

DECLARATION OF COVENANTS, CONDITIONS,
EASEMENTS AND RESTRICTIONS
FOR
PLANNED UNIT DEVELOPMENT OF
ANAQUA SPRINGS RANCH I, P.U.D.

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**DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS
OF
ANAQUA SPRINGS RANCH I, P.U.D.
BEXAR COUNTY, TEXAS**

THE STATE OF TEXAS §

COUNTY OF BEXAR §

THIS DECLARATION is made on the date hereinafter set forth by Anaqua Springs Ranch, Inc., hereinafter referred to as "**Declarant**".

RECITATIONS:

1. Declarant is the sole owner of a 81.261 acre tract of land (the "**Property**") located in Bexar County, Texas, which has been subdivided and platted of record as follows:

ANAQUA SPRINGS RANCH I, P.U.D., Bexar County, Texas, according to plat thereof recorded in Volume 9560, Page 188 of the Map and Plat Records of Bexar County, Texas;

2. The above described 81.261 acres of land is a portion of that certain 283.565 acre tract described in instrument to Dreiss NW Investment, Ltd., recorded in Book 9643, Page 2349 of the Bexar County Real Property Records; situated in the Matio Casillos Survey, Abstract No. 165, County Block No. 4676; the J. Casillas Survey, Abstract No. 156, County Block No. 4672, and the W. F. Watson Survey, Abstract No. 1034, County Block No. 4675, Bexar County, Texas.

3. It is the desire and intention of the Declarant to restrict not only this 81.261 acre tract, but also any and all of the following described lands which are subjected to this Declaration of Covenants, Conditions, Easements and Restrictions (the "**Declaration**") by virtue of a duly recorded Annexation Certificate in accordance with the terms of Article III below and also any and all of the additional properties described in Section 2 of Article III below which are subjected to this Declaration by virtue of a duly recorded Annexation Certificate:

(a) The remainder of that certain 283.565 acre tract described in instrument to Dreiss NW Investment, Ltd., recorded in Book 9643, Page 2349 of the Bexar County Real Property Records; situated in the Matio Casillos Survey, Abstract No. 165, County Block No. 4676; the J. Casillas Survey, Abstract No. 156, County Block No. 4672, and the W. F. Watson Survey, Abstract No. 1034, County Block No. 4675, Bexar County, Texas, to which records reference is here made for all purposes;

(b) Two tracts of 250 acres each, identified as Tract "A" and Tract "B" and described in Exhibit "B" to the "Minimum Restrictive Covenants" recorded in Book 9643 at Page 2355 and in Exhibit "A" attached to the "Memorandum of Lease with Purchase Option" recorded in Book

9643 at Page 2360, both in the Real Property Records of Bexar County, Texas, to which records reference is here made for all purposes;

- (c) The remaining portion of the 2,449.59 acre tract Hallie C. Guthrie, as Successor Trustee, conveyed to Pinson Interests, Ltd., L.L.P. by Deeds recorded in Volume 7965 at Page 0309 and in Book 9643 at Page 2337, both of the Real Property Records of Bexar County, Texas, to which records reference is here made for all purposes.
- (d) a 138.14 acre tract of land fronting on Toutant-Beauregard Road in Bexar County, Texas, as described in that certain Deed to Dreiss NW Investment, Ltd. recorded in Volume 10007 at Page 1847 of the Real Property Records of Bexar County, Texas, to which records reference is here made for all purposes.
- (e) Any lands located within 10,000 feet of the lands described in subparagraphs (a), (b), (c) and (d) above.

4. It is the desire and intention of the Declarant that all of the land subjected to the Declaration (such land being hereinafter referred to as the "P.U.D.") shall be restricted according to a common plan as to use and permissible construction, so that all of the P.U.D. shall be benefitted and each successive owner of all or any part of the P.U.D. shall be benefitted by the preservation of the value, character and desirability of the P.U.D.

5. Declarant desires to ensure the preservation of the values and amenities in the P.U.D. and to provide for the maintenance of the **Common Facilities** (as that term is defined hereinafter in Article I, Section 1), and to this end desires to subject the P.U.D. (together with such additions as may be made thereto as provided herein) to the covenants, restrictions, conditions, easements, reservations, charges, and liens hereinafter set forth, each and all of which is and are for the benefit of the P.U.D., the owners thereof and the subsequent Owners of Lots therein.

6. For the efficient preservation of the values and amenities in the P.U.D., Declarant has deemed it desirable to create an entity to which should be delegated and assigned the powers of maintaining and administering the Common Facilities and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created.

7. A non-profit, corporate homeowners' association has been or shall be incorporated under the laws of the State of Texas for the purpose of exercising these functions as to ANAQUA SPRINGS RANCH I, P.U.D., and Declarant desires to subject the P.U.D. (as defined in Article I, Section 1(k) below) and the respective Owners of property within it to the jurisdiction of said homeowners' association, which is anticipated to be called "ANAQUA SPRINGS RANCH HOMEOWNERS' ASSOCIATION, INC."

NOW, THEREFORE, Declarant declares that all of the property within the P.U.D. is and shall be held, transferred, sold, conveyed, occupied, and enjoyed subject to the covenants, restrictions, conditions, easements, reservations, charges, and liens hereinafter set forth.

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ARTICLE I

DEFINITIONS

Section 1. The following words when used in this Declaration or any Amended or Supplemental Declaration or Certificate of Annexation (unless the context shall prohibit) shall have the following meanings:

- (a) "Association" shall mean and refer to the non-profit corporate homeowners' association described in paragraph 7 of the preceding page, its successors and assigns as provided for herein.
- (b) "Board of Directors" shall mean and refer to the governing body of the Association, the election and procedures of which shall be as set forth in the Articles of Incorporation and in the By-Laws of the Association.
- (c) "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. By way of illustration, Common Facilities may include, but not necessarily shall include nor be limited to, the following: private streets and rights-of-way, esplanades and/or landscaped areas located within a street right-of-way, lots designated on the Subdivision Plat as a private street, "greenbelt" or park, bridges, drainage culverts and facilities, subdivision entrance(s), gated entrances, postal facilities, park areas, signage, landscaping, fences, walls, ponds, dikes, bridges, safety lanes, jogging, walking, and/or biking trails or paths, and other similar or appurtenant improvements.
- (d) "Declarant" shall mean and refer to Anaqua Springs Ranch, Inc., and those successors or assigns to whom it transfers of record some or all of its rights as Declarant.
- (e) "Living Unit" shall mean and refer to a single family residence and its ancillary buildings situated upon a Lot.
- (f) "Lot" shall mean and refer to any of the plots of land numbered 2-15 in Block 2, numbered 1 in Block 6, numbered 1-7 in Block 5, numbered 1-6 in Block 4 and numbered 1 in Block 3 on the above described recorded plat of Anaqua Springs Ranch I, P.U.D. and to any numbered plots of land identified on recorded plats of other tracts of land annexed hereto, save and except those designated to be Common Facilities. The lots in the Subdivision Plat of Anaqua Springs Ranch I, P.U.D. which are designated to be Common Facilities are the following:
 - (1) lots 1 and 2 in Block 1, which are designated as a private street identified as "Anaqua Springs", and
 - (2) lot 1 in Block 2, which is designated as "Park".
- (g) "Master Design Committee" shall mean and refer to the committee created by the Declarant pursuant to the provisions of Article VII hereof.

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(h) "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article IV, Section 1, hereof.

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

(j) "Properties" shall mean and refer to the Property (as defined in paragraph 1 of the Recitations) and all additions to the P.U.D. as are annexed hereto pursuant to the provisions of Article III, Section 2 hereof.

(k) "P.U.D." shall mean the 81.261 acre tract described in paragraph 1 of the Recitations, together with any and all other properties which subsequently are annexed hereto in accordance with the terms of Article III below, and sometimes herein is referred to as "Anaqua Springs Ranch".

(l) "Subdivision Plat" shall mean and refer to the map or plat of ANAQUA SPRINGS RANCH I, P.U.D., as filed for record in the Map and Plat Records of Bexar County, Texas, and any amendments thereof upon filing of the same for record in the Map and Plat Records of Bexar County, Texas, together with the plat of any other tract of land annexed to the P.U.D. pursuant to the provisions hereof and recorded in the Map and Plat Records of Bexar County, Texas.

ARTICLE II

RESERVATIONS, EXCEPTIONS, DEDICATIONS, EASEMENTS, AND LOT PROTECTIVE AREAS

Section 1. Subdivision Plat. The Subdivision Plat dedicates for use certain private streets and easements shown thereon. Such Subdivision Plat further establishes certain dedications, easements, limitations, conditions, requirements, reservations and restrictions applicable to the Properties. All dedications, easements, limitations, conditions, requirements, reservations and restrictions shown on the Subdivision Plat are incorporated herein and made a part hereof 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 Properties.

The recorded Subdivision Plat of one or more units of the P.U.D. contains or may contain the following or a similar dedication thereon:

"The owner of the land shown on this plat, in person or through a duly authorized agent, dedicates to the use of the public forever all streets, alleys, parks, watercourses, drains, easements and public places thereon shown for the purpose and consideration therein expressed."

Notwithstanding such dedicatory language on the Subdivision Plat, the P.U.D. is being platted as a Planned Unit Development pursuant to Section 35-344 of Division 5 of Article 3 of the Unified Development Code of the City of San Antonio (May 3, 2001) and no streets, alleys, parks, water courses, drains or easements which are specified on the plat to be **private** streets, alleys, parks, water courses, drains or easements shall be deemed to be public. For example, Lots 1 and 2 of Block 1 is specified on the Subdivision Plat to be a **private** street named "Anaqua Springs", and it shall not be deemed to be a public street.

Section 2. Damages. Neither Declarant nor its officers, nor its directors, nor the Master Design Committee, nor any member of the Master Design Committee shall be liable for any damages done to driveways, Conservancy Areas, Native Areas, or Developable Areas, fences, grass, shrubbery, trees, flowers or other landscaping or improvements now or hereinafter situated on, in, under, over or through any part of the Properties by any utility or service company or any of their respective assigns, contractors, agents, employees or servants, using any easements (whether now or hereafter in existence), located on, in, under, over or through any part of the Properties.

Section 3. Utility Easements. Non-exclusive perpetual **underground** utility easements are hereby reserved and dedicated under and across the private streets in the P.U.D. and under and across a twenty foot (20') wide strip along each side, front and rear Lot line for the purpose of installing, maintaining, replacing and repairing, or conveying to proper parties so that they might install, maintain, replace and/or repair electric power, gas, water, sewer, telephone, television, drainage and/or any other similar utility lines, facilities, and services for the Lots and Common Facilities in the P.U.D. All utility lines, cables and/or pipes, including, but not limited to, electric power, gas, water, sewer, telephone and television, shall be placed **underground**. Transformers, pull-boxes, meter boxes or similar facilities may be required near the point at which a utility line enters a Lot or near the point of termination of a utility line along the boundary line of a Lot. The easements reserved and dedicated hereby shall be for **underground utilities** only, shall be for the general benefit of the P.U.D. and shall be used by the respective utility and/or cable and/or service companies as conservatively as possible with the least destruction and/or damage possible to trees, shrubs, grass and other habitat. Insofar as is possible, the companies using these easements shall coordinate with the management of the Association in determining the exact location of the utility lines and facilities. These easements shall inure to the benefit of, and may be used by any public or private utility or cable company entering into the P.U.D. for the purpose of providing services to Lots within the P.U.D., without the necessity of any further grant of such easement rights to such utility companies. The Declarant is in no way obligated to install any such utilities.

If two or more Lots are combined for one homesite and a residence is constructed on such homesite, the combined area shall be considered as one Lot for purposes of determining the utility easements granted hereby, unless and until a second residence is constructed on the homesite, in which event the utility easements shall revert to be as originally created hereby.

Section 4. Access Easements. There is hereby reserved and dedicated a non-exclusive perpetual easement and right of ingress and egress across, over, and under the private streets in the P.U.D. for the sole purpose of installing, replacing, repairing, and maintaining all Common Facilities and **underground utilities** serving the P.U.D., including, but not limited to, water, sewer, telephone, electricity, gas, drainage, television cable and all appurtenances thereto. These access easements

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shall inure to the benefit of, and may be used by, any public or private utility, cable or service company entering into the P.U.D. for such purposes, without the necessity of any further grant of such easement rights to such utility, cable or service company, and also may be used for access to additional development land.

In the event Bexar Metropolitan Water District is the water provider for the P.U.D., then pursuant to its requirements, the following paragraph is hereby inserted in the Declaration:

“Utility Providers - Repair, Replacement and Operations Services: Utility providers (electrical, potable water, waste water, cable television, natural gas, and telephone services) shall not be required to obtain permission of the Association, or its membership to enter upon the private roadways or to temporarily remove portions thereof, as reasonable and necessary for the installation, operation, maintenance and repair of the service line and/or conduits, providing services to the residents of the subdivision. However, this consent is conditioned upon the agreement of the utility provider to repair that portion of the roadway so removed or disturbed, using good workmanship and materials, within a reasonable time.”

Section 5. Lot Protective Areas.

