

STONE OAK
MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

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

This Stone Oak Master Declaration of Covenants, Conditions and Restrictions is made and executed on this 28th day of May, 1996, by DWH Stone Oak, Ltd., a Texas Limited Partnership and Doyle Wilson Homebuilder, Inc., a Texas corporation.

RECITALS

WHEREAS, DWH Stone Oak Ltd., a Texas Limited Partnership, hereinafter called the Declarant and Doyle Wilson Homebuilder, Inc hereinafter called Corporation are all of the owners of certain real property in Williamson County, Texas, described by metes and bounds in Exhibit "A" which is hereby incorporated by reference for all purposes (the "Property"), a portion of the Property has been platted as Stone Oak at Round Rock, Section I Amended, a subdivision in Williamson County, Texas, as shown by the map or plat thereof recorded in Cabinet M, Slides 354-355 of the Plat Records of Williamson County, Texas and Declarant proposes to further develop and subdivide the remainder of the Property for residential purposes and such Property will be platted as subsequent sections of the Stone Oak at Round Rock Subdivision; and

WHEREAS, the Declarant and Corporation desire to hold and from time to time convey the Property, or any portion thereof, subject to certain protective covenants, conditions, restrictions, liens and charges hereinafter set forth; and

WHEREAS, Declarant and Corporation desire to create and carry out a uniform plan for the improvement, development and sale of the Property for the benefit of the present and future owners of the Property;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that it is hereby declared (i) that all of the Property shall be held, sold, conveyed and occupied subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the Property and shall be binding on all parties having any right, title, or interest in or to the Property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each Owner thereof; and (ii) that each contract or deed which may hereafter be executed with regard to the Property of any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to the following covenants, conditions and restrictions regardless of whether or not the same are set out or referred

to in said contract or deed.

ARTICLE I DEFINITIONS

Unless the context otherwise specified or requires, the following words and phrases when used in the Declaration shall have the meanings hereinafter specified:

1.1 Architectural Review Committee. "Architectural Review Committee" shall mean the committee created pursuant to this Declaration to review and approve plans for the construction of Improvements upon the Property.

1.2 Articles. "Articles" shall mean the Articles of Incorporation of Stone Oak Homeowners Association, Inc., which shall be filed in the office of the Secretary of State of the State of Texas, as from time to time amended.

1.3 Assessment. "Assessment" or "Assessments" shall mean such assessments as may be levied by the Association under the terms and provisions of this Declaration.

1.4 Association. "Association" or "Master Association" shall mean and refer to Stone Oak Homeowners Association, Inc., Texas non-profit corporation, its successors and assigns.

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

1.6 Bylaws. "Bylaws" shall mean the Bylaws of the Association to be adopted by the Board and as from time to time amended.

1.7 Stone Oak Restrictions. "Stone Oak Restrictions" shall mean, collectively, (i) this Master Declaration which includes the Design Guidelines, together with any and all Supplemental Declarations, as the same may be amended from time to time, (ii) the Stone Oak Rules, and (iii) the Articles and Bylaws from time to time in effect, as the same may be amended from time to time.

1.8 Stone Oak Rules. "Stone Oak Rules" shall mean the rules and regulations adopted by the Board as the same may be amended from time to time.

1.9 Common Areas. "Common Areas" shall mean those areas of land shown on any recorded plat or its equivalent of the Property or any portion thereof filed or approved by Declarant and identified thereon as "Greenbelt" or "Amenity Area."

1.10 Common Properties. "Common Properties" shall mean that portion of the Property owned by the Association for the common use and enjoyment of the Members of the Association including, but not limited to all parks, recreational facilities, community facilities, pumps, landscaping, sprinkler systems, pavement, streets (to the

extent not owned by appropriate governmental authorities), walkways, parking lots, pipes, wires, conduits and other public utility lines situated thereon (to the extent not owned by appropriate governmental authorities or by local utility companies). The Common Properties to be owned by the Association shall include (i) Common Areas and (ii) those areas of land deeded to the Association by Declarant.

1.11 Declarant. "Declarant" shall mean DWH Stone Oak, Ltd., a Texas Limited Partnership its duly authorized representatives or their respective successors or assigns; provided that any assignment of the rights of DWH Stone Oak, Ltd., a Texas Limited Partnership as Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

1.12 Design Guidelines. "Design Guidelines" shall mean those certain Design Guidelines set forth below in this Declaration in Sections 3.1 through 3.9, as the same may be amended from time to time.

1.13 Developed Lot. "Developed Lot" shall mean any Lot which has been final platted, with electric service and a paved, curbed and guttered street.

1.14 Greenbelt or Amenity Area. "Greenbelt" or "Amenity Area" shall mean all areas designated by Declarant to be held as open space or for passive or active recreational purposes for the benefit of all Owners.

1.15 Improvement. "Improvement" shall mean every structure and all appurtenances thereto of every type and kind located on the Property, including but not limited to buildings, outbuildings, storage sheds, patios, tennis courts, swimming pools, basketball goals, playscapes, garages, storage buildings, fences, trash enclosures, screening walls, retaining walls, stairs, decks, landscaping, poles, signs, exterior air conditioning units, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.16 Lot. "Lot" or "Lots" shall mean any parcel or parcels of land within the Property shown as a subdivided lot on a Plat of the Property, together with all Improvements located thereon.

1.17 Master Declaration. "Master Declaration" or "Declarations" shall mean this instrument, and as it may be amended from time to time.

1.18 Member. "Member" or "Members" shall mean any person, persons, entity, or entities holding membership rights in the Association.

1.19 Mortgage. "Mortgage" shall mean any mortgage or deed of trust covering all or any portion of the Property given to secure the payment of a debt.

1.20 Mortgagee. "Mortgagee" or "Mortgagees" shall mean the holder or holders of any mortgage or mortgages.

1.21 Owner. "Owner" or "Owners" shall mean and refer to a person or persons, entity or entities, including Declarant, holding a fee simple interest in all of any portion of the Property, but shall not include a Mortgagee.

1.22 Person. "Person" or "Persons" shall mean any individual, individuals, entity or entities having the legal right to hold title to real property.

1.23 Plans and Specifications. "Plan and Specifications" shall mean any and all documents designed to guide or control the construction or erection of any Improvement, including but not limited to those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, signage, lighting, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, all other documentation or information relevant to such Improvement, and any and all additional documentation or information called for by the Design Guidelines.

1.24 Plat. "Plat" shall mean a final subdivision plat of any portion of the Property.

1.25 Property. "Property" shall mean that real property which is subject to the terms of this Declaration.

1.26 Subassociation. "Subassociation" shall mean any non-profit Texas corporation or unincorporated association organized and established by Declarant or with Declarant's approval, pursuant to or in connection with a Supplemental Declaration.

1.27 Subdivision. "Subdivision" shall mean the Stone Oak at Round Rock Subdivision and shall refer to property within the area described in Exhibit "A" which has been subdivided and shown on a map or plat of record in the Plat Records of Williamson County, Texas.

1.28 Supplemental Declaration. "Supplemental Declaration" shall mean and refer to any declaration of covenants, conditions and restrictions which may be recorded hereafter in order (i) to add land to the Property, (ii) to subject any area of the Property to further covenants, conditions or restrictions or (iii) to withdraw land from the Property.

ARTICLE II ADDITIONS TO THE PROPERTY

2.1 Staged Subdivision. The Declarant, its successors and assigns, shall have the right at any time prior to May 1, 2016 to bring within the scheme of this Declaration additional properties in future stages of the development, so long as such properties are contiguous to the real property described on Exhibit "A" attached hereto, (including without limitation, subsequent sections of the Stone Oak at Round Rock Subdivision (the "Subdivision")) without the consent or approval of Owners of any Lots (other than Declarant), as long as such additions are consented to by the owners of such additional properties and as long as such additions are pursuant to a general plan approved by the Veterans Administration ("VA") or the Federal Housing Administration ("FHA"). Furthermore, additional properties may be annexed into the Property at any time with consent of two-thirds (2/3rds) of each class of members of the Association. As additional properties are annexed hereto, Declarant shall, with respect to such properties, record Supplemental Declarations which may incorporate this Declaration therein by reference, and which may supplement or modify this Declaration with such additional covenants, restrictions and conditions which may be appropriate for those properties. Upon recordation of such additional plats or maps and the filing of a Supplemental Declaration containing restrictive covenants pursuant thereto, then and thereafter the Owners of all Lots in the Subdivision shall have the rights, privileges and obligations with respect to all of the Property in the Subdivision (including such additional properties) in accordance with the provisions of, and to the extent set forth in, this Declaration and each such Supplemental Declaration.

2.2 Merger or Consolidation. Upon a merger or consolidation of the Association with another association, its properties, rights, and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the property, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Property together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants established by this Declaration pertaining to the Property except as hereinafter provided.

ARTICLE III RESTRICTIONS

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

Design Guidelines

3.1 Minimum Square Footage With Improvements. The living area of the main residential structure located on any Lot exclusive of open porches and parking facilities shall not be less than 1,000 square feet for a single-story structure nor less than 600 square feet of living area on the ground level for a two-story structure.

3.2 Garages. All residences shall contain an enclosed, attached garage for not less than one, nor more than three, passenger vehicles.

3.3 Roofing Materials. Roofing materials used on residential structures must be (i) composition rated at or exceeding the minimum standards required for VA/FHA financing, if any or (ii) any materials approved in writing by the Architectural Review Committee, provided that the Architectural Review Committee shall only approve roofing materials which are of high grade and quality and which are consistent with the exterior design, color and appearance of other Improvements within the Property.

3.4 Fences. The construction of fences shall be subject to the prior written consent of the Architectural Review Committee. The Architectural Review Committee may, in its discretion, prohibit the construction of any proposed fence, specify the materials of which any proposed fence must be constructed, or require that any proposed fence be partially screened by vegetation. No fences, walls or hedges shall be located nearer than thirty (30) feet from the front Lot line. No fence shall be erected on any Lot which is located less than five (5) feet from the front wall of the single family residence constructed upon said Lot. No chain link, cloth or agricultural fence shall be allowed.

3.5 Fence Maintenance. Fence maintenance shall be the responsibility of the Owner and all damage shall be repaired within thirty days of written notification by the Association. It shall be a violation of this Declaration to maintain any fence in such a manner as to allow (i) any portion of a fence to lean so that the fence's axis is more than five (5) degrees out of a perpendicular alignment with its base, or (ii) missing, loose, or damaged stone or wood rails in the fence, or (iii) symbols, writings, or other graffiti on the fence.

3.6 Improvements. No Improvements shall hereafter be constructed upon any of the Property without the prior written approval of the Plans and Specifications for the Improvement(s) by the Architectural Review Committee. Anything herein to the contrary notwithstanding, in the case of single-family residences constructed on any Lot, the Architectural Review Committee, in its sole discretion, may limit its review to a review of specific floor plans and elevations, and upon the Architectural Review Committee's approval of such specific floor plans and elevations, residences may be constructed consistent with the approved floor plans and elevations without the requirement of further review or approval by the Architectural Review Committee. No Improvement shall be placed or installed as to be visible from the street or from the first floor of

another residence without prior approval of the location and the Plans and Specifications of the Architectural Review Committee.

3.7 Swimming Pools, Tennis Courts, Sports Courts, Playscapes and Basketball Goals. The location and Plans and Specifications for any swimming pool, tennis court, sport court, playscape or basketball goal, and its screening or fencing, shall be subject to the approval and requirements of the Architectural Review Committee. Above ground swimming pools are prohibited. Basketball goals in the front or side of any residence are prohibited. The materials, design and construction of all pools, courts, playscapes and basketball goals shall meet standards generally accepted by the industry, shall comply with regulations of all applicable governmental entities, and shall meet all fence and setback criteria established by this Declaration and other applicable governmental regulations.

3.8 Landscaping. All landscape improvements visible from a street are subject to review by the Architectural Review Committee prior to installation.

3.9 New Materials. Except with prior written approval of the Architectural Review Committee, only new materials shall be utilized in constructing any structures situated upon a Lot.

General Restrictions

3.10 Antennae. No exterior radio or television antenna or aerial or satellite dish receiver, or other device designed to receive telecommunication signals, including, but not limited to, radio, television, or microwave signals which are intended for cable television, network television reception, or entertainment purposes shall be erected or maintained, except by Declarant, without the prior written approval of the Architectural Review Committee. Any antenna which is approved by the Architectural Review Committee and which will cover more than fifteen square feet of the surface area of a Lot, shall be screened from view from public or private thoroughfares and adjacent properties. Notwithstanding any provision in this Section 3.11 to the contrary, one (1) satellite dish no greater than twenty (20) inches in diameter may be affixed to a residence located on a Lot so long as the satellite dish is not visible from the street located adjacent to the front lot line of such Lot.

3.11 Subdividing. No Lot shall be further divided or subdivided, nor may any easements or other interest therein less than the whole be conveyed by the Owner thereof without the prior written approval of the Architectural Review Committee; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot and convey an easement, except drainage and public utility easements, or other interest less than the whole, all without the approval of the Architectural Review Committee.

3.12 Signs. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any residence, fence or other Improvement upon such Lot so as to be visible from public view except the following:

- (i) For Sale or Lease Signs. An Owner may erect one (1) sign not exceeding 2' x 3' in area, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the property for sale or lease.
- (ii) Declarant's and Builders' Signs. Signs or billboards may be erected by the Declarant or any Builder.
- (iii) Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

3.13 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 and such containers shall be kept within enclosed structures or appropriately screened from view.

3.14 Noise. No exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security or public safety purposes) shall be located, used or placed on any of the Property such that it becomes or will become clearly audible at the property line of adjoining property owners. 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.

3.15 Repair of Buildings. All Improvements upon any of the Property shall at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner thereof.

3.16 Alteration or Removal of Improvements. Any construction, other than normal maintenance, which in any way alters the exterior appearance of any Improvement, or the removal of any Improvement, shall be performed only with the prior written approval of the Architectural Review Committee.

3.17 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 as approved in writing by the Architectural Review Committee; 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 which have been previously approved in writing by the Architectural Review Committee; and further provided that this provision shall not apply to utilities installed along the perimeters of the Property. The installation method, including, but not limited to, location, type of installation equipment, trenching method and other aspects of installation, for both temporary and permanent utilities shall be subject to review and approval by the Architectural Review Committee.

3.18 Drainage. No objects, including but not limited to buildings, fences or landscaping, shall be allowed in a drainage easement except as approved by Williamson County.

3.19 Hazardous Activities. No activities shall be conducted on the Property and no Improvements constructed on the Property 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 safe and well-designed interior fireplaces, or in contained barbecue units while attended and in use for cooking purposes.

3.20 Temporary Structures. No tent, shack or other temporary building, improvement or structure shall be placed upon the Property without the prior written approval of the Architectural Review Committee; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for architects, builders and foremen during actual construction may be maintained with the proper approval of Declarant, approval to include the nature, size, duration and location of such structure.

3.21 Mining and Drilling. No portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing water, oil, gas or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate or earth, except that Declarant and the Association shall be permitted to drill and operate water wells on the Property.

3.22 Unightly Articles; Vehicles. No articles deemed to be unsightly by the Architectural Review Committee shall be permitted to remain on any Lot so as to be visible from adjoining property or public or private thoroughfares. Without limiting the

generality of the foregoing, trailers, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, 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 foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. Owners shall not keep more than two (2) automobiles in such manner as to be visible from any other portion of the Property for any period in excess of seventy-two (72) hours. No automobiles or other vehicles may be parked overnight on any private roadway within the Property. Service areas, storage areas, loading areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view from public or private thoroughfares and adjacent properties and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view from public or private thoroughfares and adjacent properties.

3.23 Mobile Homes, Travel Trailers and Recreational Vehicles. No mobile homes shall be parked or placed on any Lot at any time, and no travel trailers or recreational vehicles shall be parked on or near any Lot so as to be visible from adjoining property or public or private thoroughfares for more than forty-eight (48) hours.

3.24 Animals - Household Pets. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, 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, maintained or cared for on the Property. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on any portion of the Property other than on the Lot of its Owner unless confined to a leash. No animal may be stabled, maintained, kept, cared for or boarded for hire or remuneration on the Property and no kennels or breeding operation will be allowed. No animal shall be allowed to run at large and all animals shall be kept within enclosed areas which must be clean, sanitary and reasonably free of refuse, insects and waste at all time. Such enclosed area shall be constructed in accordance with plans approved by the Architectural Review Committee, 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 any other portion of the Property.

3.25 Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on any windows or glass doors.

3.26 No Window Units. No window or wall type air conditioner which is visible from any street shall be permitted to be used, placed or maintained on or in any structure in any part of the Property.

3.27 Maintenance of Lawns and Planting. Each Owner shall keep all shrubs, trees, grass and plantings of every kind on such Owner's Lot (including any Greenbelt platted as a part of such Owner's Lot and any Greenbelt located between such Owner's Lot and a publicly dedicated roadway) cultivated, pruned, mowed, and free of trash and other unsightly material, shall install landscape irrigation systems where appropriate for the types of vegetation located on such Lot, and shall maintain all such landscape irrigation systems in good working order.

3.28 Construction Activities. Notwithstanding any provision herein to the contrary, this Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Declarant) upon any Lot within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event of any dispute regarding such matters, a temporary waiver of the applicable provision may be granted by the Architectural Review Committee, provided that such waiver shall be only for the reasonable period of such construction.

3.29 Compliance with Provisions of the Stone Oak Restrictions. Each Owner shall comply strictly with the provisions of the Stone Oak Restrictions as the same may be amended from time to time. Failure to comply with the Stone Oak Restrictions shall constitute a violation of this Declaration, and shall give rise to a cause of action to recover sums due for damages or injunctive relief or both, maintainable by the Board on behalf of the Association or by an aggrieved Owner.

3.30 Unfinished Structures. No structure shall remain unfinished for more than one (1) year after the same has been commenced. Construction of residential improvements shall begin no later than two (2) years after ownership of the Lot has been legally conveyed by Declarant.

3.31 Rentals. Nothing in this Declaration shall prevent the rental of any entire Lot and the Improvements thereon by the Owner thereof for residential purposes.

3.32 Sidewalks. All sidewalks required by the City of Round Rock, Williamson County or any other governmental entity having jurisdiction shall be constructed in accordance with applicable City of Round Rock and/or Williamson County ordinances and regulations, on each Lot, and the Plans and Specifications for all residential buildings on each Lot shall include plans and specifications for such sidewalk, and the same shall be constructed and completed prior to occupation of the residential building. No other sidewalks shall be placed on any Lot without the approval of the Architectural Review Committee.

3.33 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article III or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or provisions. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

3.34 Sight Distance at Intersections. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points 25 feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

ARTICLE IV USE RESTRICTIONS

4.1 General. The Property shall be improved and used solely for single family residential use, or for Common Areas. Common Areas may, subject to the approval of Declarant, be improved or used for active and passive recreational purposes for the primary benefit of Owners and occupants of portions of the Property; provided, however, that, as to any specific areas, Declarant may in its sole and absolute discretion, permit other improvements and uses. Except for Common Areas, no Lot, and no Improvement erected or maintained on any Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes. This prohibition shall not apply to "garage sales" conducted by Owners, provided that no Owner shall conduct more than one (1) garage sale of no more than two (2) days' duration during any six (6) month period, or the use of any Improvement on a Lot by Declarant or any builder as a model home or sales office, or the use of any Lot as a site for a construction office trailer or sales office trailer by Declarant or any builder.

