unimproved Tract and keep it nearly trimmed and free of trash and other unsightly material. Commensurate with the completion of construction of a residence on a Tract:

(A) By Owner Occupant – front yards (and side yards on corner lots) of all Single Family Dwellings completed during the months of March through September, shall be fully sodded, seeded or planted in other ground cover within sixty (60) days of completion of the Single Family Residence (provided that, only the front yard areas (and side yard areas on corner lots) within 50 feet of the Single Family Dwelling need be fully sodded, seeded or planted, and existing improved grasses are acceptable within other areas farther from the Single Family Dwelling). Single Family Residences completed during the months of October through February shall bee fully sodded, seeded or planted in other ground cover, not later than the following month of April.

(B) By Builder Owner – front yards (and side yards on corner lots) shall be fully seeded or sodded within sixty (60) days of completion of construction (provided that, only the front yard areas (and side yard areas on corner lots) within 50 feet of the Single Family Dwelling need be fully sodded or seeded, and existing improved grasses are acceptable within other areas farther from the Single Family Dwelling).

All front yards (and side yards on corner lots) must be landscaped with vegetation Front yards (and side yards on corner lots) that are essentially covered by cement, gravel, crushes granite or other hard surface of impervious materials are hereby prohibited.

(16) Temporary Structures. No structure of a temporary character such as a trailer, mobile home, manufactured home, tent, shack, garage, barn or other outbuilding shall be used on any Tract at any time as a residence, either temporarily or permanently. No Single Family Dwelling previously constructed elsewhere may be moved on any Tract in the Subdivision. This covenant prohibits the use of a mobile home or manufactured home as a residence, either temporarily or permanently. A portable building or enclosed trailer may be permitted for use as a builder's storage facility during construction of a Single Family Dwelling on a Tract (subject to approval of the Declarant); however, any such building or structure shall be removed immediately upon completion of construction.

(17) Construction Materials and Debris. No building material of any kind shall be placed or stored upon a Tract until the Owner thereof is ready to commence construction of Improvements, and has obtained a building permit, from the ACC and from any local governmental authority from which a building permit is required to be obtained. All building materials shall be placed within the property lines of the Tract upon which the Improvements are erected and shall not be placed on the street. During construction of Single Family Dwellings or other Improvements, a Tract must be cleaned of trash and debris and placed in an orderly condition by 6 p.m. on each Friday. At all times during construction, all trash and debris shall be contained in a small defined area which shall be maintained in a sanitary and orderly manner and disposed of as hereinabove provided.

(18) Nuisances. No noxious, offensive or dangerous activity shall be carried on upon any Tract, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. This includes builders and construction workers working after daylight hours. Welding is prohibited, except in connection with the construction of or repairs to Improvements. No Owner shall do any act or any work that will impair any easement or hereditaments, or do any act or allow any condition to exist which will adversely affect the other Tracts or their Owners.

(19) Firearms, Projectiles, and Weapons. The discharge of any firearm, including BB guns and pellet guns, and the discharge of any fireworks within the Subdivision is prohibited. Additionally, the use of any bow and arrow, slingshot, or other launching or catapulting device is prohibited.

(20) Rentals. Nothing in this Declaration shall prevent the rental of any Tract and the Improvements thereon by the Owner thereof for single family residential purposes; provided however, all lessees shall be and are hereby bound to comply fully with the terms, covenants and restrictions of this Declaration. During any period when a Tract or Improvements are rented or leased, the Owner of the Tract shall remain liable for complying with all terms of the Declaration. No Single Family Dwelling may be rented or leased for any single period of less than twelve (12) months. No "time-share plan" or any similar plan of fragmented or interval ownership of said Single Family Dwelling shall be permitted on the Property.

(21) Trees. Preservation and maintenance of the trees within the Subdivision is strongly encouraged. Prudence, care, and discretion should be used in the positioning of all Improvements in order to preserve as many trees as possible within the Subdivision. Replacement of trees that are removed or die is encouraged. All precautions shall be taken in connection with the pruning and trimming of trees, in order to prevent the spread of oak wilt and oak decline within the Subdivision. Such precautions shall include, but not be limited to minimal trimming and pruning of oak trees, trimming and pruning during dormant months only (normally January and February), and painting all fresh cuts with appropriate dressing or paint.

Section 2. Residential Restrictions

(1) Single Family Residential Construction. All Tracts shall be improved and used

solely for single family residential purposes. Except the use of a room within a Single Family Dwelling as an in-home office, which office use is secondary to the residential use of the Tract, no business, commercial, industrial, trade, professional or other nonresidential activity or use of any nature, type, kind or description shall be conducted upon a Tract or from any Single Family Dwelling or within any Improvement located or constructed on any Tract. No signs of any type advertising or describing in any way the in-home office use or business is permitted to be placed anywhere on a Tract or within or upon the Single Family Dwelling or any other Improvement on a Tract. The activities or business conducted at the in-home office shall not be such as to generate traffic by customers, vendors or the like through the Subdivision or to a Single Family Dwelling or other Improvements on a Tract.

(2) Construction in Place. All Improvements constructed on the Property shall be built in place on the Tract and the use of prefabricated buildings are prohibited.

(3) Building Materials. All Single Family Dwellings and other Improvements shall be constructed of recognized standard construction quality. New construction materials (except stone) shall be used in constructing any Single Family Dwelling or Improvement situated on a Tract. The exterior walls of all one-story buildings and the lower story and entire (both first and second stories) front of all two-story buildings shall be composed of 100% masonry or masonry veneer. In addition, the exterior walls of all two-story buildings shall be composed of masonry or masonry veneer for 100% or more of the total exterior wall area. The minimum masonry percentage shall apply to the aggregate area of all exterior walls but be exclusive of door, window and similar openings. "Masonry" or "masonry veneer" means stucco and rock.

(4) Single Family Dwelling Size. Except for Tract 8, all Single Family Dwellings shall contain not less that 2,500 square feet of enclosed, air conditioned and heated living space, exclusive of porches (open or covered), decks and garages. Additionally, all two-story Single Family Dwellings shall contain not less than 2,800 total square feet, of which a minimum of 2,200 square feet shall be first floor living area. **With respect to Tract 8, if the existing structure situated on such Tract on the date of this Declaration is used as a Single Family Dwelling, such Single Family Dwelling shall contain not less than 2,000 square feet of enclosed, air conditioned and heated living space, exclusive of porches (open or covered), decks and garages; provided that, if the existing structure situated on such Tract on the date of this Declaration is demolished or removed from such Tract, the minimum square footage requirements set forth in the first two (2) sentences of this subsection shall apply.**

(5) Windows. All windows must be of all wood construction, or of all wood vinyl clad, aluminum or other metal. Mill finish aluminum colored window and door frames are hereby expressly prohibited.

(6) Corner Tract Residences. Single Family Dwellings constructed upon corner lots shall be oriented so that the front of the dwelling shall face the street as approved by the ACC.

(7) Setback Lines. All Single Family Dwellings must be constructed, placed and

maintained in conformity with platted setback lines, if any, and in no event shall any such building, structure or other Improvement be constructed, placed or maintained within one hundred feet (100') of the front boundary of a Tract, fifty feet (50') of the side boundary of a Tract, or one hundred feet (100') of the rear boundary of a Tract; **provided that, the existing root cellar structure situated on Tract 12 may be used as a part of an Improvement**. Driveways shall be constructed at least ten feet (10') from the side boundary of a Tract.

(8) Driveways and Sidewalks. All driveways and any sidewalk running from the street to the front entry of a Single Family Dwelling shall be of concrete or masonry construction, brick pavers or a combination of other decorative masonry materials. No asphalt driveways or sidewalks are permitted.