- (a) Each Lot in Anaqua Springs Ranch is divided into three areas as described below: a **Conservancy Area**, a **Native Area**, and a **Developable Area**.
- (i) The **Conservancy Area** creates a natural zone of undisturbed landscape to provide privacy and a noise buffer between residences, as well as a habitat refuge for wildlife at Anaqua Springs Ranch. This Area consists of a 25-foot wide strip within each Lot along the side and rear Lot lines. The removal of only dead or damaged vegetation material is allowed in this area in order to promote healthy growth of existing native vegetation. Any vegetation removed or damaged during construction, or by deliberate action of the Lot Owner, shall be replaced at the Owner's expense.
- (ii) The **Native Area** consists of half or 50% of the overall Lot and includes the Conservancy Area. The area between the 50 foot front fence set-back line and the front Lot line is included within the Native Area. In those areas of the Native Area which lie outside the Conservancy Area Lot Owners are encouraged to trim and remove underbrush and Juniper, while preserving existing trees and mature healthy shrubs. **No tract mounted equipment (e.g., bulldozers) shall be allowed within the Native Area for any purpose.** The use of such equipment will severely damage the natural appearance of the Lot. The addition of trees and shrubs native to Anaqua Springs Ranch is allowed with the approval of a Landscape Plan submitted to the Master Design Committee. Only plants indigenous to the Texas Hill Country should be used in the Native Area. The sowing of a mix of native grasses to discourage erosion and wild flowers to provide spring color also is encouraged.
- (iii) The **Developable Area** consists of the remaining half or 50% of the overall Lot area and includes the Building Envelope. The Building Envelope is defined as

the area required to complete the construction of the planned improvements. The Developable Area shall be subject to the approval of the Master Design Committee to insure the protection of any significant topographical features, drainage areas or archeological features. Natural terrain features such as slopes, ridges, knolls and rock formations should be carefully considered and integrated into the development of the Lot. Landscaping should be carefully planned to integrate well with the Native Area, utilizing a combination of indigenous plants. The addition of non-native planting is allowed; although the Master Design Committee suggests the use of foreign plants which are non-invasive and which, when mature, will not dominate the surrounding Native Area. The guidelines for the construction of the residence and other improvements are provided within the Architectural Design Guidelines attached to this Declaration.

(iv) If two or more Lots are combined for one homesite and a residence is constructed on such homesite, then the combined area shall be considered as one Lot for purposes of determining the Conservancy Area, the Native Area and the Developable Area described hereinabove, unless and until a second residence is constructed on the homesite, in which event these three Areas shall revert to be as originally created herein. Notwithstanding anything to the contrary contained herein, this provision shall not, and shall not be construed to, prohibit the maintenance of "clear vision areas" on the corner of two intersecting streets as required by of the City of San Antonio's Unified Development Code.

Section 6. Entrance Roadways. The Owner of any individual Lot or Lots shall construct or cause to be constructed, at his or their own expense, an entrance driveway in conformity with the plan and design therefor which must have been previously approved by the Master Design Committee. All entrance driveways shall be at least twelve feet (12') wide at the entrance to the P.U.D. street and must be constructed with flagstone, concrete, exposed aggregate concrete, pavers, or asphalt. All driveways must be completed at the time the residence is completed. If a culvert is required under the entry drive, it must be a corrugated metal pipe culvert with concrete poured around the inlet and outlet ends no less than 3 times the diameter of the pipe in width and no greater than a 45° slope.

Section 7. Declarant's Easement. Declarant hereby reserves a perpetual **non-exclusive** ingress-egress and access easement over the private roads in the P.U.D. for the use of Declarant, its successors and assigns, for the purpose of providing access between Toutant Beauregard Road and any of the lands described in paragraphs 2 and 3 of the Recitations, whether or not they have been platted and annexed into the P.U.D. (such lands being sometimes called herein "Additional Lands"). Declarant reserves the right to convey this non-exclusive easement to any current or successive owner or owners of any part of the Additional Lands (regardless of whether such lands have been annexed into the P.U.D.) and as of the time of any such conveyance this easement then shall be deemed to be an easement running with title to any such Additional Lands.

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ARTICLE III

PROPERTY SUBJECT TO THIS DECLARATION;
ADDITIONS OR MODIFICATIONS THERETO

Section 1. Existing Property. The real property which initially is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration is all of the real property covered by the plat of Anaqua Springs Ranch I, P.U.D., Bexar County, Texas, as described in paragraph 1 of the Recitations, all of which real property is sometimes hereinafter referred to as the "**Existing Property**".

Section 2. Additions to Existing Property. Additional properties may become subject to this Declaration and made a part of the P.U.D. in the following manner:

(a) Additions by Declarant. From the date hereof to May 1, 2024, Declarant, its successors and assigns, shall have the right to bring additional properties (whether or not within the lands described in paragraphs 2 and 3 of the Recitations) within the scheme of this Declaration in future stages of development without the consent of other Owners being required, provided such additional properties are located adjacent to or within the vicinity of and South, West, North or East of the lands described in said paragraphs 2 and 3. Any such additions shall be made by filing in the Real Property Records of Bexar County, Texas, either a Certificate of Annexation and/or an Amended or Supplementary Declaration of Covenants and Restrictions with respect to the additional property, which shall extend the scheme of the covenants and restrictions of this Declaration to such property; and the execution thereof by Declarant shall constitute all requisite evidence of the required approval thereof. Such Certificate of Annexation or Amended or Supplementary Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be applicable to the additional lands. In no event, however, shall any such Certificate of Annexation or Amended or Supplementary Declaration revoke, modify or add to the covenants established by this Declaration as they are applicable to the Existing Property, or to other lands previously annexed into the P.U.D., unless such Certificate of Annexation or Amended or Supplementary Declaration is approved by the Owners in accordance with Section 4 of this Article III.

(b) Other Additions. The owner of any other property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, must file a written submission to the Association containing the following:

- (1) the size, location and proposed use of the proposed property;
- (2) the nature and extent of site improvements and Common Facilities to be located on the proposed property;
- (3) an affirmation that the proposed addition, if made, will be subject to all Association assessments; and
- (4) any additional information requested by the Association.

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If the submission is approved in writing by two-thirds (2/3) of each class of the Members, then the proponent thereof must file in the Real Property Records of Bexar County, Texas, a Certificate of Annexation or a Supplementary Declaration of Covenants and Restrictions covering such additional property. Either the Certificate of Annexation or the Supplementary Declaration of Covenants and Restrictions must include evidence of the written approval of 2/3rds of the voting Members of each Class as defined hereinafter in Article IV.

Section 3. Master Plan. Although an Anaqua Springs Ranch Master Plan and/or P.O.A.P.D. may have been prepared and submitted to and approved by the City of San Antonio Planning Department, such Master Plan shall not bind Declarant to make any additions proposed therein, or to adhere to the Plan in any subsequent development of any tract of land proposed as an addition to the Existing Property.

Section 4. Amendment. This Declaration may be amended from the date hereof until May 1, 2024, by written instrument executed by Declarant and also by the Owners of not less than eighty percent (80%) of the Lots which are owned by persons who are not in the business of constructing and/or selling residential properties, and thereafter by written instrument executed by Declarant and also by the Owners of not less than seventy-five percent (75%) of the Lots which are owned by persons who are not in the business of constructing and/or selling residential properties. When more than one person holds an interest in a Lot, the vote for such Lot shall be exercised as they among themselves determine; but in no event shall they be entitled to more than one vote per Lot. No amendment shall be effective until filed of record in the Official Public Records of Real Property, Bexar County, Texas.

Notwithstanding anything herein to the contrary, Declarant shall have the right at any time, at its sole discretion and without the joinder or consent of any Owner or other party, to amend this Declaration for the purpose(s) of correcting any error, omission, ambiguity or inconsistency appearing herein or in the Master Design Guidelines, or to correct any provision which may be inconsistent with any applicable governmental rule, regulation, ordinance, or statute, or for any reason whatsoever deemed necessary for the benefit of the overall development as determined by Declarant, its sole discretion, so long as the general scheme contemplated herein is not materially altered and no governmental approvals heretofore obtained by Declarant are being circumvented thereby. All such amendments shall be effective upon filing in the Real Property Records of Bexar County, Texas.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record owner of a fee simple title to or an undivided interest in any Lot 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.

Section 2. Voting Rights. The Association shall have two classes of voting membership:

- (a) Class A. Class A Members shall be all those Owners as defined in Article I, with the exception of the Declarant. Class A Members shall be entitled to one vote per Lot in which they hold the interest required to be a member. 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 they jointly be entitled to more than one vote per Lot.

- (b) Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three votes for each Lot in which it holds the interest required by Section 1, 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 the Class A membership equal the total votes outstanding in the Class B membership; or

 - (b) On May 1, 2024.

From and after the happening of whichever of these events occurs earlier, the Class B Member shall be deemed to be a Class A Member entitled to one vote per Lot in which it holds the interest required for membership under Section 1 of this Article. Notwithstanding the provisions of the two immediately preceding sentences, in the event the Class B membership should cease pursuant to the above described terms, it shall be revived automatically each time additional lands are annexed to the P.U.D. by the Declarant.

ARTICLE V

PROPERTY RIGHTS IN THE COMMON FACILITIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Sections 2 and 3 of this Article V, every Member is hereby granted a non-exclusive common right and easement of ingress and egress and/or of enjoyment and use in and to the Common Facilities, and such right and easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Title to Common Facilities. Declarant may retain legal title to the Common Facilities until such time as it has completed improvements thereon and until such time as, in the sole opinion of Declarant, the Association is able to maintain the same. Thereafter, Declarant shall convey the Common Facilities to the Association, subject to such title exceptions, easements and other matters as Declarant deems appropriate. Declarant hereby reserves a **perpetual non-exclusive** right and easement of ingress and egress and of enjoyment and use in and to the Common Facilities, such right and easement to become effective at the time of the conveyance of the respective Common Facilities to the Association. Declarant specifically reserves a **perpetual non-exclusive** right and easement of ingress and egress and of enjoyment and use in and to the private streets and bridges within the P.U.D. for the benefit of any current or future owners of any part of the Additional Lands

(as described in Section 7 of Article II), whether or not such lands become a part of the P.U.D., such easement to become effective at the time of Declarant's conveyance of such easement and to be deemed to be appurtenant to such lands as are described in such conveyance.

Section 3. Extent of Members' Easements. The rights and easements of the Members created hereby in and to the Common Facilities shall be subject to the following:

- (a) The Declarant's rights and easements as described above and in Section 7 of Article II above;
- (b) Any of the above described rights and easements which may have been or which may be conveyed by Declarant to an owner of any part of the Additional Lands;
- (c) The rights and easements existing or herein created in favor of others or as provided for on the Subdivision Plat and/or in Article II hereof; and
- (d) The rights of the Association, once it has obtained legal title to the Common Facilities as provided in the immediately preceding Section 2, to do the following:
 - (i) to borrow money for the purpose of constructing or improving the Common Facilities in accordance with the Articles of Incorporation and By-Laws of the Association;
 - (ii) to take such steps as are reasonably necessary to protect the Common Facilities against foreclosure;
 - (iii) to suspend the enjoyment rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of the Master Design Guidelines as determined from time to time by the Master Design Committee and/or any other published rules and regulations of the Association or the Master Design Committee;
 - (iv) to assess and collect the assessments provided for herein or elsewhere and to charge reasonable admission and other fees for the use of the Common Facilities; and
 - (v) to dedicate or transfer all or any part of the Common Facilities to any public or private agency, authority, utility company or other entity for such purposes and subject to such conditions as may be approved by a two-thirds (2/3) vote of the Members.

Section 4. Entry Gate. The entry gate operation is an important aspect of the P.U.D. The front entry gate at Toutant Beauregard Road shall remain open and unlocked during daylight hours (7:00 a.m. to 7:00 p.m.) in order to allow construction and development traffic and traffic related to the sale of lots and/or homes to access the P.U.D. during those daylight hours, until such time as all lots platted within the P.U.D. have been sold and the Additional Lands have been developed and all lots platted within such Additional Lands have been sold. This provision cannot be modified unless and until all of the following persons and/or entities agree in writing evidenced by an Amendment hereto recorded in the Real Property Records of Bexar County, Texas: (1) the Declarant and (2) the then current Directors of the Association and (3) the then current owners of any of the Additional Lands to whom the Declarant has conveyed an appurtenant perpetual, non-exclusive ingress-egress

easement over the private streets within the P.U.D. By acceptance of a Deed to any of the Lots in the P.U.D., the grantee thereby agrees to the provisions of this Section 4.

At the time the 100th Lot is occupied by a resident in the P.U.D., a controlled access person (gate sentry) will be hired by the Association to work from 7:00 a.m. to 7:00 p.m. at the guardhouse located at the front gate on Toutant Beauregard Road and dues assessed by the Association shall be increased by \$675.00/year, or more (based upon current costs and expenses at that time), to cover this expense. At the time the 150th Lot is occupied by a resident in the P.U.D., controlled access persons (gate sentries) will be hired by the Association to work 24 hours a day at the guardhouse located at this front gate and Association dues shall be increased by \$225.00/year, or more (based upon current costs and expenses at that time), to cover this additional expense.

ARTICLE VI

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned by it within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, 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 Lot 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 Lot at the time the obligation accrued.