4.2 Minimum Yards. The location of all Improvements located on a Lot shall be subject to approval by the Architectural Review Committee. Minimum yard and set-back requirements may be established by the Architectural Review Committee or by Declarant through a Supplemental Declaration in order to maximize open areas, pedestrian and vehicular movement and to benefit the overall appearance of the Property.

4.3 Greenbelt or Amenity Areas. No land within any Greenbelt or Amenity Areas shall be improved, used or occupied, except in such manner as shall have been approved by Declarant, in its sole and absolute discretion. Such required approval shall extend to the nature and type of use, occupancy and Improvement. Declarant may, by written instrument, delegate its right to grant such approval to the Board. Access to any Greenbelt or Amenity Area may be limited to persons currently paying Assessments, fees and other charges, or otherwise conditioned or restricted, or made available to non-Owners, all on such terms and conditions as Declarant may determine, in its sole discretion. When no Class B Memberships exist the Board shall have the right to determine such terms and conditions as the Board deems proper in its sole discretion, even if such right has not been delegated to it by Declarant.

4.4 Recreational Improvements. Any proposed construction of recreational improvements within a Greenbelt or Amenity Area shall be subject to approval by the Architectural Review Committee.

ARTICLE V STONE OAK HOMEOWNERS ASSOCIATION, INC.

5.1 Organization. The Declarant shall, at such time as Declarant deems appropriate, cause the formation and incorporation of the Master Association as a non-profit corporation under the laws of the State of Texas. The Master Association shall be created for the purposes, charged with the duties, governed by the provisions and vested with the powers prescribed by law or set forth in its Articles and Bylaws or in this Master Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration. Nothing in this Master Declaration shall prevent the creation, by provisions therefor in Supplemental Declaration(s) executed and recorded by Declarant or any person or persons authorized by Declarant, of Subassociations to own, develop, assess, regulate, operate, maintain or manage the Property subject to such Supplemental Declarations.

5.2 Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject, by covenants of record, to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from any ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership. Any Mortgagee or Lienholder who acquires title to any Lot which is a part of the Property through judicial or nonjudicial foreclosure, shall be a Member of the Association. Every member shall have the right at all reasonable times during business hours to inspect the books and records of the Association.

5.3 Voting Rights. The Association shall have two (2) classes of voting memberships:

- (A) Class A. Class A Members shall be all Owners, with the exception of DWH Stone Oak, Ltd., a Texas Limited Partnership the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine as provided by the Bylaws, but in no event shall more than one (1) vote be cast with respect to any Lot.
- (B) Class B. The Class B Member(s) shall be DWH Stone Oak, Ltd., a Texas Limited Partnership the Declarant, and its successors and assigns, and shall be entitled to three (3) votes for each Lot owned by it, provided that the Class B membership shall cease and be converted to Class A membership (subject to reversion back to Class B membership upon the annexation of additional land) on the happening of either of the following events, whichever occurs earlier:
 - (1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, (subject to reversion back to Class B membership upon annexation of additional land) or
 - (2) twenty (20) years from the filing date hereof in the Official Records of Williamson County, Texas.

5.4. Powers and Authority of the Association. The Master Association shall have the powers of a Texas non-profit corporation subject only to such limitations upon the exercise of such power as are expressly set forth in this Declaration. It shall further have the power to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers granted to it by the laws of Texas or of the two preceding sentences, the Master Association and the Board, acting on behalf of the Master Association, shall have the power and authority at all times as follows:

- (A) Stone Oak Rules and Bylaws. To make, establish and promulgate, and in its discretion to amend or repeal and re-enact, such Stone Oak Rules and Bylaws, not in conflict with this Declaration, as it deems proper covering any and all aspects of its functions.

- (B) Insurance. To obtain and maintain in effect policies of insurance which, in the opinion of the Board, are reasonably necessary or appropriate to carry out the Master Association functions.
- (C) Records. To keep books and records of the Master Association's affairs and to make all such books and records available for inspection by any Owner upon request and at reasonable times and intervals.
- (D) Assessments. To levy assessments as provided in Article VII below. An assessment is defined as that sum which must be levied in the manner and against the property set forth in Article VII hereof in order to raise the total amount for which the levy in question is being made.
- (E) Right of Entry and Enforcement. To enter at any time in an emergency (or in the case of a nonemergency, after twenty-four (24) hours written notice), without being liable to any Owner, upon any Lot and into any Improvement thereof for the purpose of enforcing Stone Oak Restrictions or for the purpose of maintaining or repairing any area, Improvement or other facility to conform to Stone Oak Restrictions and the expense incurred by the Master Association in connection with the entry upon any Lot and the maintenance and repair work conducted thereon shall be a personal obligation of the Owner of the Lot entered upon, shall be a lien upon the Lot entered upon and upon the Improvements thereon, and shall be enforced in the same manner and to the same extent as provided in Article VII hereof for regular, special and initial assessments. The Master Association shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of Stone Oak Restrictions. The Master Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce Stone Oak Restrictions; provided, however, that the Board shall never be authorized to expend any Master Association funds for the purpose of bringing suit against Declarant, its successors or assigns.
- (F) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Master Association.
- (G) Collection for Subassociation. To collect on behalf of and for the account of any Subassociation (but not to levy) any assessment made by a Subassociation created pursuant to this Master Declaration.

(H) Conveyances. To grant and convey to any person or entity the real property and/or other interest therein, including fee title, leasehold estates, easements, rights-of-way, or mortgages out of, in, on, over, or under any Master Association property for the purpose of construction, erecting, operating or maintaining the following:

- (1) Parks, parkways or other recreational facilities or structures;
- (2) Roads, streets, walks, driveways, trails and paths;
- (3) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
- (4) Sewers, water systems, storm water drainage systems, sprinkler systems and pipelines; and/or
- (5) Any similar public, quasi-public or private improvements or facilities;

provided, however, that the Master Association shall not convey fee simple title in and to, or mortgage all or any portion of any Common Areas without complying fully with the requirements of Section 8.7 below.

Nothing above contained, however, shall be construed to permit use or occupancy of any Improvement or other facility in a way which would violate applicable use and occupancy restrictions imposed thereon by other provisions of this Declaration.

(I) Manager. To retain and pay for the services of a person or firm (the "Manager") to manage and operate the Master Association, including its property, to the extent deemed advisable by the Board. Additional personnel may be employed directly by the Master Association or may be furnished by the Manager. To the extent permitted by law, the Master Association and the Board may delegate any other duties, powers and functions to the Manager. The members of the Master Association hereby release the Master Association and the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

(J) Association Property Services. To pay for water, sewer, garbage removal, landscaping, gardening and all other utilities, services and maintenance for all Master Association property; to maintain and repair easements, roads, roadways, rights-of-way, parks, parkways, median strips, sidewalks, paths, trails, ponds, lakes and other areas of the Property, as appropriate; and to own and operate any and all types of facilities for both active and passive

recreation.

- (K) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments which the Master Association or the Board is required to secure or to pay for pursuant to applicable law, the terms of this Declaration, or the Articles or Bylaws of the Master Association.
- (L) Construction on Association Property. To construct new Improvements or additions to Master Association properties, subject to the approval of the Architectural Review Committee as provided in this Declaration.
- (M) Contracts. To enter into contracts with Declarant and other persons on such terms and provisions as the Board shall determine, to operate and maintain any Greenbelt or Amenity Area or to provide any service or perform any function on behalf of Declarant or any Person.
- (N) Property Ownership. To acquire and own and to dispose of all manner of real and personal property, whether by grant, lease, gift or otherwise.

5.5 Maintenance and Landscape Authority. The Master Association shall maintain all streets and roadways within the Property, which have been completed but not accepted by the appropriate governmental entity for maintenance. In addition, the Master Association shall be authorized to landscape, maintain and repair all easements, access easements, right-of-way, median strips, sidewalks, paths, trails, detention ponds and other areas of the Property, as appropriate. The Master Association shall maintain all Greenbelt or Amenity Areas dedicated to the Master Association or maintenance, by or with the consent of Declarant.

5.6 Lighting. The Master Association shall pay for electrical service and for all other costs and expenses necessary to operate and maintain the lights within Greenbelt and Amenity Areas.

5.7 Common Properties. Subject to and in accordance with this Declaration, the Master Association, acting through the Board, shall have the following duties:

- (A) To accept, own, operate and maintain all Common Areas which may be conveyed or leased to it by Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in such areas; and to accept, own, operate and maintain all other Common Properties, real and personal, conveyed or leased to the Master Association by Declarant and to maintain in good repair and condition all lands, improvements, and other Master Association property owned by or leased to the Master

Association. Such maintenance shall include but not be limited to mowing and removal of rubbish or debris of any kind.

- (B) To construct, maintain, repair and replace landscape improvements and irrigation systems within public rights-of-way pursuant to agreement(s) with Williamson County or other appropriate governmental authority.
- (C) To pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any property owned by or leased to the Master Association, to the extent that such taxes and assessments are not levied directly upon the members of the Master Association. The Master Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.
- (D) Upon the approval of two-thirds (2/3) of the Owners (excluding Declarant) and full compliance with the provisions of Section 8.7 below, to execute mortgages, both construction and permanent, for construction of facilities, including improvements on property owned by or leased to the Master Association.
- (E) To take out and maintain current a policy of liability insurance coverage to cover accidental bodily injury and/or death caused by the use and enjoyment of the Common Areas. Such insurance shall be in an amount as the Board shall deem appropriate.

5.8 Fencing. In the event Declarant shall erect or cause to be erected a fence along any portion of the Property or of any Lot where such side or rear property line adjoins a Greenbelt easement then the Master Association shall be responsible for all maintenance of such fence, including the obligation to rebuild the same upon a majority vote of the Members.

5.9 Indemnification. The Master Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was a director, officer, committee member, employee, servant or agent of the Master Association against expenses, including attorney's fees, reasonably incurred by him or her in connection with such action, suit or proceeding if it is found and determined by the Board or a court that he or she (1) acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Master Association, and (2) with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of Nolo

Contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Master Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful. The Board may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member, employee, servant or agent of the Master Association, against any liability asserted against him or her or incurred by him or her in any such capacity, or arising out of his status as such, whether or not the Master Association would have the power to indemnify him or her against such liability hereunder or otherwise.

ARTICLE VI ARCHITECTURAL REVIEW COMMITTEE

6.1 Approval of Plans and Specifications. No Improvement shall be commenced, erected, constructed, placed or maintained upon any Lot, nor shall any exterior addition to or change or alteration therein be made until the Plans and Specifications therefor shall have been submitted to in accordance herewith and approved in writing by the Architectural Review Committee.

6.2 Membership of Architectural Review Committee. The Architectural Review Committee shall consist of not less than three (3) nor more than seven (7) voting members ("Voting Members") and such additional nonvoting members serving in an advisory capacity ("Advisory Members") as Declarant or its successors or assigns deem appropriate. The initial voting members of the Architectural Review Committee shall be appointed by Declarant.

6.3 Actions of the Architectural Review Committee. The Architectural Review Committee may, by resolution, unanimously adopted in writing, designate one or two of its members or an agent acting on its behalf to take any action or perform any duties for and on behalf of the Architectural Review Committee. In the absence of such designation, the vote of a majority of all of the members of the Architectural Review Committee taken without a meeting, shall constitute an act of the Architectural Review Committee.

6.4 Advisory Members. The Voting Members may from time to time designate Advisory Members.

6.5 Term. Each member of the Architectural Review Committee shall hold office until such time as he or she has resigned or has been removed or his or her successor has been appointed, as provided herein.

6.6 Declarant's Rights of Appointment. Declarant, its successors or assigns shall have the right to appoint and remove all members of the Architectural Review Committee. Declarant may delegate this right to the Board by written instrument. Thereafter, the Board shall have the right to appoint and remove all members of the Architectural Review Committee. When no Class B memberships exist, the Board shall have this right to appoint and remove all members of the Architectural Review Committee, even if such right has not been delegated to it by Declarant.

6.7 Adoption of Rules. The Architectural Review Committee may adopt such procedural and substantive rules, not in conflict with this Declaration, as it may deem necessary or proper for the performance of its duties, including but not limited to a building code, a fire code, a housing code, and other similar codes as it may deem necessary and desirable.

6.8 Design Guidelines. The Architectural Review Committee hereby adopts the foregoing Sections 3.1 through 3.9 of this Declaration as the "Design Guidelines," and shall supply said Design Guidelines to each Owner. All Improvements shall be constructed in accordance with the Design Guidelines, and the Architectural Review Committee shall have the authority to disapprove any proposed Improvements based on the restrictions set forth in the Design Guidelines. Any decision of the Architectural Review Committee pursuant to this Section shall be final and binding so long as it is made in good faith. The Architectural Review Committee may charge Owners a reasonable fee for each set of Design Guidelines supplied to an Owner.

6.9 Reviews of Proposed Construction. Whenever in this Declaration, or in any Supplemental Declaration, the approval of the Architectural Review Committee is required, it shall consider all of the Plans and Specifications for the Improvement or proposal in question, the Design Guidelines, and all other facts and information which, in its sole discretion, it considers relevant, and may require an Owner to provide such other information as it deems relevant. Except as otherwise specifically provided herein, prior to the commencement of any construction of any Improvement on the Property or any portion thereof, the Plans and Specifications therefor shall be submitted to the Architectural Review Committee, and construction thereof may not commence unless and until the Architectural Review Committee has approved such Plans and Specifications in writing. The Architectural Review Committee may postpone review of the Plans and Specifications until such time as the Architectural Review Committee has received all information requested. The Architectural Review Committee shall consider and act upon any and all Plans and Specifications submitted for its approval pursuant to this Declaration and perform such other duties assigned to it by the Declaration or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with Plans and Specifications approved by the Architectural Review Committee. The Architectural Review Committee shall not be responsible for reviewing any proposed Improvement nor shall its approval of any Plans or Specifications be deemed approval thereof from the standpoint of structural safety,

engineering soundness, or conformance with building or other codes.

6.10 Plan Review. Upon receipt by the Architectural Review Committee of all of the information required by this Article VI, it shall have twenty-one (21) days in which to review said plans. The proposed Improvements will be approved if, in the sole opinion of the Architectural Review Committee, (i) the Improvements will be of an architectural style and material that are compatible with the other structures in the Property; (ii) the Improvements will not violate any restrictive covenant or encroach upon any easement or cross platted building set back lines; (iii) the Improvements will not result in the reduction in property value, use or enjoyment of any of the Property; (iv) the individual or company intended to perform the work is acceptable to the Architectural Review Committee; and (v) the Improvements will be substantially completed, including all cleanup, within three (3) months of the date of commencement (6 months for the construction of a complete house). In the event that the Architectural Review Committee fails to issue its written response within twenty-one (21) days of its receipt of the last of the materials or documents required to complete the Owner's submission, the Architectural Review Committee's approval shall be deemed to have been granted without further action.

6.11 Variance. The Architectural Review Committee may grant variances from compliance with any of the provisions of this Declaration, any Supplemental Declaration or the Design Guidelines, when, in the opinion of the Architectural Review Committee, in its sole and absolute discretion, such variance will not impair or detract from the high quality development of the Property, and such variance is justified due to unusual or aesthetic considerations or unusual circumstances. All variances must be evidenced by a written instrument, in recordable form, and must be signed by at least two (2) of the Voting Members. The granting of such variance shall not operate to waive or amend any of the terms and provisions of these covenants and restrictions applicable to the Lots for any purpose except as to the particular property and in the particular instance covered by the variance, and such variance shall not be considered to establish a precedent or future waiver, modification or amendment of the terms and provisions hereof.

6.12 No Waiver of Future Approvals. The approval or consent of the Architectural Review Committee to any Plans or Specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the Architectural Review Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans and Specifications, or other matter whatever, subsequently or additionally submitted for approval or consent by the same or a different person or entity.

6.13 Work In Progress. The Architectural Review Committee, at its option, may inspect all work in progress to ensure compliance with approved Plans and Specifications.

6.14 Address. Plans and Specifications shall be submitted to the Architectural Review Committee at 816 Congress Avenue, Suite 1265, Austin, Texas 78701, Attention: Mr. David Mahn or such other address as may be designated by Declarant, its successors and assigns, from time to time.

6.15 Fees. The Architectural Review Committee shall not require a submission fee for each set of Plans and Specifications submitted for its review.

6.16 Certificate of Compliance. Upon completion of any Improvement approved by the Architectural Review Committee and upon written request by the Owner of the Lot, the Architectural Review Committee shall issue a Certificate of Compliance in a form suitable for recordation. The Certificate shall identify the Lot and the Improvements, the use or uses to be conducted thereon, and the Plans and Specifications on file with the Architectural Review Committee to which the Improvements were made and shall specify that the Improvements comply with the approved Plans and Specifications. The Certificate shall not be construed to certify the acceptability, sufficiency or approval by the Architectural Review Committee of the actual construction of the Improvements or of the workmanship or materials thereof. The Owner is hereby notified that the Certificate in no way warrants, except as set forth above, the sufficiency, acceptability or approval by the Architectural Review Committee of the construction, workmanship, materials or equipment of the Improvements. Preparation and recordation of such a Certificate shall be at the expense of the Owner of the improved Lot.

ARTICLE VII FUNDS AND ASSESSMENTS

7.1 Assessments.

- (A) Assessments established by the Board pursuant to the provisions of this Article VII shall be levied on a uniform basis against each Developed Lot within the Property.
- (B) Each unpaid Assessment together with such interest thereon and costs of collection thereof as hereinafter provided, shall be the personal obligation of the Owner of the Property against which the Assessment fell due, and shall become a lien against each such Lot and all Improvements thereon. Such lien shall be prior to any declaration of homestead. The Master Association may enforce payment of such Assessments in accordance with the provisions of this Article.

- (C) Where the obligation to pay an Assessment first arises after the commencement of the year or other period for which the Assessment was levied, the Assessment shall be prorated as of the date when said obligation first arose to the duration of the Assessment year or other period remaining after said date.

7.2 Maintenance Fund. The Board shall establish a maintenance fund into which shall be deposited all monies paid to the Master Association and from which disbursements shall be made in performing the functions of the Master Association under this Master Declaration. The funds of the Master Association must be used solely for purposes authorized by this Declaration, as it may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment of other maintenance funds by a Subassociation pursuant to any supplemental Declaration.

7.3 Regular Annual Assessments. Prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Master Association during such year in performing its functions under the Stone Oak Restrictions, including but not limited to, the cost of all maintenance, the cost of providing street lighting, the cost of enforcing the Stone Oak Restrictions, and a reasonable provision for contingencies and appropriate replacement reserves less any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses shall then be levied as herein provided, and the level of Assessments set by the Board shall be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Master Association may at any time, and from time to time, levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable to the Master Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion. In no event shall the regular annual assessment per Lot for the year 1996 exceed the sum of \$100.00 which maximum assessment shall thereafter be increased by the sum of ten percent (10%) per year.