(9) 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. No Improvement on a Tract (other than a Single Family Dwelling) shall exceed fourteen feet (14') in height, unless the prior written approval of the ACC has been received.

(10) 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 a fenced enclosure with self-closing and self-latching gates, and in accordance with any applicable ordinances, regulations, or statutes. No swimming pools shall be constructed in front or side yards.

(11) Athletic Facilities. Tennis courts and sport courts, and related lighting and fencing shall be allowed and may be constructed on any Tract upon which the primary Single Family Dwelling is situated or upon any Tract contiguous thereto. All fencing must be screened by appropriate landscaping. All tennis court or sport court lighting must be turned off by 11:00 p.m. All tennis courts, sport courts, basketball goal backboards and other similar sporting facilities or equipment of either a permanent or temporary nature shall be placed only in the backyard (or with respect to any such facilities or equipment situated on a Tract contiguous to the Tract upon which the primary Single Family Dwelling is situated, all such facilities or equipment shall be placed at the location approved by the ACC. In addition, any basketball goals and backboards shall be of the black and grey color combination or be constructed of a transparent material. Any other color combination is prohibited.

(12) Foundation Exposure.

(A) All Stucco Finishes. All foundation sides on any Improvement with an exterior stucco finish shall be covered with stucco which matches the texture and color of the exterior stucco walls of such Improvement and shall be a continuation of such stucco walls so that there is no defined horizontal relief line between the foundation and such walls.

(B) All Stone, Masonry Finishes. The foundation of any Improvement with a stone, masonry, masonry veneer (other than stucco) exterior finish shall not be exposed

more than twenty-four (24) inches above final grade. If floor level is more than twenty-four (24) inches above final grade, the foundation shall be built to accommodate a finished wall matching the exterior wall of the Improvement to within twenty-four (24) inches of final grade. The exposed foundation shall be trowel finished. Landscaping to screen exposed foundation is encouraged.

(13) Governmental Rules. All Improvements located, erected, constructed and installed upon any Tract 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 all applicable governmental regulations, rules and ordinances.

(14) Garages and Carports. No carports shall be placed, erected, constructed, installed or maintained on a Tract. All garages shall be designed, erected, constructed, installed or maintained as side entry/load in such manner that the garage doors thereof shall not face the front of the Single Family Dwelling. Garages may also contain appropriately sized storage rooms, recreational workshops and tool rooms. All garages mush have garage doors that are operated by electric door openers kept in operable condition. All garage doors shall be kept closed when not in use. No garage shall be converted to another use (e.g. living space).

(15) Reflective or Mirrored Glass. No reflective or mirrored glass shall be used on, in or for the windows or doors of any buildings or other Improvements constructed upon a Tract.

(16) Exterior Air Conditioning Equipment. All air conditioning compressors and other equipment shall be screened from the view of streets in the Subdivision by opaque walls attached to and made a part of the Single Family Dwelling or other Improvement served by such equipment. Window or roof mounted air conditioning units are prohibited.

(17) Exterior Building Materials, Finishes and Colors. All exterior building materials, finishes and colors shall be approved in writing by the ACC and shall be of such texture and color to provide a pleasant appearance throughout the Subdivision. Bright colors, such as red, orange, bright or mustard yellow, aqua, bright pink, purple, fuchsia, lime green and royal blue are prohibited. Uncovered or exposed (whether painted or not) concrete or concrete block shall not be permitted as the exterior finish of any building or other Improvement.

(18) Exterior Lighting. Exterior lighting or illumination of buildings, yards, parking areas, sidewalks, driveways or other Improvements on a Tract 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. Conventional mercury vapor, halogen, or other similar types of wide-area security lamps are prohibited. Exterior holiday lighting 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.

(19) Artificial Vegetation. No artificial vegetation shall be permitted outside of any

Improvement on a Tract.

(20) Antennas. No radio or television aerial wires, antennae or other special television apparatus or equipment shall be maintained on any portion of any Tract forward of the rear building line of the principal Single Family Dwelling. Furthermore, no radio or television aerial wires or antennae shall be placed or maintained on any Tract which extends higher than the highest part of the roof of the Single Family Dwelling on said Tract and must be attached to the ground. All satellite dishes, discs, and similar apparatus or equipment must be screened from the view of streets.

(21) Roofs. The roofs of the main body of all Improvements on the Property shall be pitched. Flat roofs are prohibited. All roofs shall be constructed of clay tile, cement tile, slate, cedar shingle, cedar shake, or standing seam metal or copper. All roofing color must be approved by the ACC. No windmills, appliances, rooftop attic ventilators, 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 on the rear yard side of the roof or otherwise in such manner and at such location that the same shall not be visible from any street. **This restriction shall not apply to the existing roof (and any replacements thereof which are of substantially the same color and materials) on the existing dwellings situated on Tract 7 and Tract 8.**

(22) Mailboxes. All mail boxes on the property shall conform to the requirements of, and be located as directed by, the U.S Postal Service. Each individual mail box shall be subject to ACC approval.

(23) Tanks. No Butane, propane, or other type of elevated tanks of any kind shall be erected, placed or permitted on any Tract (provided that, such tanks may abe allowed if buried and to the rear of the principal Single Family Dwelling). Swimming pool filter tanks shall be placed inside walls, fences or similar type enclosures or buried in conformity with applicable governmental rules and regulations.

(24) Underground Utility Lines. No utility lines, including, but not limited to, wires or other devices for the communication or transmission of telephone or electric current or power, cable television or any other type of line or wire shall be erected, placed or maintained anywhere in or upon any portion of the Property, unless the same shall be contained in conduit or cables installed and maintained underground or concealed in, under or on buildings or other Improvements. Provided, however, that no provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or other Improvements. **This restriction shall not apply to any utility lines situated on the Property on the date of this Declaration.**

(25) Fences. Wood or chain link fences are prohibited.

(26) Construction Activities. Construction activities by contractors, subcontractors or other construction personnel shall only be conducted from 7 o'clock a.m. to 6 o'clock p.m., Monday through Friday; except to the extent otherwise expressly approved by the ACC. Notwithstanding any provision herein to the contrary, but subject to the preceding

sentence, this Declaration shall not be constructed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of the Declaration by reason of noise, dust, presence of vehicles or construction machinery, or similar activities, provided that such construction is pursued to completion with reasonable diligence and as hereinafter provided, and conforms to usual construction practices in the Fredericksburg, Texas area.

(27) Unfinished Structures. No house or other structure shall remain unfinished for more than eighteen (18) months after the issuance of a building permit by the ACC.

(28) Compliance with Provision of this Declaration. Each Owner shall comply strictly with the provisions of these restrictions as the same may be amended from time to time. Failure to comply with any provision of this Declaration shall constitute a violation of the Declaration, and shall give rise to a cause of action to recover sums due for damages or injunctive relief or both, maintainable by an aggrieved Owner or Declarant's. Declarant makes no warranty or representation as to the present or future validity or enforceability of the Declaration, its terms or provisions. Each Owner acquiring a Tract 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 restrictions contained in this Declaration may be granted from time to time; and, by acquiring the Tract, 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. Restriction Against Subdivision

(1) No re-subdivision of any Tracts into smaller tracts shall be permitted; provided that Declarant shall have the right to re-subdivide any Tracts owned by Declarant without restriction, subject to subsection (2) below.

(2) Notwithstanding subsection (1) above, Declarant shall not resubdivide any Tracts for the purpose of extending more than one (1) road to adjacent property (in addition to the 0.28 acre parcel dedicated to the City of Fredericksburg on the north side of the Property as shown on the Plat). Declarant shall not resubdivide Lot 8 or Lot 9 for purposes of extending Grand Cru Lane to the south boundary line of the Property.