Section 2. Purpose of Assessments. 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 Common Facilities and providing services related to the use and enjoyment of the Properties by the Members.

Section 3. Basis of Annual Assessments. The annual assessment for both improved and unimproved Lots shall be determined by the Board of Directors in the manner provided for herein, after determination of current costs of maintenance and operation and anticipated needs of the Association during the year for which the assessment is being made. The annual assessment for unimproved Lots shall be one-fourth (1/4) the annual assessment for improved Lots. For purposes of this paragraph, a Lot shall be deemed to be an "improved Lot" (i) when construction of any portion of a Living Unit is initiated thereon or (ii) 24 months after the closing of the sale of the Lot from Declarant to an Owner, whichever occurs first. If two or more Lots are combined to form one homesite, both or all of such Lots may be deemed to be "improved Lots" if part of a Living Unit is being, or has been, constructed thereon.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments provided for in Section 3, 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, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each improved Lot Owner 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 setting forth the purpose of the meeting.

Section 5. Change in Annual Assessments. Subject to the limitations of Section 3 hereof, 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 without 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) of the votes of each class of Members voting at a meeting duly called for this purpose, written notice of which shall be sent to all Owners, at the address of such Owners as reflected in the records of the Association, at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 6. Quorum for Any Action Authorized Under Sections 4 and 5. The quorum required for any action authorized by Sections 4 and 5 hereof shall be as follows:

At the first meeting called, as provided in Sections 4 and 5 hereof, the presence at the meeting of Members, or of proxies, entitled to cast sixty (60) percent 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 in Sections 4 and 5 hereof, 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 forty-five (45) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots no sooner than the first day of May, 2004. 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. At the time a Lot is purchased, the Owner's annual assessment for the year of purchase shall be an amount equal to the annual assessment provided for in Section 3 hereof times a fraction, the numerator of which shall be the remaining number of months in that year and the denominator of which shall be twelve. When a Lot becomes an improved Lot after the annual assessment for it as an unimproved Lot has been paid, 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 an unimproved Lot and the annual assessment for an improved Lot prorated over the balance of the year then remaining. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment. The due dates for payment of annual assessments shall be determined by the Board of Directors of the Association.

Section 8. Duties of the Board of Directors. In January of each year, or as soon thereafter as possible, the Board of Directors of the Association shall fix the amount of the annual

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assessment against each Lot for such 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. 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 therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessments; The Lien; Remedies of the Association. If the assessments are not paid on the date when due, then such assessment together with interest thereon and cost of collection thereof as provided herein, shall become delinquent and shall become a continuing lien on the Lot. If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, or at such other rate as may be set by the Board of Directors from time to time, but in no event greater than the maximum rate allowed by applicable law, and the Association may bring an action at law against the Owner to pay the same or to foreclose the lien against the Lot, and there shall be added to the amount of such assessment all reasonable expenses of collection, including the costs of preparing and filing the complaint, reasonable attorney's fees and costs of suit.

Section 10. 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; 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, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the mortgagor from **personal liability** for payment of such delinquent assessment and additional charges as provided hereinabove. Such sale or transfer shall not relieve the new Owner of such Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

Section 11. 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 VII

MASTER DESIGN COMMITTEE

Section 1. Preservation of the Natural Environment. Master Design Guidelines have been developed by the Master Design Committee (hereinafter sometimes referred to as the "Committee") to communicate a philosophy of land development sensitive to the preservation and maintenance of the environment. These are minimum standards of design, justified in part by the climate, environment, and the terrain of the site. They provide direction in the planning, design, and construction of residential structures to ensure compatibility with the environment. No residence should stand so apart in its design or construction as to detract from the overall aesthetic concept of Anaqua Springs Ranch. Creativity in design, innovative use of materials and unique methods of

construction are encouraged, so long as the final result is consistent with this overall philosophy as expressed by the Master Design Guidelines, attached hereto as Exhibit "A".

It is the intent of the development philosophy, the residential architectural standards, and the Master Design Guidelines to preserve, protect and enhance the special environment of Anaqua Springs Ranch. Each Lot in Anaqua Springs Ranch is considered unique in terms of its natural opportunities and constraints. In an effort to achieve a synthesis of nature and residence, each residence should be placed on the site to minimize disruption of the existing environment and to preserve the natural features of each Lot such as: views, significant existing plants and trees, topography, and creek beds and other natural drainage features. The Master Design Committee shall evaluate each proposed design for appropriateness to its Lot and compliance with the objectives of the Master Design Guidelines.

It is strongly recommended that each Owner retain competent professional services for planning and design. A thorough analysis and understanding of a particular Lot and the Owner's special needs and the skill to translate these factors into building form, as well as the ability to convey to the Master Design Committee the concept and design of a proposed residence or other improvement, are all elements which will assist the Committee in the design review process.

Section 2. Approval of Plans. The Master Design Guidelines also are established by the Master Design Committee in order to create a harmonious residential community. No building, structure, fence, wall, septic tank system, landscaping, recreational facility of any kind, or other improvement shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, until the detailed plans and specifications therefor shall have been submitted **in writing** to the Committee and approved in writing by the Committee as to harmony of external design, color and location and as to compliance with minimum standards in relation to property lines, easements, grades, surrounding structures, walks, topography and all other matters delineated in the Master Design Guidelines.

Section 3. Membership in Committee. The Master Design Committee shall be comprised of three or more persons, none of whom are required to be Members of the Anaqua Springs Ranch Association. The initial membership of the Committee shall be Thomas E. Dreiss, Chuck Wilkes and Weldon Buell, each of whom shall serve until he resigns or his respective successor is named. The approval of a majority of its members shall be required for the Committee to take action regarding any matter coming before it. Subject to the terms hereinafter set forth, Declarant shall have the right to appoint members to and/or remove members from the Committee and fill vacancies in Committee membership. At such time as it deems appropriate, Declarant may assign such rights to the Board of Directors. If Declarant has not previously assigned such rights to the Board of Directors, then Declarant shall be deemed to have done so at such time as the Class B Membership permanently converts to a Class A membership pursuant to the provisions of Article IV above. In the event there are fewer than three members of the Committee and Declarant fails to appoint a member to fill the vacancy or vacancies, the Board of Directors may fill such vacancy by appointment to the Committee, provided (1) it shall first give thirty (30) days written notification to Declarant of its intent to do so and (2) the vacancy or vacancies in Committee membership are not cured by designation of Declarant within such thirty (30) days. Declarant and/or the Board of

Directors shall maintain records indicating the names, addresses and telephone numbers of the members of the Committee.

Section 4. Turnover to Association. The Master Design Committee shall function for the duration of this Declaration, including any extensions thereof. At such time as the right to appoint members to and/or remove members from the Committee is assigned to the Board of Directors of the Association, or is deemed to have been so assigned pursuant to the provisions of the immediately preceding Section 3, the Board of Directors shall thereafter have the right and obligation to appoint members of the Committee. The process shall be as follows:

- (a) Three (3) or more members to the Committee shall be named by the Board of Directors, after the Board first determines that they are willing to so serve; and such members shall serve staggered terms as determined by the Board of Directors;
- (b) The Committee thereafter shall be under the jurisdiction of the Board of Directors and shall function as any other committee that may be formed by the Board of Directors;
- (c) The Committee thereafter shall receive its instructions from the Board and shall follow any guidelines the Board may adopt in reporting to the Board as the Board may deem necessary or appropriate;
- (d) From time to time as deemed necessary or appropriate, the Board may remove and/or replace any member of the Committee, provided such action is approved by a majority vote of the Board.

Section 5. Submission of Plans. All plans submitted to the Master Design Committee must be dated and receipted by a member of the Committee or a Committee-designated recipient. The submitted plans and specifications shall specify materials, structural detail, elevations, landscaping detail, and the nature, kind, shape, heights, exterior color scheme, and location of the proposed improvements or alterations thereto, all in such form as the Master Design Committee may reasonably require. Initial submittals to the Committee shall include a **site plan**, with all pertinent references as to legal description, setbacks, easements and the conservation area as those areas are defined in the Master Design Guidelines, as well as a **roof plan**, **floor plans**, and **all four elevations**. All floor plans shall be submitted, even if previously approved on other Lots. **Landscape plans** must be submitted for Committee approval before any landscape improvements begin, but may be submitted after architectural submissions. In the event the Committee fails to approve or disapprove such plans and specifications within ninety (90) days after the plans and specifications have been receipted by it, approval will be deemed to have been given.

Section 6. Powers. The Committee shall have the express authority to perform fact finding functions and shall have the power to construe and interpret any covenant herein, or in the Master Design Guidelines, that may be vague, indefinite, uncertain or capable of more than one interpretation. The Committee shall be the sole authority for determining whether proposed structures, landscape elements and/or modifications of proposed structures comply with applicable covenants, conditions and restrictions and are in harmony of design with other existing structures and the overall development plan for the P.U.D. The Committee's objective is to prevent

unacceptable, unusual, radical, uncommon, curious, odd, extraordinary, bizarre, or peculiar designs in materials or appearances from being built on, in and/or within the Properties and, to the extent possible, ensure the harmonious development of the Properties in conformity with the development plan and the Master Design Guidelines. The Committee is not required to police or enforce compliance with such considerations as minimum size, setbacks, or other specific, objective construction requirements. Pursuant to the provisions of the Master Design Guidelines, from time to time the Committee may grant **variances** to particular provisions of the Master Design Guidelines, the below described "Construction Regulations" and/or the "Use Restrictions" set forth in Article VIII below. Each request for a variance shall be reviewed independently of similar requests, and the grant of a variance to any one Owner shall not constitute a waiver of the Committee's right to deny a request for a similar variance to another Owner at a subsequent time.

Section 7. Limitations of Liability. There shall be no review of any action of the Master Design Committee except by procedures for injunctive relief when such action is patently arbitrary and capricious; and under no circumstances shall such Committee, or any of its members, be subject to suit by anyone for damages.

Section 8. Approved Contractors. No construction of any building, fence, wall, recreational facilities, landscaping or other structure or improvements shall be commenced on, in, or within the Properties until the primary contractor (the "**Contractor**") to perform such construction shall have been approved in writing by the Master Design Committee. In the event the Committee fails to approve or disapprove a written request for the approval of a Contractor within ninety (90) days after such request is submitted to it, such approval will be deemed to have been given. The Committee will make every effort to address requests in a timely manner.

Section 9. Construction. Construction of any structure approved by the Committee shall commence within six (6) months of such approval; and the completion of such construction must be accomplished within twelve (12) months of the commencement of such construction. **A Bond or Letter of Credit in an amount not less than \$1,000.00** in favor of either the Declarant or the Association must be provided to the Committee by the Owner prior to the Contractor's commencement of construction, the exact amount of such Bond or Letter of Credit to be set by the Committee.

Section 10. Construction Regulations. In order to assure that the natural landscape of Anaqua Springs Ranch is not unduly damaged during construction, the following Construction Regulations shall be made a part of the construction contract documents for each residence or other improvements constructed on a Lot. All Contractors and Owners shall be bound by these Regulations and any violation, regardless if by a Contractor or subcontractor, shall be deemed to be a violation by the Owner of the Lot.

(a) Monitoring During Construction. Building sites shall be monitored during the construction of any improvements to the Lot by the Master Design Committee and/or the Directors of the Association. Violations of the Construction Regulations will be reported to the Board of Directors of the Association, which will send a letter to the Contractor and/or Owner involved. A copy of the letter will be sent to the Master Design Committee.

(b) Construction Permit. Upon final design approval and approval of the Contractor for the residence, the Master Design Committee shall issue its own construction permit which is required to be displayed at each construction site before any work begins. The Anaqua Springs Ranch Construction Permit shall be posted adjacent to the City or County Permits. In order to receive the Anaqua Springs Ranch Construction Permit, the construction documents must be received and reviewed for compliance with the Master Design Committee's stipulations for final approval. In addition, the Contractor's Bond must be collected and an acknowledgement of the receipt of the Construction Regulations must be signed. **No construction activity** of any kind can take place until the Anaqua Springs Ranch Construction Permit is issued and posted.

(c) Occupational Safety and Health Act Compliance (OSHA). All applicable OSHA regulations and guidelines must be strictly observed at all times.

(d) Building Envelope. To protect the natural area of a Lot from damage due to construction operations, a permanent ribbon, wire, chain or fence shall be installed to completely enclose the construction site (the "Building Envelope"). No construction of any kind is allowed outside the Building Envelope. The Master Design Committee encourages protecting as much of the natural landscape as possible. Accordingly, the Building Envelope shall be the minimum area needed surrounding the improvements being constructed to allow for access of construction. The Building Envelope shall have a single entrance located at the driveway entrance.

(e) Debris and Trash Removal. Contractors shall clean up all trash and debris on the construction site at the end of **each week**. Trash and debris shall be removed from each construction site frequently and shall not be permitted to accumulate. Lightweight materials, packaging, and other items shall be covered or weighted down to prevent their being blown off the construction site. Contractors are prohibited from dumping, burying or burning trash anywhere within the P.U.D. or on adjacent lands, acres except as expressly permitted by the Master Design Committee. During the construction period, each construction site and the route to and from the construction site shall be kept neat and clean, and shall be properly policed to prevent it from becoming a public eyesore or affecting other Lots or any open space or Common Facilities. Unsightly dirt, mud, or debris from activity on each construction site shall be promptly removed and the general area cleaned up. A dumpster is required on site during construction.