7.4 Special Assessments. In addition to the regular annual Assessments provided for above, the Board may levy special Assessments whenever in the Board's opinion such special Assessments are necessary to enable the Board to carry out the mandatory functions of the Master Association under the Stone Oak Restrictions. The amount of any special Assessments shall be at the reasonable discretion of the Board.

7.5 Initial Assessments. In addition to the regular annual and special Assessments provided for above in Section 7.3 and 7.4, a one-time initial Assessment shall be due and payable to the Master Association immediately upon the conveyance of any Lot to a new Owner. Such initial Assessment shall be assessed and levied to provide for reasonable costs incurred by the Association and/or any Manager for the resulting change in membership in the Association upon the conveyance of the Lot and the preparation for

the new owner of information and materials relating to membership in the Association and to the Property. In no event shall the initial Assessment exceed \$50 per Lot.

7.6 Owner's Personal Obligation for Payment of Assessments. The regular, special and initial Assessments provided for herein shall be the personal and individual debt of the Owner of the Lot covered by such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot shall be obligated to pay interest at the highest rate allowed by the VA or FHA for interest on delinquent assessments, but in no event higher than any applicable usury laws then in effect on the amount of the Assessment from the due date thereof (or if there is no such highest rate then at the rate of eighteen percent (18%) per annum) together with all costs and expenses of collection, including reasonable attorney's fees.

7.7 Exemptions: Notwithstanding any provision herein to the contrary, all common area and Association property shall be exempt from the payment of any assessments, whether regular, special or initial.

7.8 Assessment Lien and Foreclosure. All sums assessed in the manner provided in this Article but unpaid, shall together with interest as provided in Section 7.06 hereof and the cost of collection, including attorney's fees as herein provided, thereupon become a continuing lien and charge on the Lot covered by such Assessment, which shall bind such Lot in the hands of the Owner, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien shall be prior to any declaration of homestead and superior to all other liens and charges against the said Lot, except only for:

- (A) All liens for taxes or special assessments levied by the applicable city, county or state government, or any political subdivision or special district thereof;
- (B) All liens secured by amounts due or to become due under (i) any term Contract for Sale dated, or (ii) any mortgage vendor's lien or deed of trust filed for record, prior to the date any Assessment became due and payable; and
- (C) All liens including, but not limited to, vendor's liens, deeds of trust and other security agreements which secure any loan made by any lender to a Member for any part of the purchase price of any Lot when the same are purchased from a builder, or for any part of the cost of constructing, repairing, adding to or remodeling any Improvements utilized for residential purposes.

Notwithstanding the above, no lien shall be deemed or held superior to the lien hereby created unless the Master Association is made a party to any court proceeding to enforce any of the above-listed liens. The Master Association shall have the power to subordinate the aforesaid assessment lien to any other lien. Such power shall be entirely discretionary with the Board and such subordination may be signed by an officer of the Master Association. To evidence the aforesaid assessment lien, the Master Association may prepare a written notice of assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice shall be signed by one of the officers of the Master Association and shall be recorded in the office of the County Clerk of Williamson County, Texas. Such lien for payment of Assessments shall attach with the priority above set forth from the date that such payment becomes delinquent and may be enforced by either (i) the Master Association instituting suit against the Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or non-judicial the Owner shall be required to pay the costs, expenses, and reasonable attorney's fees incurred by the Master Association. The Master Association shall have the power to bid on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Master Association shall report to such Mortgagee any unpaid Assessments remaining unpaid for longer than thirty (30) days after the same are due.

ARTICLE VIII PROPERTY RIGHTS AND EASEMENTS

8.1 Title to Common Areas. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Areas to the Association, free and clear of all encumbrances and liens prior to the sale of the first Lot by Declarant or Corporation to a homeowner.

8.2 Reserved Easements. All dedications, limitations, restrictions and reservations shown on a 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 Master Declaration, (except for and specifically excluding the covenants, conditions and restrictions recorded in Volume 2722, page 0256, Official Records of Williamson County, Texas which have been released and terminated in their entirety), are incorporated herein by reference and made a part of this Master 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. Declarant reserves the right to make changes in and additions to the said easements and rights-of-way for the purpose of most efficiently and economically developing the Property. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other person or entity, to

grant, dedicate, reserve or otherwise create, at anytime or from time to time, rights-of-way and easements for public utility purposes (including, without limitation, gas, water, cable television, electricity, telephone and drainage), in favor of any person or entity, along and on either or both sides of any Lot line, which said easement shall have a maximum width of 5.0 feet on each side of such Lot line.

8.3 Installation and Maintenance. There is hereby created an easement upon, across, over and under all of the easement areas affecting the Property for ingress and egress in connection with installing, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewer, gas, cable television, telephones, electricity and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service lines or other utility facilities or appurtenances thereto, on, above, across and under the Property, within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any Improvement. Notwithstanding any provision contained in this section, no sewer, electrical lines, water lines or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the Architectural Review Committee. The utility companies furnishing service shall have the right to remove all trees situated within the utility easements shown on the Plat, and to trim overhanging trees and shrubs located on portions of the Property abutting such easements.

8.4 Drainage Easements. Each Owner covenants to provide easements for drainage and water flow, as contours of land and the arrangement of Improvements approved by the Architectural Review Committee thereon, require. Each Owner further covenants not to disturb or displace any trees or other vegetation within the drainage easements as defined in this Master Declaration and shown on the Plat. There shall be no construction of Improvements, temporary or permanent in any drainage easement, except as approved in writing by the Architectural Review Committee.

8.5 Surface Areas. Each Owner shall maintain the surface area of all easements located within his Lot and all Improvements located therein except for such improvements for which a public authority or utility company is responsible. The surface of easement areas for underground utility services may be used for planting of shrubbery, trees, lawns or flowers. However, neither the Declarant nor any supplier of any utility or service using any easement area shall be liable to any Owner or to the Master Association for any damage done by them or either of them, or their respective agents, employees, servants or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation or repair of any facility in any such easement area.

8.6 Title to Easements and Appurtenances Not Conveyed. Title to any Lot conveyed by Declarant by contract, deed or other conveyance shall not be held or construed in any event to include the title to any roadways or Greenbelt or Amenity Area or any drainage, water, gas, sewer, storm sewer, electrical light, electrical power,

telegraph or telephone way, or any pipes, lines, poles or conduits on or in any utility facility or appurtenances thereto, constructed by or under Declarant or its agents through, along or upon any Lot or any part thereof to serve said Lot or any other portion of the Property, and the right to maintain, repair, sell, or lease such appurtenances to any municipality or other governmental agency or to any public service corporation or to any other party is hereby expressly reserved in Declarant.

8.7 Owners' Easements of Enjoyment of Common Areas. Each Owner shall have an easement of use and enjoyment in and to all Common Areas which shall be appurtenant to and shall pass with title to such Owner's Lot, subject to the following provisions:

- (A) The right of the Master Association to suspend the Owner's voting rights and right to use the Common Areas for any period during which any Assessment against such Owner's Lot remains unpaid, and for any period during which the Owner is in violation of the rules and regulations of the Master Association;
- (B) The right of the Master Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless: (1) an instrument of agreement to such dedication or transfer, signed by at least two-thirds (2/3) of each class of Members entitled to vote is recorded; and (2) written notice of proposed action under this provision is sent to every Owner and Mortgagee not less than ten (10) days and not more than sixty (60) days in advance of such action.
- (C) The right of the Master Association to borrow money for the purpose of improving the Common Areas and, in furtherance thereof, to mortgage the Common Areas, all in accordance with the Articles and Bylaws; No such mortgage shall be effective unless: (1) an instrument of agreement to such mortgage, signed by at least two-thirds (2/3) of each class of Members entitled to vote is recorded; and (2) written notice of proposed action under this provision is sent to every Owner and Mortgagee not less than ten (10) days and not more than sixty (60) days in advance of such action.
- (D) The right of the Master Association to make reasonable rules and regulations regarding the use of the Common Areas and any facilities thereon; and

- (E) The right of the Master Association to contract for services with third parties on such terms as the Master Association may determine.

ARTICLE IX MISCELLANEOUS

9.1 Term. This Master Declaration, including all of the covenants, conditions, and restrictions hereof, shall run until May 1, 2016, unless amended as herein provided. After May 1, 2016, this Master Declaration, including all such covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by the Owners of at least three-fourths (3/4) of the Lots within the property then subject to this Master Declaration.

9.2 Nonliability of Board and Architectural Review Committee Members. Neither the Architectural Review Committee, nor any member thereof, nor the Board nor any member thereof, nor shall be liable to the Master Association or to any Owner or to any other person for any loss, damage or injury arising out of their being in any way connected with the performance of the Architectural Review Committee's or the Board's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Architectural Review Committee or its member or the Board or its member, as the case may be. Neither the Architectural Review Committee nor the members thereof shall be liable to any Owner due to the construction of any Improvement within the Property.

9.3 Amendment.

- (A) By Declarant. This Master Declaration may be amended by the Declarant acting alone until May 1, 2016, and so long as Declarant owns at least two-thirds (2/3) of the Lots. No amendment by Declarant shall be effective until there has been recorded in the Official Records of Williamson County, Texas, an instrument executed and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the President and Secretary of the Board certifying that the Declarant owns the requisite number of Lots. Notwithstanding the foregoing, Declarant may amend this Declaration at any time (i) to correct typographical and grammatical errors, and (ii) in order to comply with VA or FHA requirements for approval of the Property.
- (B) By Owners. In addition to the method in Section 9.03(A), this Declaration may be amended by the recording in the Official Records of Williamson County, Texas of an instrument executed and acknowledged by the President and Secretary of the Master

Association, setting forth the amendment and certifying that such amendment has been approved by the Owners of at least two-thirds (2/3) of the Lots.

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

9.5 Interpretation. The provisions of this Master Declaration shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of the Property and of promoting and effectuating the fundamental concepts of the Property set forth in this Master Declaration. This Master Declaration shall be construed and governed under the laws of the State of Texas.

9.6 Mergers and Consolidations. The Association may participate in mergers and consolidations with other non-profit operations organized for the same purposes, provided that any such merger, consolidation or annexation shall have the consent (in writing or at a meeting duly called for such purpose) of those Members entitled to cast not less than two-thirds (2/3) of the votes of the Association.

9.7 Exemption of Declarant. Notwithstanding any provision of this Master Declaration to the contrary, neither Declarant nor any of Declarant's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural Review Committee. Without in any way limiting the generality of the preceding sentence, this Master Declaration shall not prevent or limit the right of Declarant to excavate and grade, to construct and alter drainage patterns and facilities, to construct any and all other types of Improvements, sales and leasing offices and similar facilities, and to post signs incidental to construction, sales and leasing anywhere within the Property.

9.8 Assignment by Declarant. Notwithstanding any provision in this Master Declaration to the contrary, Declarant may assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Master Declaration to any other person or entity and may permit the participation, in whole or in part, by any person or entity in any of its privileges, exemptions, rights and duties hereunder.

9.9 Enforcement and Nonwaiver.

(A) Right of Enforcement. Except as otherwise provided herein, any Owner at his or her own expense, Declarant, and/or the Board shall

have the right to enforce all of the provisions of the Stone Oak Restrictions. Such right of enforcement shall include both damages for, and injunctive relief against, the breach of any such provision.

- (B) Nonwaiver. The failure to enforce any provision of the Stone Oak Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said restrictions.
- (C) Liens. The Master Association shall have the right, when appropriate in its judgment, to claim or impose a lien upon any Lot or Improvement constructed thereon in order to enforce any right or effect compliance with this Master Declaration.

9.10 Construction.

- (A) Restrictions Severable. The provisions of the Stone Oak Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof.
- (B) Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.
- (C) Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise effect that which is set forth in any of the paragraphs, sections or articles hereof.

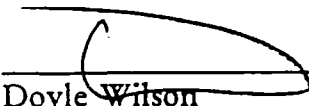
9.11 FHA/VA Approval. As long as there is Class B membership, the following actions shall require the prior approval of the Federal Housing Administration or the Veterans Administration if such agencies have guaranteed any loans within the Property: Annexation of additional properties, dedication of Common Areas and any amendments to this Master Declaration.

IN WITNESS WHEREOF, Declarant and Corporation have executed this Master Declaration as of this the 28th day of May, 1996.

Declarant: BY: DWH STONE OAK, LTD., a Texas Limited Partnership

By: Doyle Wilson Homebuilder, Inc.
Its sole General Partner

By:


Doyle Wilson
Its President

Corporation: BY: DOYLE WILSON HOMEBUILDER, INC.

By:


Doyle Wilson
Its President

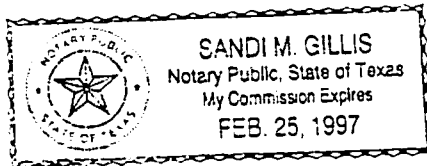
STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 28th day of May, 1996, by Doyle Wilson, President of Doyle Wilson Homebuilder, Inc., the sole general partner of DWH Stone Oak, Ltd., a Texas Limited Partnership as the act of DWH Stone Oak, Ltd., a Texas Limited Partnership.

[SEAL]



Sandi M. Gillis
Notary Public for the State of Texas

Notary's Printed or Typed Name
My Commission Expires: _____

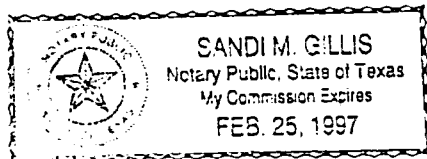
STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 28th day of May, 1996, by Doyle Wilson, President of Doyle Wilson Homebuilder, Inc., a Texas corporation, on behalf of said corporation.

[SEAL]



Sandi M. Gillis
Notary Public for the State of Texas

Notary's Printed or Typed Name
My Commission Expires: _____

CONSENT BY MORTGAGEE

Highland Lakes Bank, as the holder of lien(s) on the real property in Williamson County, Texas described in the attached Exhibit "A" hereby consents to the foregoing Stone Oak Master Declaration of Covenants, Conditions and Restrictions.

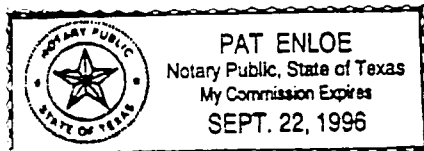
HIGHLAND LAKES BANK

By: *O. W. Richter*
Name: O. W. Richter
Title: Sr. Vice President
Date: May 30, 1996

STATE OF TEXAS §
 §
COUNTY OF LLANO §

This instrument was acknowledged before me on the 30 day of May, 1995, by O. W. Richter, Sr. Vice President of HIGHLAND LAKES BANK, a state chartered banking association, on behalf of said association.

[SEAL]



Pat Enloe
Notary Public, State of Texas
My Commission Expires: _____

EXHIBITS:

EXHIBIT "A" = Description of land which is subject to this Declaration.

AFTER RECORDING RETURN TO:

Bill Flickinger
Willatt & Flickinger
Attorneys at Law
2001 North Lamar
Austin, Texas 78705

FIELD NOTES

BEING A 70.00 ACRE TRACT OF LAND BEING OUT OF AND A PORTION OF THE EPHRAIM EVANS SURVEY, ABSTRACT NO. 212 IN WILLIAMSON COUNTY, TEXAS AND BEING OUT OF AND A PART OF A 1437.45 ACRE TRACT OF LAND CONVEYED TO T.E. NELSON JR. AS DESCRIBED IN DEED RECORDED IN VOLUME 571, PAGE 446 OF THE DEED RECORDS OF WILLIAMSON COUNTY, TEXAS SAID 70.00 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING for reference at a 1/2-inch iron rod set at the intersection of the north right-of-way line of F.M. 1431 (200' R.O.W.) and the east line of said 1437.45 acre tract, same being the west line of a 2023.28 acre tract of land conveyed to Texas Crushed Stone as described in deed recorded in Volume 880, Page 638 of the Deed Records of Williamson County, Texas;

THENCE S 70°19'37" W along the north right-of-way line of said F.M. 1431 a distance of 800.23 feet to a 1/2-inch iron rod set for the POINT OF BEGINNING and southeast corner of the herein described tract;

THENCE S 70°19'37" W along the north right-of-way line of said F.M. 1431 a distance of 820.84 feet to a 1/2-inch iron set for the southwest corner of the herein described tract;

THENCE passing through said 1437.45 acre tract the following thirteen (13) courses:

1. N 43°54'25" W a distance of 642.78 feet to a 1/2-inch iron rod set;
2. N 36°34'12" W a distance of 191.41 feet to a 1/2-inch iron rod set;
3. N 25°31'53" W a distance of 133.95 feet to a 1/2-inch iron rod set for an ell corner of the herein described tract;
4. N 58°13'48" E a distance of 247.31 feet to a 1/2-inch iron rod set;
5. N 66°43'31" E a distance of 154.08 feet to a 1/2-inch iron rod set;
6. N 02°24'48" E a distance of 143.55 feet to a 1/2-inch iron rod set;
7. N 64°16'36" E a distance of 145.58 feet to a 1/2-inch iron rod set;
8. N 55°37'46" E a distance of 153.09 feet to a 1/2-inch iron rod set;
9. N 59°24'07" E a distance of 111.49 feet to a 1/2-inch iron rod set;
10. N 75°48'22" E a distance of 122.39 feet to a 1/2-inch iron rod set for an ell corner of the herein described tract;
11. N 14°51'21" W a distance of 1699.72 feet to a 1/2-inch iron rod set for the northwest corner of the herein described tract.

12. N 69°19'38" E a distance of 633.16 feet to a fence corner post found;

13. N 69°34'02" E a distance of 137.06 feet to a 1/2-inch iron rod set in the east line of the aforesaid 1437.45 acre tract and the west line of the aforesaid 2023.28 acre tract;

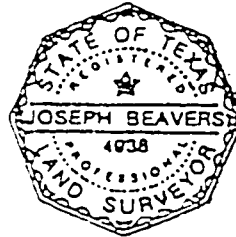
THENCE S 21°01'28" E along the common line between the east line of said 1437.45 acre tract and the west line of said 2023.28 acre tract a distance of 2335.83 feet to a 1/2-inch iron rod set for an ell corner of the herein described tract;

THENCE passing through said 1437.45 acre tract the following three (3) courses:

1. S 70°21'00" W a distance of 812.47 feet to a 1/2-inch iron rod set;
2. S 19°39'00" E a distance of 507.40 feet to a 1/2-inch iron rod set for a point of curvature;
11. along a curve to the left having a radius of 25.00 feet, a central angle of 90°01'23", an arc length of 39.28 feet, and a chord which bears S 64°39'41" E a distance of 35.36 feet to the POINT OF BEGINNING of the herein described tract and containing 70.00 acres of land.

I HEREBY CERTIFY THAT THIS METES AND BOUNDS DESCRIPTION WAS PREPARED FROM A SURVEY PERFORMED IN THE FIELD UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.


