

jurisdiction of said Association, and Declarant desires to conform the restrictions on use of the herein described real property as necessary for the purposes of subjecting said property and the Owners thereof to the jurisdiction of said INWOOD HOLLOW HOMEOWNERS ASSOCIATION;

WHEREAS, the real property above described as constituting INWOOD HOLLOW, UNIT-2 lies within and is a part of that certain parcel of about 70.8961 acres which is more fully described or depicted on Exhibit "A" attached to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Inwood Hollow Development recorded in Volume 5978, Page 1919, Real Property Records of Bexar County, Texas, under the terms of which Declarant has the right to annex said INWOOD HOLLOW, UNIT-2 to the real property subject to the jurisdiction of Inwood Hollow Homeowners Association and Declarant desires so to do;

NOW, THEREFORE, Declarant declares that the above-described property constituting INWOOD HOLLOW, UNIT-2 is and shall be held, transferred, sold, conveyed, occupied, and enjoyed subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth, shall hereafter be subject to the jurisdiction and assessments of Inwood Hollow Homeowners Association, to wit:

ARTICLE I

PURPOSE

Inwood Hollow, Unit-2 is encumbered by these Restrictive Covenants for the following reasons: to insure the best and highest use and most appropriate development of the property; to protect lot owners against improper use of surrounding lots; to preserve so far as practicable the natural beauty of the property; to guard against the erection of poorly designed or proportioned structures of improper or unsuitable materials; to encourage and secure the erection of attractive improvements on each lot with appropriate locations; to secure and maintain proper setbacks from streets and adequate free space; and, in general, to provide for development of the highest quality to enhance the value of investment made by owners of Lots (as hereinafter defined).

ARTICLE II

DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings.

(a) "Association" shall mean and refer to THE HOLLOW AT INWOOD HOMEOWNERS ASSOCIATION, a Texas non-profit corporation, its successors and assigns as provided for herein.

(b) "Properties" shall mean and refer to the above described properties known as Inwood Hollow, Unit-2, and additions thereto, as are subject to this Declaration or any Amended or Supplemental Declaration.

(c) "Lot" shall mean and refer to any of the plots of land numbered 108-124, inclusive, on the Subdivision Plat.

(d) "Subdivision Plat" shall mean and refer to the map or plat of Inwood Hollow, Unit-2 filed for record in Volume 9530, Page 1 of the Deed and Plat Records of Bexar County, Texas and any amendment thereof upon filing of same for record in the Deed and Plat Records of Bexar County, Texas.

(e) "Living Unit" shall mean and refer to a single family residence and its attached or detached garage situated on a lot.

(f) "Single Family" shall mean and refer to a group related by blood, adoption, or marriage or a number of unrelated roommates equal to the number of bedrooms in a living unit.

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

(h) "Declarant" shall mean and refer to Lee 1604 No. One, Ltd., its successors or assigns who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

(i) "Committee" and "Architectural Control Committee" or "ACC" shall mean and refer to the committee created hereinafter, subject to the provisions herein, by Declarant.

(j) "Common Areas" and "Common Facilities" shall mean and refer to all property leased, owned, or maintained by the Association for the use and benefit of the Members of the Association. The initial Common Area to be conveyed to the Association shall include Lot 1, Block 1 of Inwood Hollow, Unit-1 (Recreation Site), which shall be improved with a recreation area which at a minimum shall include a swimming pool, wading pool, tennis court, sport court, meeting facility, parking area, fence, and landscaping, and Subdivision entry perimeter wall and landscaping. Declarant shall not be required to transfer ownership of the Common Facilities to the Association until after the construction of the proposed improvements, which is anticipated to be within one year after completion of streets within the Subdivision.

(k) "Common Maintenance Area" shall mean and refer to the Common Areas and the entrance monuments, perimeter walls, drainage facilities and detention ponds, esplanade and right-of-way landscaping and other areas lying with indicated easements or rights-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection and enhancement of the property values and the general health, safety, welfare, or benefit of the Owners. Common Maintenance Area shall include the islands within Bitters Road along that portion lying between Huebner Road and Loop 1604, as to which the Association shares maintenance responsibilities with other Associations.

(l) "Member" shall mean and refer to all those owners who are members of the Association as provided herein.

(m) "Builder Member" shall mean such builders approved by Declarant for construction within the Subdivision and who own one or more Lots for construction of a residence and resale to others.

(n) "Board of Directors" and "Board" shall mean and refer to the Board of Directors of The Hollow at Inwood Homeowners Association, the election and procedures of which shall be as set forth in the Articles of Incorporation and By-Laws of the Association.

(o) "ACC" shall mean the Architectural Control Committee established pursuant to the existing covenants.

(p) "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions for Inwood Hollow, Unit-2 and any amendments, annexations and supplements hereto made in accordance with the terms hereof.

(q) "Master Plan" shall mean that certain preliminary plan of development for the Subdivision and that parcel of about 70.8961 acres which is more fully described or depicted on Exhibit "A" attached hereto, which plan is maintained at Declarant's offices. The Master Plan reflects the area within which Declarant may annex property to the Subdivision and Association but is not binding on Declarant and may be amended by Declarant from time to time.

ARTICLE III

USE

All Lots in the Subdivision shall be used for single family residential purposes except for any Lot owned by the Association.

No Owner shall occupy or use his Lot or any improvements constructed thereon, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the owner, his family, guests and tenants. During the construction and sales period of the initial Living Units, the builder may erect and maintain such structures as are customary in connection with such construction and sale of such property, including, but not limited to, a business office, storage areas, sign, model units, sales office, and construction trailer, but the size, location, and design of any storage sheds, signs, sales office and construction trailer shall be subject to ACC approval.

No building material of any kind shall be placed or stored upon any Lot until the Owner thereof is ready to commence improvements, and then the material shall be placed within the property lines of the Lot upon which the improvements are erected and shall not be placed on the street or between the curb and property line.

All temporary construction and sales structures shall be aesthetically compatible with the Subdivision development, as solely determined by the Committee.

No Owner or Owner's agent shall clear, make improvements to, plant within or disturb any Common Area except at the direction of the Association. Neither the Association nor any Owner shall have the right to clear, improve, plant upon or disturb any property lying outside the Subdivision.

ARTICLE IV

ARCHITECTURAL CONTROL COMMITTEE

There is hereby created an Architectural Control Committee, initially composed of Lloyd A. Denton, Jr., Daniel D. Kossl, and Todd P. Helmer, to serve until their successors are named. A majority of Committee may act for the Committee and no notice of any of its meetings shall be required. Subject to the terms hereinafter set forth, Declarant shall have the right to remove or add members to the Committee and fill vacancies in the committee membership and Declarant may assign such rights to the Association. The sale of the last Lot owned by Declarant within the Properties shall be deemed to be an assignment to the Association of Declarant's powers with respect to ACC membership. Committee members shall not be entitled to compensation for their services rendered in such capacity.