Section 4. Variances by ACC. Pursuant to Article IX, Section 8 below, the ACC is granted the power and authority, in its sole discretion, to permit Owners to construct, erect, or install Improvements which are in variance from the covenants, restrictions, or architectural standards provided for in this Declaration or those which may be promulgated in the future. In any case, however, such variances must, in the ACC'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 the natural surroundings. Neither the Declarant, nor the Association, nor the ACC, nor any member of the Board of Directors or of the ACC 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. The grant of a variance to any Owner shall not constitute a waiver of the ACC's right to

strictly enforce the covenants, restrictions and architectural standards provided hereunder, against any other Owner.

ARTICLE IX.

ARCHITECTURAL REVIEW COMMITTEE

Section 1. Development Objectives. The aesthetic and ecological quality of the Property requires that all Improvements be compatible with other improvements, and be in harmony with the natural surroundings (including, without limitation, natural vegetation and topography. To these ends, an Architectural Control Committee (the "ACC") has been created as described in this Article IX. The ACC has the responsibility to carry out the goals and functions that have been adopted, and are described below, and which may be amended from time to time.

Section 2. Architectural Control Committee. The ACC shall be composed of three (3) persons selected and appointed from time to time by (i) the Declarant, as long as the Declarant owns any interest in any of the Tracts (unless Declarant's expressly relinquishes such right of appointment sooner), and (ii) after the Declarant no longer owns any interest in any of the Tracts (or after Declarant expressly relinquishes such right of appointment), by the Board of Directors of the Association. During the time the Declarant's has the authority to appoint the members of the ACC, the Declarant shall have the exclusive right and power at any time, and from time to time, to create and fill vacancies on the ACC. During the time the Board of Directors of the Association has the authority to appoint the members of the ACC, the Board of Directors shall have the exclusive right and power at any time, and from time to time, to create and fill vacancies on the ACC. The ACC shall have the right from time to time to file instruments in the Real Property Records of Gillespie County, Texas, designating its current composition.

Section 3. Goal of ACC. The goal of the ACC is to encourage the construction of Improvements of good architectural design, aesthetic quality, location on the site, and proper size compatible and in harmony with Declarant's conceptual plan for the Subdivision, other Improvements and the natural surroundings (including, without limitation, natural vegetation and topography). Improvements should be planned and designed with particular attention to site location, size, scale, building density, design and aesthetic appearance, and the use of such materials as will, in the judgment of the ACC, create an attractive and harmonious blend with existing Improvements and the natural surroundings (including, without limitation, natural vegetation and topography). The ACC may disapprove the construction or design of an Improvement, or the location of an Improvement, on purely aesthetic grounds where, in its judgment, such disapproval is required to protect the continuity of design or values of the Subdivision and of other Owners, or to preserve the serenity and natural beauty of any surroundings. Prior judgments regarding such matters of site location, design or aesthetics shall not be deemed binding upon the ACC if the ACC feels that the repetition of such matters will have an adverse effect on the Subdivision.

Section 4. ACC Approval Required. No Improvement shall be erected, constructed, placed, altered (either by addition or deletion), maintained or permitted to remain on any Tract until plans and specifications (including a site plan), in such form and detail as the

ACC may deem necessary, shall have been submitted to and approved in writing by the ACC. Without limiting the general application of the preceding sentence to all Improvements (including exterior lighting), no external lighting shall be placed, altered (either by addition or deletion), installed, maintained or permitted to remain on a Tract until the type, location and other elements and characteristics of such lighting has been approved in writing by the ACC. The ACC shall have the power to employ professional consultants to assist it in discharging its duties, with the costs and fees of such professional consultants to be paid by the Association. The decision of the ACC shall be final, conclusive, and binding upon the applicant.

Section 5. Procedures. The ACC may, but is not obligated to, establish and publish from time to time reasonable administrative procedures and separate building guidelines covering Improvements.

Section 6. Design Submittal. The Owner must submit design plans, which must adequately reflect to the ACC the true design quality of the proposed work and the location of the Improvement on such Owner's Tract. Preliminary design plans ("Preliminary Plans") shall be submitted and approved by the ACC prior to submission of final design plans and specifications ("Final Plans"). The Preliminary Plans shall consist of preliminary or conceptual plans and specification of front elevation (and side elevation on corner lots), materials specifications, and the positioning of the Improvement upon the Tract. The Final Plans shall be submitted in complete form in duplicate and shall include (i) a floor plan, (ii) all elevations of any proposed structure(s) (including walls, signs, pools, pool buildings, barns, pens, etc.), roof height, exterior lighting plans, specification of materials, colors, textures and shapes, and (iii) a site plan showing the general location of all proposed and existing Improvements, the dimensions and shapes of all proposed and existing Improvements, and identifying any trees to be cut in connection with the proposed work. All exterior measurements and dimensions must be shown (1/4" = 1' minimum). Description of materials and finishes must be clearly indicated.

Section 7. Basis of Approval. Approval of preliminary design plans and final plans and specifications shall be based upon the following:

(a) The architectural design.

(b) The location of the Improvement on the site (including, without limitation, the location of the Improvement in relation to (i) the natural surroundings (including, without limitation, natural vegetation and topography), (ii) other Improvements on the Tract, and (iii) other Improvements on adjoining Tracts 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) Relation of finished grades and elevations to neighboring sites.

(f) Relation of Improvements to Improvements on neighboring sites.

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

Section 8. Variances. Upon submission of a written request for same, the ACC 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 ACC'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 the natural surroundings. Neither the Declarant, nor the Association, nor the ACC, nor any member of the Board of Directors or of the ACC 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 ACC's right to strictly enforce the covenants, restrictions and architectural standards provided hereunder, against any other Owner.

Section 9. Issuance of Building Permit. Upon approval of final submittals, a building permit will be issued and construction may begin. All such permits must be prominently displayed at the job site. Construction of an Improvement shall be completed within eighteen (18) months after the issuance of the building permit, and must be completed in accordance with the Final Plans as approved by the ACC. Any changes to the Final Plans after approval of such Final Plans by the ACC must be approved in writing by the ACC prior to the implementation of such changes. The ACC (or a representative of the ACC) may conduct regular inspections of the construction.

Section 10. Failure of ACC to Act. If the ACC fails to approve or to disapprove the final plans and specifications or to reject them as being inadequate within thirty (30) days after submittal thereof, it shall be conclusively presumed that such ACC has approved such final plans and specifications. If final plans and specifications are not sufficiently complete or are otherwise inadequate, the ACC may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject the balance.

Section 11. Limitation of Liability. Neither the Declarant, nor the ACC , nor any of the members of the ACC, nor the Association, nor the Board of Directors, nor the members of the Association, shall be liable in damages or otherwise to anyone submitting plans and specifications for approval, to any Owner or to any other person or entity, by reason of the exercise of or the failure of the ACC to exercise any of its rights and powers hereunder, including without limitation: (i) the approval or disapproval of any plans and specifications, (ii) the approval or disapproval of any variances, (iii) the failure to take action with respect to any plans and specifications or the construction of any Improvements on any Tract, or (iv) the construction or performance of any work on any Tract, whether or not pursuant to any approved plans or specifications. Review and approvals by the ACC are for the purposes of the protection and maintenance of the aesthetic and ecological quality of the Property, and not for the purposes of determining the adequacy of the engineering, structural integrity, quality of construction, soundness of construction, safety of plans or construction, code

compliance, compliance with any other laws, rules or regulations applicable to the Improvements or the construction, or any other matters involving the plans, specifications or construction of the Improvements ("Construction Matters"). Consequently, and without limiting the generality of the foregoing provisions of this section, neither the Declarant, nor the ACC, nor any of the members of the ACC, nor the Association, nor the Board of Directors, nor the members of the Association, shall be liable in damages or otherwise to anyone for any causes of action, claims, debts, demands, losses, costs, damages, expenses, obligations or other liabilities arising out of or in any way related to any Construction Matters.

