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DECLARATION OF PROTECTIVE COVENANTS

KNOW ALL MEN by these presents that RAYCO, INC. ("Rayco"), a Texas corporation, acting by and through its duly authorized officers (sometimes hereinafter referred to as "Declarant"), being the sole owner of that certain land described as follows:

all of the lots in Redland Springs Subdivision, Units 1 and 2, a subdivision in Bexar County, Texas, according to the plat thereof recorded in Volume 9523, Page 33, et. seq. and Volume 9522, Page 189, et. seq. of the Deed and Plat Records of Bexar County, Texas;

and desiring to establish and carry out a uniform plan for the use, occupancy, ownership and improvement of all residential lots in said subdivision for the benefit of the present and future owners of said lots, said owners do hereby declare, establish and adopt certain reservations, restrictions, covenants and easements (hereinafter referred to as "Restrictions"), which shall be applicable to the use, occupancy, ownership and improvement of all residential lots in said subdivision (the term "lot" as used herein shall include any residential building site created by consolidation or re-subdivision of the originally platted lots, as permitted herein), and every contract, conveyance or other transfer of title hereafter executed with respect to any residential lot or lots in the aforementioned subdivision shall conclusively be held to have been executed, delivered and accepted subject to the following Restrictions, regardless of whether or not said Restrictions are set out in full or are incorporated by reference in said contract, conveyance or other transfer of title.

The term "Declarant" as used herein shall include any person, corporation or other entity that acquires no less than twenty (20) residential lots for purposes of development or residential construction.

The terms "residential lot" and "lot" as used herein shall include all lots described above except any lot that may be owned or acquired by the Association which lot shall be deemed Common Area for so long as such lot is owned by the Association. Any Common Area shall not be subject to these restrictions except as provided in Article 19 herein. The term "Association Property" shall include Common Area and all personalty whether located on Common Area or not.

It is specially provided that any tract designated on said recorded plat of the aforementioned subdivision as "Unrestricted Reserve", or designated on said plat as being dedicated for a specific use other than residential, shall remain unaffected by these Restrictions.

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ARTICLE 1. LAND-USE AND BUILDING TYPE.

All lots subject to these Restrictions shall be used only for single-family residential and townhouse purposes and no building or structure shall be erected, placed, added to or altered on any lot except a single family residential dwelling not exceeding two and one-half stories of living area in height or townhouse and duplex unit not to exceed three stories in height; provided, however, that an attached or detached garage (limited in size to three-car capacity) including servants' quarters or garage apartment, or other approved accessory building or structure (for example, a swimming pool for personal use of lot owner), may be situated on any such lot. Each owner of any lot subject to these restrictions shall be deemed to have covenanted and agreed by acceptance of a contract, conveyance or other transfer of title covering such lot that such owner will not apply for a permit to erect, place, alter or add to any structure on any lot other than a single-family residence or other approved structure as specified and permitted herein. Any garage apartment or servants' quarters which may be situated on any lot shall not be used for rental purposes, and may be used only by servants who are employed in the dwelling situated, or by members of temporary guests of the family occupying the dwelling on said lot. ("Approved", as used in this Article 1 means the approval specified in the following Article 2 hereof and "single-family residential purposes" as used in these restrictions, means residential occupancy by members of a family who are related to each other by blood, adoption or marriage, or residential occupancy by not more than two unrelated adult persons and their children living together as a single housekeeping unit, together with any bona fide household servants.) Every residence constructed shall have an enclosed garage, either attached or detached, for not more than three nor less than one automobile. No garage constructed as part of the original construction of the residence by the original builder may be converted to living quarters unless and until a replacement garage, of equivalent size to the garage to be converted, is constructed, except that a homebuilder, marketing homes in the subdivision, may convert garage areas in model homes to temporary sales offices. If two lots are joined together as a single residential unit, the interior lot lines (and common setback line) between the joined lots shall be disregarded for purposes of placement of the residence and other structures.

ARTICLE 2. ARCHITECTURAL CONTROL.

No building or improvement of any character shall be erected, placed, added to or altered on any lot affected hereby until the building plans and specifications and a site plan showing the location of the proposed structure or structures have been submitted to and approved by the hereinafter named Architectural Control Committee of the Association as being in compliance with these restrictions as to use, quality of

workmanship and materials, harmony of external design and external colors with existing and proposed structures, and location of improvements with respect to topography, finished grade elevation, lot boundary lines and building lines. Plans and specifications shall include, but not be limited to, measurements of height, width and length, elevation above grade, materials, colors, and locations.