No building, fence, wall, outbuilding or other structure or improvement shall be erected, altered, added onto, placed or repaired on any lot in the subdivision until the complete plans including site plans, grading plans, floor plans depicting room sizes and layouts, exterior elevations, any other plans or information deemed necessary by the ACC for the performance of its function ("Required Plans"), are submitted and approved in writing by the Architectural Control Committee as to the conformity and harmony of exterior design with existing structures in the Subdivision, the location with respect to topography, existing trees, and finished elevation, and apparent conformity with the requirements of this Declaration. In addition, the Owner shall submit the identity of the individual or company intended to perform the work and projected commencement and completion dates. The Architectural Control Committee shall have the power to employ professional consultants to assist it in discharging its duties and may create and impose reasonable fees for processing of applications.

Within thirty (30) days after the Owner has submitted to the Committee the Required Plans and written notice that the Owner desires to obtain ACC approval, the Committee shall notify Owner in writing whether the Required Plans are approved or disapproved. If plans and specifications are not sufficiently complete or are otherwise inadequate, the ACC may reject them as being inadequate or may approve or disapprove them in part, conditionally or unconditionally, and reject the balance. In the event the plans submitted by the Owner have not been approved or disapproved within thirty (30) days after being submitted, the plans so submitted will be deemed to have been approved but a deemed approval shall not permit a violation of any of the terms of this Declaration nor extend to any deviation from or alteration to the plans actually submitted nor to any matter requiring a written variance.

The Committee shall have the express authority to perform fact finding functions hereunder and shall have the power to construe and interpret any covenant herein that may be vague, indefinite, uncertain or capable of more than one interpretation. The goal of the Committee is to encourage the construction of dwellings of good architectural design, quality and proper size compatible with Declarant's conceptual plan for the subdivision. Dwellings should be planned and designed with particular attention to the design and aesthetic appearance of the exterior and the use of such materials, which, in the sole judgement of the Committee, create an attractive and harmonious blend with existing and proposed dwellings in the immediate area and the natural surroundings. The Committee may disapprove the construction or design of a home on purely aesthetic grounds where, in its sole judgement, such disapproval is required to protect the continuity of design or values of the neighborhood and of other homeowners or to preserve the serenity and natural beauty of any surroundings. Members of said Committee and their representatives shall not be liable to any person subject to or possessing or claiming the benefits of these restrictive covenants for any damage or injury to property or for damage or loss arising out of their acts hereunder. The Committee's evaluation of Required Plans is solely to determine compliance with the terms of this Declaration and the aesthetics or the proposed improvements and the Committee disclaims any responsibility to determine compliance with any applicable building code or other standard for construction.

The Architectural Control Committee shall have the right, but not the obligation, to grant variances and waivers relative to deviations and infractions of the Declaration or to correct or avoid hardships to Owners. Upon submission of a written request for same, the ACC may, from time to time, in its sole discretion,

VOL 6178 PG 0523

permit an owner to construct, erect or install a dwelling which is in variance from the covenants, restrictions or architectural standards which are provided in this Declaration. In any case, however, the dwelling with such variances must, in the Committee's sole discretion, blend effectively with the general architectural style and design of the neighborhood and must not detrimentally affect the integrity of the subdivision or be incompatible with the natural surroundings. All requests for variances shall be in writing, shall be specifically indicated to be a request for variance, and shall indicate with specificity the particular standard sought to be varied and the nature of the variance requested. All requests for variances shall be deemed to be disapproved if the Committee has not expressly and in writing approved such request within thirty (30) days of the submission of such request. No member of the Committee shall be liable to any owner for any claims, causes of action or damages arising out of the grant of any variance to an owner. No individual member of the ACC shall have any personal liability to any Owner or any other person for the acts or omissions of the ACC if such acts or omissions were committed in good faith and without malice. Each request for a variance submitted hereunder shall be reviewed independently of similar and the grant of a variance to any one Owner shall not constitute a waiver of the Committee's right to deny a variance to another Owner. The decisions of the Architectural Control Committee with respect to variances shall be final and binding upon the applicant.

All decisions of the Committee shall be final and binding, and there shall not be revisions of any action of the Committee except by procedure for injunctive relief when such action is patently arbitrary and capricious. In the event of construction of improvements or threatened construction of improvements in violation of this Declaration, any Owner, the Association, Declarant or the Committee may seek to enjoin such construction or seek other relief against the Owner or builder responsible therefor provided that each such offending party shall first be given written notice of the perceived violation and the opportunity to remedy the violation prior to the filing of suit. Neither the Declarant, the Architectural Control Committee, nor any member of such Committee shall be liable in damages, or otherwise, to anyone submitting plans and specifications for approval or to any Owner who believes himself adversely affected by this Declaration by reason of mistake of judgement, negligence or nonfeasance in connection with the approval or disapproval of plans or requests for variance.

The Architectural Control Committee shall be duly constituted and shall continue to function for the entire duration of this Declaration, including any extensions thereof. At such time as Declarant no longer owns any Lots subject to the jurisdiction and assessment of the Association, the Board of Directors shall have the right and obligation to appoint the members of the Committee.

ARTICLE V

RESTRICTIONS ON LOTS

Except for Common Areas owned by the Association, all Lots in the subdivision shall be used for residential purposes. No residential building shall remain incomplete for more than twelve (12) months after construction has commenced. Temporary use may be made of a house for a builder's sales office, which shall be permitted until such house is occupied as a residence, provided such use is approved in writing by Declarant.

Every unit shall have and maintain a garage large enough to accommodate under roof a minimum of two (2) full-sized automobiles.

Y015178 P0524

No garage shall be permanently enclosed for conversion to any other use. Open car ports are not permitted, unless special design circumstances warrant their use, in which case permission must be obtained in writing from the ACC.

The term "residential purposes" as used herein shall be held and construed to exclude any commercial use, industrial use, apartment house, hospital, clinic and/or professional use, and such excluded uses are hereby expressly prohibited. Business use will be permitted providing that the use conforms to zoning regulations, is not detectable by sight, sound or smell, and does not increase or obstruct vehicular or pedestrian traffic. Permanent living quarters for domestic servants and allowing domestic servants to be domiciled with an Owner or resident shall be permitted.