JOSEPH BEAVERS, R.P.L.S. No. 4938



Doc# 9628704
Pages: 36
Date : 06-04-1996
Time : 11:46:45 A.M.
Filed & Recorded in
Official Records
of WILLIAMSON County, TX.
ELAINE BIZZELL
COUNTY CLERK
Rec. \$ 79.00

② Willatt & Slickinger

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS**

STONE OAK

Sections 4 and 5

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

THAT WHEREAS, CONTINENTAL HOMES OF TEXAS, L.P., a Texas limited partnership doing business as Milburn Homes ("Declarant") is the sole owner of certain real property located in Williamson County, Texas, as more particularly described as follows (the "Property"):

TRACT I: STONE OAK AT ROUND ROCK, Section 4, a subdivision of record in Williamson County, Texas, according to the map or plat of record in Cabinet Q, Slides 244-245, Plat Records of Williamson County, Texas, SAVE AND EXCEPT Lot 22, Block B, STONE OAK AT ROUND ROCK, Section 4, a subdivision of record in Williamson County, Texas, according to the map or plat of record in Cabinet Q, Slides 244-245, Plat Records of Williamson County, Texas; and

TRACT II: Being 4.517 acres of land, out of and part of the EPHRAIM EVANS SURVEY, ABSTRACT NO. 212, in Williamson County, Texas, said 4.517 acres being more particularly described by metes and bounds in Exhibit "A" attached hereto and incorporated herein.

WHEREAS, by instrument dated May 28, 1996, DWH Stone Oak, Ltd., a Texas limited partnership, and Doyle Wilson Homebuilder, Inc., a Texas corporation, imposed The Stone Oak Master Declaration of Covenants, Conditions and Restrictions (as the same may be amended, restated, modified, and supplemented from time to time, the "Master Declaration") upon the seventy acre tract of land described in the Master Declaration, which Master Declaration is recorded as Document No. 9628704, in the Official Records of Williamson County, Texas;

WHEREAS, Tract I (Section 4 of STONE OAK AT ROUND ROCK) and Tract II are part of the "Property" as described and defined in the Master Declaration (but for purposes of this Supplemental Declaration, the term "Property" shall mean only Tract I and Tract II, as fully described above);

WHEREAS, DWH Stone Oak, Ltd. transferred and assigned all of its rights as Declarant under the Master Declaration to Continental Homes of Texas, L.P., by the Assignment of Declarant's Rights recorded under Document No. 9838380, Official Records of Williamson County, Texas;

WHEREAS, the Master Declaration expressly contemplates that areas of the Property may be made subject to further covenants, conditions and restrictions pursuant to a Supplemental Declaration;

WHEREAS, Declarant desires to convey the Property subject to the Master Declaration and further subject to certain protective covenants, conditions, restrictions, liens, and charges hereinafter set forth; and

WHEREAS, Declarant desires to create and carry out a uniform plan for the improvement, development, and sale of the Property for the benefit of the present and future owners of the Property.

NOW, THEREFORE, it is hereby declared: (i) that all of the Property shall be held, sold, conveyed, and occupied subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the

Property and shall be binding on all parties having any right, title, or interest in or to the Property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof; and (ii) that each contract or deed which may hereafter be executed with regard to the Property or any portion thereof shall conclusively be held to have been executed, delivered, and accepted subject to the Master Declaration and the following covenants, conditions, and restrictions regardless of whether or not the same are set out or referred to in said contract or deed.

ARTICLE I

DEFINITIONS

Unless the context otherwise specifies or requires, all defined words and phrases which are not otherwise defined in this Supplemental Declaration shall have the definition or meaning given such word or phrase in the Master Declaration; provided that the following words and phrases when used in this Supplemental Declaration shall have the meanings hereinafter specified:

1.01. Common Areas. "Common Areas" shall mean Lots and other properties, if any, designated by Declarant as Common Areas pursuant to the Master Declaration, this Supplemental Declaration, and/or any other supplemental declaration to the Master Declaration, and conveyed to the Association, along with any areas within public right-of-ways or easements that the Board deems necessary or appropriate to maintain for the common benefit of the Owners. Common Areas may be designated by Declarant and dedicated or otherwise conveyed to the Association from time to time and at any time. If and at the time Declarant annexes additional real property to the Property in accordance with Section 2.02 hereof, additional Common Areas may be designated.

1.02. Declarant. "Declarant" shall mean CONTINENTAL HOMES OF TEXAS, L.P., a Texas limited partnership doing business as Milburn Homes, its duly authorized representatives or their respective successors or assigns; provided that any assignment of the rights of Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of any rights of Declarant hereunder or under the Master Declaration.

1.03. Plat. "Plat" shall mean (i) the subdivision plat of STONE OAK AT ROUND ROCK, Section 4, a subdivision of record in Cabinet Q, Slides 244-245, as the same may be amended from time to time, and (ii) the subdivision plat of Tract II of the Property, if and when filed of record, which Declarant presently contemplates will be STONE OAK AT ROUND ROCK, Section 5, as the same may be amended from time to time.

1.04. Preserve at Stone Oak. "Preserve at Stone Oak" means the residential subdivision being developed by Declarant on a portion of the land adjoining the Property and all or a portion of which may be annexed as additional property under the Master Declaration (any such annexation or addition being at Declarant's sole and absolute discretion).

1.05. Preserve at Stone Oak Amenities. "Preserve at Stone Oak Amenities" shall mean the Common Areas (both Greenbelt and Amenities) which may be created, improved, or constructed, on the adjoining properties owned by Declarant known as Preserve at Stone Oak or which are otherwise dedicated to or conveyed to the Association out of the Preserve at Stone Oak (following the annexation of land therein as additional property under the Master Declaration).

1.06. The Restrictions. The "Restrictions" shall mean the Master Declaration (as modified and supplemented hereby), this Supplemental Declaration, as the same may be amended from time to time, together with the Architectural Review Committee Rules, the Association Rules, and the Articles and Bylaws.

1.07. Subdivision. "Subdivision" shall mean STONE OAK AT ROUND ROCK Section 4 and STONE OAK AT ROUND ROCK Section 5, both subdivisions in Williamson County, Texas, according to the Plat.

ARTICLE II

DEVELOPMENT OF THE PROPERTY

2.01. Development by Declarant. Declarant may divide or subdivide the Property into several areas, develop some of the Property, and, at Declarant's option, sell any portion of the Property free of these restrictions.

2.02. Addition of Land. Declarant may, at any time and from time to time, add land from within the areas described in Document Nos. 9843688, 9838377, 9708857, and 9866285, Official Records of Williamson County, Texas, to the Property (and to the "Property" under the Master Declaration), in accordance with a staged development plan approved by the Veterans Administration ("VA") and the Federal Housing Administration ("FHA"). Upon such addition, the Master Declaration, this Supplemental Declaration and the covenants, conditions, restrictions, and obligations set forth therein and herein shall apply to the added land, and the rights, privileges, duties, and liabilities of the persons subject to the Master Declaration and this Supplemental Declaration shall be the same with respect to the added land as with respect to the lands originally covered by the Master Declaration and this Supplemental Declaration. In order to add lands to the Property hereunder, Declarant shall be required only to record in the Official Records of Williamson County, Texas, a notice of addition of land containing the following provisions:

(A) A reference to the Master Declaration and this Supplemental Declaration, which reference shall state the books and page numbers of the Williamson County Official Records wherein the Master Declaration and this Supplemental Declaration are recorded (or, where applicable the document numbers under which they are filed or recorded);

(B) A statement that the provisions of the Master Declaration and this Supplemental Declaration shall apply to the added land; and

(C) A legal description of the added land.

Declarant shall submit a written request for approval of any annexation of land not included in the staged development plan previously approved by VA/FHA to the FHA and the VA accompanied by a copy of the Declaration of Annexation.

Notwithstanding anything contained herein to the contrary, Declarant shall only be permitted to add land to this Supplemental Declaration without the consent of two-thirds of the Owners entitled to vote pursuant the Restrictions until the earlier to occur of (i) Declarant owns less than twenty-five percent (25%) of the Property; or (ii) ten (10) years from the date of this Supplemental Declaration.

Nothing in this Supplemental Declaration shall limit or impair the right and ability of the Declarant to add or annex additional lands under the Master Declaration.

2.03 Controlling Provisions of the Supplemental Declaration. Articles III and IV of this Supplemental Declaration control over and supercede, in their entirety, the provisions of Articles III and IV of the Master Declaration, with respect to the Property. Articles V, VI, VII, and VIII of this Supplemental Declaration supplement and where applicable amend, but do not supercede, the Master Declaration, with respect to the Property.

ARTICLE III

GENERAL RESTRICTIONS

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

3.01. Subdividing. No Lot shall be further divided or subdivided, nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior

written approval of the Architectural Review Committee; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot and convey any easements or other interests less than the whole, all without the approval of the Architectural Review Committee.

3.02. Hazardous Activities. No activities shall be conducted on the Property and no Improvements constructed on the Property 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 safe and well-designed interior fireplaces, or in contained barbecue units while attended and in use for cooking purposes.

3.03. Insurance Rates. Nothing shall be done or kept on the Property which would increase the rate of insurance or cause the cancellation of insurance on any Lot or any of the Improvements located thereon.

3.04. Mining and Drilling. No portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing water, oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth, except the Declaration and the Association shall be permitted to drill and operate water wells on the Property.

3.05. Noise. No exterior speakers, horns, whistles, bells, or other sound devices (other than security devices used exclusively for security purposes) shall be located, used, or placed on any of the Property such that it becomes or will become clearly audible at the property line of the adjoining property owners or from any other part 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.

3.06. Animals - Household Pets. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, 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, maintained, or cared for on the Property. No Owner may keep on such Owner's Lot more than four (4) cats and dogs, in the aggregate, not more than two (2) of which may be dogs. No animal 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 Lot of its Owner unless confined to a leash. No animal may be stabled, maintained, kept, cared for, or boarded for hire or remuneration on the Property, and no kennels or breeding operation will be allowed. No animal shall be allowed to run at large, and all animals shall be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects, and waste at all times. Such enclosed area shall be constructed in accordance with plans approved by the Architectural Review Committee, 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 any other portion of the Property.

3.07. 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, and such containers shall be kept within enclosed structures or appropriately screened from view. Each Owner shall contract with an independent disposal service to collect all garbage or other wastes, if such service is not provided by a governmental entity.

3.08. Maintenance. Each Owner shall keep all shrubs, trees, grass, and plantings of every kind on such Owner's Lot cultivated, pruned, free of trash, and other unsightly material. All Improvements upon any Lot shall at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner of such Lot. Declarant, the Association, and the Architectural Review Committee shall have the right at any reasonable time to enter upon any Lot to replace, maintain, and cultivate shrubs, trees, grass, or other plantings as deemed necessary; to paint, repair, or otherwise maintain any Improvements in need thereof; and to charge the cost thereof

to the Owner of the Lot in the same manner as provided for the Association in Section 5.4(E) of the Master Declaration.

3.09. Antennae. No exterior radio or television antenna or aerial or satellite dish receiver, or other device designed to receive telecommunication signals, including, but not limited to, radio, television, or microwave signals which are intended for cable television, network television reception, or entertainment purposes and which is visible from any other Lot or the street shall be erected or maintained on any Lot without obtaining the prior written consent of the Architectural Review Committee. The foregoing notwithstanding, in the event the absolute prohibition of such antenna or receivers is invalidated or held to be unenforceable in any respect, then no exterior radio or television antenna, satellite dish or similar device shall be permitted to be erected or placed on any Lot unless the same is screened from view from adjoining Lots, streets and other portions of the Subdivision.

3.10. Signs. No sign of any kind shall be displayed to the public view on any Lot without the prior written approval of the Architectural Review Committee, except for (i) signs which are part of Declarant's overall marketing or construction plans or activities for the Property and (ii) one (1) sign of not more than five (5) square feet, advertising any property within the Subdivision for sale or rent. All merchandising, advertising and sales programming shall be subject to the approval of the Architectural Review Committee.

3.11. Tanks. The Architectural Review Committee shall have the right to approve the location of any tank used or proposed in connection with a single family residential structure, including tanks for storage of fuel, water, oil, or LPG, and including swimming pool filter tanks. No elevated tanks of any kind shall be erected, placed or permitted on any Lot. All tanks shall be screened so as not to be visible from any other portion of the Property.

3.12. Temporary Structures. No tent, shack, or other temporary building, improvement, or structure shall be placed upon the Property without the prior written approval of the Architectural Review Committee; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for architects, builders, and foremen during actual construction may be maintained with the prior approval of Declarant, approval to include the nature, size, duration, and location of such structure. Notwithstanding any provision in this Supplemental Declaration to the contrary, an Owner shall be permitted, without Architectural Review Committee approval, to erect one (1) outbuilding on the Owner's Lot if (i) the surface area of the pad on which the outbuilding is placed is less than or equal to eighty (80) square feet, (ii) the height of the outbuilding, measured from the surface of the Lot to the highest portion of the outbuilding is less than or equal to six (6) feet, (iii) the outbuilding is constructed within an area completely enclosed by a privacy fence of not less than six (6) feet in height, (iv) the exterior of the outbuilding is constructed of the same or substantially similar materials as the exterior of any residence located on the Lot, and (v) the outbuilding is constructed within building setback lines in accordance with applicable building codes of the governmental entity having jurisdiction over the Property. The Architectural Review Committee shall be entitled to determine, in its sole and absolute discretion, whether an outbuilding constructed on any Lot complies with the foregoing requirements relating to size, height, fence enclosure and construction materials.

3.13. Unightly Articles; Vehicles. No article deemed to be unsightly by the Architectural Review Committee shall be permitted to remain on any Lot so as to be visible from adjoining property or from public or private thoroughfares. Without limiting the generality of the foregoing, trailers, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, all-terrain vehicles 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 foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. Each single family residential structure constructed within the Property shall have sufficient garage space, as approved by the Architectural Review Committee, to house all vehicles to be kept on the Lot. Lot Owners shall not keep more than two (2) automobiles in such manner as to be visible from any other portion of the Property for any period in excess of seventy-two (72) hours. No automobiles or other above-mentioned articles or vehicles may be parked overnight on any roadway within the Property. Service areas, storage areas,

compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view, and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials, scrap, refuse or trash shall be kept, stored, or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view. No (i) racing vehicles, or (ii) other vehicles (including, without limitation, motorcycles or motor scooters) which are inoperable or do not have a current license tag shall be permitted to remain visible on any Lot or to be parked on any roadway within the Subdivision. No commercial vehicles larger than a standard three-quarter (3/4) ton pickup truck or standard two-axle passenger van shall be permitted to remain on any Lot or to be parked on any roadway within the Subdivision.

3.14. Mobile Homes, Travel Trailers and Recreational Vehicles. No mobile homes shall be parked or placed on any Lot or used as a residence, either temporary or permanent, at any time, and no motor homes, travel trailers or recreational vehicles shall be parked on or near any Lot so as to be visible from adjoining property or from public or private thoroughfares at any time.

3.15. Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on any windows or glass doors.

3.16. No Window Units. No window or wall type air conditioner which is visible from any street shall be permitted to be used, placed or maintained on or in any structure in any part of the Property.

3.17. Compliance with the Restrictions. Each Owner, his family, occupants of a Lot, tenants, and the guests, invitees, and licensees of the preceding shall comply strictly with the provisions of the Restrictions as the same may be amended from time to time. Failure to comply with any of the Restrictions shall constitute a violation of this Supplemental Declaration, and shall give rise to a cause of action to recover sums due for curing the same, fines levied by the Association, actual and statutory damages, and injunctive relief, or a combination thereof. The Restrictions may be enforced by any Owner, the Association, Declarant, the City in which the Lot is located, if any, or, if applicable, the Municipal Utility District having jurisdiction over the Property, provided, however, only the Association shall have the right to levy a fine for the violation of the Restrictions or to bring any action for the collection of any Assessments, other than a Violation Assessment, as provided for herein. In such action, the parties agree to waive any bond required to be placed by the Association, the City where the Lot is located, if any, or Declarant, or if waiver is not allowed by the court, to set the bond in an amount not exceeding \$100.00. Each Owner is strictly liable for the noncompliance of his family, occupants of a Lot, tenants, and the guests, invitees, and licensees of the preceding. To aid in the prevention of noncompliance, each Owner shall provide to his tenants, who shall sign a receipt for the same, a copy of the Restrictions and shall provide in each lease of a Lot, which lease shall be in writing, that a violation of the Restrictions that is not cured within seven days of the first notice sent by the Association, shall constitute a breach of the lease. Each Owner, by acceptance of a deed to a Lot, hereby irrevocably appoints the Association, the City where the Lot is located, if any, and Declarant, as his attorney-in-fact to terminate the right of occupancy under the lease and evict any tenant or other occupant, not a part of the Owner's family living with the Owner on the Lot, in the event of an uncured violation. Said attorney-in-fact shall have the right, but not the duty, to bring such eviction proceeding. The cost of curing any violation of the Restrictions, any fine levied by the Association, and any attorney's fees, court costs, expenses of litigation, if incurred by the Association or Declarant, whether the matter proceeds to suit or not, shall be a Violation Assessment against the Lot and the Owner and shall automatically become a part of the Assessments and secured by the lien therefore.

3.18. Liability of Owners for Damage to Common Areas. No Owner shall in any way alter, modify, add to or otherwise perform any work upon the Common Areas without the prior written approval of the Board. Each Owner shall be liable to the Association for any and all damages to (i) the Common Areas, or (ii) any Improvements constructed on any Lot, the maintenance of which has been assumed by the Association, which damages were caused by the neglect, misuse or negligence of such Owner or Owner's family, or by any tenant or other occupant of such Owner's Lot, or any guest or invitee of such Owner. The full cost of all repairs of such damage shall be an Assessment

against such Owner's Lot, secured by a lien against such Owner's Lot and collectable in the same manner as provided for in Section 8.06 hereof, including, but not limited to foreclosure of such lien.

3.17. No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article or elsewhere in the Master Declaration or this Supplemental Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms, or provisions. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants, terms, or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

ARTICLE IV

USE AND CONSTRUCTION RESTRICTIONS

4.01. Approval for Construction. No Improvements shall be constructed upon any Lot without the prior written approval of the Architectural Review Committee.

4.02. Use. All Lots, unless dedicated to the Association as Common Areas, shall be improved and used solely for single family residential use, inclusive of an attached private garage for not more than three (3) cars, fencing and such other Improvements as are necessary or customarily incident to residential use.

4.03. Rentals. Nothing in this Supplemental Declaration shall prevent the rental of any Lot and the Improvements thereon by the Owner thereof for residential purposes; provided that all rentals must be for terms of at least six (6) months.

4.04. Dwelling Height. No single family dwelling greater than two (2) stories in height may be constructed on any Lot without the prior written approval of the Architectural Review Committee.