ARTICLE X.

TERM

The covenants, conditions 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, 2035, at which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless and until an instrument executed by Owners of at least two thirds (2/3rds) of the Tracts 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 and conveyed all Tracts 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. Declarant and Association Right 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 the 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.

(b) Notice of default or other violation of this Declaration and of 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 therefor, such sums shall bear interest at 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 Tracts 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 obligations hereunder.

Section 3. Penalties. The Association shall have the right to establish penalties, including fines, for the violation of the covenants and restrictions contained in this Declaration.

ARTICLE XII.

ASSESSMENT LIEN/NONJUDICIAL FORECLOSURE

Section 1. Special Deed of Trust. To secure the payment of assessments, reimbursements, and the other amounts owed to the Association by an Owner hereunder, and to ensure compliance with the applicable covenants, conditions, restrictions and easements set forth herein, each Owner, upon acceptance of his or her deed to a Tract governed by this Declaration conveys the Tract to the Trustee hereinafter named, in trust, for so long as 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 when due, or if an Owner fails to perform any of the obligations under or maintain any condition required by this Declaration, the Association, 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 for any assessments, reimbursements or other amounts owed by such Owner to the Association, and such failure continues after the Association gives the Owner notice of the failure and the time within which it must be cured, as may be required by law, then the Association, 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 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 Tract at any foreclosure sale by offering the highest bid and then have the bid credited to the amounts owed to the Association.

Section 3. Foreclosure. If requested by the Association to foreclose this 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 Tract 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, 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. Mark H. Beall is appointed Trustee for the purpose of this Article XII. The Association, 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 Real Property Records of Gillespie County, Texas.

Section 5. Tenancy-At-Sufferance. From and after any foreclosure under this Article XII, the occupants of such Tract shall be required to pay a reasonable rent for the use of such Tract 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 Tract by forcible detainer without further notice.

Section 6. Compliance with Property Code. It is intended that 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. The President 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 provisions 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 Tract covered hereby, except only for tax liens, and mortgage, deed of trust, or home equity liens of record.

ARTICLE XIII.

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 any of the 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, the Declarant and the Owners (but expressly excluding their respective mortgagee's, if any) of at least two thirds (2/3rds) of the Tracts may amend this Declaration, 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) of at least two thirds (2/3rds) of the Tracts 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.

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 Tract 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 Tract, 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 Tract only upon the Owner obtaining a written variance in accordance with the applicable provisions herein. Failure of Declarant, the Association, the ACC, or of any 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

ASSIGNMENT BY DECLARANT

Notwithstanding any provision in this Declaration to the contrary, Declarant may in

writing filed of record referring to this Declaration by volume and page number, expressly assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any other person or entity and may permit the participation, in whole or in part, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder. Upon assignment by Declarant of any or all of Declarant rights, the Declarant shall no longer be liable for performance of such assigned rights provided that the assignee expressly assumes in the recorded assignment the obligations of Declarant that are assigned.

ARTICLE XIX

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 22nd day of December, 2005.

BOWTIE INVESTMENTS, LTD.,
acting by and through its General Partner,
Bowtie Partner, LLC

By: _____
Larry Jackson, Treasurer
(Printed Name and Title)

THE STATE OF TEXAS §

COUNTY OF GILLESPIE §

This instrument was acknowledged before me on this the 22nd day of December, 2005, by Larry Jackson, Treasurer of Bowtie Partner, LLC, the General Partner of Bowtie Investments, Ltd., a Texas limited partnership, for and on behalf of such limited partnership.

MARK H. BEALL
Notary Public
STATE OF TEXAS
My Comm. Exp. 08/18/2006

_____
Notary Public in and for
The State of Texas

8288 Hill Country, Ltd., the owner and holder of a lien against the Property, such lien being evidenced by a vendor's lien retained in Deed dated April 21, 2005, from Margaret B. Kuhlmann, et al to Bowtie Investments, Ltd., filed of record in Volume 596, Pages 984-992, Official Public Records of Gillespie County, Texas, as well as a Deed of Trust dated April 21, 2005 to Bill Gilliland, Trustee, filed of record in Volume 596, Pages 993-1002, Official Public Records of Gillespie County, Texas, does hereby consent to and confirm the subdivision of the Property pursuant to the plat of the subdivision recorded in Volume 3, Page 181, of the Plat Records of Gillespie County, Texas, and does hereby subordinate its liens and interests in all things in the Property to such plat and this Declaration of Covenants, Conditions and Restrictions; further, it hereby confirms that it is the present owner of the above described liens and has not assigned the same not any part thereof.

8288 Hill Country, Ltd.
By: 8288 Hill Country Management Company, L.L.C., its General Partner

By: _____
Bill Gilliland, Pres
(Printed Name and Title) PRESIDENT

STATE OF TEXAS §

COUNTY OF GILLESPIE §

This instrument was acknowledged before me on the 20 day of December, 2005, by Bill Gilliland, President of 8288 Hill Country Management Company, L.L.C, the General Partner of 8288 Hill Country, Ltd., a Texas limited partnership, for and on behalf of such limited partnership.

BARBARA ROSEBERY
NOTARY PUBLIC,
STATE OF TEXAS
My Commission Expires 01-11-2009

Barbara Rosebery
Notary Public in and for the State of Texas

HCT

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Mary Lynn Rusche

Mary Lynn Rusche, County Clerk

Gillespie County TEXAS

December 22, 2005 01:32:08 PM

FEE: $71.00 20057722

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THE VINEYARD ASSOCIATION, INC. TO THE PUBLIC

NOTICE OF FILING OF ARTICLES AND BYLAWS

THE STATE OF TEXAS X
X KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF GILLESPIE X

The Vineyard Owners' Association, Inc. (the "Association"), being the property owners association for The Vineyard Subdivision, does hereby file the attached Articles of Incorporation and Bylaws of the Association, pursuant to Section 202.006 of the Texas Property Code.

The Vineyard Owner's Association, Inc.

By: Larry Jackson
LARRY JACKSON, PRESIDENT
(Printed Name and Title)

THE STATE OF TEXAS X

COUNTY OF GILLESPIE X

This instruments was acknowledged before me on this the 20th day of December, 2005, by Larry Jackson, President of The Vineyard Owners' Association, Inc., for and on behalf of said corporation.

Denese Holler
Notary Public in and for the State of Texas

DENESE HOLLER
Notary Public
STATE OF TEXAS
My Comm. Exp. 01/31/06

c:\bowtie.vineyard.association.noticeoffiling

ARTICLES OF INCORPORATION

OF

FILED
In the Office of the
Secretary of State of Texas

THE VINEYARD OWNERS' ASSOCIATION, INC.

DEC 15 2005

A Texas Nonprofit Corporation

Corporations Section

I, the undersigned natural person over the age of eighteen years, acting as incorporator of a corporation under the Texas Non-Profit Corporation Act (the "Act"), do hereby adopt the following Articles of Incorporation for the corporation:

1. PROPERTY OWNERS ASSOCIATION. The corporation is the "Association" as defined in the Declaration of Covenants, Conditions and Restrictions for The Vineyard Subdivision, a rural residential subdivision, recorded in the Official Public Records of Gillespie County, Texas, as such instrument may be amended from time to time (the "Declaration").