The plans and documents to be submitted to the hereinafter named Architectural Control Committee for the Association, as above set forth, shall be submitted for approval prior to commencing the erection, placement, addition to or alteration of any such improvements on any lot. In the event the Committee fails to approve or disapprove such plans and documents in writing within thirty (30) days after submission thereof for approval, such plans and documents shall be deemed approved and this requirement of these restrictions shall be considered as having been fully complied with and satisfied. However, failure to reject the requested plan SHALL NOT BE DEEMED A WAIVER OF ANY COVENANT CONTAINED HEREIN AND THE REQUESTING PARTY MUST COMPLY WITH ALL THESE COVENANTS OTHERWISE. Construction once approved must be completed within ninety (90) days of approval; if the construction is not completed timely, the approval granted will be void.

During the period that Declarant owns any lot, the Architectural Control Committee, for approval or disapproval of the erection, placement, addition, or alteration of buildings and improvements, by developer shall be composed of Ken Gancarczyk, Jesse Murphy and Michael Moore. All other erection, placement, addition, or alteration of buildings and improvements, shall be approved by the Committee as above stated. In the event of resignation or removal of any member of the Architectural Control Committee, while Declarant owns any lot, Declarant shall appoint a successor to fill the vacancy on the committee. In the event that the Class B members of the Association have only one vote per lot owned, Declarant may, at Declarant's sole choice, dissolve the architectural control committee created in this Article 2 and the Board of Directors of the Association shall create an Architectural Control Committee of not less than three (3) members and shall appoint such members.

#### ARTICLE 3. DWELLING SIZE AND MATERIALS.

Any dwelling situated on any lot must contain a total living area of not less than 700 square feet of living area, exclusive of open or screened porches, terraces, driveways, garage, garage apartment or servant's quarter's or other approved accessory building or structure.

#### ARTICLE 4. LOCATION OF BUILDING ON LOTS.

No part of any building shall be located nearer to any street boundary line of any lot than the building set-back line or

lines shown on the recorded plat of the aforementioned subdivision. Except for original construction or areas zoned, platted or replatted as "Small-Lot" or "Townhouse" areas, no part of any building shall be located within five (5) feet of any interior lot boundary line, except that a garage, servants' quarters or other approved building or accessory structure, all of which is situated at least sixty-five (65) feet from the front lot boundary line, may be situated not less than three (3) feet from any interior lot boundary line; provided, however, that this exception shall not be construed to permit any portion of any building situated on any lot to encroach upon another lot. If two lots are joined together as a single residential unit, the interior lot line between the joined lots shall be disregarded for placement of the residence and other structures. For the purposes of these restrictions, the front line of each lot shall be the shortest boundary line thereof abutting a dedicated street as shown by the recorded subdivision plat. The residential dwelling on each lot in the aforementioned subdivision shall face the front of the lot. Roof overhangs not exceeding 24", window boxes, and fireplace units shall not be deemed "part of any building" as used herein for building location purposes. No building or improvement shall encroach upon any easement provided in the Plat of the subdivision or dedicated by instrument. All private driveways shall be constructed of concrete and conform to specifications of governing authorities at the time of construction.

ARTICLE 5. RE-SUBDIVISION OR CONSOLIDATING OF LOTS.

Lots may be subdivided or consolidated into building sites, with the privilege of erecting, placing, adding to or altering improvements on each resulting building site, subject to these Restrictions; and provided further that, in cases where any of the residential lots covered by these Restrictions are subdivided or consolidated, the hereinafter named Association shall have the right and authority to equitably redistribute the maintenance charge specified under Article 19 hereof and which is applicable to the lot or lots subdivided or consolidated, subject to the mandatory requirement that each resulting building site with a residence thereon shall be subject to at least one full-lot maintenance charge.

ARTICLE 6. UTILITY AND DRAINAGE EASEMENTS.

All easements for utilities and drainage shall be kept clear of improvements or structures of any kind and no trees, shrubs or other obstructions may be placed upon such easements. In this regard, neither the Declarant, nor the hereinafter named Association, nor any utility company or drainage authority using said easements shall be liable for any damage done to shrubbery, trees, flowers, or other property which is located within the area covered by said easements.

ARTICLE 7. PROHIBITED STRUCTURES.

Mobile homes are prohibited on any lot, whether or not wheels are attached. All antennae and receivers which are visible from the exterior of any building are prohibited unless such antennae are installed on a portion of the rear of the building and shall not exceed the height of the roof by more than five (5) feet, and the Association shall have the right and power to limit the size of the antennae and receivers in its discretion. No microwave "dish", or similar, receiver may exceed twelve (12) feet in diameter or total height and no such satellite "dish" or receiver may be placed upon any lot unless the receiver is concealed from view, from the street in front of the Lot, by a fence of height of not greater than six feet around the perimeter of the lot. No basketball goals, skateboard ramps, or other athletic apparatus may be erected in front of the front building setback line established by the recorded plat. No portable building, tent, shed, barn or other portable structure of any nature shall be placed on any lot without approval by the Architectural Control Committee; provided, however, that a temporary office or work-shed may be placed upon a lot by Declarant, without such approval for use in connection with the erection and/or original sale of dwellings in the aforementioned subdivision, but such temporary structure shall be removed at completion of the erection or sale of the dwellings, whichever is applicable. Any such permitted temporary structure shall never be used for residential purposes.

