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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
LEDGE STONE,
a Subdivision in Kerr County, Texas**

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JANNETT PIEPER
Clerk County Court, Kerr County, Texas
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Deputy

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STATE OF TEXAS
COUNTY OF KERR

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
LEDGE STONE**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration"), is made and entered into this _____ day of _____, 2005 by NEW GATE DEVELOPMENT CO., LTD., a Texas Limited Partnership ("Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Section 2.01 of Article II of this Declaration (the "Existing Property") and desires to create therein a residential community with open spaces and other common facilities for the benefit of the community; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in said community and for the maintenance of said open spaces and other common facilities; and, to this end, desires to subject the real property described in Article II together with such additions as may hereafter be made thereto (as provided in Article II) to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof and shall run with the real property subject to this Declaration; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities in said community to create an agency to which should be delegated and assigned the powers of maintaining and administering the community properties and facilities and administering and enforcing the covenants, conditions and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant will incorporate under the laws of the State of Texas, a non-profit corporation, LEDGE STONE HOMEOWNERS' ASSOCIATION, INC., for the purpose of exercising the functions aforesaid;

NOW THEREFORE, Declarant declares that the real property described in Article II and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes referred to collectively as "Covenants and Restrictions") hereinafter set forth and that the Covenants and Restrictions shall run with and bind said real property.

ARTICLE I

DEFINITIONS

The following words when used in the Covenants and Restrictions or any amendments or supplements hereto (unless the context shall otherwise clearly indicate or prohibit) shall have the following meanings:

(a) "Adjoining Lot" shall mean and refer to a Lot which is adjacent to any other Lot as shown on any recorded plat of the Property. Any reference in Article VIII hereof to the visibility of an item from an Adjoining Lot shall mean the visibility of such item from the ground level of the Adjoining Lot and not from the second store of a two-story dwelling on such Adjoining Lot.

(b) "Association" shall mean and refer to Ledge Stone Homeowners' Association, Inc., a Texas non-profit corporation which has the power, duty and responsibility of maintaining and administering the Common Properties and collecting the assessments and charges hereinafter prescribed, and has the right of administering and enforcing the Covenants and Restrictions.

(c) "Common Properties" shall mean and refer to all of the following:

(i) island landscaped areas in cul-de-sacs (if any);

(ii) median landscaped areas (if any):

(iii) parks, and greenbelt areas (if any):

(iv) landscaping, walls, planters, pillars, entry ways, walkways, berms, sprinkler systems, gazebos, signs, wood structures, markers, lights, lighting systems, poles, flags, water features, fountains, lakes, dams, spillways (if any) and any other improvements installed by Declarant upon the Property or the Common Properties and all equipment, accessories, and machinery used in the operation or maintenance of any of the Common Properties and any additions to or replacements of any of such Common Properties; and

(v) any and all other areas of land within the Property which are known, described or designated as Common Property or Common Area on plats of all or any portion of the Property or in documents executed by Declarant filed in the Real Property Records of Kerr County, Texas, together with any and all improvements that are now or may hereafter be placed or constructed thereon;

(vi) although any of the above may be located on real property which is owned by certain Owners, the Association shall maintain such area and the landscaping and improvements appurtenant thereto for the purpose of creating and maintaining a quality of landscaping consistent with the quality of the other Common Properties and with regard to the real property described in (c) (iv) above is hereby granted the right to enter upon such real property and perform such acts through its agents, servants, employees, and independent contractors which they, in their sole discretion, deem reasonable to carry out for the purpose stated herein.

(d) "Declarant shall mean and refer to Newgate Development Co., Ltd., and the successors and assigns (if any) of Newgate Development Co., Ltd. with respect to the voluntary disposition of all (or substantially all) of the right, title and interest of Newgate Development Co., Ltd. in and to the Property prior to the completion of development thereon. No person or entity purchasing one or more Lots from Newgate Development Co., Ltd. in the ordinary course of business shall be considered as "Declarant".

(e) "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map(s) or plat(s) of the Property, as amended from time to time; which plot or tract is designated as a Lot herein and which is or will be improved with a residential dwelling.

(f) "Member" shall mean and refer to each Owner of a Lot.