2. NAME. The name of the corporation is THE VINEYARD OWNERS' ASSOCIATION, INC.. The corporation is hereinafter referred to as the "Association".

3. NONPROFIT. The Association is a corporation not for profit organized pursuant to the Act.

4. DURATION. The duration of the Association is perpetual.

5. PURPOSES. The general purposes for which the Association is formed are to exercise all of the rights and powers and to perform all of the duties and obligations of the Association, as set forth in and in accordance with the Declaration, the Bylaws of the Association, and State law, as each may be amended from time to time; including, without limitation (i) to provide for the acquisition, construction, management, maintenance, and care of properties of the Association, and to promote the recreation, health, safety, and welfare of the owners of the lots or tracts within The Vineyard Subdivision, a subdivision situated in Gillespie County, Texas, as such subdivision is shown, designated and delineated by the map or plat recorded in the Plat Records of Gillespie County, Texas (the "Subdivision"); (ii) to provide for the improvement and maintenance of the common areas of the Subdivision, which may include but not be limited to, construction and maintenance of roads, parkways, rights-of-ways, easements, curbs, sidewalks, street lights, landscaping, entrance signs, entry gates, walls, bridges, and similar facilities within the Subdivision; (iii) to fix, levy, collect, and enforce payment of any charges or assessments, as set forth in the Declaration, and (iv) to pay all expenses incurred by the Association in connection with the exercise of its rights, the performance of its duties, and/or the conduct of the business of the Association.

6. POWERS. In furtherance of its purposes, the Association shall have the following powers:

a. All rights and powers conferred upon non-profit corporations by State law in effect from time to time;

b. All rights and powers conferred upon property owners associations by State law, in effect from time to time; and

c. All powers necessary, appropriate, or advisable to perform any purpose or duty of the Association as set out in these Articles, the Bylaws, the Declaration, or State law.

7. RESTRICTIONS ON POWERS. The Association shall have no power to take any action that would be inconsistent with the requirements for tax exemption under Section 528 of the Internal Revenue Code of 1986, as amended from time to time, and related or successor regulation, ruling, and procedures.

8. MEMBERSHIP. The Association will have members. The Declaration and Bylaws will determine the number and qualifications of members of the Association; any classes of membership; the voting rights and other privileges of membership; and the obligations and liabilities of members. Cumulative voting is not allowed.

9. MANAGEMENT BY BOARD. The management and affairs of the Association are vested in the Board of Directors, except for those matters, if any, expressly reserved to others in the Declaration or the Bylaws. The Bylaws may determine the number and qualification of directors; the term of office of directors; the methods of electing, removing, and replacing directors; and the methods of holding a board meeting and obtaining consents.

10. LIMITATIONS ON LIABILITY. An officer or director of the Association is not liable to the Association or its members for monetary damages for acts or omissions that occur in the person's capacity as an officer or director, except to the extent a person is found liable for (i) a breach of the officer or director's duty of loyalty to the Association or its members; (ii) an act or omission not in good faith that constitutes a breach of duty of the officer or director to the Association; (iii) an act or omission that involves intentional misconduct or a knowing violation of the law; (iv) a transaction from which the officer or director receives an improper benefit, whether or not the benefit resulted from an action taken within the scope of the person's office; or (v) an act or omission for which the liability of an officer or director is expressly provided by an applicable statute. The liability of officers and directors of the Association may also be limited by the Charitable Immunity and Liability Act of 1987, Chapter 84, Texas Civil Practice and Remedies Code, as amended.

11. INDEMNIFICATION. To the extent permitted by the Act, as such Act may be amended from time to time, and in accordance with the Bylaws of the Association, the Association shall indemnify any person who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding by reason of the fact that he, his testator, or intestate, is or was a director or officer of the Association or of any corporation which he served in such capacity at the request of the Association, and shall pay or reimburse the reasonable expenses incurred by such director or officer where permitted. The right to indemnification conferred by this Article shall not restrict the power of the Association to make any other type of indemnification permitted by law.

12. AMENDMENT OF ARTICLES. These Articles may be amended as follows:

a. As long as the Declarant (as such term is defined in the Declaration) owns any interest in the Subdivision (as such term is defined in the Declaration), these Articles may be amended with the approval of the Declarant and the affirmative vote of at least two thirds (2/3rds) of all of the votes of the membership of the Association (excluding any votes of members whose voting rights have been suspended). Except as otherwise provided herein, from and after the date that Declarant no longer owns any interest in the Subdivision, these Articles may be amended by the affirmative vote of at least two thirds (2/3rds) of all of the votes of the membership of the Association (excluding any votes of Members whose voting rights have been suspended).

b.. Without member approval, the board of directors may adopt amendments permitted by Art. 1396-4.02.A(4) of the Act.

13. AMENDMENT OF BYLAWS. The Bylaws of the Association may be amended or repealed according to the amendment provision of the Bylaws, which may reserve those powers to the members, exclusively.

14. DISSOLUTION. The Association may be dissolved only as provided in the Declaration, Bylaws, and by State law. On dissolution of the Association, other than incident to a merger or consolidation, title to the common areas and other assets owned by the Association shall vest in the members as tenants in common in proportion to their respective interests.

15. INITIAL BOARD OF DIRECTORS. The initial board consists of four (4) directors who will serve as directors until their successor or successors are elected and qualified, as provided in the Bylaws. The name and address of the initial directors are as follows:

Name	Address
Larry Jackson	324 Broadmoor, Fredericksburg, TX 78624
Jeannie Jackson	324 Broadmoor, Fredericksburg, TX 78624
Danny Gotcher	225 Canyon Creek Rd., Fredericksburg, TX 78624
Karen Gotcher	225 Canyon Creek Rd., Fredericksburg, TX 786224

16. INITIAL REGISTERED AGENT. The name of the Association's initial registered agent is Larry Jackson. The address of its initial registered office is 214 W. Main, Fredericksburg, Texas 78624.

17. INCORPORATOR. The name of the incorporator is Mark H. Beall. The address of the incorporator is 114 E. Austin St., Fredericksburg, Texas 78624.

SIGNED this 15th day of December, 2005.

Mark H. Beall, Incorporator

Bylaws of
The Vineyard Owners' Association, Inc.
A Non-Profit Corporation

Article 1.
General

1.1. Principal Office. The principal office of the Association in the State of Texas shall be located in the City of Fredericksburg, County of Gillespie. The Association may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Association may require from time to time.

1.2. Registered Office and Registered Agent. The Association shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the Association in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

Article 2.
Definitions

"Articles" shall mean the Articles of Incorporation of the Association.

"Association" shall mean and refer to The Vineyard Owners' Association, Inc. (a Texas non-profit corporation), its successors and assigns.

"Board" or "Board of Directors" shall mean the Board of Directors of the Association.

"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: private streets, signs, street medians, entry gates, landscaping, lighting, entrance signs, walls, bridges, and other similar or appurtenant improvements.

"Declarant" shall mean and refer to BOWTIE INVESTMENTS, LTD., its successors and assigns, if such successors or assigns should acquire all of the undeveloped and unsold Tracts or acreage from the Declarant for the purpose of development.

"Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions of the Subdivision recorded in the Official Public Records of Gillespie County, Texas, as such instrument may be amended from time to time.

"Majority Vote" shall mean the vote of more than fifty percent (50%) of all of the votes of the membership of the Association (excluding any votes of Members whose voting rights have been suspended).

"Majority of the Members" shall mean those Members who are entitled to vote more than fifty percent (50%) of all of the votes of the membership of the Association (excluding any votes of Members whose voting rights have been suspended).