ARTICLE VI

OUTBUILDING REQUIREMENTS

Every outbuilding, inclusive of such structures as a detached garage, storage building, gazebo, spa, greenhouse or childrens' playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition. All such outbuildings shall be subject to approval of the ACC. In no instance shall an outbuilding exceed one (1) story in height other than a detached garage, nor shall the total floor area of outbuildings other than a detached garage exceed ten percent (10%), individually or in the aggregate, of the floor area of the main dwelling.

ARTICLE VII

BUILDING MATERIALS

The exterior walls of all residential buildings shall be constructed with masonry, rock, stucco, brick or masonry veneer for the entire first floor of the exterior wall area and at least 75% of the front, exterior wall area. In determining compliance with this section window and door openings shall be considered as masonry. The ACC is empowered to waive this restriction if, in its sole discretion, such waiver is advisable in order to accommodate a unique or advanced building concept, design or material, and the resulting structure will not detract from the general appearance of the neighborhood. Wall materials used on all Lots shall be restricted to those types and colors approved by the ACC.

Roofing shall be architectural dimensional composition shingles, Elk Prestique II or its equivalent, as approved by the ACC. All roofs shall have a pitch of 4:12 or greater.

All fireplace flues and smoke stacks shall be enclosed and concealed from public view in finished chimneys or materials architecturally compatible with the finish material of the exterior walls of the dwelling or otherwise approved by the ACC. All chimneys located on the front or side of a residence will be composed of masonry matching the primary masonry used on the residence.

Only divided light windows shall be used.

ARTICLE VIII

FENCES

No fence or wall shall be built or maintained forward of the front wall line, nor any hedge planted or maintained forward of the front setback line, of the main structure, not including decorative walls or fences which are part of the architectural design of the main structure, and which are not to be built or maintained nearer than the building setback line of any Lot unless otherwise approved in writing by the ACC. All fences or walls located on a Lot are to be maintained at the expense of the Lot Owner. All fences shall be all wood composed of one inch by four (1" X 4"), six feet (6') tall, notched, vertical cedar planks, without gaps between planks, unless approved in writing by the ACC. An exception shall be made in case of retaining walls.

The ACC is empowered to waive the aforesaid composition requirements for fences and the aforesaid height of setback limitation in connection with retaining walls and decorative walls if, in its sole discretion, such waiver is advisable in order to accommodate a unique, attractive or advanced building concept, design or material, and the resulting fence, decorative wall and/or retaining wall (whichever is applicable) will not detract from the general appearance of the neighborhood. The ACC will permit green, vinyl clad fences and wrought iron fences along a rear Lot line parallel and proximate to either (1) Salado Creek or (2) the drainage way lying between the Subdivision and Inwood Unit 4 or Inwood Unit 1F; provided, however, such rear fence is not visible from a Subdivision street or another Lot.

No fence, wall or hedge or shrub planting which obstructs sight lines shall be placed or permitted to remain on any corner Lot within the triangular area as formed by the extension of curb lines and a line connecting them at points twenty-five feet (25') from the intersection of the curb lines into the street, or in the case of a rounded property corner, from the intersection of three and one-half feet (3-1/2') tall shall be allowed in this inscribed triangle. 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 IX

DRIVEWAYS AND SIDEWALKS

Driveways on each residential Lot and all sidewalks visible from a street must be constructed of pebble finish concrete, stamped concrete, or brick pavers. At the time of construction of a residence, the Owner shall also construct a four-foot sidewalk which shall be pebble finish concrete and shall be placed and constructed within the street right of way in accordance with City of San Antonio specifications and ordinances, behind the curb. All other materials and finishes are prohibited. Location, design and any decorative surface must be approved by the ACC. The driveway turnout shall be constructed in such manner as to provide an attractive transitional radius from the curb and gutter into the driveway entrance and shall prevent escape of drainage water from the street onto any Lots. Driveways and sidewalks must be shown on the site plan submitted for approval by the ACC. Asphalt and gravel driveways and sidewalks are specifically prohibited.

YOL 6178 PG0526

ARTICLE X

TEMPORARY STRUCTURES

No structure of a temporary character (sales structure, trailer, tent, shack, garage, barn or other outbuildings) shall be used on any Lot at any time for storage or as a residence, either temporarily or permanently. No trailer, camper, recreational vehicles, or similar vehicles shall at any time be parked in view of any other lot or dwelling unit or connected to utilities situated within a Lot. No prefabricated dwelling or building previously constructed elsewhere may be placed or maintained on any Lot. No modular or mobile home, whether or not the wheels have been removed, may be placed or maintained on any Lot. All structures of a temporary character must be approved by the Architectural Control Committee.

ARTICLE XI

SIGNS

No signs, banners, or pennants of any kind shall be displayed to the public view on any single-family residential Lot except one (1) professional sign of not more than nine (9) square feet advertising the property for sale. Signs used by the Developer or original home builder to advertise the property during the construction and sales period shall be permitted, irrespective of the foregoing. Signs advertising subcontractors or suppliers are specifically prohibited. The sign may state only the name and phone number of the seller and/or their agent. For rent, for lease, distressed, foreclosures and bankruptcy references are specifically prohibited. 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 90 days in advance of the election to which they pertain and are removed within 15 days after the election. The ACC shall have control over all verbiage on all signs. Except for signs advertising a Lot for sale and adhering to the standards of this Article, all signs within the Properties shall be subject to the prior written approval of the ACC.

ARTICLE XII

MAINTENANCE

All yards and lawns shall be kept neat and well maintained and all grass, weeds, and vegetation on each Lot shall be kept mowed at regular intervals. Trees, shrubs, vines and plants which die shall be promptly removed from each Lot and replacements of equal quality or value promptly installed. Lawns must be properly maintained (not to exceed six inches [6"] in height) and fences must be repaired and maintained and no objectionable or unsightly usage of Lots will be permitted which is visible to public view. Building materials shall not be stored on any Lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from each Lot.

Until a home or residence is built on a Lot, Declarant may, at its option, have the grass, weeds and vegetation cut when and as often as the same is necessary in its judgement, and have dead trees, shrubs and plants removed therefrom. Declarant may also, at its option, remove any excess building materials or building refuse situated on a Lot in violation of this covenant. The Owner of any Lot shall be obligated to reimburse Declarant for the cost of such maintenance or removal upon demand.

VOL 6178 PG 0527

ARTICLE XIII

LANDSCAPING

All front yards and side yards on all Lots must be planted with grass or other ground cover exclusive of any landscaped areas. Decorative ground cover rock in the front and side yards may not exceed ten (10%) percent of the total area of the front and side yards. Cuts into natural grade visible from the street are to be faced with masonry, sodding or landscaping. Allowances may be made for areas left in their natural state depending upon their appearance.