(g) "Owner" shall mean and refer to each and every person or business entity who is a record owner of a fee or undivided fee interest in any Lot subject to these Covenants and Restrictions; provided, however, "Owner" shall not include person(s) or entity(ies) who hold a bona fide lien or interest in a Lot as security for the performance of an obligation.

(h) "Property shall mean and refer to the Existing Property (hereinbefore defined) and any additions thereto, as are subject to these Covenants and Restrictions, or any amendment or supplement hereto, prepared and filed or record pursuant to the provisions of Article II hereof.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION: ADDITIONS THERETO

2.01 Existing Property. The Existing Property is located in Kerr County, State of Texas, and is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes.

2.02 Additions to Existing Property. Additional land(s) may become subject to these Covenants and Restrictions in any of the following manners:

(a) Declarant may add or annex additional real property (which may include, but is not limited to, additional residential areas, parks, and other Common Properties) to the scheme of the Covenants and Restrictions by filing a Supplemental Declaration of Covenants, Conditions and Restrictions which shall extend the scheme of the Covenants and Restrictions to such additional property; provided, however, that such Supplemental Declaration of Covenants, Conditions and Restrictions may contain such complementary additions and modifications to these Covenants and Restrictions as may be necessary to reflect the different character, if any, of the additional property and as are not inconsistent with the scheme of this Declaration..

(b) In the event any person or entity other than the Declarant desires to add or annex additional residential and/or common areas to the scheme of these Covenants and Restrictions, such proposed annexation must have the prior written consent and approval of the majority of the outstanding votes within each voting class of the Association.

(c) Any additions made pursuant to Paragraphs (a) and (b) of this Section 2.02, when made, shall automatically extend the jurisdictions, functions, duties and membership of the Association to the properties added.

(d) Declarant shall have the right and option to cause the Association to merge or consolidate with any similar association [upon joinder, approval or consent of such association] then having jurisdiction over real property located (in whole or in part) within one (1) mile of any real property then subject to the jurisdiction of this Association. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidating association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Covenants and Restrictions within the Property subject to this Declaration immediately prior to such merger or consolidation together with the covenants, conditions and restrictions established upon any other properties as one scheme.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

3.01 Membership. Every Owner of a Lot shall automatically be and must remain a Member of the Association in good standing. The Board of Directors of the Association (the "Board of Directors") may declare that an Owner is not a Member in good standing because of unpaid dues, fines, late charges, interest, legal fees, and/or any other assessment of any nature. The Board of Directors may temporarily suspend the voting rights of any Member who is not in good standing until such unpaid amounts are paid in full.

3.02 Voting Rights. The Association shall have two (2) classes of voting membership.

CLASS A: Class A Members shall be all Members other than Class B Members. Class A Membership shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any such Lot.

CLASS B: Class B Members shall be the Declarant. Class B Members shall be entitled to five (5) votes for each Lot which they own.

Notwithstanding the aforementioned voting rights within the Association, until (i) Declarant no longer owns record title to (or a lien interest in) any Lot, or (ii) until December 31, 2025, which ever occurs first in time, neither the Association nor the Members shall take any action inconsistent with this Declaration without the consent and approval of Declarant.

3.03 Quorum, Notice and Voting Requirements.

(a) Subject to the provisions of Section 3.02 and Paragraph (d) of this Section 3.03, any action authorized by Sections 5.03 and 5.04 of Article V shall require the assent of the majority of the vote of those who are voting in person or by proxy at a meeting duly called for that purpose, written notice of which shall be given to all Members not less than thirty (30) days nor more than sixty (60) days in advance and shall set forth the purpose of the meeting.

(b) The quorum required for any action referred to in Paragraph (a) of this Section shall be as follow:

At the first meeting called, the presence at the meeting of the Members, or of proxies, entitled to cast sixty percent (60%) of the outstanding votes of the Members of the Association shall constitute a quorum. If the required quorum is not present at the first meeting, one additional meeting may be called, subject to the notice requirements hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days after the first meeting.

(c) The quorum required for any action other than that action referred to in Paragraph (a) of this Section shall be as follows:

At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast thirty percent (30%) of the outstanding votes of the Members of the Association shall constitute a quorum. If the required quorum is not present at the first meeting, an additional meeting may be called, subject to the notice requirements hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days after the first meeting.