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

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

"Plat" shall mean the map or plat of the Subdivision recorded in Volume ____, Page _____, of the Plat Records of Gillespie County, Texas, as such plat may be modified and amended from time to time.

"Subdivision" shall mean the The Vineyard Subdivision, according to the Plat, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

"Tract" shall mean and refer to any plot of land shown upon the Plat, with the exception of any plot designated as a Common Area.

"Turnover Date" shall mean the date that the Declarant turns the management of the Association over to the Owners in accordance with Article VII, Section 2 of the Declaration.

Article 3.
Members

3.1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Tract which is a part of the Subdivision shall be a Member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Tract governed by the terms of the Declaration.

3.2. Class of Members/Voting Rights. The Association shall have two classes of membership.

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

Class B: Class B Members shall be the Declarant. Declarant shall be entitled to three (3) votes for each Tract owned. Once a Tract is sold to person or persons who would be classified as Class A Members, the three (3) votes attached to that Tract shall be extinguished.

When more than one person owns an interest in any Tract, in order for the vote attributable to such Tract to be valid, the Owners of such Tract (or their representatives) shall deliver to the Board of Directors such instruments and documents (including, without limitation, resolutions, authorizations, approvals, and certifications) as the Board of the 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 Tract shall be deemed to be an abstention.

3.3. Transfer of Membership. Membership in the Association is not transferable or assignable. Membership automatically terminates when an Member no longer owns a fee or undivided fee interest in a Tract.

3.4. Suspension of Voting Rights and Rights to Use Common Areas. A Member's voting rights and/or rights to use any Common Areas and facilities may be suspended by the Board of Directors during any period in which such Member shall be in default of the payment of any assessment levied by the Association, or in default of any provisions of the Declaration, or in default of any rules and regulations adopted by the Association.

Article 4.
Meeting of Members

4.1. Annual Meetings. The first annual meeting of the Members shall be held on or before March 31, 2006. Thereafter, an annual meeting of Members shall be held every twelve (12) months for the transaction of such business as may be properly brought before the meeting. The annual meeting shall be held within three (3) months following the end of the calendar year on a day and hour to be selected by the President, the Board of Directors, or a Majority of the Members.

4.2. Special Meeting. Unless otherwise prescribed by statute, special meetings of the Members may be called for any purpose or purposes. Special meetings may be called by the President, the Board of Directors, or by a Majority of Members. Only business within the purpose or purposes described in the notice required by Section 4.4. may be conducted at a special meeting of the Members.

4.3. Place of Meeting. The Board of Directors may designate any place in Gillespie County as the place of meeting for any annual meeting. The person or group that called a special meeting may designate any place in Gillespie County, Texas, as the place of meeting for any special meeting of the Members, unless otherwise prescribed by statute. If no designation is made, the place of meeting shall be the principal office of the Association in the State of Texas.

4.4. Notice of Meeting.

A. Except as otherwise provided in Subsection 4.4.B. below, written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than ninety (90) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the person calling the meeting, to each Member entitled to vote at such meeting.

B. With respect to any meeting of the Members called for the purpose of taking any action requiring a vote of Members under Article VII, Section 5 or Section 6 of the Declaration regarding annual assessments and special assessments, written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than twenty (20) nor more than ninety (90) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the person calling the meeting, to each Member entitled to vote at such meeting.

C. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at such Member's address as it appears on the records of the Association, with postage thereon prepaid.

4.5. Quorum of and Voting by Members.

A. With respect to a meeting of the Members called for the purpose of taking any action requiring a vote of Members under Article VII, Section 5 or Section 6 of the Declaration regarding annual assessments and special assessments, the presence of Members or proxies entitled to cast sixty percent (60%) of all the votes of the membership of the Association 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 one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 90 days following the preceding meeting.

B. With respect to any other matter, a quorum shall be present at a meeting of Members if a Majority of the Members are represented at the meeting in person or by proxy. Once a quorum is present at a meeting of Members, the Members represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any Member or the refusal of any Member represented in person or by proxy to vote shall not effect the presence of a quorum at the meeting. The Members represented in person or by proxy at a meeting of the Members at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by the vote of more than fifty percent (50%) of the votes that may be cast by the Members represented at that meeting in person or by proxy.

C. With respect to any matter, other than a matter for which the affirmative vote of a specified number of Members is required by law, the Articles, the Declaration, or these Bylaws, the affirmative 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 of Members at which a quorum is present shall be the act of the Members.

4.6. Proxies. A Member may vote in person or by proxy executed in writing by the Member or such Member's duly authorized attorney in fact. The Board of Directors may designate the form of the proxy to be used. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

4.7. Method of Voting. With respect to the election of Directors, voting shall be by secret written ballot. Voting on any other matter may be by voice or show of hands unless the presiding officer shall order, or any Member shall demand, that voting be by written ballot.

4.8. Rules of Procedure. To the extent applicable, the most recent edition of Robert's Rules of Order in effect at the time of the Members' meeting may govern the conduct and procedure at all Members' meetings.

4.9. Action by Written Consent. Any action required by law to be taken or which may be taken at any annual or special meeting of Members may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by all the Members entitled to vote with respect to the action that is the subject of the consent.

Article 5
Board of Directors

5.1. Management of Association. The affairs of the Association shall be managed by its Board of Directors. The Directors need not be residents of Texas.

5.2. Powers of the Board of Directors. The Board of Directors shall have the power to:

a. Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

b. Suspend the voting rights of any Member and/or the right of any Member to use of any Common Area and facilities during any period in which such Member shall be in default of the payment of any assessment levied by the Association, or in default of any provisions of the Declaration, or in default of any rules and regulations adopted by the Association;

c. Hire such personnel as are in the opinion of the Board necessary for the efficient and effective operation of the Association and delegate to such personnel such of the rights, powers and privileges of the Board of Directors as the Board of Directors may deem to be necessary or advisable;

d. Exercise the rights, powers and privileges delegated to the Board of Directors herein, or in the Articles, the Declaration or by State law; and

e. Exercise for and on behalf of the Association all powers, duties, and authorities vested in or delegated to the Association and not otherwise reserved to the Members of the Association herein, in the Articles, the Declaration or by State law.

5.3. Duties. It shall be the duty of the Board of Directors to:

a. Cause to be kept a complete record of all its acts and corporate affairs and (i) to present an annual report thereof to the members at the annual meeting of the members, and (ii) to provide interim reports thereof to the Members if such interim report is requested in writing by Members who are entitled to vote at least one fourth (1/4) of all of the votes of the membership of the Association;

b. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

c. As more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Tract at least ten (10) days in advance of each annual assessment period;

(2) send written notice of each annual assessment to every Owner subject thereto; and

(3) cause collection action to be taken to secure and collect delinquent assessments as more particularly set out in the Declarations.

d. Procure and maintain adequate liability insurance, and hazard insurance on property owned by the Association;

e. Cause all officers or employees of the Association having fiscal responsibilities to be bonded, if the Board of Directors deems such bonding to be reasonable and appropriate; and

f. Cause the Common Area to be maintained.

5.4. Number. The number of Directors shall not be less than three (3) nor more than five (5).

5.5. Qualifications of Directors. Prior to the Turnover Date, a Director need not be a Member of the Association. From and after the Turnover Date, a Director shall be a Member of the Association in good standing as of the time of nomination.

5.6. Appointment/Election. Prior to the Turnover Date, the Declarant shall appoint the Directors of the Association. After the Turnover Date, Directors shall be elected by the Members in accordance with Article 4 above.