4.05. Fences and Sidewalks. Fences shall be six (6) feet in height and shall be constructed with select grade cedar pickets and with treated pine or cedar railings and posts. Installation of such fences may be completed without the approval of the Architectural Review Committee. The design, construction materials, height and location of all other fences shall otherwise be approved by the Architectural Review Committee. In no event shall any fence or wall be erected, placed or altered on a lot nearer to the front street than the front wall of the single family dwelling which is located on the Lot and no hedge may be installed or maintained more than three (3) feet in front of the wall of the single family dwelling which is located on the Lot and closest to the front property line of the Lot. Construction of gates or other access openings in subdivision perimeter fencing shall not be allowed on any Lot. The Owner of each Lot shall construct, at its sole cost and expense and prior to occupying any improvement located on the Lot, a sidewalk, located and designed in conformance with the Plat, to the extent the Plat requires a sidewalk on such Owner's Lot. The provision in the foregoing sentence may not be amended or altered without the express written consent of the Planning Department of Round Rock, Texas.

4.06. Dwelling Size: Building Materials. All single-story dwellings shall contain not less than One Thousand One Hundred (1100) square feet of enclosed living space, exclusive of porches (open or covered), decks, garages, and carports. All two-story dwellings shall contain not less than One Thousand Three Hundred (1300) square feet of enclosed living space, exclusive of porches (open or covered), decks, garages, and carports. All building materials shall be approved by the Architectural Review Committee, and only new building materials (except for used brick) shall be used for constructing any Improvements. Exposed metal roof decks which reflect light in a glaring manner such as galvanized steel sheets are specifically prohibited. Other roofing materials may be used with the prior written consent of the Architectural Review Committee, which may specify a minimum quality or grade of materials. All projections from a dwelling or other structure, including but not limited to chimney flues, vents, gutters, downspouts, utility boxes, porches, railings and

exterior stairways shall match the color of the surface from which they project, or shall be of a color approved by the Architectural Review Committee. No highly reflective finishes (other than glass, which may not be mirrored) shall be used on exterior surfaces (other than surfaces of hardware fixtures), including, without limitation, the exterior surfaces of any Improvements.

The masonry requirements for single and two-story dwellings shall be as follows:

One-Story Dwellings. The exterior walls of all single family dwellings shall be constructed of at least seventy five percent (75%) masonry, exclusive of roofs, eaves, soffits, windows, doors, gables, garage doors and trim work.

Two-Story Dwellings. The front exterior wall of all two-story single family dwellings shall be constructed of one hundred percent (100%) masonry veneer, exclusive of roofs, eaves, soffits, windows, doors, gables, garage doors, trim and decorative work. The side exterior walls of the first floor of all two-story single family dwellings shall be constructed of one hundred percent (100%) masonry veneer, exclusive of roofs, eaves, soffits, windows, doors, gables, garage doors, trim and decorative work.

4.07. Alteration or Removal of Improvements. Any construction, other than normal maintenance, which in any way alters the exterior appearance of any Improvement, or the removal of any Improvement shall be performed only with the prior written approval of the Architectural Review Committee.

4.08. Garbage Containers. The Architectural Review Committee shall have the right to specify a specific location on each Owner's Lot in which garbage containers must be placed for trash collection service.

4.09. Drainage. There shall be no interference with the established drainage patterns over any of the Property, except by Declarant, unless adequate provision is made for proper drainage and such provision is approved by the Architectural Review Committee.

4.10. Construction Activities. This Supplemental Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Declarant) upon any Lot within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Supplemental Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event that construction upon any Lot does not conform to usual practices in the area as determined by the Architectural Review Committee in its sole good faith judgment, the Architectural Review Committee shall have the authority to seek an injunction to stop such construction. In addition, if during the course of construction upon any Lot there is excessive accumulation of debris of any kind which would render the Lot or any portion thereof unsanitary, unsightly, offensive, or detrimental to it or any other portion of the Property, then the Architectural Review Committee may contract for or cause such debris to be removed, and the Owner of the Lot shall be liable for all expenses incurred in connection therewith.

4.11. Landscaping. The front yards of all Lots, from the front property line to the front wall of the house, shall be fully sodded with St. Augustine, Bermuda, Prairie Buffalo Grass or other sod approved by the Architectural Review Committee and at least two (2) trees shall be planted in the front yard of each Lot prior to the occupancy of the residence located on the Lot.

ARTICLE V

COMMON AREAS

5.01. Common Areas. No land within any Common Areas shall be improved, used or occupied, except in such manner as shall have been approved by a two-thirds vote of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose, with the same quorum as required for Special Assessments herein. Such required approval shall extend to the nature and type of use, occupancy and improvement. Notwithstanding the foregoing provision, during the time that Declarant owns Lots within the Subdivision, Declarant shall have the right to construct Improvements within the Common Areas, including park areas, if any, without the consent of the Members or the Association. Access to any Common Areas may be limited to persons currently paying Assessments, fees and other charges, or otherwise conditioned or restricted, or made available to non-owners, all upon such terms and conditions as Declarant may determine, in its sole and absolute discretion. When no Class B Memberships exist the Board shall have the right to determine such terms and conditions as the Board deems proper in its sole discretion, even if such right has not been expressly delegated to the Board by the Declarant.

5.02. Condemnation. If all or any part of the Common Areas are taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary), the Association shall be entitled to participate in the proceedings incident thereto. The expense of participation in such proceedings by the Association shall be a common expense to be paid out of Assessments. The Association is specifically authorized to obtain and to pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses and other persons as the Association, in its discretion, deems necessary or advisable to aid it in any matters relating to such proceedings. All damages or awards for any such taking shall be deposited with the Association. The Association, in addition to the general powers set out herein, shall have the sole authority to determine whether to contest or defend any such proceedings, to make any settlement with respect thereto or to convey such property to the condemning authority in lieu of condemnation.

5.03 Preserve at Stone Oak Amenities. Declarant may create, develop, construct, dedicate, or convey any Greenbelt or Amenity Areas to the Association in the Preserve at Stone Oak. Any such Greenbelt or Amenity Areas which are designated by Declarant at "Preserve at Stone Oak Amenities" (whether by plat, deed, restriction, or otherwise), shall be Common Areas under the Master Declaration; provided, however, access to the Preserve at Stone Oak Amenities shall be restricted to those Members who are subject to this Supplemental Declaration or any other supplemental declaration to the Master Declaration which makes such Member's Lot subject to and encumbered by the liens for Assessments set forth in this Supplemental Declaration, who are current in the payment of all such assessments, and who otherwise meet any requirements, terms, or conditions imposed by the Board. (The foregoing restriction of right of access to and use of the Preserve at Stone Oak Amenities being expressly contemplated by and authorized by Section 4.3 of the Master Declaration, reference to which is hereby made for all purposes).

ARTICLE VI

THE ASSOCIATION

6.01. Additional Powers and Authorities of the Association. In addition to all powers and authorities granted to the Association pursuant to the Master Declaration, the Association shall have the following powers:

(A) Assessments. To levy assessments as provided in Article VIII below. An assessment is defined as that sum which must be levied in the manner and against the property set forth in Article VIII hereof in order to raise the total amount for which the levy in question is being made.

(B) Enforcement. To enforce this Supplemental Declaration as part of the "Stone Oak Restrictions" under Section 5.4(E) of the Master Declaration.

6.02. Common Areas, Including Preserve at Stone Oak Amenities. Subject to and in accordance with the Master Declaration, this Supplemental Declaration, the Association, acting through the Board, shall have the following duties:

(A) To accept, own, operate and maintain all Common Areas which may be conveyed or leased to it by Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in said areas; and to accept, own, operate and maintain all other property, real or personal, conveyed or leased to the Association by Declarant and to maintain in good repair and condition all lands, improvements and other Association property owned by or leased to the Association. Such maintenance shall include, but not be limited to, painting, mowing and removal of rubbish or debris of any kind.

(B) To pay all real and personal property taxes and other taxes and Assessments levied upon or with respect to Common Areas or any other property owned by or leased to the Association to the extent that such taxes and Assessments are not levied directly upon the Members of the Association. The Association shall have all rights granted by law to contest the legality of the amount of such taxes and Assessments.

(C) To take out and maintain current a policy of liability insurance coverage to cover accidental bodily injury and/or death caused by the use and enjoyment of the Common Areas. Such insurance shall be in an amount as the Board shall deem appropriate.

ARTICLE VII

ARCHITECTURAL REVIEW COMMITTEE

7.01. Membership of Architectural Review Committee. Declarant, pursuant to Section 6.6 of the Master Declaration, hereby designates and appoints, as the Voting Members of the Architectural Review Committee, the following persons: Steve Herring, Bryan Rome and Terry E. Mitchell.

7.02. Design Guidelines. The provisions of Articles III and IV of this Supplemental Declaration shall control over the "Design Guidelines" as described in Section 6.8 of the Master Declaration.

7.03. Review of Proposed Construction. In addition to the provisions of Section 6.9 of the Master Declaration, the following provisions shall apply to the review of proposed construction. No Improvement shall be allowed upon any Lot which would unreasonably obstruct the view from any other portion of the Property, and no Improvement shall be allowed on any Lot which is of such size or architectural design or involves the use of such landscaping, color schemes, exterior finishes, and materials and similar features as to be incompatible with development within the Property and the surrounding area. The Architectural Review Committee shall have the authority to disapprove any proposed Improvement based upon the restrictions set forth in the preceding sentence and the decision of the Architectural Review Committee shall be final and binding so long as it is made in good faith. The Architectural Review Committee shall not be responsible for reviewing any proposed Improvement, nor shall its approval of any Plans or Specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes.

7.03. Variance. The Architectural Review Committee may grant variances from compliance with any of the provisions of this Supplemental Declaration, when, in the opinion of the Architectural Review Committee, in its sole and absolute discretion, such variance will not impair or detract from the high quality development of the Property and such variance is justified due to unusual or aesthetic considerations or unusual circumstances. Anything herein to the contrary notwithstanding, the Architectural Review Committee is hereby authorized, at its sole discretion, to

waive any requirements relating to garages (including size), carports, dwelling size, masonry requirements, fences and setbacks and such decision shall be binding on all Owners of Property encumbered by this Supplemental Declaration. All variances must be evidenced by written instrument in recordable form, and must be signed by at least two (2) of the Voting Members of the Architectural Review Committee. The granting of such variance shall not operate to waive or amend any of the terms or provisions of the covenants and restrictions applicable to the Lots for any purpose except as to the particular property and the particular instance covered by the variance, and such variance shall not be considered to establish a precedent or future waiver, modification or amendment of the terms and provisions hereof.

7.04. Actions of the Architectural Review Committee. Notwithstanding anything to the contrary, in the event the Architectural Review Committee fails to respond to a request for approval of Plans and Specifications within thirty (30) days of receipt of all required information, the Architectural Review Committee shall be deemed to have approved such Plans and Specifications.

7.05. Address. Plans and Specifications shall be submitted to the Architectural Review Committee at 4515 Seton Center Parkway, #200, Austin, Texas 78759, Attn: Steve Herring, or such other address as may be designated from time to time.

7.06. Fees. The Architectural Review Committee shall have the right to require a reasonable submission fee for each set of Plans and Specifications submitted for its review.

ARTICLE VIII

FUNDS AND ASSESSMENTS

8.01. Assessments.

(A) The Association may from time to time levy Assessments against each Lot that has been improved. The level of Assessments shall be equal and uniform between all improved Lots, except for Violation Assessments levied in accordance with Section 3.17. For the purposes of this section, a Lot shall not be considered to be "improved" until a house has been constructed thereon. No Assessments hereunder shall be levied against any unimproved Lot, except for Violation Assessments levied against a Lot Owner, other than Declarant.

(B) Where the obligation to pay an Assessment first arises after the commencement of the year or other period for which the Assessment was levied, the Assessment shall be prorated as of the date when said obligation first arose in proportion to the amount of the Assessment year or other period remaining after said date.

(C) Each unpaid Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be the personal obligation of the Owner of the Lot against which the Assessment fell due, and shall become a vendor's lien against each such Lot and all Improvements thereon. The Association may enforce payment of such Assessments in accordance with the provisions of this Article.

8.02. Regular Annual Assessments. Prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under the Master Declaration, this Supplemental Declaration, and the other instruments and documents comprising the Restrictions, which shall be limited to the costs incurred pursuant to the powers granted under the Master Declaration and in Section 6.01 of this Supplemental Declaration and the cost of enforcing the Restrictions, and a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses shall then be levied as herein provided, and the level of Assessments set by the Board shall be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time and from time to time levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and

payable to the Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion. In no event shall the regular annual Assessments per Lot for the year 1999 exceed the sum of \$300.00. Thereafter, at the Board's sole and absolute discretion, the maximum regular annual Assessments per Lot permitted hereunder may be increased by no more than five percent (5%) per year, unless approved by at least two-thirds of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose, with the same quorum as required for Special Assessments herein. Notwithstanding the foregoing, the Declarant shall pay assessments at the rate of one-fourth (1/4) of the regular annual assessments, so long as there is a Class B membership, and Declarant hereby covenants and agrees that in the event that the annual maintenance fund revenues are insufficient to pay the operating expenses of the Association, it shall provide the funds necessary to make up the deficit, within thirty (30) days of receipt of request for payment thereof from the Association. In the alternative, Declarant shall have the right to pay full Class A assessments on its Lots without relinquishing its Class B status and shall then be excused from the payment of any budget deficits.

WITH RESPECT TO THE LOTS IN THE SUBDIVISION, THIS SECTION 8.02 CONTROLS OVER AND SUPERCEDES SECTION 7.3 OF THE MASTER DECLARATION. PROVIDED, HOWEVER, THE REGULAR ANNUAL ASSESSMENT SHALL BE SECURED BY THE LIENS GRANTED AND CREATED BY THE MASTER DECLARATION AND BY THE LIENS GRANTED AND CREATED THIS SUPPLEMENTAL DECLARATION.

8.03. Special Assessments. In addition to the regular annual Assessments provided for above, the Board may levy special Assessments to enable the Board to carry out the mandatory functions of the Association under the Restrictions, upon the approval of at least two-thirds of the Members at a meeting called for that purpose, by adequate notice, with at least sixty percent (60%) of the Members or their proxies present at said meeting. If sixty percent (60%) of the Members do not attend, a second meeting may be called with the same notice and the quorum needed for said second meeting shall be thirty percent (30%) of the Members or their proxies.

8.04. Owner's Personal Obligation for Payment of Assessments. The regular and special Assessments provided for herein shall be the personal and individual debt of the Owner of the Lot covered by such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot shall be obligated to pay interest at the rate of six percent (6%) per annum on the amount of the Assessment, from the due date thereof, together with all costs and expenses of collection, including reasonable attorneys' fees.

8.05 Assessment Lien and Foreclosure.

(A) All sums assessed in the manner provided in this Article but unpaid shall, together with interest as provided in Section 8.04 hereof and the cost of collection, including attorneys' fees as herein provided, thereupon become a continuing lien and charge on the Lot covered by such Assessment, which shall bind such Lot in the hands of the Owner, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien shall be superior to all other liens and charges against the said Lot, except only for tax liens and all sums unpaid on a first Mortgage lien of record, securing in either instance sums borrowed for the improvement of the Lot in question. Any foreclosure by the holder of a first Mortgage lien of record shall terminate the liability of the Lot for delinquent, pre-foreclosure Association Assessments. The Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Board and such subordination must be signed by a duly authorized officer of the Association. To evidence the aforesaid Assessment lien, the Association may prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice shall be signed by one of the officers of the Association and shall be recorded in the office of the County Clerk of Williamson County, Texas. Such lien for payment of Assessments shall attach with the priority above set forth from the date that such payment becomes delinquent and may be enforced by the foreclosure on the defaulting Owner's Lot by the Association in like manner as a mortgage

on real property subsequent to the recording of a notice of Assessment lien as provided above, or the Association may institute suit against the Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or not judicial, the Owner shall be required to pay the costs, expenses, and reasonable attorneys' fees incurred. The Association shall have the power to bid on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same. Upon the written request of any Mortgagee, the Association shall report to said Mortgagee any unpaid Assessments remaining unpaid for longer than thirty (30) days after the same are due.

(B) In addition to foreclosure by appropriate judicial proceedings, the Association may foreclose its lien against each Lot, in like manner as a Deed of Trust or contractual lien by nonjudicial foreclosure in accordance with Section 51.002 of the Texas Property Code or any future amendments or recodification thereof, without waiving its right to also proceed against the Owner on the Owner's personal liability. Each Owner, by acceptance of a deed to a Lot hereby expressly vests in the Board of Directors of the Association a power of sale to enforce the lien. The Board may exercise its power of sale by appointing an Agent or Agents, who may be removed and replaced at any time without any formality other than a written appointment, signed by the president or a vice president of the Association. The Board, acting on behalf of the Association, and acting through its appointed Agent or Agents, shall have the power to bid upon any Lot foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and to convey the same from and after the time that a foreclosure sale is conducted. The recitals in the conveyance to the purchaser or purchasers shall be full and conclusive evidence of the truth of the matters therein stated, and all prerequisites to said sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against the Owner, his heirs, assigns, executors, and administrators. In the event any sale is made of a Lot, the former Owner, his tenants and other persons in possession under him, shall forthwith upon the making of the sale, surrender and deliver possession of the Lot to the purchaser at the sale, and in the event of their failure to do so, any occupant shall become a tenant at sufferance of the purchaser at the foreclosure sale and the purchaser shall have the right to evict any persons by a proceeding brought in the Justice of the Peace Court where the Lot is situated. Any personal property left on the premises and not reclaimed within 10 days from the date of sale, shall be conclusively presumed to have been abandoned by the former Owner, his tenants or other parties in possession under him.

(C) In addition to the preceding, the Association is hereby given an assignment of rents and may directly collect from any tenant rents that are owed to an Owner in any amount that is owed to the Association that has not been paid by the Owner within thirty (30) days of written demand to the Owner at the last known address for the Owner as reflected in the books of the Association, such demand being effective upon being placed in the mail, certified mail, return receipt requested, postage prepaid. The Association is granted the right, without an obligation, to send a notice of Owner's non-payment to any lienholder on a Lot.

ARTICLE IX

EASEMENTS

9.01. Reserved Easements. 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 prior to the Property becoming subject to this Supplemental Declaration are incorporated herein by reference and made a part of this Supplemental 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. Declarant reserves the right to make changes in and additions to the said easements and for the purpose of most efficiently and economically developing the Property. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other Person, to grant, dedicate, reserve or otherwise create, at any time or from time to time, easements for public utility purposes (including without limitation, gas, water, electricity, telephone and drainage) in favor of any Person along any front, rear, or side boundary line of any Lot, which said easements shall have

a maximum width of ten (10) feet (provided, however, that easements along side yard lot lines shall straddle such lot lines with five (5) feet on each of the adjoining Owner's Lots).

9.02. Installation and Maintenance. There is hereby created an easement upon, across, over, and under all of the Property for ingress and egress in connection with installing, replacing, repairing, and maintaining all utilities, including but not limited to, water, wastewater, gas, telephones, and electricity lines and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service line, or other utility facilities or appurtenances thereto, on, above, across and under the Property, within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any Improvement. Notwithstanding any provision contained in this section, no electrical lines, water lines, or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the Architectural Review Committee. The utility companies furnishing service shall have the right to remove all trees situated within the utility easements shown on the Plat, and to trim overhanging trees and shrubs located on portions of the Property abutting such easements.