(d) As an alternative to the procedure set forth above, any action referred to in Paragraph (a) of this Section may be taken with the assent given in writing and signed by Members who hold more than sixty percent (60%) of the outstanding votes of the Members of the Association; and any action referred to in Paragraph (c) of this Section may be taken with the assent given in writing and signed by Members who hold more than thirty percent (30%) of the outstanding votes of the Members of the Association.

(e) Except as specifically set forth in these Covenants and Restrictions, notice, voting and quorum requirements for all action to be taken by the Association shall be consistent with it's Articles of Incorporation and Bylaws, as amended from time to time.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTY

4.01 Members' Easements of Enjoyment. Subject to the provisions of Section 4.03 of this Article, every Member and every tenant of every Member, who resides on a Lot, and each individual who resides with either of them on such Lot shall have a right and easement of use, recreation and enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title of every Lot; provided, however, such easement shall not give such person the right to make alterations, additions or improvements to the Common Properties.

4.02 Title to the Common Properties. Declarant will hold record title to the Common Properties for an indefinite period of time, subject to the easements set forth in Section 4.01 hereof. Declarant shall have the right and option to encumber, mortgage, design, redesign, reconfigure, alter, improve, landscape and maintain the Common Properties, provided further that Declarant shall not encumber or mortgage any Common Properties which have been dedicated to the Association. At some point in time (deemed reasonable and appropriate by the Declarant but prior to December 31, 2025), Declarant will convey title to the Common Properties to the Association for the purposes herein envisioned. Declarant reserves the right to execute any open space declarations applicable to the Common Properties which may be permitted by law in order to reduce property taxes.

4.03 Extent of Member' Easement. The rights and easements of use, recreation and enjoyment created hereby shall be subject and subordinate to the following:

(a) The right of the Association to prescribe reasonable regulations governing the use, operation and maintenance of the Common Properties;

(b) Liens or mortgages placed against all or any portion of the Common Properties with respect to monies borrowed by Declarant to develop and improve the Property or by the Association to improve or maintain the Common Properties;

(c) The right of the Association to enter into and execute contracts with any party (including, without limitation, Declarant) for the purposes of providing maintenance or such other materials or services consistent with the purposes of the Association;

(d) The right of Declarant or the Association to take such steps as are reasonable necessary to protect the Common Properties against foreclosure;

(e) The right of Declarant or the Association to suspend the voting rights of any member and to suspend the right of any individual to use or enjoy any of the Common Properties for any period during which any assessment against a Lot resided upon by such individual remains unpaid, and for any period not to exceed sixty (60) days for an infraction of the then-existing rules and regulations;

(f) The right of the Association, subject to the approval by written consent by the Members having a majority of the outstanding votes of each voting class of the Association, to dedicate or transfer all or any part of the Common Properties to any municipal corporation, public agency, authority, or utility company for such purposes and upon such conditions as may be agreed upon by such Members.

(g) The right of Declarant to maintain models and a sales or management office within the Property at a location selected by Declarant for such period of time as Declarant deems appropriate.

ARTICLE V

COVENANTS FOR ASSESSMENTS

5.01 Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it within the Property, hereby, covenants and agrees, and each purchaser or Owner of any Lot by acceptance of a deed therefore, whether or not is shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree (and such covenant and agreement shall be deemed to constitute a portion of the purchase money and consideration for acquisition of the Lot), to pay to the Association (or to an entity or agency which may be designated by the Association to receive such monies); (1) annual assessments or charge for maintenance, taxes and insurance on the Common Properties; (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided and (3) individual special assessments levied against individual Lot Owners to reimburse the Association for the extra cost of maintenance and repairs caused by the willful or negligent acts of the individual Owner and not caused by ordinary wear and tear, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual, special and individual assessments, together with such interest thereon and cost of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon each Lot against which each such assessment is made and shall also be the continuing personal obligation of the Owner of such Lot at the time when the assessment became due.

5.02 Purpose of Assessments. The assessments levied by the association shall be used exclusively for the purpose of (i) promoting the health, recreation, safety and welfare of the residents of the Property; (ii) improving and maintaining the Common Properties; (iii) the repair, replacement and additions thereto; (iv) developing and maintaining replacement and working capital reserves for the Association; (v) maintenance of all or portions of the Lots, as may be determined necessary and appropriate by the Association from time to time; (vi) paying the cost of labor, equipment (including the expense of leasing any equipment) and materials

required for, and management and supervision of the Common Properties; (vii) carrying out the duties of the Board of Directors as set for in Article VI hereafter; and (vii) carrying out the various matters set forth or envisioned in this Declaration or in any amendment or supplement hereto.