ARTICLE 8. PROHIBITED ACTIVITIES.

Except as provided elsewhere in these covenants, no business or service activity of any kind shall be conducted on or from any lot or from any improvements situated thereon, whether such activity be for profit or otherwise.

No noxious or offensive activity of any kind which may constitute or become an annoyance or nuisance to the subdivision neighborhood shall be permitted on any lot, nor shall any illegal activity be permitted on any lot. No activity intended as a harassment of any owner shall be allowed.

The geologic and geographic area, upon which the property lies, has been classified by the State of Texas, as being on the Edwards Recharge Zone, and the development is covered by the provisions of orders of the Texas Water Quality Board presently in effect or as may be issued. Violation of such orders shall be derived a nuisance and subject to enforcement as provided herein.

ARTICLE 9. MINING AND MINERAL OPERATIONS.

No oil, gas or water wells or drilling or development operations or refining, quarrying or mining operations of any kind shall be permitted on any lot. The provisions of this Article hereof shall in no way impair, diminish or restrict the rights of the owners of lots in the aforementioned subdivision to lease any mineral estate which they may have or acquire in such lots for production through pooling, utilization or directional drilling methods, provided that no use whatsoever is made of the surface of any lot in connection therewith.

ARTICLE 10. GARBAGE AND OTHER WASTE.

No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and such substances shall not be kept or stored upon any lot, except that the garbage and other waste accumulated from normal household operations may be kept temporarily for purposes of ordinary waste collection. All such waste substances being kept on a lot pending collection thereof shall be kept in closed sanitary containers with tops or lids or in plastic bags with the tops thereof tied. Any such containers shall be hidden from general view and the size and type of waste containers, the temporary location of such containers and plastic bags pending collection, and the period of time such containers or bags may be situated at such temporary location shall all be subject to the approval of the hereinafter named Association. All containers, bags, or other equipment for the storage or disposal of such waste substances shall be kept in a clean and sanitary condition.

ARTICLE 11. ANIMALS.

No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that no more than two dogs, two cats, and/or two other domesticated household pets may be kept provided that they are not kept, bred or maintained for commercial purposes. All pets must be attended and on a leash except when within the confines of a residence or fenced area. Incessant barking or howling of pets shall be deemed a nuisance and is prohibited.

ARTICLE 12. EASEMENTS.

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and additional drainage easements are reserved over the rear five feet of each lot. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of drainage channels in the easements. The easement area of



feet from the point where such lines intersect or would intersect if extended; nor shall any such obstruction be placed or permitted to remain on any lot within the triangular area formed by the street property line of such lot, the edge line of any driveway or alley pavement, and a line connecting said lines at points located on each of said lines at a distance of ten (10) feet from the point at which said lines intersect or would intersect if extended.

ARTICLE 15. CUTTING WEEDS OR GRASS AND REMOVAL OF TRASH.

The owners and occupants of each lot shall at all times keep all weeds or grass thereon cut or trimmed in a reasonably neat manner, and shall in no event permit an accumulation of garbage, trash, rubbish or other waste of any kind to remain thereon and shall keep and maintain adequate ground cover to protect against soil erosion. No lot shall be used for storage of material and equipment except for normal residential requirements or incidental to construction of improvements thereon as herein permitted.

ARTICLE 16. SIGNS OR BILLBOARDS.

The owner of a lot shall be entitled to display one sign thereon from time to time for purposes of selling or renting the property; provided, that each face of such sign shall be rectangular in shape and shall not exceed five (5) square feet in surface area, and that the content of such sign be limited to the words "Sold", "For Sale" or "For Rent", the name and telephone number of the seller or real estate agent, and the words "Shown by Appointment Only". No "For Sale" or "For Rent" sign shall be displayed unless a telephone number, where daytime inquiries can be answered, is listed in numbers readable from the curbside. No "For Sale" or "For Rent" sign shall be displayed for any purpose other than a bona fide offer to sell or to rent the property upon which the sign is located. No "Sold" signs shall remain on a lot more than two weeks after completion of the sale. During the period of lot sales and construction of new residences, home builders maintaining a sales or construction office within Redland Springs Subdivision and/or Declarant shall have the right to place directional signs and other "sold" and "for sale" signs (not exceeding six square feet in size) that do not contain the telephone number of the builder, provided such signs are approved in writing by the Architectural Control Committee. No other sign, advertisement, billboard or advertising structure of any kind may be erected or maintained within subdivision boundaries without first having obtained the consent in writing of the hereinafter named Association. Said Association shall have the right to remove any unpermitted sign, advertisement, billboard or structure which is erected or placed on any lot or adjacent easement or right-of-way without such consent, and in so doing, shall not be subject to any liability for trespass or other tort in connection therewith.