9.03. Drainage Easements. Each Owner covenants to provide easements for drainage and water flow, as contours of land and the arrangement of Improvements approved by the Architectural Review Committee thereon, require. Each Owner further covenants not to disturb or displace any trees or other vegetation within the drainage easements as defined in this Supplemental Declaration and shown on the Plat. There shall be no construction of Improvements, temporary or permanent, in any drainage easement, except as approved in writing by the Architectural Review Committee.

9.04. Surface Areas. The surface of easement areas for underground utility services may be used for planting of shrubbery, trees, lawns, or flowers. However, neither the Declarant nor any supplier of any utility service using any easement area shall be liable to any Owner or to the Association for any damage done by them or either of them, or their respective agents, employees, servants, or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation, or repair of any facility in any such easement area.

9.05. Common Areas. Each Owner shall have a non-exclusive easement for use and enjoyment in and to all Common Areas which shall be appurtenant to and shall pass with title to such Owner's Lot, subject to the following provisions:

(A) Right of Association to suspend the Owner's voting rights and right to use the Common Areas (or any part of the Common Areas, including, but not limited to, the Preserve at Stone Oak Amenities) for any period during which an Assessment against such Owner's Lot remains unpaid, and for any period during which the Owner is in violation of the rules and regulations of the Association;

(B) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be approved by a two-thirds vote of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose, with the same quorum as required for Special Assessments herein;

(C) The right of the Association to borrow money for the purpose of improving the Common Areas and, in furtherance thereof, mortgage the Common Areas, all in accordance with the Articles and Bylaws;

(D) The right of the Association to promulgate reasonable rules and regulations regarding use of the Common Areas; and

(E) The right of the Association to contract for services with third parties on such terms as the Association may determine.

ARTICLE X

MISCELLANEOUS

10.01. Term. This Supplemental Declaration, including all of the covenants, conditions, and restrictions hereof, shall run until January 1, 2023, unless amended as herein provided. After January 1, 2023, this Supplemental Declaration, including all such covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished as set forth in Section 10.02 below.

10.02 Amendment.

(A) By Declarant. This Master Declaration may be amended by the Declarant acting alone until May 1, 2019, and so long as Declarant owns at least two-thirds (2/3) of the Lots. No amendment by Declarant shall be effective until there has been recorded in the official Records of Williamson County, Texas, an instrument executed and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the President and Secretary of the Board certifying that the Declarant owns the requisite number of Lots. Notwithstanding the foregoing, Declarant may amend this Declaration at any time (i) to correct typographical and grammatical errors, and (ii) in order to comply with VA or FHA requirements for approval of the Property.

(B) By Owners. In addition to the method in Section 10.02(A), this Declaration may be amended by the recording in the Official Records of Williamson County, Texas of an instrument executed and acknowledged by the President and Secretary of the Master Association, setting forth the amendment and certifying that such amendment has been approved by the Owners of at least two-thirds (2/3) of the Lots.

10.03. Notices. Any notice permitted or required to be given by this Supplemental Declaration shall be in writing and may be delivered either by certified mail, return receipt requested, or personally delivered and a written receipt received therefor. If delivery is made by certified mail, it shall be deemed to have been delivered the date on which it was received by the person to whom such notice was addressed. Such address may be changed from time to time by notice in writing given by such person to the Association.

10.04. Interpretation. The provisions of this Supplemental Declaration shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of the Property and of promoting and effectuating the fundamental concepts of the Property set forth in the Master Declaration and this Supplemental Declaration. This Supplemental Declaration shall be construed and governed under the laws of the State of Texas.

10.05. Exemption of Declarant. Notwithstanding any provision in this Supplemental Declaration to the contrary, neither Declarant nor any of Declarant's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural Review Committee. Without in any way limiting the generality of the preceding sentence, neither the Master Declaration nor this Declaration shall prevent or limit the right of Declarant to excavate and grade, to construct any and alter drainage patterns and facilities, to construct any and all other types of improvements, sales and leasing offices and similar facilities, and to post signs incidental to construction, sales, and leasing anywhere within the Property.

10.06. Nonliability of Architectural Review Committee and Board Members. Neither the Architectural Review Committee, nor any member thereof, nor the Board, nor any member thereof, shall be liable to the Association or to any Owner or to any other person for any loss, damage, or injury arising out of their being in any way connected with the performance of the Architectural Review Committee's or the Board's respective duties under the Master Declaration and/or this Supplemental Declaration unless due to the willful misconduct or bad faith of the Architectural Review Committee or its member or the Board or its member, as the case may be.

10.07. Assignment of Declarant. Notwithstanding any provision in the Master Declaration or this Supplemental Declaration to the contrary, Declarant may assign, in whole or in part, any of its privileges, exemptions, rights, and duties under the Master Declaration and this Supplemental Declaration to any other Person and may permit the participation, in whole or in part, by any other Person in any of its privileges, exemptions, rights, and duties hereunder.

10.08. Enforcement and Nonwaiver. Except as otherwise provided herein, any Owner at his own expense, the Board, the City in which the Lot is located, if any, and/or the Municipal Utility District having jurisdiction over the Property shall have the right to enforce all of the provisions of the Restrictions. Such right of enforcement shall include both damages for, and injunctive relief against, the breach of any such provision. The failure to enforce any provision of the Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said Restrictions. The Association shall have the right, when appropriate in its judgment, to claim or impose a lien upon any Lot or Improvement constructed thereon in order to enforce any right or effect compliance with the Master Declaration and this Supplemental Declaration.

10.09. Construction. The provisions of the Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter. All captions and titles used in this Supplemental Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise effect that which is set forth in any of the paragraphs, sections or articles hereof.

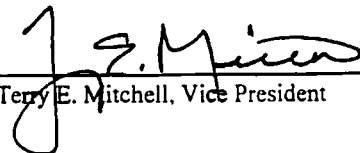
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IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration to be effective on the 12th day of May, 1999.

DECLARANT:

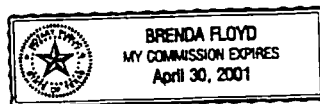
CONTINENTAL HOMES OF TEXAS, L.P.
(a Texas limited partnership)

By: CHTEX of Texas, Inc.
(a Delaware corporation)
Its sole general partner

By: 
Terry E. Mitchell, Vice President

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 12th day of May, 1999, by Terry E. Mitchell, Vice President of CHTEX of Texas, Inc., a Delaware corporation, sole general partner of Continental Homes of Texas, L.P., a Texas limited partnership, on behalf of said corporation and said limited partnership.




Notary Public, State of Texas

AFTER RECORDING, RETURN TO:

Milburn Homes
Attn: Legal Dept
4515 Seton Center Parkway, #200
Austin, Texas 78759

EXHIBIT A

June 25, 1998
Job No. 94-338
(Section V Plat)
Page 1 of 2

FIELD NOTES

BEING A 4.517 ACRE TRACT OF LAND BEING OUT OF AND A PORTION OF THE EPHRAIM EVANS SURVEY, ABSTRACT NO. 212 IN WILLIAMSON COUNTY, TEXAS AND BEING OUT OF AND A PART OF THAT CERTAIN 70.00 ACRE TRACT OF LAND CONVEYED TO DOYLE WILSON HOMEBUILDER INC. AS EXHIBIT C IN DEED RECORDED IN VOLUME 2712, PAGE 702 OF THE DEED RECORDS OF WILLIAMSON COUNTY, TEXAS SAID 4.517 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a 1/2-inch iron rod found for the most northerly corner of Lot 38, Block G, Stone Oak at Round Rock Section III recorded in Cabinet P, Slide 289-290 of the Plat Records of Williamson County, Texas, same being a point in the northwest line of the above referenced 70.00 acre tract, same being a south line of the remainder of that certain 1437.45 acre tract conveyed to T.E. Nelson by deed recorded in Volume 571, Page 446 of the Deed Records of Williamson County, Texas;

THENCE easterly along the common line between said 1437.45 acre tract and 70.00 acre tract the following four (4) courses:

1. N 64°16'36" E a distance of 115.51 feet to a 1/2-inch iron rod found for corner;
2. N 55°37'46" E a distance of 153.09 feet to a 1/2-inch iron rod found for corner;
3. N 59°24'07" E a distance of 111.49 feet to a 1/2-inch iron rod found for corner;
4. N 75°48'22" E a distance of 122.39 feet to a 1/2-inch iron rod found for a southeast corner of the above referenced 1437.45 acre tract, same being an interior ell corner of said 70.00 acre tract;

THENCE through the interior of said 70.00 acre tract the following three (3) courses:

1. N 75°48'22" E a distance of 119.85 feet to a 1/2-inch iron rod set for the beginning of a non-tangent curve;
2. a distance of 440.27 feet along the arc of said curve to the left having a central angle of 14°00'41", a radius of 1800.36 feet and a chord which bears S 12°39'17" E a distance of 439.17 feet to a 1/2-inch iron rod found for the point of tangency of said curve;
3. S 19°39'00" E a distance of 46.18 feet to a 1/2-inch iron rod found for the northeast corner of Lot 22, Block H, in said Stone Oak at Round Rock Section III;

THENCE along the northeast line of said Stone Oak at Round Rock Section III the following seven (7) courses:

1. S 70°21'00" W a distance of 160.54 feet to a 1/2-inch iron rod found for corner;
2. N 82°31'17" W a distance of 84.52 feet to a 1/2-inch iron rod found for corner;

SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS

THE PRESERVE AT STONE OAK
PHASE ONE, SECTION ONE

AND

ANNEXATION OF ADDITIONAL LAND
TO
STONE OAK

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

THAT, WHEREAS, **CONTINENTAL HOMES OF TEXAS, L.P.**, a Texas limited partnership doing business as Milburn Homes ("Declarant") is the sole owner of certain real property located in Williamson County, Texas, as more particularly described as **The Preserve at Stone Oak, Phase One, Section One**, a subdivision of record in Williamson County, Texas, according to the map or plat of record in Cabinet R, Slides 123-124, Plat Records of Williamson County, Texas (the "Property");

WHEREAS, Declarant desires to convey the Property subject to certain protective covenants, conditions, restrictions, liens, and charges hereinafter set forth;

WHEREAS, Declarant desires to create and carry out a uniform plan for the improvement, development, and sale of the Property for the benefit of the present and future owners of the Property;

WHEREAS, by instrument dated May 28, 1996, DWH Stone Oak, Ltd., a Texas limited partnership, and Doyle Wilson Homebuilder, Inc., a Texas corporation, imposed The Stone Oak Master Declaration of Covenants, Conditions and Restrictions (as the same may be amended, restated, modified, and supplemented from time to time, the "Master Declaration") upon the seventy acre tract of land described in the Master Declaration, which Master Declaration is recorded as Document No. 9628704, in the Official Records of Williamson County, Texas;

WHEREAS, DWH Stone Oak, Ltd. transferred and assigned all of its rights as Declarant under the Master Declaration to Continental Homes of Texas, L.P., by the Assignment of Declarant's Rights recorded under Document No. 9838380, Official Records of Williamson County, Texas;

WHEREAS, the Master Declaration expressly contemplates that other land may be added to and annexed to the land subject to the Master Declaration, and Declarant desires to subject to the Property to the Master Declaration, subject to the terms, conditions, covenants, and restrictions of this Supplemental Declaration;

WHEREAS, by Supplemental Declaration of Covenants, Conditions, and Restrictions dated May 12, 1999, and recorded in the Official Records of Williamson County, Texas on May 12, 1999, under Williamson County Clerk's File Number 199931602 (the "First Supplemental Declaration"); and

NOW, THEREFORE, it is hereby declared: (i) that all of the Property shall be held, sold, conveyed, and occupied subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the Property and shall be binding on all parties having any right, title, or interest in or to the Property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof; and (ii) that each contract or deed which may hereafter be executed with regard to the Property or any portion thereof shall conclusively be held to have been executed, delivered, and accepted subject to the Master Declaration and to the following covenants, conditions, and restrictions regardless of whether or not the same are set out or referred to in said contract or deed.

ARTICLE I **DEFINITIONS**

Unless the context otherwise specifies or requires, all defined words and phrases which are not otherwise defined in this Supplemental Declaration shall have the definition or meaning given such word or phrase in the Master Declaration; provided that the following words and phrases when used in this Supplemental Declaration shall have the meanings hereinafter specified:

1.1 **Architectural Review Committee.** "Architectural Review Committee" shall mean the committee created pursuant to this Supplemental Declaration to review and approve plans for the construction of Improvements upon the Property.

1.2 **Architectural Review Committee Rules.** "Architectural Review Committee Rules" shall mean the rules and regulations adopted by the Architectural Review Committee, as the same are amended from time to time.

1.3 **Articles.** "Articles" shall mean the Articles of Incorporation of Stone Oak Owners Association, Inc., which are filed in the office of the Secretary of State of the State of Texas, as the same are from time to time amended.

1.4 **Assessment.** "Assessment" or "Assessments" shall mean assessment(s) levied by the Association under the terms and provisions of the Master Declaration and this Supplemental Declaration.

1.5 **Association.** "Association" shall mean and refer to Stone Oak Owners Association, Inc., a Texas non-profit corporation created or to be created pursuant to the Articles.

1.6 **Association Rules.** "Association Rules" shall mean the rules and regulations adopted by the Board as the same may be amended from time to time.

1.7 **Board.** "Board" shall mean the Board of Directors of the Association.

1.8 **Bylaws.** "Bylaws" shall mean the Bylaws of the Association which have been by the Board, as the same are from time to time amended.

1.9 **Common Area and Facilities.** "Common Area and Facilities" shall mean Lots and other properties, if any, designated by Declarant and conveyed to the Association along with any areas within public right-of-ways or easements that the Board deems necessary or appropriate to maintain for the common benefit of the Owners. Common Area and Facilities may be designated by Declarant and dedicated or otherwise conveyed to the Association from time to time and at any time. If and at the time Declarant annexes additional real property to the Property in accordance with Section 2.2 hereof, additional Common Area and Facilities may be designated. The Common Area and Facilities may include, but not be limited to, detention and/or other water quality ponds, parks, and open space lots in the Subdivision, and any related improvements.

1.10 **Declarant.** "Declarant" shall mean CONTINENTAL HOMES OF TEXAS, L.P., a Texas limited partnership, doing business as Milburn Homes, its duly authorized representatives or their respective successors or assigns; provided that any assignment of the rights of Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

1.11 **Improvement.** "Improvement" shall mean every structure and all appurtenances thereto of every type and kind, including but not limited to, buildings, outbuildings, storage sheds, patios, tennis courts, swimming pools, garages, storage buildings, fences, screening walls, retaining walls, stairs, decks, landscaping, poles, signs, exterior air conditioning, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers, and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.12 **Lot.** "Lot" or "Lots" shall mean any parcel or parcels of land within the Property shown as a subdivided lot on the Plat of the Subdivision, together with all Improvements located thereon.

1.13 **Member.** "Member" or "Members" shall mean any person(s), entity or entities holding membership rights in the Association.

1.14 **Mortgage.** "Mortgage" or "Mortgages" shall mean any mortgage(s) or deed(s) of trust covering any portion of the Property given to secure the payment of a debt.

1.15 **Mortgagee.** "Mortgagee" or "Mortgagees" shall mean the holder or holders of any Mortgage or Mortgages.

1.16 **Owner.** "Owner" or "Owners" shall mean the person(s), entity or entities, including Declarant, holding a fee simple interest in any portion of the Property, but shall not include the Mortgagee of a Mortgage.

1.17 **Person.** "Person" or "Persons" shall mean any individual(s), entity or entities having the legal right to hold title to real property.

1.18 **Plans and Specifications.** "Plans and Specifications" shall mean any and all documents designed to guide or control the construction or erection of any Improvement, including but not limited to, those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to such Improvement.

1.19 **Plat.** "Plat" shall mean the subdivision plat of **The Preserve at Stone Oak, Phase One, Section One**, a subdivision of record in Cabinet R, Slides 123-124, Plat Records of Williamson County, Texas, as the same may be amended from time to time.

1.20 **Preserve at Stone Oak Amenities.** "Preserve at Stone Oak Amenities" shall mean the Common Areas (both Greenbelt and Amenities) which may be created, improved, or constructed, on Property and any adjoining properties owned by Declarant and known as Preserve at Stone Oak or which are otherwise dedicated to or conveyed to the Association out of the Preserve at Stone Oak or any other adjoining land now or hereafter owned by Declarant (following the annexation of land therein as additional property under the Master Declaration).

1.21 **The Restrictions.** The "Restrictions" shall mean the Master Declaration, this Supplemental Declaration, as the same may be amended from time to time, together with the Architectural Review Committee Rules, the Association Rules, and the Articles and Bylaws.

1.22 **Subdivision.** "Subdivision" shall mean The Preserve at Stone Oak, Phase One, Section One, a subdivision in Williamson County, Texas, according to the Plat.

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

ARTICLE II

DEVELOPMENT OF THE PROPERTY

2.1 **Development by Declarant.** Declarant may divide or subdivide the Property into several areas, develop some of the Property, and, at Declarant's option, sell any portion of the Property free of these restrictions.

2.2 **Addition of Land.** Declarant may, at any time and from time to time, add land from within the areas described in the Instrument recorded under Document No. 9866285, Official Records of Williamson County, Texas, to the Property (and, at Declarant's option, to the "Property" under the Master Declaration), in accordance with a staged development plan approved by the Veterans Administration ("VA") and the Federal Housing Administration ("FHA"). Upon such addition, this Supplemental Declaration and the covenants, conditions, restrictions, and obligations set forth herein (and the Master Declaration, if Declarant so elects) shall apply to the added land, and the rights, privileges, duties, and liabilities of the persons subject to the Master Declaration and this Supplemental Declaration shall be the same with respect to the added land as with respect to the lands originally covered by the Master Declaration and this Supplemental Declaration. In order to add lands to the Property hereunder and under the Master Declaration, Declarant shall be required only to record in the Official Records of Williamson County, Texas, a notice of addition of land containing the following provisions:

(a) A reference to the Master Declaration and this Supplemental Declaration, which reference shall state the book and page numbers, the county clerk's file numbers, or the document numbers of the Williamson County Official Records wherein the Master Declaration and this Supplemental Declaration are recorded;

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

(c) A legal description of the added land.

Declarant shall submit a written request for approval of any annexation of land not included in the staged development plan previously approved by VA/FHA to the FHA and the VA accompanied by a copy of the Declaration of Annexation.

Notwithstanding anything contained herein to the contrary, Declarant shall only be permitted to add land to this Supplemental Declaration without the consent of two-thirds of the Owners entitled to vote pursuant this Supplement Declaration and the Master Declaration (exclusive of Declarant)

until the earlier to occur of (i) Declarant owns less than twenty-five percent (25%) of the Property; or (ii) ten (10) years from the date of this Supplemental Declaration.