5.03 Basis and Amount of Annual Maintenance Assessments.

(a) Until and unless otherwise determined by the Board, the maximum annual assessment shall be Three Hundred and No/100 Dollars (\$300.00) per Lot per year.

(b) The Board of Directors may establish the maximum annual assessment for each Lot, provided that the maximum annual assessment may not increase more than twenty-five percent (25%) above the maximum annual assessment for the previous year unless approved by the Members of the Association as provided in Section 3.03 of Article III. Notwithstanding the foregoing, in the event that the Board determines that due to unusual circumstances the maximum assessment even as increased by 25% will be insufficient to enable the Association to meet its expenses as set forth in Article VI hereof, then in such event, the Board shall have the right to increase the maximum annual assessment by the amount necessary to provide sufficient funds to cover the expenses of the Association without the approval of the Members as provided in Section 3.03 of Article III; provided however that Board shall only be allowed to make one such increase without obtaining approval of the members.

(c) After consideration of current maintenance costs and the future needs of the Association, the Board of Directors may fix the actual annual assessments at an amount equal to or less than the then-existing maximum annual assessment.

(d) Each Lot owned by a Member shall be charged with one hundred percent (100.00%) of the established per Lot assessment.

(e) Owner, by acceptance of the Deed to his Lot, hereby expressly vests in Declarant, the Board or its agents the right and power to bring all actions against Owner personally for the collection of such charges as a debt, and to enforce the aforesaid liens by all methods available for the enforcement of such liens. No Owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Common Properties or by abandonment of the Lot.

5.04 Special Assessments for Capital Improvements. In addition to the annual assessments authorized by Section 5.03 hereof, the Association may levy in any year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including any necessary fixtures and personal property related thereto; provided that any such assessment shall have the affirmative approval of the Members of the Association as provided in Section 3.03, Article III.

5.05 Uniform Rate of Annual and Special Assessments. Both annual and special assessments must be fixed at a uniform rate for all Lots owned by Members.

5.06 Date of Commencement of Assessments: Due Dates. The annual maintenance assessments provided for herein shall commence on the date fixed by the Board of Directors to be the date of commencement, and as may be prescribed by the Board of Directors, shall be payable annually or monthly, in advance on the first day of each year or month, as the case may be. The due dates of any annual assessments or special assessments under Section 5.03 and 5.04 hereof, shall be fixed in the respective resolution authorizing such assessments.

5.07 Duties of the Board of Directors with Respect to Assessments.

(a) The Board of Directors shall fix the date of commencement and the amount of the assessments against each Lot for each assessment period at least sixty (60) days in advance of such date or period if such assessments are not being increased; and the Board of Directors shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association. Notwithstanding the foregoing portion of this Section 5.07 (a), if the Board of Directors fails to act, the then existing assessment shall continue in force and effect until such time as the Board of Directors acts in accordance with the foregoing portion of this Section 5.07 (a).

(b) Written notice of any change in the assessment shall thereupon be delivered, or mailed to every Owner subject thereto.

(c) The Board of Directors 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. A reasonable charge may be made by the Board of Directors for the issuance of such certificate.

5.08 Effect of Non-Payment of Assessment: The Personal Obligation of the Owner: the Lien: Remedies of Association.

(a) If any assessment or part thereof is not paid on the date(s) when due, then the unpaid amount of such assessment shall become delinquent and shall, together with late charges and services charges [hereinafter defined in subparagraph (c)], and interest thereon [hereinafter defined in subparagraph (d)] and costs of collection thereof, become a continuing debt secured by a lien on the Lot of the non-paying Owner which shall bind such Lot in the hands of the Owner, his heirs, executors, devisees, personal representatives and assigns. The Association shall have the right to reject partial payments of an assessment and demand full payment thereof. The personal obligation of the then-existing Owner to pay such assessment shall remain his personal obligation and shall not pass to his successors, in title unless expressly assumed by them. Furthermore, the lien for unpaid assessments shall be unaffected by any sale or assignment of a Lot and shall continue in full force and effect.