5.7. Term of Office. Prior to the Turnover Date, each member of the Board of Directors shall serve for a term of three (3) years, unless such Director resigns or is removed by the Declarant. At the meeting of the Members to elect Directors as a result of the Declarant's "turnover" of the management of the Association to the Owners in accordance with Article VII, Section 2 of the Declaration, the Members shall elect not more than one-third (1/3) of the number of Directors to be elected for a term of one (1) year, not more than one-third (1/3) of the number of Directors to be elected for a term of two (2) years, and the rest of the Directors to be elected for a term of three (3) years. Thereafter, Directors shall be elected for a term of three (3) years.

5.8. Nominations.

A. Nominations for election to the Board of Directors shall be made in writing on a form approved by the Board of Directors for nominations. Nominations shall include the written undertaking of the nominee to serve if elected. Written nominations shall be accepted if delivered to the Secretary of the Board of Directors not less than fifteen (15) days prior to the date of the meeting at which such election is to be held. Nominations may also be made at the floor of the meeting at which an election is to be held.

B. The election officer shall check all nominations and shall disqualify from election any nominee not qualified for election or improperly nominated. In the event a nominee is disqualified, he or she shall be immediately notified in person, by telephone or in writing of such disqualification and shall be entitled to remedy such disqualification within twenty-four (24) hours of such notification, in which case his or her nomination shall be accepted notwithstanding the initial disqualification. The decision of the election officer regarding disqualification shall be final.

C. Notice of election shall be included with the notice of the meeting at which such election is to be held.

D. The Board of Directors shall, by resolution, designate one of its members not standing for re-election to serve as election officer for the election. The election officer shall administer the election. The election officer may appoint such assistants as are in his or her judgment required to conduct the election. An assistant shall not be a candidate for election to the Board of Directors in such election. Neither the election officer, nor any assistants shall receive any compensation for serving in such capacities.

E. At each election for Directors every Member entitled to vote at such election shall have the right to vote, in person or by proxy, for as many persons as there are directors to be elected and for whose election such Member has a right to vote. Cumulative voting shall not be permitted.

F. Election to the Board of Directors shall be by secret written ballot. Voting and the counting of ballots cast shall be conducted by the election officer and his or her assistants. The results of the balloting shall be announced before the close of the meeting. The nominee(s) receiving the highest number of votes shall be declared to have been elected.

5.8. Annual Meeting. An annual meeting of the Directors shall be held within sixty (60) days after the annual meeting of the Members, for the purpose of electing Officers and for the transaction of other business as may come before the meeting

5.9. Special Meeting. Special meetings of the Directors may be called by the President or by two (2) or more of the Directors.

5.10. Place of Meeting. The Board of Directors may designate any place in Gillespie County, Texas, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, the place of meeting shall be the principal office of the Association in the State of Texas; but, if all of the Directors shall meet at any time and place, either within or without the State, and all consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such corporate meeting action may be taken.

5.11. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of Directors shall be delivered, either personally or by mail, to each Director not less than three (3) or more than ninety (90) days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Director at such Director's address as it appears on the records of the Association, with postage thereon prepaid.

5.12. Informal Act By Directors. Any action required by law to be taken at a meeting of the Directors, or any action which may be taken at a meeting of the Directors, may be taken without a meeting, if consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof.

5.13. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business of any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

5.14. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles, the Declaration, or these Bylaws.

5.15. Vacancies. Prior to the Turnover Date, any vacancy occurring in the Board of Directors shall be filled by the Declarant. From and after the Turnover Date, any vacancy occurring in the Board of Directors shall be filled by the remaining Directors, and the person elected to fill such vacancy shall serve for the unexpired term of his or her predecessor.

5.16. Compensation. No Director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

5.17. Removal. Prior to the Turnover Date, any Director may be removed from the Board, with or without cause, by the Declarant. From and after the Turnover Date, any Director may be removed by a Majority Vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

5.18. Open Meetings. Regular meetings of the Board of Directors shall be open to all Members, provided, however, that Members who are not members of the Board of Directors may not participate in any deliberation or discussion unless recognized by the President to so participate. The Board of Directors may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, property matters, orders of business relating to matters which are or may be the subject of a claim or privilege, or for any purpose deemed appropriate in the discretion of the Board of Directors.

Article 6.
Officers

6.1. Officers. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable. The officers shall have such authority and shall perform such duties as may be prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

6.2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

6.3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

6.4. President. The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. The

President shall preside at all meetings of the members of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any contracts or other instruments which the Board of Directors have authorized to be executed (except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Association); and in general the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

6.5. Vice President. In the absence of the President or in the event of the President's inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in order of their election) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or Board of Directors.

6.6. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the Treasurer's duties in such sum and with surety or sureties as the Board of Directors shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association, receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws; and in general perform all the duties as from time to time may be assigned by the President or by the Board of Directors.

6.7. Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors; give all notices in accordance with the provisions of these Bylaws or as required by law; be custodian of the Association records; keep a register of the post office address of each Director which shall be furnished to the Secretary by each Director, and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Article 7.
Committees

7.1. Committees of Directors. The Board of Directors by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent provided in said resolution shall have and exercise the authority of the Board of Directors in the management of the Association. The designation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed by law.

7.2. Other Committees. Other committees may be designated by a resolution adopted by a majority of the Directors present at a meeting of which a quorum is present.

Article 8.
Contracts, Checks, Deposits and Funds

8.1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of or on behalf of the Association. Such authority may be general or confined to specific instances.

8.2. Checks and Drafts. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

8.3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors select.

Article 9.
Books and Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. All books and records of the Association may be inspected by any Director or his agent or attorney for any proper purpose at any reasonable time.

Article 10.
Fiscal Year

The fiscal year of the Association shall be determined by the filing of its first return with the Internal Revenue Service.

Article 11.
Waiver of Notice

Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article 12.
Indemnification of Directors and Officers

12.1. Definitions. In this Article:

A. "Indemnitee" means (i) any present or former Director, advisory director or officer of the Association, (ii) any person who while serving in any of the capacities referred to in clause (i) hereof served at the Association's request as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and (iii) any person nominated or designated by (or pursuant to authority granted by) the Board of Directors or any committee thereof to serve in any of the capacities referred to in clauses (i) or (ii) hereof.

B. "Official Capacity" means (i) when used with respect to a Director, the office of Director of the Association, and (ii) when used with respect to a person other than a Director, the elective or appointive office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

C. "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

12.2. Indemnification. The Association shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding to which he was, is or is threatened to be named defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his serving or having served, or having been nominated or designated to serve, in any of the capacities referred to in Section 12.1.A., if it is determined in accordance with Section 12.4. that the Indemnitee (a) conducted himself in good faith, (b) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests, and (c) in the case of any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful; provided, however, that in the event a determination is made that a person is entitled to indemnification pursuant to this Section 12.2. in connection with a Proceeding in which the Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee, whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, such indemnification shall be limited to the reasonable expenses (including court costs and attorney's fees) actually incurred by the Indemnitee in connection with the Proceeding. No indemnification shall be made under this Section 12.2. in respect of any judgment, penalty, fine or amount paid in settlement in connection with any Proceeding in which such Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. The termination of any Proceeding by

judgment, order, settlement or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (a), (b) or (c) in the first sentence of this Section 12.2. An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

12.3 Successful Defense. Without limitation of Section 12.2. and in addition to the indemnification provided for in Section 12.2., the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which (i) he is a witness or other participant because he served in any of the capacities referred to in Section 12.1.B., at a time when he is not a named defendant or respondent in the Proceeding, or (ii) he is a named defendant or respondent because he served in any of the capacities referred to in Section 12.1.B., if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