ARTICLE XIV

VEHICLES

No trailer, motor home, tent, boat, recreational vehicle, travel trailer, any truck larger than a three-quarter (3/4) ton pick-up, or wrecked, junked or wholly inoperable vehicle shall be kept, parked, stored or maintained on any portion of the front yard area of a Lot nor shall be kept, parked, stored or maintained on other portions of the Lot, unless in an enclosed structure or in a screened area which prevents the view thereof from any Lots or dwelling and streets. Intermittent overnight parking of trailer, motor home, tent, boat, recreational vehicle or travel trailer for a period of time not to exceed twenty-four (24) consecutive hours will be permitted. No dismantling or assembling of an auto, trailer, any truck or any other machinery or equipment shall be permitted in any driveway or yard adjacent to a street. The ACC, as designated in this Declaration, shall have the absolute authority to determine from time to time whether a vehicle and/or accessory is operable and adequately screened from public view. Upon an adverse determination by said ACC, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this paragraph.

No vehicles, trailers, implements or apparatus may be driven or parked on any easement.

All matters set forth in this Article requiring approval shall require the express, advance, written approval of the ACC.

ARTICLE XV

NUISANCES

No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

No Owner or occupant shall perform any work that will impair the structural soundness or integrity of another Living Unit or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other Living Units or their Owners or residents.

No exterior lighting of any sort shall be installed or maintained on a Lot where the light source is offensive or a nuisance to neighboring property (reasonable security or landscape, or tennis court lighting is permitted with the approval of the ACC.)

VOL 6178 PG 0528

No exterior speakers, horns, whistles, bells or other sound devices (except security devices used exclusively to protect the Lot and improvements situated thereon or entry door and patio intercoms) shall be placed or used upon any Lot.

All matters set forth in this Article requiring approval shall be deemed to be the express approval, in advance, of the ACC.

ARTICLE XVI

GARBAGE AND REFUSE DISPOSAL

No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers, whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant Lot, park, street, Right of Way, or drainage area in the Properties. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble, or debris shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage and rubbish and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal but shall be removed from view before the following day.

ARTICLE XVII

PETS

No animals, livestock, poultry, exotic or dangerous pets of any type (i.e. pit bulls, boa constrictors, ferrets, etc.) that may pose a safety or health threat to the community shall be raised, bred or kept on any Lot except for cats, dogs, or other generally recognized household pets of a reasonable number provided that they are not kept, or maintained for any commercial purposes and provided further that no more than a total of four (4) adult animals may be kept on a single Lot. Adult animals for the purpose of these covenants shall mean and refer to animals one (1) year or older.

All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws), and in accordance with all rules established by the Association. It shall be the responsibility of the owners of such household pets to prevent the animals from running loose or becoming a nuisance to the other residents.

ARTICLE XVIII

OIL AND MINING OPERATIONS

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. No tank for the storage of oil or other fluids may be maintained on any Lots above the surface of the ground.

YOL 6178 PG0529

ARTICLE XIX

WATER AND SEWAGE SYSTEMS

No individual water supply system shall be permitted on any Lot, including, but not limited to water wells.

ARTICLE XX

MICROWAVE, RADIO, TV ANTENNA, AND SOLAR COLLECTORS

No microwave dishes, radio, citizen band or otherwise, or television aerial wires or antennas shall be maintained on any portion of any Lot, except those which are fully enclosed or retractable within the structure of the Living Unit. No microwave dishes, antennas, receivers, or transmitters shall be placed on any Lot without being fully enclosed or fully screened from public view. Solar apparatus, if erected, must be maintained in such a way that it is screened from public view, installed in a location not visible from the street, and Rights of Way or other parcels or portions thereof, and must be approved by the ACC before erection.

ARTICLE XXI

CLOTHES HANGING DEVICES

Clothes hanging devices exterior to a dwelling shall not exceed six (6) feet in height and shall be so located as to not be visible from any street.

ARTICLE XXII

UTILITY EASEMENTS AND ACCESS

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, if any, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or in the case of drainage easements, which may change or impede the direction of flow of water through drainage channels in such easements. The easement area of each Lot, if any, and all improvements in such area shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. Neither Declarant nor any utility company using the easements herein or referred to shall be liable for any damage done by them or their assigns, agents, employees or servants to shrubbery, streets or flowers or other property of the Owners situated on the land covered by said easements.

There is hereby created a right of ingress and egress across, over, and under the Properties for the sole purpose of installing, replacing, repairing, and maintaining all facilities for utilities, including, but not limited to, water, sewer, telephone, cable TV, electricity, gas, and appurtenances thereto.

ARTICLE XXIII

WALL, LANDSCAPING, MAINTENANCE, AND OTHER EASEMENTS

Declarant hereby reserves unto itself and its assigns in writing, a wall and landscaping easement, ten feet (10') in width

on Lots 108 and 124 along Cutter Green Drive. Within said ten foot wall and landscaping easement, Declarant and its assigns in writing, shall have the right to construct, reconstruct, clean, repair, and maintain a perimeter and entry fence with such features and signage, if any, as Declarant shall determine, and such plants, vegetation, and landscaping between any fence so constructed and the adjacent right-of-way as Declarant may determine. Declarant and its assigns shall have a general right of access upon such Lots for the purpose of such initial construction and thereafter for the purpose of repair, maintenance, and cleaning of any fence constructed pursuant to the power hereby reserved and for the purpose of maintaining and replacing any landscaping or vegetation lying between any fence so constructed and the adjacent right-of-way. Any fence constructed by Declarant pursuant to the rights herein retained shall be transferred and conveyed to the Association following completion of construction which shall maintain said fence at all times in its original condition, with materials matching its original construction, and shall ensure that the exterior thereof is kept clean and free of all defacing, blemishes, marks, and markings thereon. In the event the Association shall ever fail to promptly make any needed repair, maintenance or cleaning to the fence, or shall fail to properly and neatly maintain the vegetation and landscaping between the fence and right of way, Declarant, its successors and assigns, shall have the right of entry onto said Lots and right to perform such functions at the expense of the Association.

In the event that any Owner fails to maintain his Lot as required herein or in the event of emergency, the Declarant and/or the Association shall have the right but not the obligation to enter upon the Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Property. Entry upon the Lot as provided herein shall not be deemed a trespass, and the Declarant shall not be liable for any damage so created unless such damage is caused by the Declarant's willful misconduct or gross negligence.