(b) The Association may also give written notification to the holder(s) of any mortgage on the Lot of the non-paying Owner of such Owner's default in paying any assessment when such default has not been cured within thirty (30) days.

(c) If any assessment remains unpaid at the expiration of fifteen (15) calendar days from and after the due date established by the Board of Directors, a late charge shall be assessed against the non-paying Owner for each month that any portion of any assessment remains unpaid. The late charge shall be in the amount of ten percent (10%) of the then established regular annual assessment for each Lot. A service charge in the amount of Ten and No/100 Dollars (\$10.00) shall be charged for each check that is returned because of insufficient funds. The amount of late charges and service charges may be adjusted, from time to time, by the Board of Directors consistent with any changes in the amounts of regular or special assessments.

(d) If any assessment or part thereof, late charge or service charge, is not paid when due, the unpaid amount of such assessment together with all late charges and service charges shall bear interest from and after the date when due at the highest permitted lawful rate per annum. The Association may, at its election, retain the services of an attorney for collection and there shall also be added to the amount of such unpaid assessment, late charge or service charge, any and all collection costs incurred hereunder by the Association, including reasonable attorney's fees.

5.09 Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate and inferior to the lien of any first mortgage or deed of trust now or hereafter placed upon the Lots subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the foreclosure sale, whether public or private of such property pursuant to the terms and conditions of any such mortgage or deed of trust. Such sale shall not relieve such Lots from any liability for the amount of any assessments thereafter becoming due nor from the lien of any such subsequent assessment.

5.10 Exempt Property. The following property otherwise subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

- (a) All Common Properties as defined in Article I hereof; and
- (b) Any and all areas which may be reserved by Declarant on the recorded plat(s) of the Property.

ARTICLE VI

GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS

6.01 Powers and Duties. The affairs of the Association shall be conducted by its Board of Directors (hereinafter referred to as the "Board") The Board shall be selected in accordance with the Articles of Incorporation and Bylaws of the Association. The Board, for the benefit of the Common Properties and the Owners, shall provide, and shall pay for out of the maintenance fund(s) provided for in Article V above, the following:

- (a) Care and preservation of the Common Properties and the furnishing and upkeep of any desired personal property for use in the Common Properties;

(b) Any private trash and garbage collection services and security arrangements;

(c) Taxes, insurance and utilities (including, without limitation, electricity and gas) which pertain to the Common Properties only;

(d) Legal and accounting services;

(e) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alteration, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of these Covenants and Restrictions or which in its opinion shall be necessary or property for the operation or protection of the Association or for the enforcement of these Covenants and Restrictions.

The Board shall have the following additional rights, powers and duties:

(f) To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by it;

(g) To enter into agreements or contracts with insurance companies, taxing authorities, the holders of first mortgage liens on the individual Lots and utility companies with respect to: (i) taxes on the Common Properties; (ii) maintenance of those Common Properties; (iii) insurance coverage (if any) on Common Properties, as they relate to the assessment, collection and disbursement process envisioned by Article V hereinabove; and (iv) utility installation, consumption, and service matters;

(h) To borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit;

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

(j) To protect or defend the Common Properties from loss or damage by suit or otherwise; to sue or defend in any court of law on behalf of the Association; and to provide adequate reserves for repairs and replacements;

(k) To make reasonable rules and regulations for the operations of the Common Properties and to amend them from time to time;

(l) To make available to each Owner within ninety (90) days after the end of each year an annual report;

(m) Pursuant to Article VII herein, to adjust the amount, collect, and use and insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Members in proportionate amounts to cover the deficiency;

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

6.02 Board Powers, Exclusive. The Board shall have the exclusive right to contract for all goods, services and insurance, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

6.03 Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner (including, without limitation, Declarant) for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and such consideration as the Board may deem proper, advisable and in the best interest of the Association.

6.04 Liability Limitations. Neither any Member, the Board, any Director, nor any Officer of the Association shall be personally liable for debts contracted for, or otherwise incurred by the Association, or for a tort of another Member, whether such other Member was acting on behalf of the Association or otherwise. Neither Declarant, the Association, its Directors, officers, agents, or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm, public entity or corporation liable to make such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portion thereof.