2.3 Addition of Land to Stone Oak. Declarant hereby (i) confirms that the Property meets the requirements of the Master Declaration in order to be brought within the scheme of the Master Declaration, and (ii) declares that the Property shall be held, sold, conveyed and occupied subject to the easements, restrictions, covenants, conditions, assessments, liens, charges and other terms stated in the Master Declaration, as modified, amended, and supplemented by this Supplemental Declaration (collectively, the "Restrictions") and such Restrictions shall run with the Property or any part thereof, and shall be binding upon all parties having any right, title or interest in and to Property or any part thereof, their heirs, successors and assigns and shall inure to the benefit of each owner thereof and to the Association (as defined in the Master Declaration) and (iii) that any deed, contract or other document purporting to convey any right, title or interest in or to the Property, or any portion thereof shall be conclusively held to have been executed, delivered and accepted subject to the Restrictions regardless of whether the same are set out or referred to in said deed, contract or other document.

2.4 Controlling Restrictions. In the event of any conflict between the Master Declaration and this Supplemental Declaration with respect to the use of the Property and the design and construction of improvements on the Property, this Supplemental Declaration shall control.

ARTICLE III GENERAL RESTRICTIONS

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

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

3.2 Hazardous Activities. No activities shall be conducted on the Property and no Improvements constructed on the Property 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 safe and well-designed interior fireplaces, or in contained barbecue units while attended and in use for cooking purposes.

3.3 **Insurance Rates.** Nothing shall be done or kept on the Property which would increase the rate of insurance or cause the cancellation of insurance on any Lot or any of the Improvements located thereon.

3.4 **Mining and Drilling.** No portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth, except the Declarant shall be permitted to drill and operate water wells on the Property.

3.5 **Noise.** No exterior speakers, horns, whistles, bells, or other sound devices (other than security 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. Notwithstanding the foregoing, any schools, fire stations, police stations, or similar public facilities may have exterior sound devices which are appropriate for their use.

3.6 **Animals - Household Pets.** No animals, including pigs, hogs, swine, poultry, fowl, wild animals, 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, maintained, or cared for on the Property. No Owner may keep on such Owner's Lot more than four (4) cats and dogs, in the aggregate, not more than two (2) of which may be dogs. No animal 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 Lot of its Owner unless confined to a leash. No animal may be stabled, maintained, kept, cared for, or boarded for hire or remuneration on the Property, and no kennels or breeding operation will be allowed. No animal shall be allowed to run at large, and all animals shall be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects, and waste at all times. Such enclosed area shall be constructed in accordance with plans approved by the Architectural Review Committee, 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 any other portion of the Property.

3.7 **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, and such containers shall be kept within enclosed structures or appropriately screened from view. Each Owner shall contract with an independent disposal service to collect all garbage or other wastes, if such service is not provided by a governmental entity.

3.8 **Maintenance.** Each Owner shall keep all shrubs, trees, grass, and plantings of every kind on such Owner's Lot cultivated, pruned, free of trash, and other unsightly material. All Improvements upon any Lot shall at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner of such Lot. Declarant, the Association, and the

Architectural Review Committee shall have the right at any reasonable time to enter upon any Lot to replace, maintain, and cultivate shrubs, trees, grass, or other plantings as deemed necessary; to paint, repair, or otherwise maintain any Improvements in need thereof; and to charge the cost thereof to the Owner of the Lot in the same manner as provided for the Association in Section 5.4(E) of the Master Declaration.

3.9 **Antennae.** No exterior radio or television antenna or aerial or satellite dish receiver or other device designed to receive or transmit telecommunication signals, including, but not limited to, radio, television, or microwave signals which are intended for cable television, network television, or entertainment purposes and which is visible from any other Lot or the street shall be erected or maintained on any Lot without obtaining the prior written consent of the Architectural Review Committee. The foregoing notwithstanding, in the event the absolute prohibition of such antenna or receivers is invalidated or held to be unenforceable in any respect, then no exterior radio or television antenna, satellite dish or similar device shall be permitted to be erected or placed on any Lot unless the same is screened from view from adjoining Lots, streets and other portions of the Subdivision.

3.10 **Signs.** No sign of any kind shall be displayed to the public view on any Lot without the prior written approval of the Architectural Review Committee, except for (i) signs which are part of Declarant's overall marketing or construction plans or activities for the Property and (ii) one (1) sign of not more than five (5) square feet, advertising any property within the Subdivision for sale or rent. All merchandising, advertising and sales programming shall be subject to the approval of the Architectural Review Committee.

3.11 **Tanks.** The Architectural Review Committee shall have the right to approve the location of any tank used or proposed in connection with a single family residential structure, including tanks for storage of fuel, water, oil, or LPG, and including swimming pool filter tanks. No elevated tanks of any kind shall be erected, placed or permitted on any Lot. All tanks shall be screened so as not to be visible from any other portion of the Property.

3.12 **Temporary Structures.** No tent, shack, or other temporary building, improvement, or structure shall be placed upon the Property without the prior written approval of the Architectural Review Committee; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for architects, builders, and foremen during actual construction may be maintained with the prior approval of Declarant, approval to include the nature, size, duration, and location of such structure. Notwithstanding any provision in this Supplemental Declaration to the contrary, an Owner shall be permitted, without Architectural Review Committee approval, to erect one (1) outbuilding on the Owner's Lot if (i) the surface area of the pad on which the outbuilding is placed is less than or equal to eighty (80) square feet, (ii) the height of the outbuilding, measured from the surface of the Lot to the highest portion of the outbuilding is less than or equal to six (6) feet, (iii) the outbuilding is constructed within an area completely enclosed by a privacy fence of not less than six (6) feet in height, (iv) the exterior of the outbuilding is constructed of the same or substantially similar materials as the exterior of any residence located on the Lot, and (v)

the outbuilding is constructed within building setback lines in accordance with applicable building codes of the governmental entity having jurisdiction over the Property. The Architectural Review Committee shall be entitled to determine, in its sole and absolute discretion, whether an outbuilding constructed on any Lot complies with the foregoing requirements relating to size, height, fence enclosure and construction materials.

3.13 **Unightly Articles; Vehicles.** No article deemed to be unsightly by the Architectural Review Committee shall be permitted to remain on any Lot so as to be visible from adjoining property or from public or private thoroughfares. Without limiting the generality of the foregoing, trailers, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, all-terrain vehicles 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 foregoing, or on any automobile (other than minor emergency repairs), except in enclosed garages or other structures. Each single family residential structure constructed within the Property shall have sufficient garage space, as approved by the Architectural Review Committee, to house all vehicles to be kept on the Lot. Lot Owners shall not keep more than two (2) automobiles in such manner as to be visible from any other portion of the Property for any period in excess of seventy-two (72) hours. No automobiles or other above-mentioned articles or vehicles may be parked overnight on any roadway within the Property. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view, and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials, scrap, refuse or trash shall be kept, stored, or allowed to accumulate on any portion of the Property except within enclosed structures or appropriately screened from view. No (i) racing vehicles, or (ii) other vehicles (including, without limitation, motorcycles or motor scooters) which are inoperable or do not have a current license tag shall be permitted to remain visible on any Lot or to be parked on any roadway within the Subdivision. No commercial vehicles larger than a standard three-quarter (3/4) ton pickup truck or standard two-axle passenger van shall be permitted to remain on any Lot or to be parked on any roadway within the Subdivision.

3.14 **Mobile Homes, Travel Trailers, and Recreational Vehicles.** No mobile homes shall be parked or placed on any Lot or used as a residence, either temporary or permanent, at any time, and no motor homes, travel trailers or recreational vehicles shall be parked on or near any Lot so as to be visible from adjoining property or from public or private thoroughfares at any time.

3.15 **Window Treatment.** No aluminum foil, reflective film or similar treatment shall be placed on any windows or glass doors.

3.16 **No Window Units.** No window or wall type air conditioner which is visible from any street shall be permitted to be used, placed or maintained on or in any structure in any part of the Property.

3.17 **Compliance with the Restrictions.** Each Owner, his family, occupants of a Lot, tenants, and the guests, invitees, and licensees of the preceding shall comply strictly with the

provisions of the Restrictions as the same may be amended from time to time. Failure to comply with any of the Restrictions shall constitute a violation of this Supplemental Declaration, and shall give rise to a cause of action to recover sums due for curing the same, fines levied by the Association, actual and statutory damages, and injunctive relief, or a combination thereof. The Restrictions may be enforced by any Owner, the Association, Declarant, the City in which the Lot is located, if any, or, if applicable, the Municipal Utility District having jurisdiction over the Property, provided, however, only the Association shall have the right to levy a fine for the violation of the Restrictions or to bring any action for the collection of any Assessments, other than a Violation Assessment, as provided for herein. In such action, the parties agree to waive any bond required to be placed by the Association, the City where the Lot is located, if any, or Declarant, or if waiver is not allowed by the court, to set the bond in an amount not exceeding \$100.00. Each Owner is strictly liable for the noncompliance of his family, occupants of a Lot, tenants, and the guests, invitees, and licensees of the preceding. To aid in the prevention of noncompliance, each Owner shall provide to his tenants, who shall sign a receipt for the same, a copy of the Restrictions and shall provide in each lease of a Lot, which lease shall be in writing, that a violation of the Restrictions that is not cured within seven days of the first notice sent by the Association, shall constitute a breach of the lease. Each Owner, by acceptance of a deed to a Lot, hereby irrevocably appoints the Association, the City where the Lot is located, if any, and Declarant, as his attorney-in-fact to terminate the right of occupancy under the lease and evict any tenant or other occupant, not a part of the Owner's family living with the Owner on the Lot, in the event of an uncured violation. Said attorney-in-fact shall have the right, but not the duty, to bring such eviction proceeding. The cost of curing any violation of the Restrictions, any fine levied by the Association, and any attorney's fees, court costs, expenses of litigation, if incurred by the Association or Declarant, whether the matter proceeds to suit or not, shall be a Violation Assessment against the Lot and the Owner and shall automatically become a part of the Assessments and secured by the lien therefore.

3.18 Liability of Owners for Damage to Common Area and Facilities. No Owner shall in any way alter, modify, add to or otherwise perform any work upon the Common Area and Facilities without the prior written approval of the Board. Each Owner shall be liable to the Association for any and all damages to (i) the Common Area and Facilities, or (ii) any Improvements constructed on any Lot, the maintenance of which has been assumed by the Association, which damages were caused by the neglect, misuse or negligence of such Owner or Owner's family, or by any tenant or other occupant of such Owner's Lot, or any guest or invitee of such Owner. The full cost of all repairs of such damage shall be an Assessment against such Owner's Lot, secured by a lien against such Owner's Lot and collectable in the same manner as provided for in Section 8.4 hereof, including, but not limited to foreclosure of such lien.

3.19 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article or elsewhere in the Master Declaration or this Supplemental Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms, or provisions. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants, terms, or provisions shall

assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

ARTICLE IV USE AND CONSTRUCTION RESTRICTIONS

4.1 **Approval for Construction.** No Improvements shall be constructed upon any Lot without the prior written approval of the Architectural Review Committee.

4.2 **Use.** All Lots, unless dedicated to the Association as Common Area and Facilities, shall be improved and used solely for single family residential use, inclusive of an attached private garage for not more than three (3) cars, fencing and such other Improvements as are necessary or customarily incident to residential use.

4.3 **Rentals.** Nothing in this Supplemental Declaration shall prevent the rental of any Lot and the Improvements thereon by the Owner thereof for residential purposes; provided that all rentals must be for terms of at least six (6) months.

4.4 **Dwelling Height.** No single family dwelling greater than two (2) stories in height may be constructed on any Lot without the prior written approval of the Architectural Review Committee.

4.5 **Fences and Sidewalks.** Fences shall be six (6) feet in height and shall be constructed with select grade cedar pickets and with treated pine or cedar railings and posts. Installation of such fences may be completed without the approval of the Architectural Review Committee. The design, construction materials, height and location of all other fences shall otherwise be approved by the Architectural Review Committee. In no event shall any fence or wall be erected, placed or altered on a lot nearer to the front street than the front wall of the single family dwelling which is located on the Lot and no hedge may be installed or maintained more than three (3) feet in front of the wall of the single family dwelling which is located on the Lot and closest to the front property line of the Lot. Construction of gates or other access openings in subdivision perimeter fencing shall not be allowed on any Lot. The Owner of each Lot shall construct, at its sole cost and expense and prior to occupying any improvement located on the Lot, a sidewalk, located and designed in conformance with the Plat, to the extent the Plat requires a sidewalk on such Owner's Lot. The provision in the foregoing sentence may not be amended or altered without the express written consent of the Planning Department of Round Rock, Texas.

4.6 **Dwelling Size; Building Materials.** All single-story dwellings shall contain not less than One Thousand One Hundred (1100) square feet of enclosed living space, exclusive of porches (open or covered), decks, garages, and carports. All two-story dwellings shall contain not less than One Thousand Three Hundred (1300) square feet of enclosed living space, exclusive of porches (open or covered), decks, garages, and carports. All building materials shall be approved by the

Architectural Review Committee, and only new building materials (except for used brick) shall be used for constructing any Improvements. Exposed metal roof decks which reflect light in a glaring manner such as galvanized steel sheets are specifically prohibited. Other roofing materials may be used with the prior written consent of the Architectural Review Committee, which may specify a minimum quality or grade of materials. All projections from a dwelling or other structure, including but not limited to chimney flues, vents, gutters, downspouts, utility boxes, porches, railings and exterior stairways shall match the color of the surface from which they project, or shall be of a color approved by the Architectural Review Committee. No highly reflective finishes (other than glass, which may not be mirrored) shall be used on exterior surfaces (other than surfaces of hardware fixtures), including, without limitation, the exterior surfaces of any Improvements.

The masonry requirements for single and two-story dwellings shall be as follows:

One-Story Dwellings. The exterior walls of all single family dwellings shall be constructed of at least seventy five percent (75%) masonry, exclusive of roofs, eaves, soffits, windows, doors, gables, garage doors and trim work.

Two-Story Dwellings. The front exterior wall of all two-story single family dwellings shall be constructed of one hundred percent (100%) masonry veneer, exclusive of roofs, eaves, soffits, windows, doors, gables, garage doors, trim and decorative work. The side exterior walls of the first floor of all two-story single family dwellings shall be constructed of one hundred percent (100%) masonry veneer, exclusive of roofs, eaves, soffits, windows, doors, gables, garage doors, trim and decorative work.

4.7 Alteration or Removal of Improvements. Any construction, other than normal maintenance, which in any way alters the exterior appearance of any Improvement, or the removal of any Improvement shall be performed only with the prior written approval of the Architectural Review Committee.

4.8 Garbage Containers. The Architectural Review Committee shall have the right to specify a specific location on each Owner's Lot in which garbage containers must be placed for trash collection service.

4.9 Drainage. There shall be no interference with the established drainage patterns over any of the Property, except by Declarant, unless adequate provision is made for proper drainage and such provision is approved by the Architectural Review Committee.

4.10 Construction Activities. This Supplemental Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by an Owner (including Declarant) upon any Lot within the Property. Specifically,

no such construction activities shall be deemed to constitute a nuisance or a violation of this Supplemental Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event that construction upon any Lot does not conform to usual practices in the area as determined by the Architectural Review Committee in its sole good faith judgment, the Architectural Review Committee shall have the authority to seek an injunction to stop such construction. In addition, if during the course of construction upon any Lot there is excessive accumulation of debris of any kind which would render the Lot or any portion thereof unsanitary, unsightly, offensive, or detrimental to it or any other portion of the Property, then the Architectural Review Committee may contract for or cause such debris to be removed, and the Owner of the Lot shall be liable for all expenses incurred in connection therewith.

4.11 **Landscaping.** The front yards of all Lots, from the front property line to the front wall of the house, shall be fully sodded with St. Augustine, Bermuda, Prairie Buffalo Grass or other sod approved by the Architectural Review Committee and at least two (2) trees shall be planted in the front yard of each Lot prior to the occupancy of the residence located on the Lot.

ARTICLE V COMMON AREA AND FACILITIES

5.1 **Common Area and Facilities.** No land within any Common Area and Facilities shall be improved, used or occupied, except in such manner as shall have been approved by a two-thirds vote of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose, with the same quorum as required for Special Assessments herein. Such required approval shall extend to the nature and type of use, occupancy and improvement. Notwithstanding the foregoing provision, during the time that Declarant owns Lots within the Subdivision, Declarant shall have the right to construct Improvements within the Common Areas, including park areas, if any, without the consent of the Members or the Association. Access to any Common Area and Facilities may be limited to persons currently paying Assessments, fees and other charges, or otherwise conditioned or restricted, or made available to non-owners, all upon such terms and conditions as Declarant may determine, in its sole and absolute discretion. When no Class B Memberships exist the Board shall have the right to determine such terms and conditions as the Board deems proper in its sole discretion, even if such right has not been expressly delegated to the Board by the Declarant.

5.2 **Condemnation.** If all or any part of the Common Area and Facilities is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary), the Association shall be entitled to participate in the proceedings incident thereto. The expense of participation in such proceedings by the Association shall be a common expense to be paid out of Assessments. The Association is specifically authorized to obtain and to pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses and other

persons as the Association, in its discretion, deems necessary or advisable to aid it in any matters relating to such proceedings. All damages or awards for any such taking shall be deposited with the Association. The Association, in addition to the general powers set out herein, shall have the sole authority to determine whether to contest or defend any such proceedings, to make any settlement with respect thereto or to convey such property to the condemning authority in lieu of condemnation.

5.3 **Preserve at Stone Oak Amenities.** Declarant may create, develop, construct, dedicate, or convey any Greenbelt or Amenity Areas to the Association in the Preserve at Stone Oak. Any such Greenbelt or Amenity Areas which are designated by Declarant at "Preserve at Stone Oak Amenities" (whether by plat, deed, restriction, or otherwise), shall be Common Areas under the Master Declaration; provided, however, access to the Preserve at Stone Oak Amenities shall be restricted to those Members who are subject to this Supplemental Declaration or any other supplemental declaration to the Master Declaration which makes such Member's Lot subject to and encumbered by the liens for Assessments set forth in this Supplemental Declaration, who are current in the payment of all such assessments, and who otherwise meet any requirements, terms, or conditions imposed by the Board. (The foregoing restriction of right of access to and use of the Preserve at Stone Oak Amenities being expressly contemplated by and authorized by Section 4.3 of the Master Declaration, reference to which is hereby made for all purposes).

ARTICLE VI

THE ASSOCIATION

6.1 **Additional Powers and Authorities of the Association.** In addition to all powers and authorities granted to the Association pursuant to the Master Declaration, the Association shall have the following powers:

(a) **Assessments.** To levy assessments as provided in Article VIII below. An assessment is defined as that sum which must be levied in the manner and against the property set forth in Article VIII hereof in order to raise the total amount for which the levy in question is being made.

(b) **Enforcement.** To enforce this Supplemental Declaration as part of the "Stone Oak Restrictions" under Section 5.4(E) of the Master Declaration.

6.2 **Common Areas, Including Preserve at Stone Oak Amenities.** Subject to and in accordance with the Master Declaration, this Supplemental Declaration, the Association, acting through the Board, shall have the following duties:

(a) To accept, own, operate and maintain all Common Areas which may be conveyed or leased to it by Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in said areas; and to accept, own, operate and maintain all other property, real or personal, conveyed or leased to the Association by Declarant and to maintain

in good repair and condition all lands, improvements and other Association property owned by or leased to the Association. Such maintenance shall include, but not be limited to, painting, mowing and removal of rubbish or debris of any kind.