ARTICLE XXIV

DRAINAGE EASEMENTS

Easements for drainage throughout the subdivision are reserved as shown on the Subdivision Plat. No Owner of any Lot in the subdivision may perform or cause to be performed any act which would alter or change the course of such drainage easements in a manner that would divert, increase, accelerate or impede the natural flow of water over and across such easements. More specifically and without limitation, no Owner or resident of a Living Unit may:

(1) alter, change or modify the existing natural vegetation of the drainage easements in a manner that changes the character of the original environment of such easements;

(2) alter, change or modify the existing configuration of the drainage easements, or fill, excavate or terrace such easements, or remove trees or other vegetation therefrom without the prior written approval of the ACC and the City of San Antonio's City Engineer;

(3) construct, erect or install a fence or other structure of any type or nature within or upon such drainage easements;

(4) permit storage, either temporary or permanent, of any type upon or within such drainage easements; or

VOL 6178 PG 0531

(5) place, store or permit to accumulate trash, garbage, leaves, limbs or other debris within or upon the drainage easements, either on a temporary or permanent basis.

A copy of the grading plan for the Properties is attached hereto as Exhibit "B". The original grading plan is maintained by Declarant at its offices. By acceptance of a deed to any Lot, each Owner covenants and agrees to ensure such Lot is graded and maintained in accordance with the grading plan and that the drainage of such Lot is maintained in accordance with the grading plan.

The failure of any Owner to comply with the provisions of this Article shall in no event be deemed or construed to impose liability of any nature on the ACC and/or Declarant, and such Committee and/or Declarant shall not be charged with any affirmative duty to police, control or enforce such provisions. The drainage easements provided for in this Article shall in no way affect any other recorded easement in the subdivision.

ARTICLE XXV

GARAGES

A garage able to accommodate at least two (2) full-sized automobiles must be constructed and maintained as a garage, for each Living Unit. Each driveway must accommodate two vehicles in front of the garage for off-street parking requirements. Rear detached garages shall be permitted provided they are constructed in compliance with the requirements of these covenants.

ARTICLE XXVI

MAXIMUM HEIGHT

No building or structure erected, altered or placed on, within or in the Properties shall exceed thirty-five feet (35') in height (measured from the top of the foundation to the topmost part of the roof) nor be more than two and one-half (2 1/2) stories in height, provided however, that all applicable ordinances, regulations, and statutes with respect to the maximum height of buildings and structures shall, at all times, be complied with.

ARTICLE XXVII

MINIMUM AREA

The main residence building of each residence constructed on a Lot shall contain the minimum, contiguous square feet of living space set forth below, such square feet being exclusive of open or screened porches, terraces, patios, driveways, carports, garages and living quarters for domestic servant separated or detached from the primary living area; to wit:

- A. Single Story - Eighteen Hundred (1800) square feet
- B. Two Story - Two thousand (2000) square feet

ARTICLE XXVIII

BUILDING SETBACKS

Front setback shall be twenty feet (20') from the front property line of each Lot for all structures.

Sideyard setbacks shall be a minimum of five feet (5') from the side property lines of each Lot for all structures except a detached garage.

Rear setbacks shall be a minimum of fifteen feet (15') from the rear property line of each Lot for all structures except a detached garage.

Detached garages shall be no closer to any side property line than three feet (3') and no closer to any rear property line than five feet (5').

ARTICLE XXIX

LOT CONSOLIDATION

Any Owner owning two (2) or more adjoining Lots or portions of two or more such Lots may, with the prior approval of the ACC, consolidate such Lots or portions thereof into a single building site for the purpose of construction one (1) residence and such other improvements as are permitted herein, provided, however, that no such building site shall contain less than seven thousand two hundred (7200) square feet of land and that the Lot resulting from such consolidation shall bear, and the Owner thereof shall be responsible for, all assessments theretofore applicable to the Lots which are consolidated and each such building site shall meet, all lawful requirements of any applicable statute, ordinance or regulation.

ARTICLE XXX

ADDITIONS

Additional properties lying within the approximate 70.8961 acre area described in Exhibit "A" attached hereto may be annexed to the jurisdiction of the Association through the execution and filing of a Declaration of Restrictive Covenants, which shall extend the general scheme of the covenants and restrictions of this Declaration to such property and which shall reflect the consent of the Declarant or the Association to such annexation. Said Declaration may contain such modifications as are necessary to reflect the different character of the added properties.

ARTICLE XXXI

ENFORCEMENT

If the Owner of any Lot, or its heirs, executors, administrators, successors, assigns or tenants, shall violate or attempt to violate any of the restrictions and covenants set forth in this Declaration, it shall be lawful for the Association, Declarant, or any Owner subject to this Declaration, to prosecute any proceedings against the person or persons violating or attempting to violate any such restrictions and covenants. The failure of any Owner or tenant to comply with any restriction or covenant will result in irreparable damage to Declarant and other Owners of Lots in the Subdivision; thus the breach of any provision of this Declaration may not only give rise to an action for damages at law, but also may be enjoined or may be subject to an action for specific performance in equity in any court of competent jurisdiction. In the event an action is instituted to enforce the terms hereof or prohibit violations hereof, and the party bringing such action prevails, then in addition to any other remedy herein provided or provided by law, such party shall be entitled to

Y016178 PG0533

recover court costs and reasonable attorney's fees. The Architectural Control Committee, Association, and/or Declarant shall not be charged with any affirmative duty to police, control or enforce the terms of this Declaration and these duties shall be born by and be the responsibility of Lot Owners.

ARTICLE XXXII

SECURITY

Security may be provided by the Association, from time to time; however, the Association is not now a provider of security, and the Owners must provide their own security for their home and property.

ARTICLE XXXIII

ATHLETIC FACILITIES

Tennis-court lighting and fencing shall be allowed only with the approval of the ACC. Basketball goals, or backboards, or any other similar sporting equipment of either a permanent or temporary nature shall not be placed within ten feet (10') from the front property line of any Lot or the side lot lines of corner lots in the Subdivision without the prior written consent of the ACC. All basketball backboards shall be of a clear, see-through material and all supporting poles and stanchions shall be painted either black or dark hunter green.

ARTICLE XXXIV

MEMBERSHIP IN THE ASSOCIATION

Every person or entity who is a record Owner of a free or undivided interest in any Lot which is subject to the jurisdiction of and to assessment by the Association shall be a member of the Association, provided, however, that any person or entity holding an interest in any such Lot or Lots merely as security for the performance of an obligation, shall not be a member.

ARTICLE XXXV

VOTING RIGHTS

The Association shall have two classes of voting membership.

Class A. Class A Members shall be all those owners as defined in Article XXXIV above with the exception of Declarant. Class A members shall be entitled to one vote for each Lot in which they hold the interest required for membership by Article XXXIV. When more than one person holds such interest or interests in any Lot, all such persons shall be members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

Class B. Class B Members shall be Declarant and Builder Members. The Class B Members shall be entitled to three votes for each Lot in which they hold the interest required by Article XXXIV above, provided that the Class B membership shall cease and become converted to Class A membership on the happening of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in Class A membership equal the total votes outstanding in the Class B membership;

or

(b) January 1, 2010.