6.05 Reserve Funds. The Board may maintain and establish funds which may be maintained and accounted for separately from other funds maintained for annual operating expenses and may establish separate, irrevocable trust accounts in order to better demonstrate that the amounts deposited therein are capital contributions and not net income to the Association.

6.06 Restriction on Contracts. Neither Declarant nor the Association may directly or indirectly enter into any management agreement or any other contract on behalf of the Association which extends beyond the date Class B memberships ceases, as provided in Section 3.02 of the Covenants and Restrictions. The Association may, however, following such date, enter into new management agreements or other contracts in accordance with these Covenants and Restrictions.

ARTICLE VII

INSURANCE, REPAIR AND RESTORATION

7.01 Right to Purchase Insurance. The Association shall have the right and option to purchase, carry and maintain in force insurance covering any or all portions of the Common Properties, and any improvements thereon or appurtenant thereto, for the interest of the Association and all Members thereof, in such amounts and with such endorsements and coverage as shall be considered good sound insurance coverage for properties similar in construction, location and use to the Common Properties. Such insurance may include, but need not be limited to:

(a) Insurance against loss or damage by fire and hazards covered by a standard extended coverage endorsement in an amount which shall be equal to the maximum insurable replacement value, excluding foundation and excavation costs as determined annually by the insurance carrier;

(b) Public liability and property damage insurance on a broad form basis;

(c) Fidelity bond for all officers and employees of the Association having control over the receipt and disbursement of funds;

(d) Officers' and directors' liability insurance if available.

7.02 Insurance Proceeds. The Association and the Members shall use the net insurance proceeds to repair and replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of insurance paid to the Association, as required in this Article VIII, remaining after satisfactory completion of repair and/or replacement, shall be retained by the Association as part of a general reserve fund for repair and replacement of the Common Properties.

7.03 Insufficient Proceeds. If the insurance proceeds are insufficient to repair or replace any loss or damage, the Association may levy a special assessment as provided in Article V of these Covenants and Restrictions to cover the deficiency.

ARTICLE VIII

CONSTRUCTION OF IMPROVEMENTS AND USE OF
LOTS - PROTECTIVE COVENANTS

The Property (and each Lot situated therein) shall be occupied and used as follows:

8.01 Residential Use. All Lots shall be used for residential purposes only. No building or structure shall be erected, altered, placed or permitted to remain on any Lot other than (a) a single family dwelling and (b) a private garage for two (2), but no more than four (4)

automobiles or, in the alternative, a permanent structure under which all but one of the automobiles or other vehicles kept at such Lot may be permanently stored. Any recreational vehicle, whether self-propelled or towed, must be kept under cover. No building or structure on any Lot shall exceed two (2) stories in height. Any garage or storage structure shall be set back at least ten (10) feet behind the front of the residence.

8.02 Minimum Floor Space. Each dwelling constructed on any Lot shall contain a minimum of 1500 square feet air-conditioned floor area, exclusive of all porches, garages, or breezeways attached to the main dwelling.

8.03 Building Materials. The exterior wall of each building constructed or placed on the Lot shall be at least fifty percent (50%) brick, brick veneer, stone or stone veneer, or masonry, and the exterior portion of any fireplace chimney shall be one hundred percent (100%) brick, stone or masonry, hard, plank siding or equal materials. No bricks, stones or masonry used on the exterior of any building outside walls, fence, walkway, or other improvement or structure on any Lot shall be painted.

8.04 Roofs. All roofs shall be constructed of 25 year or better shingling, or other three dimensional material. No flat roofs shall be permitted unless approved in writing by the Declarant in its sole discretion.

8.05 Exterior Surfaces. All siding must be painted or stained.

8.06 Building Lines. All residences or other structures, whether permanent or temporary, erected or placed on any Lot shall face the main road. All residences shall be setback 100 feet from the front Lot line, 75 feet from the back Lot line, and 25 feet from the side Lot lines. Notwithstanding the foregoing, any temporary structures placed on a Lot by a builder during the construction of a residence or other structures on such Lot shall be set back from the front Lot line a minimum of 50 feet. Furthermore, the Sales Office of Declarant shall be placed on any Lot used for sales promotion purposes a minimum of 50 feet from the front Lot line.