(b) To pay all real and personal property taxes and other taxes and Assessments levied upon or with respect to Common Areas or any other property owned by or leased to the Association to the extent that such taxes and Assessments are not levied directly upon the Members of the Association. The Association shall have all rights granted by law to contest the legality of the amount of such taxes and Assessments.

(c) To take out and maintain current a policy of liability insurance coverage to cover accidental bodily injury and/or death caused by the use and enjoyment of the Common Areas. Such insurance shall be in an amount as the Board shall deem appropriate.

ARTICLE VII

ARCHITECTURAL REVIEW COMMITTEE

7.1 **Membership of Architectural Review Committee.** Declarant, pursuant to Section 6.6 of the Master Declaration, hereby designates and appoints, as the Voting Members of the Architectural Review Committee, the following persons: Steve Herring, Bryan Rome and Terry E. Mitchell.

7.2 **Design Guidelines.** The provisions of Articles III and IV of this Supplemental Declaration shall control over the "Design Guidelines" as described in Section 6.8 of the Master Declaration.

7.3 **Review of Proposed Construction.** In addition to the provisions of Section 6.9 of the Master Declaration, the following provisions shall apply to the review of proposed construction. No Improvement shall be allowed upon any Lot which would unreasonably obstruct the view from any other portion of the Property, and no Improvement shall be allowed on any Lot which is of such size or architectural design or involves the use of such landscaping, color schemes, exterior finishes, and materials and similar features as to be incompatible with development within the Property and the surrounding area. The Architectural Review Committee shall have the authority to disapprove any proposed Improvement based upon the restrictions set forth in the preceding sentence and the decision of the Architectural Review Committee shall be final and binding so long as it is made in good faith. The Architectural Review Committee shall not be responsible for reviewing any proposed Improvement, nor shall its approval of any Plans or Specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes.

7.4 **Variance.** The Architectural Review Committee may grant variances from compliance with any of the provisions of this Supplemental Declaration, when, in the opinion of the

Architectural Review Committee, in its sole and absolute discretion, such variance will not impair or detract from the high quality development of the Property and such variance is justified due to unusual or aesthetic considerations or unusual circumstances. Anything herein to the contrary notwithstanding, the Architectural Review Committee is hereby authorized, at its sole discretion, to waive any requirements relating to garages (including size), carports, dwelling size, masonry requirements, fences and setbacks and such decision shall be binding on all Owners of Property encumbered by this Supplemental Declaration. All variances must be evidenced by written instrument in recordable form, and must be signed by at least two (2) of the Voting Members of the Architectural Review Committee. The granting of such variance shall not operate to waive or amend any of the terms or provisions of the covenants and restrictions applicable to the Lots for any purpose except as to the particular property and the particular instance covered by the variance, and such variance shall not be considered to establish a precedent or future waiver, modification or amendment of the terms and provisions hereof.

7.5 **Actions of the Architectural Review Committee.** Notwithstanding anything to the contrary, in the event the Architectural Review Committee fails to respond to a request for approval of Plans and Specifications within thirty (30) days of receipt of all required information, the Architectural Review Committee shall be deemed to have approved such Plans and Specifications.

7.6 **Address.** Plans and Specifications shall be submitted to the Architectural Review Committee at 4515 Seton Center Parkway, #200, Austin, Texas 78759, Attn: Steve Herring, or such other address as may be designated from time to time.

7.7 **Fees.** The Architectural Review Committee shall have the right to require a reasonable submission fee for each set of Plans and Specifications submitted for its review.

ARTICLE VIII

FUNDS AND ASSESSMENTS

8.1 Assessments.

(a) The Association may from time to time levy Assessments against each Lot that has been improved. The level of Assessments shall be equal and uniform between all improved Lots, except for Violation Assessments levied in accordance with Section 3.18. For the purposes of this section, a Lot shall not be considered to be "improved" until a house has been constructed thereon. No Assessments hereunder shall be levied against any unimproved Lot, except for Violation Assessments levied against a Lot Owner other than Declarant.

(b) Where the obligation to pay an Assessment first arises after the commencement of the year or other period for which the Assessment was levied, the Assessment shall be prorated as of the date when said obligation first arose in proportion to the amount of the Assessment year or other period remaining after said date.

(c) Each unpaid Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be the personal obligation of the Owner of the Lot against which the Assessment fell due, and shall become a vendor's lien against each such Lot and all Improvements thereon. The Association may enforce payment of such Assessments in accordance with the provisions of this Article.

Prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under the Master Declaration, this Supplemental Declaration, and the other instruments and documents comprising the Restrictions, which shall be limited to the costs incurred pursuant to the powers granted under the Master Declaration and in Section 6.1 of this Supplemental Declaration and the cost of enforcing the Restrictions, and a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses shall then be levied as herein provided, and the level of Assessments set by the Board shall be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time and from time to time levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable to the Association at the beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion. In no event shall the regular annual Assessments per Lot for the year 2000 exceed the sum of \$300.00. Thereafter, at the Board's sole and absolute discretion, the maximum regular annual Assessments per Lot permitted hereunder may be increased by no more than five percent (5%) per year, unless approved by at least two-thirds of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose, with the same quorum as required for Special Assessments herein. Notwithstanding the foregoing, the Declarant shall pay assessments at the rate of one-fourth ($\frac{1}{4}$) of the regular annual assessments, so long as there is a Class B membership, and Declarant hereby covenants and agrees that in the event that the annual maintenance fund revenues are insufficient to pay the operating expenses of the Association, it shall provide the funds necessary to make up the deficit, within thirty (30) days of receipt of request for payment thereof from the Association. In the alternative, Declarant shall have the right to pay full Class A assessments on its Lots without relinquishing its Class B status and shall then be excused from the payment of any budget deficits.

WITH RESPECT TO THE LOTS IN THE SUBDIVISION, THIS SECTION 8.1 CONTROLS OVER AND SUPERCEDES SECTION 7.3 OF THE MASTER DECLARATION. PROVIDED, HOWEVER, THE REGULAR ANNUAL ASSESSMENT SHALL BE SECURED BY THE LIENS GRANTED AND CREATED BY THE MASTER DECLARATION AND BY THE LIENS GRANTED AND CREATED THIS SUPPLEMENTAL DECLARATION.

8.2 Special Assessments. In addition to the regular annual Assessments provided for above, the Board may levy special Assessments to enable the Board to carry out the mandatory

functions of the Association under the Restrictions, upon the approval of at least two-thirds of the Members at a meeting called for that purpose, by adequate notice, with at least sixty percent (60%) of the Members or their proxies present at said meeting. If sixty percent (60%) of the Members do not attend, a second meeting may be called with the same notice and the quorum needed for said second meeting shall be thirty percent (30%) of the Members or their proxies.

8.3 Owner's Personal Obligation for Payment of Assessments. The regular and special Assessments provided for herein shall be the personal and individual debt of the Owner of the Lot covered by such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the Lot shall be obligated to pay interest at the rate of six percent (6%) per annum on the amount of the Assessment, from the due date thereof, together with all costs and expenses of collection, including reasonable attorneys' fees.

8.4 Assessment Lien and Foreclosure.

(a) All sums assessed in the manner provided in this Article but unpaid shall, together with interest as provided in Section 8.3 hereof and the cost of collection, including attorneys' fees as herein provided, thereupon become a continuing lien and charge on the Lot covered by such Assessment, which shall bind such Lot in the hands of the Owner, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien shall be superior to all other liens and charges against the said Lot, except only for tax liens and all sums unpaid on a first Mortgage lien of record, securing in either instance sums borrowed for the improvement of the Lot in question. Any foreclosure by the holder of a first Mortgage lien of record shall terminate the liability of the Lot for delinquent, pre-foreclosure Association Assessments. The Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Board and such subordination must be signed by a duly authorized officer of the Association. To evidence the aforesaid Assessment lien, the Association may prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice shall be signed by one of the officers of the Association and shall be recorded in the office of the County Clerk of Williamson County, Texas. Such lien for payment of Assessments shall attach with the priority above set forth from the date that such payment becomes delinquent and may be enforced by the foreclosure on the defaulting Owner's Lot by the Association in like manner as a mortgage on real property subsequent to the recording of a notice of Assessment lien as provided above, or the Association may institute suit against the Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or not judicial, the Owner shall be required to pay the costs, expenses, and reasonable attorneys' fees incurred. The Association shall have the power to bid on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same. Upon the written request of any Mortgagee, the Association shall report to said Mortgagee any unpaid Assessments remaining unpaid for longer than thirty (30) days after the same are due.

(b) In addition to foreclosure by appropriate judicial proceedings, the Association may foreclose its lien against each Lot, in like manner as a Deed of Trust or contractual lien by nonjudicial foreclosure in accordance with Section 51.002 of the Texas Property Code or any future amendments or recodification thereof, without waiving its right to also proceed against the Owner on the Owner's personal liability. Each Owner, by acceptance of a deed to a Lot hereby expressly vests in the Board of Directors of the Association a power of sale to enforce the lien. The Board may exercise its power of sale by appointing an Agent or Agents, who may be removed and replaced at any time without any formality other than a written appointment, signed by the president or a vice president of the Association. The Board, acting on behalf of the Association, and acting through its appointed Agent or Agents, shall have the power to bid upon any Lot foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and to convey the same from and after the time that a foreclosure sale is conducted. The recitals in the conveyance to the purchaser or purchasers shall be full and conclusive evidence of the truth of the matters therein stated, and all prerequisites to said sale shall be presumed to have been performed, and such sale and conveyance shall be conclusive against the Owner, his heirs, assigns, executors, and administrators. In the event any sale is made of a Lot, the former Owner, his tenants and other persons in possession under him, shall forthwith upon the making of the sale, surrender and deliver possession of the Lot to the purchaser at the sale, and in the event of their failure to do so, any occupant shall become a tenant at sufferance of the purchaser at the foreclosure sale and the purchaser shall have the right to evict any persons by a proceeding brought in the Justice of the Peace Court where the Lot is situated. Any personal property left on the premises and not reclaimed within 10 days from the date of sale, shall be conclusively presumed to have been abandoned by the former Owner, his tenants or other parties in possession under him.

(c) In addition to the preceding, the Association is hereby given an assignment of rents and may directly collect from any tenant rents that are owed to an Owner in any amount that is owed to the Association that has not been paid by the Owner within thirty (30) days of written demand to the Owner at the last known address for the Owner as reflected in the books of the Association, such demand being effective upon being placed in the mail, certified mail, return receipt requested, postage prepaid. The Association is granted the right, without an obligation, to send a notice of Owner's non-payment to any lienholder on a Lot.

ARTICLE IX EASEMENTS

9.1 **Reserved Easements.** 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 prior to the Property becoming subject to this Supplemental Declaration are incorporated herein by reference and made a part of this Supplemental 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. Declarant reserves the right to make changes in and additions to the said easements and

for the purpose of most efficiently and economically developing the Property. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other Person, to grant, dedicate, reserve or otherwise create, at any time or from time to time, easements for public utility purposes (including without limitation, gas, water, electricity, telephone and drainage) in favor of any Person along any front, rear, or side boundary line of any Lot, which said easements shall have a maximum width of ten (10) feet (provided, however, that easements along side yard lot lines shall straddle such lot lines with five (5) feet on each of the adjoining Owner's Lots).

9.2 **Installation and Maintenance.** There is hereby created an easement upon, across, over, and under all of the Property for ingress and egress in connection with installing, replacing, repairing, and maintaining all utilities, including but not limited to, water, wastewater, gas, telephones, and electricity lines and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service line, or other utility facilities or appurtenances thereto, on, above, across and under the Property, within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any Improvement. Notwithstanding any provision contained in this section, no electrical lines, water lines, or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the Architectural Review Committee. The utility companies furnishing service shall have the right to remove all trees situated within the utility easements shown on the Plat, and to trim overhanging trees and shrubs located on portions of the Property abutting such easements.

9.3 **Drainage Easements.** Each Owner covenants to provide easements for drainage and water flow, as contours of land and the arrangement of Improvements approved by the Architectural Review Committee thereon, require. Each Owner further covenants not to disturb or displace any trees or other vegetation within the drainage easements as defined in this Supplemental Declaration and shown on the Plat. There shall be no construction of Improvements, temporary or permanent, in any drainage easement, except as approved in writing by the Architectural Review Committee.

9.4 **Surface Areas.** The surface of easement areas for underground utility services may be used for planting of shrubbery, trees, lawns, or flowers. However, neither the Declarant nor any supplier of any utility service using any easement area shall be liable to any Owner or to the Association for any damage done by them or either of them, or their respective agents, employees, servants, or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation, or repair of any facility in any such easement area.

9.5 **Common Area and Facilities.** Each Owner shall have a non-exclusive easement for use and enjoyment in and to all Common Area and Facilities which shall be appurtenant to and shall pass with title to such Owner's Lot, subject to the following provisions:

(a) Right of Association to suspend the Owner's voting rights and right to use the Common Area and Facilities for any period during which an Assessment against such Owner's Lot

remains unpaid, and for any period during which the Owner is in violation of the rules and regulations of the Association;

(b) The right of the Association to dedicate or transfer all or any part of the Common Area and Facilities to any public agency, authority or utility for such purposes and subject to such conditions as may be approved by a two-thirds vote of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose, with the same quorum as required for Special Assessments herein;

(c) The right of the Association to borrow money for the purpose of improving the Common Area and Facilities and, in furtherance thereof, mortgage the Common Area and Facilities, all in accordance with the Articles and Bylaws;

(d) The right of the Association to promulgate reasonable rules and regulations regarding use of the Common Area and Facilities; and

(e) The right of the Association to contract for services with third parties on such terms as the Association may determine.

ARTICLE X MISCELLANEOUS

10.1 **Term.** This Supplemental Declaration, including all of the covenants, conditions, and restrictions hereof, shall run until September 1, 2024, unless amended as herein provided. After September 1, 2024, this Supplemental Declaration, including all such covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished as set forth in Section 10.2 below.

10.2 **Amendment/Extinguishment.**

(a) **By Declarant.** The Master Declaration and this Supplement may be amended by the Declarant acting alone until May 1, 2019, and so long thereafter as Declarant owns at least two-thirds (2/3) of the Lots. No amendment by Declarant shall be effective until there has been recorded in the Official Records of Williamson County, Texas, an instrument executed and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the President and Secretary of the Board certifying that the Declarant owns the requisite number of Lots. Notwithstanding the foregoing, Declarant may amend this Declaration at any time (i) to correct typographical and grammatical errors, and (ii) in order to comply with VA or FHA requirements for approval of the Property.

(B) **By Owners.** In addition to the method in Section 10.2(a), this Declaration may be amended by the recording in the Official Records of Williamson County, Texas of an instrument

executed and acknowledged by the President and Secretary of the Master Association, setting forth the amendment and certifying that such amendment has been approved by the Owners of at least seventy-five percent (75%) of the Lots.

10.3 **Notices.** Any notice permitted or required to be given by this Supplemental Declaration shall be in writing and may be delivered either by certified mail, return receipt requested, or personally delivered and a written receipt received therefor. If delivery is made by certified mail, it shall be deemed to have been delivered the date on which it was received by the person to whom such notice was addressed. Such address may be changed from time to time by notice in writing given by such person to the Association.

10.4 **Interpretation.** The provisions of this Supplemental Declaration shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of the Property and of promoting and effectuating the fundamental concepts of the Property set forth in this Supplemental Declaration. This Supplemental Declaration shall be construed and governed under the laws of the State of Texas.

10.5 **Exemption of Declarant.** Notwithstanding any provision in this Supplemental Declaration to the contrary, neither Declarant nor any of Declarant's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural Review Committee. Without in any way limiting the generality of the preceding sentence, neither the Master Declaration nor this Supplemental Declaration shall prevent or limit the right of Declarant to excavate and grade, to construct any and alter drainage patterns and facilities, to construct any and all other types of improvements, sales and leasing offices and similar facilities, and to post signs incidental to construction, sales, and leasing anywhere within the Property.

10.6 **Nonliability of Architectural Review Committee and Board Members.** Neither the Architectural Review Committee, nor any member thereof, nor the Board, nor any member thereof, shall be liable to the Association or to any Owner or to any other person for any loss, damage, or injury arising out of their being in any way connected with the performance of the Architectural Review Committee's or the Board's respective duties under this Supplemental Declaration unless due to the willful misconduct or bad faith of the Architectural Review Committee or its member or the Board or its member, as the case may be.

10.7 **Assignment of Declarant.** Notwithstanding any provision in the Master Declaration or this Supplemental Declaration to the contrary, Declarant may assign, in whole or in part, any of its privileges, exemptions, rights, and duties under the Master Declaration and/or this Supplemental Declaration to any other Person and may permit the participation, in whole or in part, by any other Person in any of its privileges, exemptions, rights, and duties hereunder.

10.8 **Enforcement and Nonwaiver.** Except as otherwise provided herein, any Owner at his own expense, the Board, the City in which the Lot is located, if any, and/or the Municipal Utility District having jurisdiction over the Property shall have the right to enforce all of the provisions of

the Restrictions. Such right of enforcement shall include both damages for, and injunctive relief against, the breach of any such provision. The failure to enforce any provision of the Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said Restrictions. The Association shall have the right, when appropriate in its judgment, to claim or impose a lien upon any Lot or Improvement constructed thereon in order to enforce any right or effect compliance with the Master Declaration and this Supplemental Declaration.

10.9 **Construction**. The provisions of the Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter. All captions and titles used in this Supplemental Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise effect that which is set forth in any of the paragraphs, sections or articles hereof.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Declarant has executed this Supplemental Declaration to be effective on the 5th day of November, 1999.

DECLARANT:

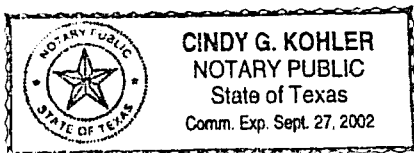
CONTINENTAL HOMES OF TEXAS, L.P.
(a Texas limited partnership)

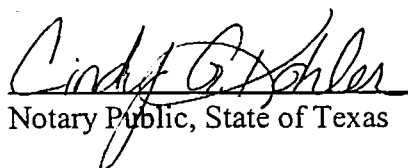
By: CHTEX of Texas, Inc.,
a Delaware corporation
Its sole general partner

By: 
Terry E. Mitchell, Vice President

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 5th day of November, 1999, by Terry E. Mitchell, Vice President of CHTEX of Texas, Inc., a Delaware corporation, sole general partner of Continental Homes of Texas, L.P., a Texas limited partnership, on behalf of said corporation and said partnership.




Notary Public, State of Texas

AFTER RECORDING, PLEASE RETURN TO:

① Milburn Homes
Attn: Legal Dept
4515 Seton Center Parkway, No. 200
Austin, Texas 78759

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

Nancy E. Rister

11-05-1999 12:03 PM 199975394
LISA \$55.00
NANCY E. RISTER, COUNTY CLERK
WILLIAMSON COUNTY, TEXAS