ARTICLE 17. MISCELLANEOUS VEHICLES AND EQUIPMENT.

No automobile, truck, camper, motor home, mobile home, boat or other vehicle, trailer, machinery or equipment of any kind shall ever be parked on any lot or on any street right-of-way, easement or common area adjacent to any lot, except for temporary parking incident to the contemporaneous use of such object or as otherwise approved by the hereinafter named Association, nor shall any such object be left parked or stored on any lot or on any adjacent street right-of-way, easement or common area unless parked or stored inside the garage or otherwise obscured from general view by an enclosure or screening approved by said Association.

No automobile, truck, camper, motor home, mobile home, boat, or other vehicle, or any part thereof, or trailer, machinery or equipment of any kind shall be placed, kept, parked or stored upon any unpaved portion of any residential lot.

Motorcycles, motorbikes, motor scooters, motorized bicycles, or other motorized vehicles shall not be operated on any lot or operated to or from any lot over the streets of the aforementioned subdivision unless such vehicle is operated by a state licensed driver and such vehicle is equipped with an adequate and properly functioning muffler, nor shall such vehicles be kept or operated in such a way as to constitute a nuisance or danger.

ARTICLE 18. MAINTENANCE OF RESIDENTIAL LOT.

All dwellings, fences, walls and other approved structures must be kept in a reasonably good state of painting and repair, and must be maintained at the cost of the homeowner so as not to become unsightly.

In addition to rights, powers and remedies granted by law, in the event of default on the part of the owner or occupant of any lot in observing the requirements set out in Articles 1 through 17 above, or any of them, and the continuation of such default after ten (10) days' written notice from the hereinafter named Association of the existence of such default, said Association may enter upon said lot through its agents, without liability to the owner or occupant in trespass or otherwise, and cause to be done any work or other thing necessary to secure compliance with these Restrictions, and may charge the owner or occupant of such lot for the cost of any such work or thing. The owner or occupant of each lot agrees, by the purchase or occupation of the lot, to reimburse the Association immediately upon receipt of a statement covering the cost of any such work or thing. In the event of failure to pay such statement, the amount thereof and any attorney fees and court costs incurred in connection with the collection thereof may be added to the annual maintenance charge assessed by the Association against such lot and become a charge thereon and be collected in the same manner as

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the regular annual maintenance charge provided for in these Restrictions.

ARTICLE 19. MAINTENANCE ASSOCIATION AND MAINTENANCE CHARGE.

Declarant shall cause or has caused to be organized under the laws of the State of Texas a non-profit corporation named Redland Springs Association (herein sometimes referred to as the "Association"), which organization shall have the duty of 1) assessing and collecting the annual maintenance charge specified herein, 2) managing said fund and arranging for the performance of the services contemplated and making payment therefor out of said fund 3) the establishment and enforcement of rules and regulations affecting the operation, use and enjoyment of any common area facilities, 4) for acquisition and use of personal property 5) for collection of assessments, and 6) the effective and efficient operation of the business of the Association. In this regard, said Association shall have all the powers granted by the Texas Non-Profit Corporation Act.

Each residential lot in the aforementioned subdivision is hereby made subject to an annual maintenance charge for the purpose of creating a subdivision maintenance and improvement fund, and a reserve fund and such maintenance charge shall be first assessed against each lot as of the date that the Association holds its initial Board of Directors meeting and approves the Bylaws of the Association. The initial assessment period shall be the remaining portion of the particular calendar year in which the aforesaid notice is given by the Association, commencing with such notice date. Thereafter, the maintenance charge shall be assessed annually against each lot as of January 1st of each succeeding calendar year to cover the full calendar year commencing with the particular assessment date. A statement reflecting the amount of the assessment with respect to each lot shall be mailed or otherwise delivered to each lot owner (or the holder of the mortgage on such lot, if the mortgage holder is paying the maintenance charge from the lot owner's mortgage escrow account) as soon as practicable after each assessment date. The amount of each assessment shall be paid by the owner of each lot (or the holder of the mortgage on such lot, if applicable) to the Association whichever last occurs in advance on January 1 of each year, or within fifteen (15) days after the statement covering such assessment has been mailed or otherwise delivered to the lot owner (or the holder of the mortgage on such lot, if applicable), whichever last occurs in advance on January 1 of each year. Any maintenance charge assessed hereunder and not paid when due shall bear interest from the date due until paid at the rate of ten percent (10%) per annum.