From and after the happening of these events, whichever occurs earlier, the Class B member shall be deemed to be a Class A member entitled to one vote for each Lot in which it holds the interest required for membership.

All voting rights of an Owner may be suspended by the Board of Directors during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to Article XXXV or is otherwise in default thereunder or under the Bylaws or Rules and Regulations of the Association.

ARTICLE XXXVI

COVENANTS FOR MAINTENANCE ASSESSMENTS

Declarant, for each Lot owned by it within the Properties, hereby covenants, and each Owner of a Lot, by acceptance of a deed thereto, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time the obligation accrued.

The assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety and welfare of the Members, and in particular, for the improvement, maintenance and operation of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Properties by the members.

The annual assessments for both improved and unimproved Lots shall be determined by the Board of Directors in the manner provided for herein after determination of current maintenance costs and anticipated needs of the Association during the year for which the assessment is being made and the annual assessments for unimproved Lots shall be one-fourth (1/4) the annual assessment for improved Lots. Until January 1, 1995, the annual assessment for improved lots shall not exceed \$480.00. From and after January 1, 1995, the maximum annual assessment which may be imposed by the Board of Directors, without membership vote, shall be an amount equal to ten percent (10%) above the prior year's annual assessment. A Lot shall be deemed to be an "improved Lot" when construction of a Living Unit thereon is completed and closing of a sale thereof has taken place, or when the Living Unit is occupied as a residence, whichever first occurs.

In addition to the annual assessments provided for above, the Association may levy, in any assessment year, a Special Assessment on improved Lots only, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement on or which is a part of the Common Facilities, or for such other lawful purpose related to the use of the Properties as the Board of Directors or the Owners may determine, provided that any such assessment shall have the assent of two-thirds (2/3) of

YOL 6178 PG 0535

the votes of the improved Lot owners who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all improved Lot owners at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Subject to the limitations stated above, the annual assessment may be adjusted by majority vote of the Board of Directors but shall not be increased by more than ten percent (10%) above that of a previous year with a vote of the membership. Any increase in the annual assessment of more than ten percent (10%) above that of a previous year shall require approval of two-thirds (2/3) vote of each class of Members voting at a meeting duly called for that purpose.

The quorum required for any action authorized herein above shall be as follows: Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than thirty (30) days in advance of the meeting. At the first meeting called as provided above, the presence at the meeting of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that such reduced quorum requirement shall not be applicable to any such subsequent meeting held more than sixty (60) days following the preceding meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

The annual assessments provided for herein shall commence on the first day of the month following the first Lot conveyance by Declarant, or such other date as the Board of Directors shall direct. The assessments for each calendar year shall become due and payable and shall be collected as the Board of Directors of the Association shall determine. The amount of the annual assessment shall be an amount which bears the same relationship to the annual assessment provided for above as the remaining number of months in that year bear to twelve. When a Lot becomes an improved Lot, there shall be payable as of the first day of the month following the month when it becomes an improved Lot a sum equal to the difference between the annual assessment for unimproved Lots and the annual assessment for improved Lots, prorated over the balance of the year then remaining. The due date of any special assessment under the provisions hereof shall be fixed in the resolution authorizing such assessment.

In December of each year, beginning December, 1994, the Board of Directors of the Association shall fix the amount of the annual assessment against each Lot for the following year and shall at that time prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner on reasonable notice. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing, signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment there in stated to have been paid.

Effect of Non-Payment of Assessments: The Lien; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate of twelve (12) percent per annum. Upon written notice to an Owner,

and the expiration of thirty (30) days, the Association may bring an action at law against the Owner personally obligated to pay the same, and to foreclose the Association's lien against the Owner's Lot. Each Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including non-judicial or judicial foreclosure by an action brought in the name of the Association, the power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Lot Owners. No Owner shall be freed of liability for any assessments provided for herein by virtue of non-use of Common Area, or non-existence of Common Area.

In addition to the foregoing charges for delinquent accounts, each owner shall be obligated to pay to the association all actual costs of collection incurred by the Association and such reasonable late charges and collection charges as the Board of Directors may establish, all of which shall also be subject to the liens of the Association.

Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Lots subject to assessment, provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale or transfer of such Lot pursuant to a decree of foreclosure, non-judicial foreclosure, or conveyance in lieu of foreclosure or in satisfaction of mortgage debt. Such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

Exempt Property. The charges and liens created herein shall apply only to the Lots, and the remainder of the Properties shall not be subject thereto.

ARTICLE XXXVII

MAINTENANCE FUND AND GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

Maintenance Fund: The Board, for the benefit of the Owners, shall establish and maintain a maintenance fund into which shall be deposited the annual assessments collected from Owners and which maintenance fund shall be used, without limitation, for the payment of the following:

(a) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.

(b) Care and preservation of the Common Maintenance Area.

(c) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board of Directors, (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days prior written notice to the managing party) and the services of such other personnel as the Board of Directors or by the manager.

(d) Legal and accounting services.

(e) A policy or policies of insurance insuring the Association, its Directors, and Officers against any liability to the public or to the Owners (and/or invites or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors.

(f) Workers compensation insurance to the extent necessary to comply with any applicable laws.

(g) Such fidelity bonds as may be required by the Bylaws or as the Board of Directors may determine to be advisable.

(h) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments (including taxes or assessments assessed against an individual Owner) which the Board of Directors is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration.

(i) Perpetual maintenance and enhancement of any recreational facility, wall, grounds, landscaping, lights, irrigation system, entry monuments, signs, or other Common Facilities owned or maintained by the Association.

Powers and Duties of Board: The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the Bylaws of the Association:

(a) To execute all declarations of ownership for tax assessment purposes and with regard to the Common Areas, if any, on behalf of all Owners.

(b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board see fit.

(c) To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

(d) To protect or defend the Common Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements.

(e) To make reasonable rules and regulations for the operation of the Common Areas and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument signed by a majority of the Owners, or with respect to a rule applicable to less than all of the Common Areas, by the Owners in the portions affected.

(f) To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

(g) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.

(h) To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

VOL 6178 PG 0538

(i) To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.

The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

The Board, on behalf of the Association, shall have full power and authority to contact with any Owner or other person or entity for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE XXXVIII

TITLE TO COMMON AREAS

All Common Area within the Properties shall be conveyed to the Association free of lien prior to the conveyance of the first Lot by the Declarant. The Association shall own all Common Areas in fee simple and assume all maintenance obligations with respect to any Common Areas which may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any Common Area.