(f) Sanitary Facilities. Each Contractor shall be responsible for providing adequate sanitary facilities for his construction workers.

(g) Parking Areas. Construction crews shall not park on, or otherwise use, other Lots or any open space or Common Facilities. Private and construction vehicles and machinery shall be parked only within the Building Envelope or in areas designated by the Master Design Committee. All vehicles shall be parked so as not to inhibit traffic.

(h) Traffic Regulations. Each Contractor shall be responsible for its subcontractors and suppliers obeying the speed limits posted within the Properties. Fines will be imposed

against the Contractor and/or its Contractor's Bond for repeated violations. Adhering to the speed limits shall be a condition included in the contract between the Contractor and its subcontractors/suppliers. Repeat offenders may be denied future access to the Properties by the Committee.

(i) Conservation of Landscaping Materials. Contractors are advised that the Lots, open spaces and Common Facilities of Anaqua Springs Ranch contain valuable native plant and other natural features, such as topsoils. It is imperative that these resources be protected during construction.

(j) Excavation Materials and Clearing Debris. Excess excavation materials and clearing debris (brush and trees) must be hauled away from the Properties.

(k) Lot Clearing. It is strongly recommended that all Lot clearing be accomplished using manual labor instead of heavy equipment which will disturb the natural aspects of the land. No track mounted equipment is allowed. Building foundation areas may be cleared with heavy equipment to accomplish the removal of tree stumps.

(l) Restoration or Repair of Property Damages. Damage and scarring to any of the Properties, Common Facilities, open space or other Lot, including, but not limited to, roads, driveways, concrete curbs, gutters, utilities, vegetation and/or other improvements, resulting from construction operations, will not be permitted. If any such damage or scarring occurs, it must be repaired and/or restored promptly and any related expenses shall be borne by the Contractor. In the event of default by the Contractor in meeting these obligations, the Lot Owner who retained the Contractor shall be responsible.

(m) Miscellaneous and General Practices. All Owners will be absolutely responsible for the conduct and behavior of their agents, representatives, employees, builders, Contractors and subcontractors while on the premises of the P.U.D. The following practices are specifically prohibited:

(i) Changing oil on any vehicle or equipment on the site itself or at any other location within the Properties other than at a location, if any, designated for that purpose by the Master Design Committee;

(ii) Allowing concrete suppliers, plasterers, painters, or subcontractors to clean their equipment anywhere but at the location designated, if any, for that purpose by the Master Design Committee;

(iii) Removing any rocks, plant material, topsoil, or similar items from any property of others within the Properties, including other construction sites;

(iv) Carrying any type of firearms within the Properties;

(v) Using disposal methods or equipment other than those approved by the Master Design Committee;

(vi) Careless disposition of cigarettes and other flammable material. At least one 10-pound ABC rated dry chemical fire extinguisher shall be present and available in a conspicuous place on the construction site at all times;

(vii) Careless treatment or removal of protected plant materials or plants not previously approved for removal by the Master Design Committee;

(viii) No pets, particularly dogs, may be brought into the P.U.D. by construction personnel. In such event, the Master Design Committee, the Board of Directors of the Association, or the Declarant shall have the right to contact authorities to impound the pets, to refuse to permit the Contractor or subcontractor involved to continue work on the project, or to take other action as may be permitted by law, the Master Design Guidelines, or this Declaration; and

(ix) Catering trucks will be permitted. Trash generated by the purchase of items from these trucks and from construction practices should be contained and disposed of properly. Repeated problems with these requirements could result in the trucks being denied admittance to the P.U.D.

(n) Construction Access. The only approved construction access during the time a residence or other improvement is under construction will be over the approved driveway for the Lot, unless the Master Design Committee approves an alternative access point. In no event shall more than one construction access be permitted onto any Lot.

(o) Dust and Noise. The Builder shall be responsible for controlling dust and noise, including, without limitation, music from the construction site.

(p) Construction Signage. Temporary construction signs shall be limited to one sign per Lot, not to exceed six square feet of total surface area. The sign shall be free standing within the Building Envelope, and its design and location shall be subject to the review and approval of the Committee.

(q) Utilities. Unless otherwise approved in writing by the Committee, all utilities brought onto the Lot must be buried underground.

Section 11. Drainage Considerations: Each Owner (as defined in the Declaration) is hereby notified that Bexar County is subject to varying weather patterns which include both seasons of drought and seasons of heavy rains and that as the Properties are platted, they are platted in accordance with the city and county drainage regulations then in effect. The Declarant makes no warranties or representations that improvements built by Owners on the Lots will not be flooded during heavy rains. Each Owner is hereby advised that improvements subsequently constructed by Owners may change the original natural drainage patterns. By purchasing a Lot each Owner agrees to obtain professional advice concerning the storm water drainage patterns and quantities created by the contours of the respective Lot purchased, as well as by the contours of all adjacent lands, including, but not limited to, the neighboring Lots, streets and undeveloped land. By purchasing a Lot, each Owner assumes the responsibility for obtaining professional advice to determine the

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location of drainage patterns, flood plains and flood patterns, as they may change from time to time, and for designing their home and other improvements at elevations and specific sites which will prevent flooding of the home and other improvements.

Section 12. Front Yard. At the time of completion of construction of the residence on a Lot, the Owner shall have planted approved shrubs and bushes across the entire front elevation (width) of the residence. The area between these shrubs and bushes and a line approximately twenty-five feet (25') in front of the house, shall be solid sodded with approved grass. These shrubs, bushes and sodded grass shall be continuously maintained by the Owner of the Lot. The use of native plants is encouraged.

Section 13. Other Matters. All matters requiring approval of the Committee, whether or not specifically addressed hereinabove or hereinbelow, shall require that such approval be in writing. The date of such submission shall be evidenced by a receipt from one of the Committee members. In the event the Committee fails to approve or disapprove any such matters within ninety (90) days after written submission thereof to the Committee (as evidenced by the dated receipt from a member of the Committee), approval will not be required and the requirement that such approval be obtained shall be deemed to have been fully complied with.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Single Family Residences. The Properties shall be used only for the development of private single family residences and buildings appurtenant thereto and Common Facilities serving the Owners and residents thereof, as outlined in the Master Design Guidelines and approved by the Master Design Committee.

Section 2. Architecture. The architectural restrictions and Master Design Guidelines for Anaqua Springs Ranch utilize the very best of the Euro-Texan style. The Euro-Texan architecture achieves a perfect balance of modern luxury and old-world charm. The custom homes are to be crafted from native limestone and rock, and are to be stacked according to old German tradition. This form of craftsmanship, with its clean lines and classic look, further enhances the beauty of the native Texas materials. Exterior materials are to be square or rectangular shaped rock (no random laid rock) and/or stucco material. Roofs shall be standing seam metal, flat concrete tile (dark charcoal gray color) or slate. Architectural styles should make every effort to be traditional in nature, utilizing stone and stucco that blend with the natural environment.

Section 3. New Construction Only, Etc. As outlined in the Master Design Guidelines, any and all structures, fences, walls, recreational facilities or other improvements erected, altered or placed on any portion of the Properties shall be of new construction and shall be built in place unless otherwise approved by the Master Design Committee. Except as provided in Section 10 of this Article, no structure of a temporary character, including, but not limited to, trailers, mobile homes, tents, shacks, garages, barns, decks, or other out-buildings shall be used anywhere on, in or within the Properties at any time.

Section 4. No Nuisances. No noxious, offensive, undesirable or unlawful activity shall be conducted upon any portion of the Properties nor shall anything be done or permitted to be done thereon which may be or may become a nuisance or annoyance to the Owners of adjacent Lots or to the P.U.D. as a whole. Nor shall an Owner's, resident's or other party's use of the Properties, or any portion thereof, whether same be a Lot, part of the Common Facilities or otherwise, endanger the health or disturb the reasonable enjoyment of any other Owner or resident or visitor of or to the Properties. Any determination by the Committee that an activity is noxious, offensive, undesirable, unlawful or a nuisance or annoyance shall be final and binding on all parties.

Section 5. Permitted Use. Only one private single-family residence may be constructed or otherwise placed upon any one Lot. A private single-family residence may be comprised of several buildings, including, but not limited to, a garage, a barn, a pool house, a gazebo, a guest-house and/or any other out-buildings ancillary to the main house, subject to the approval of the Master Design Committee; provided, however, that the main house must be constructed prior to any ancillary buildings. No above ground swimming pools will be allowed unless approved by the Master Design Committee. The terms "residential purposes" as used herein shall be held and construed to exclude any business, commercial or industrial use, apartment house, and hospital or clinic uses, and such excluded uses are hereby expressly prohibited. This restriction shall not, however, prevent the inclusion of permanent living quarters for domestic servants or to allow domestic servants to be domiciled with an owner or resident.

Section 6. Maximum Height. No building or structure erected, altered or placed on, or within the Properties shall exceed thirty-six feet (36') in height (measured from the top of the foundation to the topmost part of the roof), subject, however, to the approval of the Master Design Committee. All applicable governmental ordinances, regulations, and statutes with respect to the maximum height of building and structures shall be complied with at all times.

Section 7. Minimum Area. No residence shall contain less than two thousand eight hundred (2,800) contiguous square feet of living area, unless otherwise approved in writing by the Master Design Committee. Such minimum area requirements shall be exclusive of open or screened porches, terraces, patios, driveways, carports, and garages. The minimum first floor requirement is 1800 contiguous square feet.

Section 8. Building Set-back Lines. No structure, other than fences and/or walls, shall be located on any Lot nearer to the Lot front property line than the setback distances shown on the attached Setback Table. If a residence is constructed on a homesite consisting of more than one Lot, however, the combined area shall be considered as one Lot for purposes of this provision. These set-back lines may be adjusted by the Committee, if, in its sole discretion, the prescribed distances are not feasible and the set-back lines may be reduced without adversely affecting the neighbors or the integrity of the P.U.D. Likewise, they may be increased by the Committee for the protection of environmental features or because of geographical or topographical features.

Section 9. Re-Subdivision. No Lot may be re-subdivided or conveyed or encumbered in a size less than the full dimensions shown on the originally recorded plat of the P.U.D. unit in which the Lot is located. In the event two or more Lots are consolidated into one homesite, such

consolidated homesite may not be re-subdivided or conveyed or encumbered in sizes less than the dimensions reflected on its component Lots on its original plat.

Section 10. Necessary Temporary Facilities. Notwithstanding the other provisions of this Article VIII, Declarant reserves unto itself the exclusive right to erect, place, and maintain such temporary facilities and signage in or upon any portions of the Properties as it, in its sole discretion, may determine to be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements upon the Properties. In addition, each Owner shall have the right to erect, place, and maintain on his Lot such temporary facilities as may be necessary or convenient for construction of a residence thereon. Any temporary facilities used for purposes of storage of building materials or construction debris shall be placed or located in such manner that they are not visible from the Common Facilities or any part thereof and shall be allowed only during the period of residential construction. All residential construction debris shall be placed in a dumpster during construction and removed at completion of the residential construction.

Section 11. Animals. Normal household pets may be kept on a Lot, with the exception of swine. All pets must be restricted to the Lots of their respective owners by fences or other enclosures, or by restraints, and not allowed to run at large. Pets may not be kept if they become offensive or a nuisance by virtue of their numbers, sight, odor or noise. It is specifically understood and agreed that the owners of any pets kept on any Lot shall be strictly liable for any damages done to the property or person of any third party by such livestock or pets which may occur outside the Lot's fence lines.

Section 12. Accumulation of Trash and Rubbish. Except as provided in Section 10 of this Article, no trash, rubbish, garbage, manure or debris of any kind shall be dumped or permitted to accumulate on any portion of the Properties. All rubbish, trash, or garbage shall be kept in sanitary refuse containers with tightly fitting lids, and, except as necessary for purposes of effecting garbage pickup, said containers shall be kept in an area of the Lot adequately screened from view by planting or fencing, and shall be subject to the approval of the Master Design Committee. No burning of trash or brush shall be permitted within the P.U.D., except by the Declarant.

Section 13. Antennae. No visible television or radio antennae shall be placed, allowed or maintained on any Lot or on any structure located on any Lot or on any other portion of the Properties. Any satellite dishes visible from other Lots or Common Facilities must be fully screened on a year-round basis and must be approved by the Committee prior to installation. This screening must effectively eliminate the visibility of such "dishes" from all other Lots and Common Facilities and must be approved by the Master Design Committee. Any satellite dishes which have a diameter of 18 inches or less may be exempted from the requirements of the two preceding sentences if the Master Design Committee approves such exemption.

Section 14. Outside Parking and Storage.

(a) No boat, trailer, camping unit, recreational vehicle or self propelled or towable equipment or machinery of any sort shall be parked for storage on any Lot except in a closed garage or in an area adequately screened by planting or fencing, so that such item cannot be viewed from any other Lot or Common Facility, nor shall any truck, camper, recreational

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vehicle, boat, trailer, equipment, or machinery be parked in front of any residence for a period in excess of twenty-four (24) consecutive hours. Both the Master Design Committee and the Board of Directors are empowered to establish such additional rules and regulations relating to the parking and storage of vehicles, equipment, and other property, both on Lots and the Common Facilities, as either may from time to time deem necessary to ensure the preservation and appearance of the P.U.D.; and such rules and regulations shall be in all respects binding on and enforceable against Lot Owners, provided, however, no such additional rules or regulations shall in any manner revoke or relax any of the restrictions in use set forth in this Section.