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The maximum annual maintenance charge on each residential lot from and after the date such charge is first assessable against such lot shall be as follows:

- (a) For any assessable period within the calendar year 1991, the maximum annual maintenance charge on each lot subject to these Restrictions shall be the sum of One Hundred Fifty Dollars (\$150.00).
- (b) For any assessable period within the calendar years next succeeding the calendar year 1991, the maximum annual maintenance charge for each particular calendar year shall be calculated and determined as follows: The average of the Consumer Price Index (all items, Texas area, covering All Urban Consumers, as published by the Bureau of Labor Statistics of the U.S. Department of Labor, or the most nearly comparable successor index published by any governmental agency, over the most recent twelve months for which such information is available at the time of making the annual assessment applicable to the particular calendar year shall be determined (the "current period average"), the average of said Index over the twelve months of the calendar year 1991 shall be determined (the "base period average"), and the maximum annual maintenance charge for the particular calendar year of determination shall be an amount equal to One Hundred Fifty Dollars (\$150.00), as increased by the same percentage that the aforesaid "current period average" being utilized in making the particular determination shall have increased above the "base period average" (adjusted to the nearest one-tenth of one percent) or the amount of \$150.00 increased at the rate of five percent (5%) per year for the date of initial assessment, whichever is greater. In no event shall the maximum annual maintenance charge for any calendar year be less than One Hundred Fifty Dollars (\$150.00). If the aforescribed Index for All Urban Consumers was not published for any period of time involved in any determination of a possible increase in the annual maintenance charge as aforesaid, then the Consumer Price Index (all items, United States City Average) previously published by the Bureau of Labor Statistics shall be used for such period of time.)
- (c) If any lot shall be subject to the aforesaid maintenance charge for less than a full calendar year, then the assessment for any such partial year shall be calculated on a pro rata basis.

- (d) The foregoing notwithstanding, it is specially provided that so long as any lot does not have a dwelling thereon which is substantially completed and ready for occupancy, the maintenance charge applicable to such lot shall be one-fourth of the charge then assessed under the foregoing provisions. At such time as a dwelling on any lot becomes substantially completed and ready for occupancy, any additional amount of maintenance charge due for the particular calendar year shall be paid to the Association within fifteen (15) days after notice thereof to the lot owner.

In recognition of the possibility that it may be desirable that the Association be able to levy a special assessment from time to time by action of the Board of Directors of the Association for the purpose of defraying all or part of the cost of any construction, repair or replacement of capital improvements upon any common area which has been duly annexed hereunder and which is dedicated for the use and benefit of the members of the Association (including fixtures and personal property related thereto), the following described procedure is hereby established for imposing any special assessment for such capital improvements, to-wit:

- (1) A special meeting of all members of the Association shall be called in accordance with all regular requirements for a special meeting of the members; provided that written notice of any such meeting shall be given to all members specifying that the purpose of the meeting is to vote on a proposed special assessment for defraying the cost of proposed capital improvements (which are to be generally described in the notice), and further provided that such notice shall be sent to all members not less than thirty (30) days nor more than sixty (60) days prior to the date of such meeting.
- (2) The first special meeting of the members called for the purpose of approving the levy of a particular special assessment shall require the presence at the meeting (either in person or by proxy) of members entitled to cast at least sixty percent (60%) of all votes of each class of membership in the Association in order to constitute a quorum for valid action. If the required quorum is not present at such first called meeting, another special meeting may be called with respect to that particular special assessment, subject to the same notice requirement

and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

- (3) At least two-thirds (2/3) of a valid quorum of votes of each class of membership represented at the meeting (either in person or by proxy) must be voted in favor of any special assessment for capital improvements.

The services or things which may be furnished and paid for by the Association out of the maintenance fund shall include the acquisition and operations of common area property for recreational or other purposes and the construction, installation, operation, maintenance, repair and replacement of any facilities or improvements placed thereon (subject to the limitations herein set forth with respect to expenditures for such purposes), street lighting, trash removal, fire, police and security patrol services, installing, maintaining, and replacing shrubbery, plants, grass, trees, monuments, (whether located within Redland Springs Subdivision or located on rights-of-way at the entrance of Redland Springs Subdivision) and other landscaping or decorative improvements on the common area, or any rights-of-way, fogging for insect control, paying legal and other expenses for the enforcement of the provisions of these Restrictions, paying all taxes assessed against the Association's property, and any and all other services or things which the Board of Directors shall deem necessary or desirable for the maintenance and improvement of the aforementioned subdivision, it being expressly provided that the Association shall not be limited to the particular items set forth above, nor shall the Association be required to furnish and pay for any of said particular items. Also, the Association shall be under no obligation to continue to furnish and pay for any particular service or thing after the commencement thereof. The Association shall provide liability insurance for all directors and shall indemnify directors for all uninsured losses relating to acts as directors except criminal acts.