From and after the date on which title to any Common Area vests in the Association, the Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its members, covering occurrences on the Common Areas. The policy limits shall be determined by the Board of Directors of the Association. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of members, Directors and the management company retained by the Association (if any), insuring each against liability to each other insured as well as third parties. Any proceeds of insurance policies owned by the Association shall be received, held in a segregated account and distributed to the Association's general operating account, members, Directors, the management company and other insureds, as their interests may be determined.

The Association shall not convey or mortgage any Common Area without the consent of two-thirds (2/3rds) or more of the Lot Owners.

ARTICLE XXXIX

AMENDMENT

This Declaration shall remain in force and effect until January 1, 2010, at which time, and each tenth anniversary thereafter, this Declaration shall be renewed for a period of ten years unless two-thirds (2/3rds) of the Owners of Lots shall file a written agreement to abandon same. This Declaration may be amended by written instrument executed by the Owners of two-thirds (2/3rds) or more of the Lots, provided that no amendment prior to January 1, 2010, shall be effective until approved and executed by Declarant and filed of record in the Official Public Records of Real Property of Bexar County, Texas. Notwithstanding the foregoing, Declarant shall have the right to file an amendment to this

1016178 PG0539

Declaration, without the necessity of joinder by any other Owner of Lots, or any interest therein, for the limited purposes of correcting a clerical error, clarifying an ambiguity, removing any contradiction in the terms hereof, or for the purpose of making such additions or amendments hereto as may be required by FHA, HUD or VA to qualify the Properties for mortgage guaranties issued by FHA and/or VA.

ARTICLE XL

FHA/VA APPROVAL

Absent Declarant's written waiver, then for so long as the Declarant, its successors and assigns, have a controlling vote of the Association, the following actions will require the prior approval of the Federal Housing Administration and/or the Veterans Administration: (a) annexation of property other than within the area described in Article XXX hereof; (b) dedication of Common Area; and (c) amendment of this Declaration other than pursuant to Article XXXIX hereof.

ARTICLE XL I

GOVERNMENTAL REQUIREMENTS

Section 1. Owner's Acknowledgment. The Properties and Lots lie within the area classified as the Edwards Aquifer Recharge Zone and as such are subject to the rules and regulations of agencies of the State of Texas, including the Texas Natural Resources Commission (TNRC), governing the use of said land, in addition to any ordinances, statutes, or regulations affecting the Properties enacted by other governmental authorities. Owners are advised that such requirements and prohibitions may relate to the type of fertilizer which may be used, minimum topsoil requirements, inspection of sewer laterals prior to covering, and criteria standards for sewer pipe, among other matters. Each Owner is responsible for ascertaining all such requirements and prohibitions with respect to his Lot and, by acceptance of a deed to a Lot, agrees to abide by the same. No statement herein, nor action by the Declarant, Committee, or Association shall act to relieve an Owner from such duty of compliance.

Section 2. Additional Obligations of Builders and Contractors. By acceptance of a deed to a Lot, or initiating construction of a residence or improvements to a Lot, each Builder Member and contractor assumes responsibility for complying with all certifications, permitting, reporting, construction, and procedures required under all applicable governmental rules, regulations, and permits, including, but not limited to those promulgated or issued by the Environmental Protection Agency and related to Storm Water Discharges from Construction Sites (see Federal Register, Volume 57, No. 175, Pages 41176 et seq.), and with the responsibility of ascertaining and complying with all regulations, rules, rulings, and determinations of the Texas Natural Resources Commission (TNRC), related to each Lot, including, without limitation, the provisions of chapters 325 and 331, Texas Administrative Code, and any specific rulings made pursuant to the terms thereof. The foregoing references are made for the benefit of builders and contractors and do not in way limit the terms and requirements of this covenant and the requirement that all Builder Members and contractors comply with all governmental regulations, and any plan required by such regulations such as a Storm Water Pollution Plan, affecting each Lot and construction site with which they are associated, including delivery to Declarant of a certification of understanding relating to any applicable NPDES permit prior to the start of construction. Each Builder Member and contractor, by acceptance of a deed to a Lot or undertaking the making of improvements to a Lot, holds harmless and indemnifies Declarant

Y016178 PG0540

cost, loss, or damage occasioned by the failure to abide by any applicable governmental statute, rule, regulation or permit related to the Properties.

Section 3. Remedies of Declarant and the Association. By acceptance of a deed to a Lot, each Builder Member and Owner agrees that Declarant and the Association shall have the right to enter upon any Lot on which one or more conditions or activities prohibited by appropriate governmental authority is maintained, or on which there has been a failure to perform any act required by appropriate governmental authority, for the purpose of curing any such violation, provided that the Owner or Builder Member has been given five days prior written notice and has failed to remedy the complained of violation within such time, and each such Owner and Builder Member indemnifies and holds harmless Declarant and the Association from all cost and expense of such curative action and any cost or expense of penalty or fine levied by any governmental authority as a result of the act or failure to act of the Owner or Builder Member with respect to his Lot or the Properties. The foregoing remedy shall be cumulative of all other remedies for violations of provisions of these covenants.

ARTICLE XL II

GOVERNING LAW

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. ALL ACTS REQUIRED OR PERMITTED TO BE PERFORMED HEREUNDER ARE PERFORMABLE IN BEXAR COUNTY, TEXAS AND IT IS AGREED THAT ANY ACTION BROUGHT TO ENFORCE OR CONSTRUE THE TERMS OF PROVISIONS HEREOF OR TO ENJOIN OR REQUIRE THE PERFORMANCE OF ANY ACT IN CONNECTION HERewith SHALL BE BROUGHT IN A COURT OF COMPETENT JURISDICTION SITTING IN BEXAR COUNTY, TEXAS.

ARTICLE XL III

INTERPRETATION

If this Declaration or any word, clause, sentence, paragraph, or other part thereof shall be susceptible or more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration shall govern.

ARTICLE XL IV

OMISSIONS

If any punctuation, work, clause, sentence, or provision necessary to give meaning, validity, or effect to any other word, clause, sentence or provision appearing in this Declaration shall be omitted herefrom, then it is hereby declared that such omission was unintentional and that the omitted punctuation, work, clause, sentence or provision shall be supplied by inference.

ARTICLE XL V

GENDER AND GRAMMAR

The singular, whenever used herein, shall be construed to mean the plural, when applicable, and the necessary grammatical changes required to make the provisions here apply either to corporations or individuals, males or females, shall in all cases be assumed as though in each case fully expressed.

The headings contained in this Declaration are for reference purpose only and shall not in any way affect the meaning or interpretation of this Declaration.