(b) During the construction of improvements on a Lot, necessary construction vehicles may be parked thereon for and during the time of such necessity, subject to and in accordance with the terms of this Declaration and the Master Design Guidelines.

Section 15. Landscaping Guidelines. The distinct character of the natural landscape of the Properties, beyond the natural rolling topography, is primarily a combination of mature trees, understory vegetation, brush, and native grass pasture. The variety of height, color, density and distribution of vegetation gives the Texas Hill Country its unique habitat. While there are many different types of trees in the Hill Country area, the Live Oak, Elm, and Red Oak are the most prevalent at Anaqua Springs Ranch. Standards for preservation of the natural environment at Anaqua Springs Ranch will apply not only to trees and brush, but also to ground cover. Native wild grasses and wild flowers shall be preserved as the predominant ground cover. Only South Texas and Central Texas native plants will be allowed as described in subparagraph (b) below.

(a) Landscaping. Landscaping is required along the front elevation of the residence at time of completion. This work shall include the restoration of all disturbed areas in front of the residence. Landscape plans shall include an irrigation system where needed and must be submitted for approval.

(b) Approved Plants. The approved plants for the Lot shall be the "Recommended Species for South Texas" and the "Recommended Species for Central Texas", both as published by the National Wildflower Research Center of Austin, Texas.

(c) Protecting and Preserving Plants. Care should be taken to protect all plants within the Properties, therefore, all improvements should be sited to avoid existing trees if at all possible.

(d) Site Work. Each Owner is encouraged to be creative in the design process and to plan to alter the site as little as possible from its original native condition, protecting existing watershed and drainage ways where practical. Structures should be limited to the area on the site where drainage, soil and geological conditions will provide a safe foundation.

(e) Equipment. Track mounted equipment may not be used within the Lot, as the natural appearance of the Lot would be severely damaged. Damaged vegetation (which includes the ground surface) shall be immediately replaced and/or repaired at the expense of the Owner.

Damaged vegetation that is not replaced in a timely manner may be installed by the directive and action of the Master Design Committee at the expense of the Owner.

(f) Harmonious View. All landscaping, foundations, statuary, mailboxes, house numbers, sidewalks, driveways, lighting or other improvements on any Lot which are not concealed from view from every other Lot and from the streets and other Common Facilities, must be harmonious and in keeping with the overall character and aesthetics of the Properties.

(g) Approvals. All landscape plans and plans for other improvements on a Lot shall be submitted to the Master Design Committee for its approval, or disapproval, prior to the construction, alteration and/or placement of such items.

Section 16. No Oil Development. No oil or natural gas drilling, oil or natural gas or mineral development, oil refining, quarrying, or mining operations of any kind shall be permitted upon any portion of the Properties; nor shall oil or natural gas wells, tanks or tunnels, or mineral excavations or shafts be permitted upon, in or within any portion of the Properties. No derricks or other structures for use in the boring or drilling for oil, natural gas or minerals shall be erected, maintained or permitted upon, in or within any portion of the Properties.

Section 17. Sewerage. No outside toilets shall be used, constructed or permitted except during the construction of a single family residence, during which time there must be a portable toilet on site. No installation of any kind for disposal of sewerage shall be constructed or maintained which would result in untreated sewerage or septic tank drainage being drained onto or into the surface of any part of the P.U.D., or onto or into any body of water located on the P.U.D. No means of sewerage disposal may be installed, used or maintained except a septic tank, an improved gray water system or a similar or improved means of sanitary sewerage disposal which meets the requirements of and is approved by all governmental authorities having jurisdiction thereof. No structure placed upon a Lot shall be used until sanitary sewerage disposal facilities complying with this paragraph have been completely finished. The Committee shall have the right, but not the obligation, to specify the location, orientation and drainage field of any such means of sanitary sewerage disposal, subject to the approval of all governmental authorities having jurisdiction thereof. This Section 16 is not meant to prohibit any "gray water" systems which are approved by the Master Design Committee and all applicable governmental authorities.

Section 18. Hunting and Firearms. No hunting, including, but not limited to, bow hunting, shall take place within the P.U.D. No rifles, shotguns, pistols or other firearms may be discharged thereon at any time.

Section 19. Lot Consolidation. Any Owner owning two or more adjoining Lots, or portions of two or more such Lots, may with the prior approval of the Master Design Committee, consolidate such Lots or portions thereof into a single building site for the purpose of constructing one residence and such other improvements as are permitted herein. So long as the two or more original Lots are under common ownership and only one single family residence is located thereon, they shall be assessed as one Lot.

Section 20. Fences. No fence may be constructed on any Lot nearer than 50 feet to the front Lot line (herein called the "Front Fence Setback Line") of the Lot. All fences must be constructed behind the Front Fence Setback Line. Plans for fencing must be submitted to the Committee for approval or disapproval. All fences must be installed by a professional fence contractor.

a. Lot perimeter fencing (including the front fence) shall consist of the following:

Corner posts must be steel pipe with a diameter of 2⁷/₈" to 3¹/₂" and an "H" brace at all corners and at all gates. Metal tee posts shall be used between all corner posts and between all in line pipe "H" braces. Tee posts shall be spaced on 10 foot minimum centers. In lieu of tee posts, metal pipe is allowed using the same diameter as the corner posts.

All fence wire fabric shall consist of heavy gauge wire and shall be galvanized. All wire fabric shall not exceed 56 inches in height. Wire fabric must consist of either a 3 inch "Vee" mesh, a 2" by 4" rectangular mesh, or a sheep and goat wire.

All metal posts must be painted by first scraping off all rust, priming with an industrial metal primer, then painting with an industrial metal paint. The same color must be used on the entire fence and shall be an earthtone shade.

b. No "deer proof" fencing or any fencing above the height of 56 inches shall be permitted.

c. No chain link fencing shall be used for enclosures within a particular Lot's property lines.

d. Privacy fencing is allowed in particular situations such as screening for swimming pools, but it shall not encroach upon the back or side set-back lines.

Section 21. Building Materials. Building materials and architectural guidelines have been established to create a harmonious residential community. Guidelines have been established for such items as, but not limited to, exterior construction, finishes, roofing materials, roofpitch, driveways, windows, porches, paving materials and building massing. All construction must be in accordance with the following guidelines, unless otherwise approved in writing by the Committee:

a. **Building Colors.** Colors for the body of the house (whether stone or plaster) should be compatible with the surrounding native landscape. Choice of color should be limited to earthtone or muted colors chosen to blend, rather than to contrast, with the residence's surroundings.

b. **Accent Colors.** Accent colors on front doors, window sash and screens or other incidental elements are permitted as long as, in the opinion of the Master Design Committee,

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the accent does not overwhelm the building's basic color or create a visual distraction from the street, adjacent Lot, or Common Facilities.

c. Roofs. Roofscapes form an important part of the visual environment; they must be carefully designed. Roofs may be constructed with only the following materials:

- (i) Flat dark charcoal gray concrete tile.
- (ii) Earthtone standing seam metal.
- (iii) Slate material.

No baroque tile roofs are allowed. All sloped roof materials used at Anaqua Springs Ranch must be approved by the Master Design Committee. Roof mounted mechanical equipment is prohibited on any roof, unless in the judgment of the Master Design Committee it does not adversely affect views from streets, other Lots, or Common Facilities. When permitted such equipment must be screened from view from streets, other Lots, or Common Facilities.

d. Materials - Exterior Surfaces. **A minimum of 85% of the body of the primary residence must be constructed of stone or stucco.** Outbuildings in general should be of similar construction to the main body of the residence, although other materials such as wood may be allowed on a case by case basis. All chimneys must be constructed of stone or stucco.

Section 22. Signage. No advertising signs or billboards of any kind shall be displayed to the public view on any portion of the Properties, except that one (1) sign of not more than six (6) square feet may be used by an Owner to advertise a residence located on, in or within the Properties for sale or rent, or by a builder to advertise a residence within the Properties for sale during the construction and sales period, or by the Declarant pursuant to Section 10 hereof, all such signs to be subject to the approval of the Master Design Committee. This provision shall not be deemed to prohibit the posting of any signage required or recommended by the Texas Commission on Environment Quality, any such signage to be subject to the approval of the Master Design Committee as to size, appearance, design and location. Nor shall this provision be deemed to prohibit the posting of any safety, advisory or warning signage or traffic control signage recommended by the Declarant or the Association, any such signage to be subject to the approval of the Master Design Committee as to size, appearance, design and location.

Section 23. Garages. Unless otherwise approved in writing by the Committee, no garage may be sited on a Lot so that it opens facing a street.

ARTICLE IX

ON-SITE INSPECTIONS

Section 1. Caves and Sinkholes. Natural caves and sinkholes may occur on some of the Lots in the P.U.D. Prior to Closing the purchase of the Lot, each prospective Lot Owner should personally inspect the Lot in which he is interested and/or obtain the

services and advice of a professional inspector to assure himself of the location of any such caves and/or sinkholes. If he completes the purchase of a Lot, such Lot Owner agrees that such purchase shall evidence the fact that he or a professional inspector acting on his behalf has made an inspection to determine the location of any such caves and/or sinkholes.

Section 2. Site Improvements.

(a) Streets. **Each prospective Lot Owner is hereby notified that the streets in the P.U.D. are not public streets, but are private streets within a Planned Unit Development and are not as wide as public streets.** After they have been completed and approved by the City of San Antonio, the streets shall be conveyed to the Association. The Association shall have the responsibility for maintaining the streets in accordance with the provisions of Section 3(a)(v) of this Article IX (as set forth on pages 30 and 31 herein). Although there is a fifty foot (50') street right-of-way indicated on the Subdivision Plat, **the paved area is of variable width and generally is limited to twenty feet (20') and the shoulders or flat curbs generally are one foot (1') in width. From time to time where there is an esplanade within the street, the paved area has been reduced to fifteen feet (15').** In order to maintain the aesthetics of a rural subdivision and the ambience of country lanes, the Declarant has made a concerted effort to preserve native trees along the streets wherever possible. These are sometimes located within the unpaved portion of the street right-of-way. Each prospective Lot Owner should carefully note the width of the paved portion of the streets, the proximity of trees to pavement, and the location of trees within various esplanades. In completing the purchase of a Lot, the Owner specifically agrees that such purchase shall evidence the following:

- (i) his acknowledgement of the narrow nature of the streets within the P.U.D.,
- (ii) his acknowledgement of the proximity of the trees to the pavement,
- (iii) his assumption of the risk for himself, his family, guests and all other invitees for whom he may legally do so of driving on narrow streets among trees, without, however, subjecting himself to the claims of invitees as third-party beneficiaries of such agreement,
- (iv) his agreement to drive on such streets in a safe manner, given the particular weather conditions that may exist from time to time, in accordance with all traffic laws, rules and regulations of the State of Texas (the same as if they pertained to private streets), in accordance with all posted traffic signs and warnings and rules and regulations of the Association, and in accordance with the terms of the Declaration, as it may be amended from time to time, and

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services and advice of a professional inspector to assure himself of the location of any such caves and/or sinkholes. If he completes the purchase of a Lot, such Lot Owner agrees that such purchase shall evidence the fact that he or a professional inspector acting on his behalf has made an inspection to determine the location of any such caves and/or sinkholes.

Section 2. Site Improvements.

(a) Streets. **Each prospective Lot Owner is hereby notified that the streets in the P.U.D. are not public streets, but are private streets within a Planned Unit Development and are not as wide as public streets.** After they have been completed and approved by the City of San Antonio, the streets shall be conveyed to the Association. The Association shall have the responsibility for maintaining the streets in accordance with the provisions of Section 3(a)(v) of this Article IX (as set forth on pages 30 and 31 herein). Although there is a fifty foot (50') street right-of-way indicated on the Subdivision Plat, **the paved area is of variable width and generally is limited to twenty feet (20') and the shoulders or flat curbs generally are one foot (1') in width. From time to time where there is an esplanade within the street, the paved area has been reduced to fifteen feet (15').** In order to maintain the aesthetics of a rural subdivision and the ambience of country lanes, the Declarant has made a concerted effort to preserve native trees along the streets wherever possible. These are sometimes located within the unpaved portion of the street right-of-way. Each prospective Lot Owner should carefully note the width of the paved portion of the streets, the proximity of trees to pavement, and the location of trees within various esplanades. In completing the purchase of a Lot, the Owner specifically agrees that such purchase shall evidence the following:

- (i) his acknowledgement of the narrow nature of the streets within the P.U.D.,
- (ii) his acknowledgement of the proximity of the trees to the pavement,
- (iii) his assumption of the risk for himself, his family, guests and all other invitees for whom he may legally do so of driving on narrow streets among trees, without, however, subjecting himself to the claims of invitees as third-party beneficiaries of such agreement,
- (iv) his agreement to drive on such streets in a safe manner, given the particular weather conditions that may exist from time to time, in accordance with all traffic laws, rules and regulations of the State of Texas (the same as if they pertained to private streets), in accordance with all posted traffic signs and warnings and rules and regulations of the Association, and in accordance with the terms of the Declaration, as it may be amended from time to time, and

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(v) his release, to the fullest extent permitted by law, of Declarant, Declarant's officers, directors, contractors, employees and agents from any liability any of them might otherwise incur to the Owner and/or the Owner's family, guests and other invitees arising out of or in connection with the narrowness of the paved portion of the streets of the P.U.D. or the location of trees within the unpaved portion of the street rights-of-way.