The proceeds of the maintenance charge provided for herein shall not be used to reimburse Declarant, or its successors in interest, for any capital expenditures incurred by Declarant in the construction of, or other improvement of, common area recreational facilities, monuments or landscape, if any, situated within or outside the boundaries of the subdivision complex, nor shall any expenses or operation or maintenance of such facilities which have been installed by Declarant be paid for with maintenance charge proceeds prior to the conveyance of such facilities, fully completed and unencumbered, to the Association, unless such payment is with the approval and consent of the Federal Housing Administration or the Veterans Administration.

The Association shall be authorized under its Articles of Incorporation to also provide maintenance services similar to those contemplated herein for the benefit of subsequently developed residential subdivision areas in which the lots are made subject to deed restrictions providing for the establishment of a maintenance charge uniform with that specified herein and which are otherwise substantially the same as these Restrictions; provided such other subdivision areas are duly "annexed" to Redland Springs Subdivision Units 1 and 2, in the manner hereinafter set out, and are comprised of land described in Exhibit "A" attached hereto and incorporated herein by reference.

In this regard it is specifically provided that, if additional residential subdivision areas are duly annexed to the aforementioned subdivision in the manner herein provided, the officers and directors of the Association shall be entitled to combine maintenance charge monies received from lots situated in the several subdivision areas it may be serving into a single fund and provide and pay for services on behalf of all subdivision areas being served by the Association without the necessity of any allocation to particular lots or subdivision areas. The owner of each lot affected hereby shall be deemed to have agreed to this provision by his acceptance of a conveyance or other transfer of title to such lot.

There has been no dedication of common area and common area facilities in conjunction with the development of the aforementioned subdivision. Should common area be dedicated, each lot owner shall have a right and easement of enjoyment in and to any common area and any common area facilities which now exist or which may be subsequently acquired or annexed to the aforementioned subdivision and dedicated for the use and enjoyment of the members of the Association, which right and easement shall be appurtenant to and shall pass with the title to each lot, subject to the following:

- (a) the right of the Association to charge reasonable admission and other fees and to establish reasonable rules and regulations covering the use of the common area and any recreational facility situated upon the common area;
- (b) the right of the Association to suspend a member's voting rights and rights to the use of the common area and any recreational facilities thereon for a period of time during which any assessment against such member's lot remains unpaid, and to suspend such rights for a period not to exceed 60 days for any infraction of the Associations' published rules and regulations;

- (c) the right of the Association to dedicate or transfer all or any part of the common area or any common area facilities to any public agency or authority having the same or similar purposes as the Association, subject to such conditions as may be reserved in the dedication or transfer. No such dedication or transfer shall be effective unless an instrument approving such dedication or transfer has been signed by at least two-thirds (2/3) of the members in each class of membership in the Association and has been recorded; and
- (d) the right of any lot owner to delegate his right and easement of enjoyment in and to the common area and common area facilities to the members of his family, his tenants, or contract purchasers who reside on the property, in accordance with the By-Laws of the Association.

Additional residential subdivision areas and common areas may be annexed to Redland Springs Subdivision Units 1 and 2, with the consent of two-thirds (2/3) of the votes of each class of membership of the Association, or such areas may be annexed by the Developer or the Association (acting through its Board of Directors) without membership consent if a general plan of the overall Redland Springs Subdivision complex has been approved by the Federal Housing Administration and the Veterans Administration and the additional subdivision area or common area to be annexed has been determined by the Federal Housing Administration and the Veterans Administration as being in accord with such approved general plan; provided, that annexation by either of the foregoing procedures shall be subject to the approval of the Federal Housing Administration or the Veterans Administration so long as there are any Class B members of the Association (as specified under Article 19 hereof).

That property described in Exhibit "A" is property subject to annexation by the Developer or the Association (acting through its Board of Directors) without a vote of the membership.

A lien is hereby established on the lots subject to these restrictions to secure the payment of the maintenance charge established hereby, and all present and subsequent owners of said lots should convey such lots with an appropriate reference to the recordation of these restrictions in the Official Public Records of Real Property of Bexar County, Texas, together with a recitation that said lien has been retained against each lot for the benefit of the Association. The owner or owners of any lot subject to these restrictions shall be deemed to have covenanted

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specially provided, however, that at any time, other subdivision areas are duly annexed to the aforementioned subdivision in the manner hereinafter set out, the voting rights as to lots owned by the Class B membership shall (if previously converted to one vote per lot) automatically revert to three (3) votes for each lot owned until such time as the total votes outstanding in the Class A membership throughout the aforementioned subdivision and any duly annexed area, collectively, shall equal or exceed the total votes outstanding in the Class B membership throughout such total area, or until December 31, 1997, whichever date occurs the earliest, at which time Class B voting rights shall be automatically converted to one (1) vote for each lot owned.

The initial Board of Directors of the Association is composed of Michael Moore, Herb Quiroga, and Jesse Murphy.