12.4 Determinations. Any indemnification under Section 12.2. (unless ordered by a court of competent jurisdiction) shall be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. The Association shall take all steps necessary to make such determination on its own initiative or upon the request of an Indemnitee. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors, duly designated to act in the matter by a majority vote of all Directors (in which designation Directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two or more Directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (c) by special legal counsel selected by the Board of Directors or a committee thereof by vote as set forth in clauses (a) or (b) of this Section 12.4. or, if the requisite quorum of all of the Directors cannot be obtained therefor and such committee cannot be established, by a majority vote of all of the Directors (in which Directors who are named defendants or respondents in the Proceeding may participate); or (d) by the members in a vote that excludes the Directors that are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (c) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 12.4. that the Director or officer has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

12.5. Advancement of Expenses. Reasonable expenses (including court costs and attorney's fees) incurred by an Indemnitee who was or is a witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding and without the determination specified in Section 12.4. after the Association receives (a) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for

indemnification by the Association under this Article and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he has not met that standard or if it shall ultimately be determined that indemnification of such Indemnitee against expenses incurred by him in connection with that proceeding is prohibited by Section 12.2. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it may be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this Article, the Association may pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

12.6. Other Indemnification and Insurance. The indemnification provided by this Article shall not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Association's Articles of Incorporation, any law, agreement or vote of members or disinterested Directors, or otherwise, or under any policy or policies of insurance or other arrangement, consistent with law, purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity. The indemnification provided by this Article shall continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, and shall inure to the benefit of the heirs, executors and administrators of such a person.

12.7. Notice. Any indemnification or advance of expenses to a present or former Director of the Association in accordance with this Article shall be reported in writing to the Members of the Association with or before the notice or waiver of notice of the next Members' meeting and, in any case, within the twelve (12) month period immediately following the date of the indemnification or advance.

12.8. Construction. The indemnification provided by this Article shall be subject to all valid and applicable laws, including, without limitation, Article 2.22A of the Texas Non-Profit Corporation Act, and, in the event this Article or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

12.9. Continuing Offer, Reliance, Etc. The provisions of this Article (i) are for the benefit of, and may be enforced by, each Director and officer of the Association, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Director or officer and (ii) constitute a continuing offer to all present and future Directors and officers of the Association. The Association, by its adoption of these Bylaws, (i) acknowledges and agrees that each present and future Director and officer of the Association has relied upon and will continue to rely upon the provisions of this Article in accepting and serving in any of the capacities referred to in Section 12.1.A. of this Article, (ii) waives reliance upon, and all notices of acceptance of, such provisions by such Directors and officers and (iii) acknowledges and agrees that no present or future Director or officer of the Association shall be prejudiced in his right to enforce the

provisions of this Article in accordance with their terms by any act or failure to act on the part of the Association.

12.10 Effect of Amendment. No amendment, modification or repeal of this Article or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Director or officer of the Association to be indemnified by the Association, nor the obligation of the Association to indemnify any such Director or officer, under and in accordance with the provisions of this Article as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Article 13.
Amendment To Bylaws

Except as otherwise provided herein, as long as Declarant owns any interest in the Subdivision, these Bylaws may be amended with the approval of the Declarant and the affirmative vote of at least two thirds (2/3rds) of all of the votes of the membership of the Association. Except as otherwise provided herein, from and after the date that Declarant no longer owns any interest in the Subdivision, these Bylaws may be amended by the affirmative vote of at least two thirds (2/3rds) of all of the votes of the membership of the Association.

Article 14.
Dissolution

The Association may be dissolved by the vote of not less than two thirds (2/3rds) of all of the votes of the membership of the Association (excluding any votes of members whose voting rights have been suspended). Upon dissolution of the Association, the Association's interest in the Common Areas and other assets owned by the Association shall be distributed in accordance with a plan of distribution adopted by the board of directors and approved by the vote of not less than two thirds (2/3rds) of all of the votes of the membership of the Association (excluding any votes of members whose voting rights have been suspended).

I, the undersigned, being the Secretary of The Vineyard Owners' Association, Inc., do hereby certify the foregoing to be the Bylaws of the said Association, as adopted by the Board of Directors effective the 15, day of December, 2005.

Jeannie Jackson
Secretary

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Mary Lynn Rusche

Mary Lynn Rusche, County Clerk

Gillespie County TEXAS

December 22, 2005 01:32:08 PM

FEE: $47.00 20057723

KC

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DCC 20070262 206-1264

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FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE VINEYARD SUBDIVISION

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF GILLESPIE

WHEREAS, pursuant to that certain Declaration of Covenants, Conditions and Restrictions of The Vineyard Subdivision (the "Declaration") dated December 22, 2005, recorded under Register No. 20057722, Official Public Records of Gillespie County, Texas, BOWTIE INVESTMENTS, LTD. ("Developer"), a Texas limited partnership, placed certain restrictive covenants on the following described real property in Gillespie County, Texas:

> BEING Tracts 1,2,3,4,5,6,7,8,9,10,11,12,13 and 14, The Vineyard Subdivision, a subdivision in Gillespie County, Texas, according to the Plat recorded in Volume 3, Page 181, Plat Records of Gillespie County, Texas (the "Plat")

WHEREAS, pursuant to Article XIV, Paragraph (b) of the Declaration, the Developer shall have the right at any time, at its sole discretion and without any joinder or consent of any other party, to amend the Declaration for the purposes of correcting any error, ambiguity or inconsistency appearing therein as determined by the Developer in its sole discretion;

WHEREAS, the Developer has determined there is an ambiguity or inconsistency regarding the construction of fences within the building setbacks provided for in the Declaration;

NOW, THEREFORE, pursuant to Article XIV, Paragraph (b) of the Declaration, the undersigned Developer hereby amends the Declaration in the following manner:

1. The setback provision contained in Article VIII, Section 2.(7).is hereby amended in its entirety to read as follows:

> "(7) Setback Lines. All Single Family Dwellings must be constructed, placed and maintained in conformity with platted setback lines, if any, and in no event shall any building, structure or other Improvement be constructed, placed or maintained within one hundred feet (100') of the front boundary of a Tract, fifty feet (50') of the side boundary of a Tract, or one hundred feet (100') of the rear boundary of a Tract; **provided that, the existing root cellar structure situated on Tract 12 may be used as a part of an Improvement.** Driveways shall be constructed at least ten feet (10') from

the side boundary of a Tract. Notwithstanding the above, fences and related appurtenances may be constructed, placed and maintained within the side and rear setbacks provided for herein (but not the front setbacks), subject to approval by the ACC pursuant to Article VIII, Section 1.(5), and Article IX."

This Amendment may be executed in several counterparts, each of which shall serve as an original for all purposes, but all of which constitute but one and the same Amendment.

Dated effective the 10 day of January, 2007.

DEVELOPER:

BOWTIE INVESTMENTS, LTD.,
acting by and through its General Partner,
Bowtie Partner, LLC

By: _____
TREASURER
(Printed Name and Title)

THE STATE OF TEXAS

COUNTY OF GILLESPIE

This instrument was acknowledged before me on this the 10 day of January, 2007, by LARRY JACKSON, TREASURER of Bowtie Partner, LLC, the General Partner of Bowtie Investments, Ltd., a Texas limited partnership, for and on behalf of such limited partnership.

_____
Notary Public in and for
The State of Texas

NANCY Z. NICHOLS
Notary Public
STATE OF TEXAS
My Commission
Expires 05/02/2010

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Mary Lynn Rusche

Mary Lynn Rusche, County Clerk

Gillespie County TEXAS

January 12, 2007 02:43:40 PM

FEE: $19.00

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KC

HCT