8.07 Fences. External fences shall consist of vinyl fence, barb wire, barb-less slick wire (5 strand) or a split rail (2 rail or 3 rail) fence. No chain link fence or other wire type fences is allowed on any exterior fence. If any Owner would like to construct a fence not mentioned in the above, he or she must ask for a variance from Declarant or the Board.

Interior fencing shall consist of cedar, or similar wood, iron, chain link, stone, rock, brick, metal, or any combination thereof.

8.08 Hazardous Materials. No activities shall be conducted on the Property which are or might be unsafe or hazardous to any person or Property. No firearms shall be discharged upon the Property.

8.09 Mining and Drilling. No portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas, or other

hydrocarbons, minerals of any kind, rock, stone, sand, gravel, aggregate or earth, and no shafts, wells, or derricks shall be allowed upon the Property.

8.10 Replats. Except for replats undertaken by the Declarant, no Lot shall be further subdivided.

8.11 Vehicles. No repair or maintenance work shall be done on any automobile or other motor vehicle (other than minor emergency repairs), except in enclosed garages or other structures screened from the public view. Each Lot owner shall construct sufficient garage or other permanent enclosed space to house all but one of the vehicles to be kept on the Lot

8.12 Exterior Maintenance. Each Owner shall maintain the exterior appearance of his dwelling, lawn, landscaping and fence in a manner which is consistent with the standards of the Property.

8.13 Garbage, Weeds. No Lot shall be used or maintained as a dumping ground for rubbish, trash, or garbage. If at any time, an Owner shall fail to control weeds, grass and/or other unsightly growth, Declarant or the Board shall have the authority and right to go onto such Lot for the purpose of mowing and cleaning such Lot and shall have the authority and right to assess and collect from the Owner of such Lot a sum not to exceed Five Hundred and No/100 Dollars (\$500.00) for the mowing or cleaning on each respective occasion of such mowing or cleaning. The Assessment, together with interest (at the highest permitted lawful rate per annum) thereon and any cost of collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment, together with interest thereon and cost of collection thereof, shall also be the continuing personal obligation of the Owner of such Lot at the time when the assessment occurred. The lien securing any such assessment shall be subordinate and inferior to the lien of any mortgage and any renewals or extensions thereof existing prior to the assessment date.

8.14 Landscaping and Retaining Walls. All Lots must be fully landscaped within one year of the completion of the residence on such Lot. Retaining walls may be employed to achieve even grades for pools, driveways or house foundations. Such retaining walls must be uniform in height with a flat top and must be constructed of approved materials which are consistent with the overall appearance of the dwelling.

8.15 Temporary Structures. No mobile or manufactured homes are allowed on any Lot. No tent, shack, or other temporary building, improvement or structure shall be placed upon the Property without the prior written approval of the Board; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for architects, builders, and foremen during actual construction may be maintained with the prior approval of Declarant, such approval to include the nature, size, duration and location of structures.

8.16 Conducting a Business. No manufacturing, commercial or retail business, whatsoever shall be conducted or carried on upon any Lot or any part thereof, or in any building or other structure erected thereon. Notwithstanding the foregoing, however, any Lot owner may

maintain an office in his or her residence for the purpose of conducting any commerce or business that does not involve hosting clients or prospective customers at such residence.

8.17 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated, or maintained upon or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a private residence, or appurtenant structure. In no event shall a Lot be used for the storage or material and equipment except for normal resident requirements or incident to construction of improvements thereon as permitted herein.

8.18 Gazebos, Greenhouses, and Storage Sheds. Gazebos, pool pavilions, trellises, greenhouses, children's playhouses, storage sheds or other similar structure may be erected on a Lot only behind the main dwelling on the Lot.

8.19 Swimming Pools. No above ground pools are permitted. All pool equipment shall be fenced and located at pool location. Swimming pools must be located behind the main dwelling of the Lot.

8.20 Offensive Activities, Noise Nuisance. No noxious or offensive activity shall be conducted on any Lot nor shall anything be done thereon which is or may become an annoyance or nuisance within the Property or any portion thereof. No horns, whistles, or other sound devices other than security devices used exclusively for security purposes shall be located, used or placed on any of the Property. No noise or other nuisance shall be permitted to exist or operate under any portion of the Property so as to be offensive or detrimental to any other portion of the Property or to its occupant(s).