(b) **Drainage.** Each prospective Lot Owner also is notified that the bridge(s), drainage ditches, culverts and other drainage facilities within the street rights-of-way in the P.U.D. are not publicly owned, but are privately owned. Once they have been completed, the drainage facilities located within the road rights-of-way shall be conveyed to the Association, which shall have the responsibility for maintaining them. Each prospective Lot Owner should carefully note the location of the drainage facilities and of any creek beds and 100 year flood plain areas. In completing the purchase of a Lot, the Owner specifically agrees that such purchase shall evidence the following:

(i) his acknowledgement that the bridges, drainage ditches, culverts and other drainage features located within the street rights-of-way of the P.U.D. are not owned by a public entity, but shall be owned and maintained by the Association,

(ii) his acknowledgment that he has carefully checked the Plat of the Lot to determine if any of the Lot is affected by a creek bed or a 100 year flood plain area,

(iii) his agreement to hire a professional engineer to evaluate the siting of improvements and to design adequate surface water drainage improvements to prevent flooding,

(iv) his assumption of the risk for himself, his family, guests and all other invitees for whom he may legally do so of owning property subject to such bridges, drainage facilities, creek beds and 100 year flood plain areas and knowing the location thereof, without, however, subjecting himself to the claims of invitees as third-party beneficiaries of such agreement,

(v) his agreement to refrain from unsafe conduct in the proximity of such bridges, drainage facilities, creek beds and 100 year flood plain areas and to carefully supervise the conduct of any children for whom he is responsible who may be in or near such bridges, drainage facilities, creek beds and 100 year flood plain areas, and

(vi) his release, to the fullest extent permitted by law, of Declarant, Declarant's officers, directors, contractors, employees and agents from any liability any of them might otherwise incur to the Owner and/or the Owner's family, guests and other

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invitees to the Lot arising out of or in connection with his or their unsafe conduct in the proximity of such bridges, drainage facilities, creek beds or 100 year flood plain areas.

Section 3. "AS IS, WHERE IS".

(a) **Acknowledgement.** Each prospective Lot Owner acknowledges that, other than those expressly stated herein, Declarant, its officers, employees, brokers, agents and salesmen, make no express or implied warranties as to the condition of the Lot, the Common Facilities, nor the P.U.D. itself. Each prospective Lot Owner is responsible for thoroughly inspecting and examining the Lot in which he is interested and for conducting such investigations, either personally or through professional inspectors, of the Lot and the P.U.D. as he deems necessary for him to evaluate his purchase. **By completing the purchase of a Lot, each Lot Owner is acknowledging that he is purchasing the Lot on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis and is further acknowledging the following:**

(i) Water: Each Lot Owner is responsible for extending a water line into his Lot from the water service line located next to his Lot and for paying the Bexar Metropolitan Water District's required fees (or the fees of any other water purveyor providing water to the Lot) at the time of installation.

(ii) Septic System: Each Lot Owner is responsible for installing and maintaining his own septic tank system pursuant to all applicable land use regulations, including, but not limited to, those promulgated by the Bexar County Public Works Department and the Texas Commission on Environmental Quality. Declarant has no obligation with respect to sewerage disposal facilities.

(iii) Electricity: Each Lot Owner is responsible for extending electricity into his Lot from a transformer or a pull-box located on or near a property line of his Lot.

(iv) Television Cable: Declarant has no obligation with respect to cable T.V. Declarant has no knowledge as to when or whether a cable company might extend cable service to the P.U.D.

(v) Streets: The Association will have full responsibility for maintaining those portions of the private streets within the P.U.D. which have been completed, such responsibility to include landscaping and to commence one year after each portion of a street has been completed. The Association also shall maintain commercial general liability insurance with coverage sufficient

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to adequately protect the Association, its officers, directors, employees and any Members acting on its behalf, as well as the Declarant, the members of its Board of Directors and its officers, agents, and employees from liability arising out of the construction, maintenance and/or ownership of the Common Facilities.

(b) Agreement. If he completes the purchase of a Lot, the Owner specifically agrees that such purchase also shall evidence the following:

(i) his acknowledgement of the existence in the P.U.D. of narrow streets, trees in close proximity to streets, creek beds, 100 year flood plain areas, bridges, culverts, drainage facilities, caves and/or sinkholes,

(ii) his agreement to accept the risk of such features for himself and his family, guests and other invitees, only to the extent, however, that the law makes such acceptance binding on his invitees without subjecting himself to the claims of invitees as third-party beneficiaries of such agreement,

(iii) his agreement to waive any claim that he may have in the present or the future, whether known or unknown, against Declarant, Declarant's officers, directors, contractors, employees and agents arising out of the existence within the P.U.D. of narrow streets, trees within the unpaved portion of street rights-of-way, creek beds, 100 year flood plain areas, bridges, drainage facilities, caves and/or sinkholes, and

(iv) his agreement to indemnify and hold harmless Declarant, Declarant's officers, directors, contractors, employees, brokers, agents and salesmen from and against any claim that such Lot Owner or any heir or assign of such Lot Owner might bring against any of them in contravention of his agreements contained in this subpart (b).

ARTICLE X

MISCELLANEOUS

Section 1. Enforcement. Declarant shall have the right, but not the obligation, to enforce observance and performance of the restrictions, easements, covenants and conditions contained herein and, in order to prevent a breach or to enforce the observance or performance of same, and shall have the right, in addition to all other legal remedies provided herein or by law, to an injunction, either prohibitive or mandatory. The Committee, as well as the Owner of any Lot in the P.U.D., likewise shall have the right either to prevent a breach of any such restriction or covenant or to enforce the performance thereof. Acquiescence in any violation shall not be deemed a waiver of the right to enforce against the violator or others the conditions so violated or any other conditions.

Section 2. Limitations of Liability. Neither the Declarant, nor the Master Design Committee, nor any member of such Committee, shall be liable in damages, or otherwise, to anyone submitting plans, specifications, and/or plot plans for approval or to any Owner of a Lot in the P.U.D. by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans, specifications, plot plans or other matters submitted to it or arising out of any other action taken or not taken by them, jointly or severally, pursuant to the provisions of this Declaration.

Section 3. Partial Invalidity. Invalidation of any of these covenants, conditions, easements or restrictions (by court judgment or otherwise) shall not affect, in any way, the validity of all other covenants, conditions, easements and restrictions contained herein.

Section 4. Laws and Regulations. All owners of any Lots within the P.U.D. shall at all times comply with all applicable laws, regulations and ordinances of municipal, county, state, federal or other governmental authorities.

Section 5. Duration. These covenants, conditions, easements and restrictions shall run with the land and shall be binding upon and against the P.U.D. until May 1, 2024, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then owners of not less than seventy-five percent (75%) of the Lots has been recorded agreeing to change said covenants in whole or in part.

Section 6. Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof.

Section 7. 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. Any action brought to enforce or construe the terms or 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.

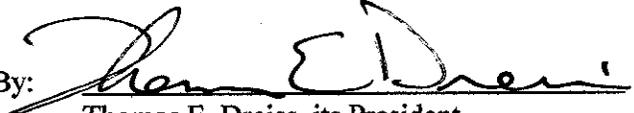
Section 8. Interpretation. If this Declaration or any word, clause, sentence, paragraph, or other part thereof shall be susceptible of more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of this Declaration shall govern. If any provision of the Declaration should be determined to be invalid, illegal or otherwise unenforceable, such provision shall be severable from the remainder of the Declaration and the validity, legality and enforceability of the remainder shall not be adversely affected or impaired thereby and shall remain in full force and effect.

Section 9. Omissions. If any punctuation, word, 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, word, clause, sentence or provision shall be supplied by inference.

Section 10. Gender and Grammar. Where required for proper interpretation, words in the singular, whenever used herein, shall be construed to include the plural, and words in the masculine shall include the neuter and the feminine.

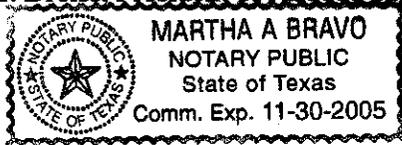
IN WITNESS WHEREOF the undersigned has executed this instrument this 26th day of May, 2004.

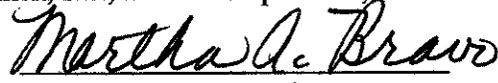
ANAQUA SPRINGS RANCH, INC.

By: 
Thomas E. Dreiss, its President

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of May, 2004, by Thomas E. Dreiss, President of Anaqua Springs Ranch, Inc., a Texas corporation, on its behalf.




Notary Public, State of Texas

AFTER RECORDING PLEASE RETURN TO:
Anaqua Springs Ranch, Inc.
Attn: Thomas E. Dreiss, President
540 Madison Oak, Suite 451
San Antonio, Texas 78258

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SEP 14 2004

Corporations Section

ARTICLES OF INCORPORATION

OF

ANAQUA SPRINGS RANCH HOMEOWNERS' ASSOCIATION, INC.

In compliance with the requirements of the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann., Art. 1396-1.01 et seq. (the "Act"), the undersigned, who is a resident of Bexar County, Texas, and who is over the age of twenty-one (21), acting as the incorporator does hereby adopt the following Articles of Incorporation of Anaqua Springs Ranch Homeowners' Association, Inc.:

ARTICLE I
NAME

The name of the corporation is **ANAQUA SPRINGS RANCH HOMEOWNERS' ASSOCIATION, INC.** (hereinafter called the "Association").

ARTICLE II
NON-PROFIT STATUS

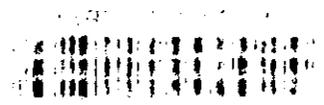
The Association is organized without capital stock and is to be a nonprofit corporation. The Association shall not pay dividends or other corporate income to its members, directors or officers or otherwise accrue distributable profits or permit the realization of private gain. The Association shall have no power to take any action prohibited by the Act.

ARTICLE III
REGISTERED AGENT AND OFFICE

The initial registered office of the Association is located at 325 Sonterra Blvd. East, Suite 210, San Antonio, Texas 78258, and the name of its initial registered agent at such address is Thomas E. Dreiss.

ARTICLE IV
PURPOSES AND POWERS OF THE ASSOCIATION

The Association does not contemplate pecuniary gain nor profit to the Members thereof, and the specific purposes for which it is formed are to provide for the maintenance, preservation, operation and improvement of the Common Facilities (as that term is defined by the "Declaration of Covenants, Conditions, Easements and Restrictions for Planned Unit Development of Anaqua Springs Ranch I, P.U.D. recorded in Volume 10766, at Page 315 of the Real Property Records of Bexar County, Texas, said Declaration and all subsequent amendments and certificates of annexation thereto being hereinafter referred to as the "Declaration"), such Common Facilities initially being out of a 81.261 acre tract of land located in Bexar County, Texas, which has been subdivided and platted of record as follows:



hereafter possess under the constitution and laws of the State of Texas and all other applicable law.

ARTICLE V
MEMBERSHIP

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot (as that term is defined in the Declaration) shall be a Member of the Association; provided, however, that any person holding an interest in any such Lot or Lots merely as security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

ARTICLE VI
VOTING RIGHTS

The Association shall have two classes of voting membership as set forth in Section 2 of Article IV of the Declaration. Class A Members shall be entitled to the number of votes set forth in the Declaration. Class B Members shall be entitled to the number of votes set forth in the Declaration. In the event the Class B membership (as defined in the Declaration) shall have terminated as provided by event (a) described in Article IV, Section 2(b) of the Declaration, then that Class B membership shall be revived automatically upon the annexation by the Declarant (as that term is defined in the Declaration), its successors and assigns, of any additional properties within the scheme of the Declaration in accordance with Article III, Section 2 of the Declaration. All successive annexations shall revive the Class B membership in accordance with the provision of this paragraph. It not terminated earlier, Class B membership shall terminate on June 1, 2024.

ARTICLE VII
INCORPORATORS

The name and street address of the incorporator is:

NAME

ADDRESS

Thomas E. Dreiss

325 Sonterra Blvd. East, Suite 210
San Antonio, Texas 78258

ARTICLE VII
INITIAL BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of Directors (as defined in the Declaration), who need not be Members of the Association. The initial Board shall consist of three (3) Directors. The number of Directors may be changed by the Bylaws of the Association. The names and addresses of the initial Directors are:

NAME

ADDRESS

Thomas E. Dreiss

325 Sonterra Blvd. East, Suite 210
San Antonio, Texas 78258

Annette Dreiss

325 Sonterra Blvd. East, Suite 210
San Antonio, TX 78258

Weldon R. Buell

12274 Bandera Road, Suite 213
Helotes, Texas 78023

At the organizational meeting one Director shall be elected for a term of two (2) years, and one Director shall be elected for a term of three (3) years, and one Director shall be elected for a term of four (4) years. Thereafter the Members shall elect Directors for a term of three years.