The aforesaid initial Board of Directors shall hold office until such time as at least 25% of the lots in the aforementioned initial subdivision are owned by persons or entities other than the Declarant of such subdivision, at which time the initial Board of Directors shall call a special meeting of only the Class A members of the corporation for the purpose of holding an election to elect a director to replace one of said initial directors (the retiring director to be determined by the members of the initial Board), said director so elected to serve until the next regular annual meeting of the members of the corporation. The two remaining members of the initial Board of Directors shall continue to hold office until such time as the voting rights of the Class B membership of the corporation shall be automatically converted to the same voting rights as the Class A membership (as specified above and in the Articles of Incorporation), at which time the Board of Directors shall call a special meeting of all members of the corporation for the purpose of holding an election to select another Director to replace one of the two remaining members of the initial Board of Directors, said Director so elected to serve until the next regular annual meeting of the members of the corporation. The then-remaining member of the initial Board of Directors shall continue to hold office until such time as the Class B members have sold to other persons or entities all residential lots in the aforementioned subdivision and in any other areas duly annexed thereto (as herein provided).

In case of the resignation, death or incapacity to serve of any of the aforesaid initial directors during the period for which such director is to hold office, the remaining director or directors of said initial Board shall appoint a successor to serve the balance of the term of office of said director, except that in the case of resignation, death or incapacity to serve of the last of said initial directors to hold office, the Declarant or its successors or assigns shall appoint a successor to serve the balance of the term of office of said initial director.

At each regular annual meeting of the members of the corporation prior to the conversion of the voting rights of Class B membership to the same voting rights as the Class A membership, the Class A members only shall elect for a term of one year the one director that the Class A membership separately is then entitled to elect, as provided above. At each regular annual meeting of the members after the voting rights of the Class B membership have been converted hereunder to the same voting rights as the Class A membership, the total membership shall elect for a term of one year the two directors that the membership is then entitled to elect. At the first regular annual meeting of the members after the Class B members have sold to other persons or entities all residential lots situated in the aforesaid subdivision (and in any other subdivision areas duly annexed thereto as hereinafter provided), all members of the corporation shall elect at least one director for a term of one year, at least one director for a term of two years, and at least one director for a term of three years, and at each regular annual meeting thereafter the membership shall elect at least one director for a term of three years. \*

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In the case of the resignation, death or incapacity to serve of any of the aforesaid directors elected to office by the members of the corporation, a special meeting of the members entitled to elect such director shall be called to elect a successor to serve the balance of the term of said director.

Any director elected by the members of the corporation may be removed from the Board, with or without cause, by a majority vote of those members of the corporation who were entitled to vote for the election of such director, and in the event of such removal of a director, a successor shall be elected to serve for the unexpired term of such removed director by a special election to be held by those members of the corporation who were entitled to vote for the election of the director so removed.

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

The By-Laws of the aforesaid Association shall provide that any and all members of the Association shall have the right to inspect the books and records of said Association at its principal offices at all reasonable times.

If the Association, provided herein, should dissolve for any reason, the ownership of the common area and Association property shall immediately be conveyed to the owners of all lots within the

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subdivision in equal shares based upon a per lot distribution, of an undivided interest, UNLESS the Board of Directors has, with appropriate board resolution, conveyed the common area and Association property to a municipality or other governmental entity for public use.

ARTICLE 20. RIGHTS OF MORTGAGEES.

It is specially provided that the lien hereby created to secure the payment of the maintenance charge specified in these restrictions shall be subordinate to and shall not affect the enforcement of any vendor's lien or deed of trust lien now of record or which may hereafter be placed of record against any lot covered hereby and/or any improvements located thereon. However, such lots shall nevertheless remain subject to said maintenance charge, and the sale or transfer of any lot pursuant to foreclosure of any such superior lien shall extinguish the lien securing the maintenance charge only as to any maintenance charge attributable to such lot for the period of time prior to such sale or transfer.

It is further provided that, as a condition precedent to any proceeding to enforce the lien securing said maintenance charge, where there is any other valid and subsisting lien outstanding, the Association shall give the holder of such other lien at least thirty (30) days written notice of any proposed action of enforcement by the Association and thereby provide such other lienholder an opportunity to remedy the default of the lot owner. Such notice shall be given by certified or registered mail, return receipt requested to the lienholder according to the Official Public Records of Real Property in Bexar County, Texas.

ARTICLE 21. TERM OF RESTRICTIONS.

These restrictions are to run with the land, and shall be binding upon and inure to the benefit of the Declarant and the Association, their respective successors and assigns, and all future owners of the residential lots located in the aforementioned subdivision until December 31st of the year 2031 A.D.