In the event of conflict between the terms of this Declaration and any Bylaws, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

ARTICLE XL VI

ADDITIONAL INFORMATION

Architectural Design Guidelines for the subdivision, Rules and Regulations of the Association, and the other documents and information which may affect an Owner, prospective Owner, Builder Member, or contractor for improvements to a Lot are maintained at the offices of the Association and Declarant at the address shown below. Each Owner and prospective Owner is advised to carefully examine each of such documents in addition to these Restrictions to determine his rights and obligations.

ARTICLE XL VII

RESERVATION OF RIGHTS TO DECLARANT; PRIVATE STREETS

Declarant shall have the right to apply to the City of San Antonio to have the public streets within the Subdivision and within Inwood Hollow, Unit-1, deeded to the Association. At such time, if ever, as the City of San Antonio shall consent, the streets within the Subdivision will become part of the Common Area and the annual assessments for Improved Lots within the Subdivision shall be increased to \$600.00 per year, beginning on such date as the Board of Directors shall determine, without necessity of vote of the Members as to such increase.

At such time, if ever, as the City of San Antonio shall convey the Subdivision streets to the Association, Declarant shall construct a private entry gate at the entrance to the Subdivision, which gate shall thereafter be owned and maintained by the Association. Absent Declarant's written consent to the contrary, the subdivision entry gate, if and when constructed, shall be kept open to the public during daylight hours (or from 6:30 a.m. to 7:00 p.m., whichever is longer) until three months following the conveyance of the last Lot owned by Declarant within the Subdivision and future phases of development annexed to the jurisdiction of the Association. This right of entry is to ensure access to Lots by prospective new home purchasers.

EXECUTED effective the 1st day of August, 1994.

DECLARANT

LEE-1604 NO. ONE, LTD.

By Bitterblue/Inwood, Ltd.,
General Partner

By Bitterblue, Inc.,
General Partner

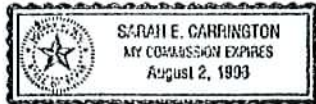
By: _____

Its _____

STATE OF TEXAS

COUNTY OF BEXAR

The foregoing instrument was acknowledged before me on the 1st day of August, 1994, by Lloyd A. Denton, Jr., President of Bitterblue, Inc., a Texas corporation, General Partner of Bitterblue/Inwood, Ltd., a Texas limited partnership, General Partner of LEE-1604 NO. ONE, LTD., a Texas limited partnership, on behalf of said corporation and partnerships.

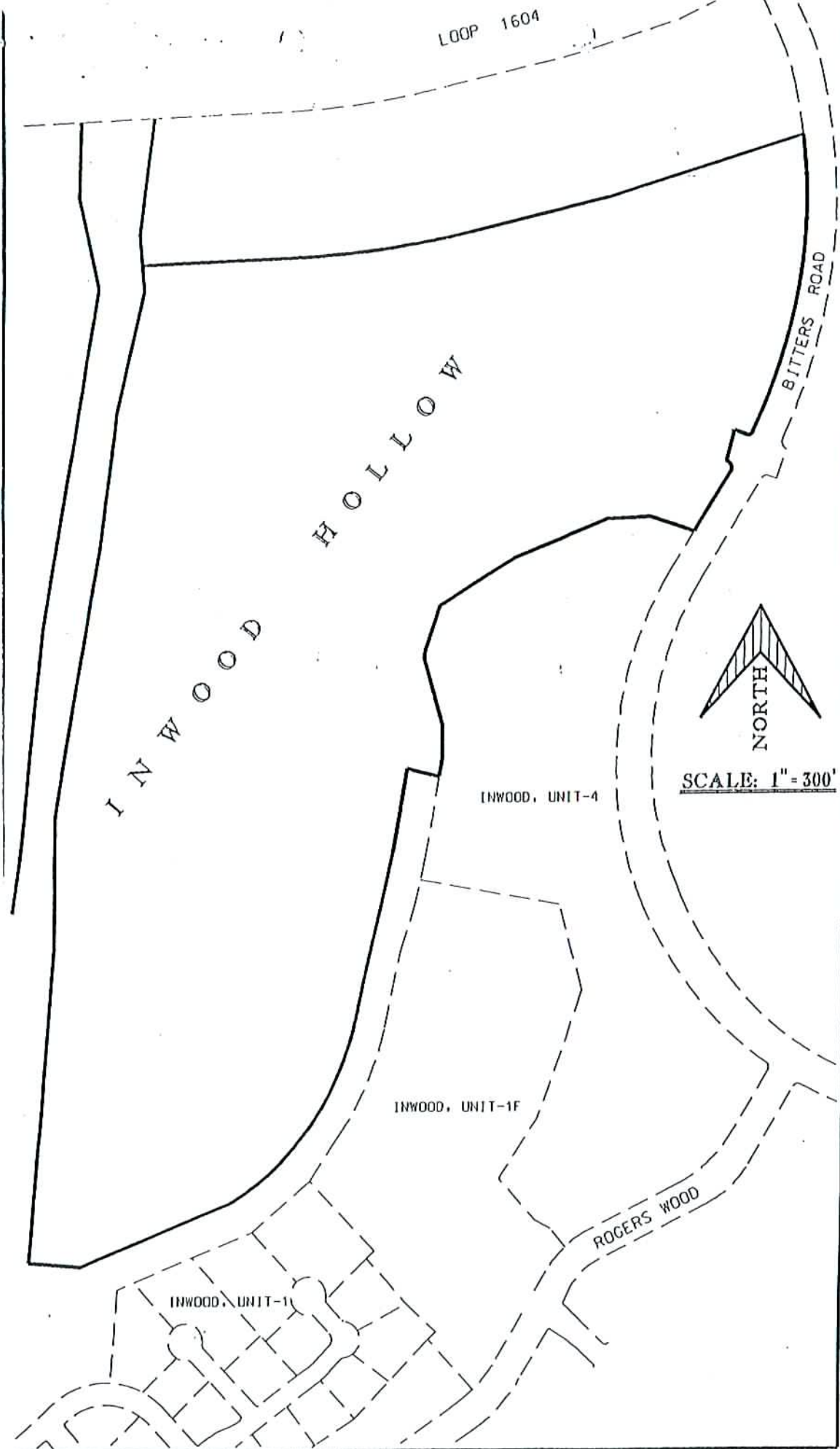


Sarah E. Carrington
Notary Public, State of Texas

AFTER RECORDING RETURN TO:

LEE 1604 NO. ONE, LTD.
3330 Oakwell Court, Suite 110
San Antonio, Texas 78218
Attn. Sarah Carrington

LOOP 1604



VOL 6178 PG 0544

EXHIBIT "A"