ARTICLE VIII
LIABILITY

A. No personal liability shall ever attach to any Director, officer, agent or employee of the Association, his or her heirs or estate, merely by virtue of his or her being a Director, officer, agent or employee of the Association. Any liability of the Association shall be a corporate liability, except where the person involved specifically assumes this liability, or as such liability may, under the law, be affected by the gross negligence, misconduct or fraud of any given Director, officer, agent or employee in connection with duties assumed by him or her.

B. The Association shall indemnify any person who is or was a Director, officer, agent or employee of the Association from and against any and all liabilities, expenses and costs (including attorney's fees and fines) incurred by him or her in connection with any claim asserted against him or her, by action in court or otherwise, by reason of his or her being or have been such Director, officer, agent or employee, to the fullest extent permitted by applicable law, unless he or she shall have been guilty of gross negligence, misconduct or fraud with respect to the matter in which indemnity is sought. This indemnification shall inure to the heirs, executors, and/or administrators of any person indemnified hereby.

C. The Association may purchase and maintain insurance on behalf of any person who holds, or who has held, any position named in Paragraph B of this Article VIII, against any liability incurred by him or her in any such position, or arising out of his or her status as such, whether or not the Association would have power to indemnify him or her against such liability under said Paragraph B.

D. This Article VIII shall be deemed to incorporate by reference any future amendments to applicable law that further limit or eliminate personal liability of the Directors and officers. No amendment to or repeal of this Article VIII shall apply to or have any effect upon the liability or alleged liability of any Director of the Association for or with respect to any act or omission of such Director occurring prior to such amendment or repeal.

ARTICLE IX
SELF-DEALING

No contract or other transaction between the Association and any of its Directors or officers or any corporation or firm in which any of them are directly or indirectly interested as a shareholder, trustee, Director, creditor or otherwise, shall be invalid solely because of such relationship or because of the presence of such Director or officer at the meeting authorizing such contract or transaction, or his or her participation in such meeting or authorization, provided one of the following conditions is satisfied:

- (1) The material facts of the relationship or interest of each such Director or officer are known and disclosed to the Board of Directors and it nevertheless authorizes or ratifies the contract or transaction by a majority of the Directors present, each such interested Director to be counted for quorum purposes, but not as a Director present for calculating the majority necessary to carry the vote, nor shall the interested Director be entitled to vote on the issue; or
- (2) The contract or transaction is fair to the Association as of the time it is authorized or ratified by the Board of Directors.

This provision shall not be construed to invalidate a contract or transaction which would be valid in the absence of this provision.

ARTICLE X
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than seventy-five percent (75%) of the votes of the entire membership. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XI
DURATION

The period of the duration of the Association is perpetual, or until it is dissolved in accordance with law.

ARTICLE XII
AMENDMENTS

Amendment of these Articles shall require the assent of 75 percent (75%) of the votes of the entire membership.

ARTICLE XIII
FHA/VA APPROVAL

As long as there is a Class B membership, the following actions may require the prior approval of the Federal Housing Administration or the Veterans Administration:

Annexation of additional properties, mergers, and consolidations, mortgaging of Common Facilities, dedication of Common Facilities, dissolution and amendment of these Articles.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Texas, the undersigned, constituting the incorporator of the Association has executed these Articles of Incorporation on this the 23rd day of August, 2004.


THOMAS E. DREISS

Anaqua Springs Ranch, Inc.
Thomas E. Dreiss & Co.
325 Sonterra Blvd. East, Suite 210
San Antonio, Texas 78258

LETTER OF CONSENT

August 23, 2004

Secretary of State
The State of Texas
P.O. Box 13697
Austin, Texas 78711-3697

Re: Anaqua Springs Ranch Homeowners' Association, Inc.

Dear Mr. Secretary:

This letter is to advise you that Anaqua Springs Ranch, Inc. is a Texas corporation which is developing a residential subdivision in Bexar County, Texas, known as "Anaqua Springs Ranch I, P. U. D. ". As a part of the project, a homeowners' association is being formed as a non-profit corporation to be known as "Anaqua Springs Ranch Homeowners' Association, Inc." The president of Anaqua Springs Ranch, Inc. is the undersigned, Thomas E. Dreiss. Anaqua Springs Ranch Inc. hereby gives its consent to the formation of Anaqua Springs Ranch Homeowners' Association, Inc.

Very truly yours,

ANAQUA SPRINGS RANCH, INC.

By: 
Thomas E. Dreiss, President

**BYLAWS
OF
ANAQUA SPRINGS RANCH HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I.
NAME AND LOCATION**

The name of the corporation is Anaqua Springs Ranch Homeowners' Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation and the initial registered office of the corporation shall be c/o Anaqua Springs Ranch, Inc., 325 Sonterra Blvd. East, Suite 210, San Antonio, Texas 78258, but meetings of Members and Directors may be held at such places within the State of Texas, County of Bexar, as may be designated from time to time by the Board of Directors.

**ARTICLE II.
DEFINITIONS**

2.1 Definitions. All capitalized words and phrases used herein shall have the meanings and definitions set forth in the Declaration of Covenants, Conditions, Easements and Restrictions for Planned Unit Development of Anaqua Springs Ranch as recorded in Volume 10766 at Page 0315 of the Real Property Records of Bexar County, Texas, and any subsequent Amendments to it and/or Certificates of Annexation relating to it (herein jointly called the "Declaration").

**ARTICLE III.
ASSOCIATION MEMBERSHIP AND VOTING RIGHTS**

3.1 Membership. Every Owner of a Lot in Anaqua Springs, A Planned Unit Development, (as the terms "Owner" and "Lot" are described in the Declaration) shall be a Member of the Association; provided, however, that any person or entity holding an interest in any Lot merely as security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and shall not be separated from ownership of a Lot.

3.2 Suspension of Membership. During any period in which a Member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use all or a part of the Common Facilities of such Member may be suspended by the Board of Directors until such assessment shall be paid. Such rights of a Member may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Facilities or for violation of any provisions of the Declaration.

3.3 Voting Rights. There shall be two (2) classes of voting membership, Class A and Class B as set forth in Article IV, Section 2 of the Declaration. Class A Members shall be entitled to the number of votes set forth in the Declaration. Class B Members shall be entitled to the number of votes set forth in the Declaration. In the event the Class B membership should cease pursuant to the terms of the Declaration, it shall be revived automatically each time additional lands are annexed to the P.U.D. (sometimes herein called the "Subdivision") by the Declarant. When ownership of any Lot is held by more than one person or by a legal entity which is not a natural person, all such owners shall be Members of the Association, however, the voting rights of such Members shall be limited to the number of votes set forth in the Declaration exercised as they among themselves shall determine.

**ARTICLE IV.
PROPERTY RIGHTS: RIGHTS OF ENJOYMENT**

4.1 Each Member shall be entitled to the use and enjoyment of the Common Facilities as depicted on the Subdivision Plat of Anaqua Springs and/or as defined in the Declaration, subject, however, to the provisions of the Declaration and to the terms of these Bylaws.

**ARTICLE V.
MEETINGS OF MEMBERS**

5.1 Annual Meetings. The first annual meeting of the Members shall be held within eight (8) years from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the third Tuesday in March of each year thereafter, at the hour of 7:00 p.m., or at such other reasonable time and place as may be designated by the Board of Directors, but not more than sixty (60) days before or after such date. Written notice of the date, time and place of the Annual Meeting must be mailed to the Members at least ten (10) days prior to the annual meeting in accordance with Section 5.3 below. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

5.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to cast one-fourth (1/4) of all the votes of the entire membership.

5.3 Notice of Meetings. Except as otherwise provided in the Articles of Incorporation or these Bylaws, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days, but not more than thirty (30) days, before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such a notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

5.4 Quorum. The presence at the meeting of Members entitled to cast, and/or of proxies entitled to cast, ten percent (10%) of the votes of each class of Membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid, shall be present or be represented.

5.5 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon cessation of membership, restriction of the Member's voting rights or conveyance by the Member of his Lot.

5.6 Canvass in Lieu of Meeting. In the event that a quorum of Members is not achieved at any scheduled meeting, the Board of Directors may authorize a door-to-door canvass of all Members, whose votes shall be duly recorded; and any action taken shall have

the same force and effect as if taken at a meeting at which a quorum of Members was present. Any such canvass must be completed within thirty (30) days of the Board's decree.

5.7 Majority Vote; Withdrawal of Quorum. When a quorum is present at any meeting of the Members, a majority of the votes, present in person or represented by proxy, shall decide any question brought before such meeting; unless the question is one upon which by express provision of the statutes & the Declaration, the Articles of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the deciding of such question. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

ARTICLE VI. BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE

6.1 Number. Subject to the provisions of Section 6.2 below, the affairs of the Association shall be managed by a Board of not less than three (3) nor more than seven (7) Directors, who need not be Members of the Association. The number of Directors may be changed by an amendment of the Bylaws of the Association. Until the election of Directors at the first annual meeting of the Members, the three (3) initial Directors shall so serve.

6.2 Election and Term of Office. The initial Directors shall be elected by the incorporators at the organizational meeting and each shall serve until the first annual meeting of the Members. Immediately prior to the first annual meeting of the Members, the President of the Board shall assign each initial Director a term to continue as a Director, one for a term of two (2) years, one for a term of three (3) years, and one for a term of four (4) years. Not more than two (2) additional Directors may be elected by the Members at the first annual meeting of the Members, one for a term of one (1) year and one for a term of two (2) years. Thereafter the Directors shall be elected by the Members at the annual meeting for a term of not more than three (3) years to fill any expiring, vacant or new terms. In the event the number of Directors should be increased above three (3), the additional Directors likewise shall have staggered terms, so that no more than two (2) of the Directors' terms shall expire in any one year if there are 3, 4, 5 or 6 Directors and no more than three (3) of the Directors' terms shall expire in any one year if there are 7 Directors. Election to the Board of Directors shall be by secret written ballot cast at the annual meeting. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Section 2 of Article IV of the Declaration. The persons receiving the largest number of votes shall be elected for each vacancy. Cumulative voting is not permitted.

6.3 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations also may be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

6.4 Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired terms of his predecessor. In the event of the death, resignation or removal of all of the Directors, the Members shall elect new Directors in accordance with the procedure set forth in Section 6.2 above.

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

ARTICLE VII. MEETINGS OF DIRECTORS

7.1 Regular Meetings. Regular meetings of the Board of Directors shall be held annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday that meeting shall be held at the same time on the next day which is not a legal holiday.

7.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director, given personally, by U.S. mail, by telephone, by facsimile or by other generally used and accepted electronic means. Such notice shall state the time, place and purpose of the meeting.

7.3 Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

7.4 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Directors, no notice shall be required and any business may be transacted at such meeting.

7.5 Action Taken Without a Meeting. In the absence of a meeting the Directors shall have the right to take any action which they could take at a meeting, by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VIII. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

8.1 Powers. The Board of Directors shall have the power:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions set forth in the Declaration;

(b) To adopt and publish rules and regulations governing the use of the Common Facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(c) To suspend the voting rights and right to use all or any part of the Common Facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights also may be suspended, after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations established by the Board of Directors governing the use of the Common Facilities or for violation of any provision of the Declaration or these Bylaws:

(d) To exercise for the Association all power, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws and/or the Articles of Incorporation;

(e) To declare the office of a Member of the Board of Directors to be vacant in the event such Member should be absent from three (3) consecutive regular meetings of the Board of Directors without just cause having been furnished to and accepted by the Board;

(f) To establish, and disburse and maintain such petty cash fund as necessary for efficiently carrying on the business of the Association;

(g) To enter into contracts with independent contractors and/or municipalities for police or security protection, fire protections, landscaping services, and sanitary services such as garbage collection;

(h) To enter into agreements and/or contracts with any other owners of any of the lands (herein called the "Additional Acreage") described in paragraphs 2 and 3 of the Recitations contained in the Declaration of Covenants, Conditions, Easements and Restrictions for Planned Unit Development of Anaqua Springs Ranch recorded under Volume 10766 of Page 0315 of the Real Property Records of Bexar County, Texas, and/or with the board of directors of any other owners' associations which are charged with the responsibility of maintaining private streets and/or other Common Elements located within any part of the Additional Acreage, in order to more efficiently and economically maintain the private streets and/or other Common Elements, including, but not limited to, the power to merge the Association with one or more other such owners' associations;

(i) To engage the services of a manager, an independent contractor, or such employees as it deems necessary, and to prescribe the conditions, compensation and duties of their work. Such power shall include authority to enter into management agreements with other parties to manage, operate or perform all or any part of the affairs and business of the Association;

(j) To cause audited or unaudited reports of the business affairs of the Association to be prepared from time to time; and

(k) To foreclose its lien as created by Article VI of the Declaration against any Lot for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the Owner personally obligated to pay the same.