The aforescribed initial term of these restrictions shall be extended automatically after the expiration thereof for successive periods of ten (10) years duration each, unless an instrument revoking these restrictions, in whole or in part, is recorded in the Official Public Records of Real Property of Bexar County, Texas, at least six (6) months prior to said initial expiration date or the expiration of any 10 year extension period. Any such instrument of revocation must be executed by the then owners of at least three-fourths (3/4) of the collective number of restricted lots situated in the aforementioned subdivision and any other residential subdivision area which has been duly annexed thereto as specified herein.

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ARTICLE 22. ENFORCEMENT OF RESTRICTIONS.

The Board of Directors of the aforesaid Association, the owner or owners of any residential lot subject to these restrictions, or the Declarant (until all lots subject hereto have been sold or otherwise conveyed to persons or entities other than commercial homebuilders) and the Association itself shall all have the right, without requirement of joinder of the other, to file suit for damages or for injunction, mandatory or prohibitory, to compel compliance with the provisions of these restrictions. Also, the Board of Directors on behalf of the Association shall have the right to bring an action at law to foreclose the lien hereby established to secure the payment of the aforesaid maintenance charge if any lot owner fails to cure any such default within thirty (30) days after notice thereof from the Association. The plaintiff in any of the aforescribed proceedings shall be entitled to recover from the defendant in such action all reasonably necessary costs and expenses attendant upon bringing such action, including a reasonable attorney's fee. The foregoing provision for recovery of costs, expenses and attorney's fees shall be deemed to have been agreed to by the owner(s) of any lot covered hereby by acceptance of a conveyance or other transfer of title to such lot.

Invalidation of one or more of the provisions of these Restrictions, by court order or otherwise, shall in no way affect any other provision hereof, and all such remaining provisions not expressly invalidated shall continue in full force and effect.

ARTICLE 23. ASSIGNMENT BY DEVELOPER AND MAINTENANCE ASSOCIATION.

The Declarant may at any time assign to the Association any and all rights reserved to Declarant hereunder, except the right to annex certain properties as provided in Article 19. Any such assignment shall be evidenced by an instrument in writing recorded in the Official Public Records of Real Property of Bexar County, Texas. If not previously assigned all such rights reserved to Declarant hereunder shall automatically vest in the Association when all lots covered by these Restrictions have been sold or otherwise conveyed from Declarant to other persons or entities except the right to annex certain properties as provided in Article 19.

The Association may at any time assign or delegate to a committee or designated representative any and all approval rights reserved to the Association hereunder. Any such assignment or delegation shall be evidenced by a resolution of the Board of Directors of the Association.

ARTICLE 24. FHA/VA APPROVAL.

As long as there is any Class B membership in the Association, the following matters must be approved by the Federal Housing Administration or the Veterans Administration:

- (a) any amendment to these restrictions;
- (b) the annexation of additional residential subdivision areas to the aforementioned initial subdivision area to be served by the Association; and
- (c) the annexation and dedication of any common area for the use and benefit of the members of the Association.

ARTICLE 25. AMENDMENT OF RESTRICTIONS.

Subject to the requirements of Article 24 hereof, these restrictions may be amended at any time prior to the termination hereof by recorded instrument in the Official Public Records of Real Property of Bexar County, Texas, an instrument signed by the then owners and lienholder of at least three-fourths (3/4) of the collective number of restricted lots situated in the aforementioned subdivision and in any other residential subdivision area which has been duly annexed thereto as specified herein.

ARTICLE 26. DRAINAGE.

The original drainage design and construction for drainage on each residential lot shall be maintained by the Owner. The original drainage design and construction shall not be altered without prior approval by the Association; also during the first ten years of existence of each lot, no approval for alteration of the drainage design or construction of any lot shall be effective unless the developer has given its written approval of such change. No landscape plan or design which would have the effect of altering the drainage of any individual lot to cause that lot to hold water or would increase the flow of water to another lot may be approved.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the 24<sup>th</sup> day of May, 1991.

"DECLARANT"  
 RAYCO, INC.  
 By: Bartana T. Herbst  
 VICE PRESIDENT

WITNESSED AND SUBSCRIBED

THE STATE OF TEXAS

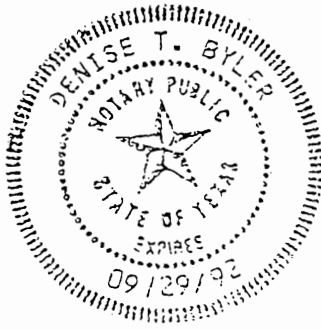
COUNTY OF BEXAR

This instrument was acknowledged before me this 24<sup>th</sup> day of May, 1991, by Barbara F. Herbst, Vice President of RAYCO, INC., a Texas corporation, on behalf of said corporation.

Denise J. Byler

Notary Public, State of Texas

My Commission Expires: 9-29-92



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RETURN TO:

RAYCO, INC.  
4800 Fredericksburg Rd.  
San Antonio, TX 78229