8.2 Duties. It shall be the duty of the Board of Directors:

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting, when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(b) To supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

(c) To establish membership fees or assessments;

(d) To procure and maintain adequate hazard insurance covering properties owned the Association; general liability insurance covering the Association with coverage of not less than \$1,000,000.00; and directors and officers liability insurance with coverage of not less than \$1,000,000.00;

(e) To cause all officers, employees or agents, having fiscal responsibility to be bonded, as it may deem appropriate;

(f) To Cause the Common Facilities to be maintained;

(g) As more fully provided in the Declaration to:

(1) fix the amount of the annual assessment against each Lot at least twenty-one (21) days in advance of each annual assessment period; and

(2) send written notice of each assessment to every Owner subject thereto at least twenty-one (21) days in advance of each annual assessment period.

(h) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. (A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment);

(i) To cause to be implemented any covenants, duties or responsibilities of the Association as may be set forth in any agreements or other contracts as described in Section 8.1(h) above pertaining to the maintenance of the private streets and/or other Common Facilities located within the P.U.D. of Anaqua Springs Ranch and/or located within any of the other Additional Acreage.

(j) To exercise other rights and duties set forth herein or in the Articles of Incorporation or in the Declaration or by law.

ARTICLE IX. OFFICERS AND THEIR DUTIES

9.1 Enumeration of Officers. The officers of this Association shall be a President, a Vice-President, a Secretary, and a Treasurer, and such other officers as the Board may create by resolution from time to time, all of whom shall at all times be Members of the Board of Directors.

9.2 Election of Officers. The Board of Directors shall elect its officers at its organizational meeting. Thereafter the Board shall elect officers at the first meeting of the Board of Directors following each annual meeting of the Members.

9.3 Term. The officers of the Association shall be elected annually by the Board and shall hold office for one (1) year unless he should sooner resign, or should be removed or otherwise should be disqualified to serve.

9.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

9.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

9.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created, pursuant to Section 9.4 of this Article.

9.8 Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and of the Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgagees, deeds, and other written instruments and shall co-sign all checks and promissory notes, except as may be otherwise approved by the Board of Directors.

(b) Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members or cause the same to be done; keep the corporate seal, if any, of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members, or cause the same to be done; keep appropriate current records showing the Members of the Association together with their addresses or cause the same to be done, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors or cause the same to be done; shall co-sign all checks and promissory notes of the Association; keep proper books of account or cause the same to be done; cause an annual audit of the Association books to be made by a public accountant at the completion of

each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members or cause the same to be done.

ARTICLE X. COMMITTEES

10.1 The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes, which may include for example, but not by way of mandate or limitation, the following:

- (a) A Nominating Committee as described in Article VI, Section 6.3 hereof.
- (b) A Recreation Committee to advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and to perform other such functions as the Board in its discretion determines;
- (c) A Maintenance Committee to advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of Common Facilities, if any, and to perform such other functions as the Board in its discretion determines;
- (d) A Publicity Committee to inform the Members of all activities and functions of the Association and, after consulting with the Board of Directors, to make such public releases and announcements as are in the best interest of the Association, and
- (e) An Audit Committee to supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting, as provided in Article IX, Section 9.8(d) above. The Treasurer shall be an ex-officio member of this committee when formed.

10.2 It shall be a function of each committee to receive complaints from Members on any matter involving Association duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director or officer of the Association as is further concerned with the matter presented.

ARTICLE XI. INDEMNITY

11.1 Indemnification. The Association shall indemnify any person (and the heirs, executors, administrators, personal representatives, successors and assigns of each person) who is or was or has been a member of the Master Design Committee (herein called "Member of the M.D.C.") created in Article VII of the Declaration or by action of the Board of Directors or who is or was or has been a Director, officer, manager or employee of the Association or of any other corporation which he served as such at the request of the Association and of which the Association directly or indirectly is a shareholder or creditor, or in which it is in any way interested, against any and all liabilities, costs and expenses including, but not limited to, counsel fees, that may be incurred by him in connection with or resulting from any claim, action, suit or other proceeding (whether brought by or in the right of the Association or otherwise), civil or criminal, or in connection with an appeal relating thereto, in which he may become involved as a party or otherwise by reason of being or having been such a Member of the M.D.C., a Director, officer, manager or employee (whether or not a Director, officer, manager or employee

at the time such liability and expense may be incurred) except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for or guilty of negligence or misconduct in the performance of his duty. The Association may also reimburse to any such Member of the M.D.C., Director, officer, manager or employee the reasonable costs of settlement, including reasonable expenses, of any such action, suit or proceeding, if it shall be found by a majority of a committee of Directors composed of all of the Directors not involved in the matter in controversy, whether or not a quorum, that it is to the best interest of the Association that such settlement be made and that such Member of the M.D.C., Director, officer, manager or employee was not guilty of gross negligence or willful misconduct. This indemnification shall be to the fullest extent permitted by, and subject to the required findings and procedures of Article 1396-2.22 A, Vernon's Texas Revised Civil Statutes Annotated, as it exists on the date of Incorporation of the Association. The Association shall be entitled to obtain insurance to cover the Association's obligation of indemnification.

11.2 Indemnification Not Exclusive. The rights of indemnification and reimbursement provided for in Section 11.1 of this Article shall not be deemed exclusive of any other rights to which such Member of the M.D.C., Director, officer or employee may be entitled under any Bylaws, agreement, vote of Members, or as a matter of law or otherwise.

11.3 Nothing in this Article XI shall obligate the Association to indemnify any Member who is or has been a Director, officer, manager or employee for any duties or obligations assumed or liabilities incurred by such Member simply by virtue of his becoming a Member pursuant to the terms of the Declaration.

11.4 Liability Insurance. The Association shall purchase and at all times maintain in force and effect a policy or policies of commercial general liability insurance specifically against, but not limited to, any liability arising out of the construction, management, maintenance and/or ownership of any of the Common Facilities (as that term is defined in the Declaration) with coverages of not less than \$1,000,000.00 per occurrence, not less than \$2,000,000.00 for general aggregate, and umbrella coverage of not less than \$1,000,000.00.

The policies shall be procured from an insurance company licensed in Texas, shall have a Best's rating of not less than B+ (or a rating equivalent to that made by another rating source) and will contain a waiver of subrogation against the Association and the Additional Insureds. The Additional Insureds shall be the following:

- (1) all officers, directors and employees of the Association.
- (2) any Members acting on behalf of the Association.
- (3) the Declarant (as that term is defined in the Declaration), its directors and officers, and
- (4) the Members of the M.D.C.

The policies shall require the insurance company to give any Additional Insureds for which they have been provided names and mailing addresses a thirty (30) day advance notice of cancellations, amendments, non-renewals, and also notice of any possible damage claims which might cause a reduction below seventy-five percent (75%) of the annual aggregate limits of the policy.

ARTICLE XII. ASSESSMENTS

12.1 Creation of the Lien and Personal Obligation of Assessments. By the Declaration each Member is deemed to covenant and agree to pay to the Association: (1) annual assessment charges, and (2) special assessments for capital improvements. The annual and special assessments, together with such interest thereon and costs of collection thereof shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest, cost of collection and reasonable attorney's fees as provided in the Declaration also shall be the personal obligation of the person who was the Owner of such Lot at the time when the obligation accrued and shall not pass to his successors in title unless expressly assumed by them.

12.2 Purpose of Assessments. The assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety and welfare of the Members, and for the improvement, maintenance and operation of the Common Facilities and providing services related to the use and enjoyment of the Properties by the Members.

12.3 Basis and Maximum of Annual Assessments for Class A Members. Until January 1, 2006, the maximum annual assessment shall be \$600.00 for improved Lots (as defined in the Declaration) and \$150.00 for unimproved Lots (as defined in the Declaration).

(a) From and after January 1, 2006, the maximum annual assessment may not be increased by more than ten percent (10%) above that of the previous year without a vote of the membership.

(b) From and after January 1, 2006, the maximum annual assessment may be increased by more than the ten percent (10%) above that of the previous year in accordance with the provisions of Sections 4 and 5 of Article VI of the Declaration.

12.4 Assessments to be Levied by Board. After consideration of current costs of maintenance and operation and anticipated needs of the Association during the year for which the assessment is being made, the Board of Directors may levy the annual assessments at an amount not in excess of the maximum set forth in Section 12.3.

12.5 Special Assessments for Working Capital Fund, Nonrecurring Maintenance and Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments as follows:

(a) In any assessment year, a Special Assessment may be levied on improved Lots (as defined in Section 3 of Article VI of the Declaration) only, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair or replacement of a capital improvement on or which is a part of the Common Facilities, including fixtures and personal property related thereto, in accordance with the terms of Article VI of the Declaration and the provisions of these Bylaws. The Association shall not commingle the proceeds of such Special Assessments with the maintenance funds. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

(b) The Board of Directors shall determine the necessity and the amount of any Special Assessment. Special Assessments shall not be effective unless approved by two-

thirds (2/3) of the votes of the Members who are Owners of improved Lots and who are voting in person or by proxy at a meeting duly called for the purpose of approving the Special Assessments and conducting other business, if any. Written notice of such meeting shall have been sent to all Members who are Owners of improved Lots at least thirty (30) days in advance of the meeting and shall have set forth the purpose of the meeting.

12.6 Uniform Rate. Except for the difference in assessments to improved and unimproved Lots as set forth in Section 3 of Article VI of the Declaration, both annual and Special Assessments must be fixed at a uniform rate for all single family Lots and may be collected on a monthly, quarterly or annual basis.

12.7 Quorum for any Action Authorized under Sections 12.3 and 12.5. At any meeting called, for the purposes set forth in Sections 12.3(b) and 12.5 hereof, 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 in Sections 12.3(b) and 12.5(b), and in Sections 4 and 5 of the Declaration, however, the quorum requirement shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than forty-five (45) days following the preceding meeting. The necessary approval may also be obtained by a canvass of the Members as set forth in Article V, Section 5.6 hereof.

12.8 Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots in Section One no sooner than the first day of June 2004. The annual assessments provided for herein shall commence as to all Lots in subsequent Units as of the first day of the first month following the Closing of the first sale in such Unit from the Developer to a third-party. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. 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 the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

12.9 Effect of Non-payment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments and the assessment shall bear interest from the date of delinquency at the highest lawful rate of interest permitted in the State of Texas during the period of delinquency, or at such lesser rate as may be set by the Board of Directors from time to time, and the Association may bring an action at law or in equity against the Owner personally obligated to pay the same or foreclose the lien against the Lot, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. The Association or its agents shall have 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 foreclosure by an action brought in the name of the Association in like manner as a mortgage or deed of trust lien on real property. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other owners. The Association acting

on behalf of the owners shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same; and to subrogate so much of its right to such liens as may be necessary or expedient to an insurance company continuing to give total coverage notwithstanding non-payment of such defaulting Owner's portion of the premium. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Facilities, Private Streets or abandonment of his Lot.

12.10 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 granted or created by the Owner of any Lot to secure the payment of monies advanced and used for the purpose of purchasing and/or improving such Lot; 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, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the mortgagor from personal liability for payment of such delinquent assessment and additional charges as provided herein above. Such sale or transfer shall not relieve the new Owner of such Lot from liability for any assessments becoming due after such foreclosure sale or sale in lieu of foreclosure, nor from the lien of any such subsequent assessment.

ARTICLE XIII. BOOKS AND RECORDS

The books, records and papers of the Association shall be subject to inspection by any Member from 9:00 a.m. to 12:00 noon and from 1:00 p.m. to 5:00 p.m. on all regular business days. The Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Members at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XIV. CORPORATE SEAL

The Board of Directors may authorize the Association to have a seal in circular form having within its circumference the words: "Anaqua Springs Ranch Homeowners' Association, Inc., Inc.", but is not required to do so.

ARTICLE XV. FISCAL YEAR

The Fiscal Year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XVI. AMENDMENTS

16.1 These Bylaws may be amended, at a regular or special meeting of the Members, by a majority of the votes of both Class A and Class B Members making up a quorum of Members present in person or by proxy, provided that, if any Lot is encumbered by a mortgage loan insured by FHA or guaranteed by VA, any such amendment may be subject to approval by such agencies.

16.2 In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**ARTICLE XVII.
ENFORCEMENT**

In the event that the Association institutes legal action to enforce any restrictive covenants or other condition of the Declaration, Articles of Incorporation or Bylaws, and the violator voluntarily corrects or abates such violation after litigation has been filed, the Association shall not dismiss or abandon such legal action until it has been reimbursed all of its expenses, including reasonable attorney's fees and court costs.

**ARTICLE XVIII.
MISCELLANEOUS**

18.1 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall be assumed in all cases as though fully expressed in each such case.

18.2 Alternative Dispute Resolution. It is the policy of the State of Texas to encourage the peaceable resolution of disputes through alternative dispute resolution procedures. Therefore, if a dispute arises in relation to the construction of the Declaration, the Articles of Incorporation, these Bylaws or actions of the Board of Directors, its officers, agents, or committees, or actions of the Master Design Committee or its members which cannot be resolved in good faith through informal discussion, the parties agree to submit the dispute to mediation or some other mutually agreeable alternative dispute resolution process.

IN WITNESS WHEREOF, we, being all the Directors of the Anaqua Springs Ranch Homeowners' Association, Inc., have hereunto set our hands as of the 14th day of September 2004.

Thomas E. Dreiss

Annette Dreiss

Weldon Buell