8.21 Animals. One large animal per acre is allowed. Household pets are allowed on Property; however, all animals shall be kept within the Lot and not allowed to roam the subdivision. If a structure is built for animals it must comply with the architectural and building standards set forth herein.

8.22 Signs. No sign exceeding 3' x 3' shall be displayed to the public view on any Lot without prior written approval from the Board, except for signs which are part of the Declarant's overall marketing plan for the Property.

8.23 Tanks. Tanks for storage of fuel or water, or swimming pool filters, are permitted on Property provided that all tanks shall be screened so as not to be visible from any other portion of the Property.

8.24 Towers and Antennas. TV Antennas must not extend more than six feet above the center ridge of the roof. No towers are permitted. Satellite dishes are permitted.

8.25 Driveways and Right-A-Ways. The Owners of the Lots shall be responsible for the maintenance of rights-of-way located between their Lot lines and the streets. Each driveway entering into a Lot must be paved from street to Lot line; provided, further, that the Owners of

Lots 1-4, and 7-11 shall construct from the street across the entire fifty foot (50') drainage easement a paved low water crossing.

8.26 Easements Utilities. All streets and easements shown on the recorded plat of the Property have been reserved for the purposes indicated. With respect to these easement areas, as well as any other areas described within recorded easement documents, and the Common Properties, any and all bona fide public utility service companies (including, but not limited to, telephone, gas, and electrical companies) shall have the right to access, ingress, egress, regress, and use of the surface estate for the installation and maintenance of utility facilities.

8.27 Architectural Control. Architectural control shall be supervised by the Declarant or the Board in the following manner:

(a) Declarant shall consider requests for approvals or variances made by or on behalf of Class A Members with respect to the initial construction of a residence on a Lot. Any requests for approvals or variances made by or on behalf of Class A Members with respect to additions or remodeling of an existing residence on a Lot must be considered and acted upon only by the Board.

(b) The Declarant or the Board shall function as the representative of the Owners of the Lots for the purposes herein set forth, as well as for all other purposes consistent with the creation and preservation of a first-class residential development. The Declarant and the Board shall use their best efforts to promote and ensure a high level of quality, harmony and conformity throughout the Property

A majority of the members of the Board may act on behalf of the entire Board or the Board may appoint an advisory committee to act on behalf of the Board. In the event of the death or resignation of any member of the Board, the remaining members shall have full authority to designate and appoint a successor. No member of the Board or any advisory Board, any of its members, nor the members of any advisory committee shall be liable to any Owner for any claims, causes of action or damages of whatever kind (except where occasioned by gross negligence) arising out of service performed, actions taken, or inaction in connection with any undertaking, responsibility, or activity hereunder or request for the same.

(c) No building, structure, fence, wall or improvement of any kind or nature shall be erected, placed or altered on any Lot until (i) the name and address of the builder or general contractor, together with any other information related thereto, is submitted to and approved in writing by the Declarant or the Board, in its sole discretion, and (ii) all plans and specifications (including, but not limited to, elevation plans) and a plot plan have been submitted to and approved in writing by the Declarant or the Board as to:

(i) quality of workmanship and materials; adequacy of site dimensions; and proper facing of main elevation with respect to nearby streets;

(ii) conformity and harmony of the external design, color, type and appearance of exterior surfaces and landscaping;

(iii) location with respect to topography and finished grade elevation and effect of location and use on neighboring Lots and improvements situated thereon and any drainage arrangement;

(iv) the appearance of the façade of the residence and the floor plan; to the maximum degree possible, residences are to have differing facades and floor plans from adjacent residences; and

iv) the other standards set forth within these Covenants and Restrictions (and any amendments hereto) or as may be set forth within bulletins promulgated by the Declarant, or matters in which the Declarant has been vested with the authority to render a final interpretation and decision.

NEITHER THE APPROVAL BY THE DECLARANT OR THE BOARD OF THE BUILDER OR GENERAL CONTRACTOR, THE PLANS AND SPECIFICATIONS AND/OR PLOT PLANS WILL CONSTITUTE OR BE DEEMED TO BE ANY REPRESENTATION OR WARRANTY BY THE DECLARANT WITH REGARD THERETO, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OF WARRANTY AS TO THE BUILDER'S OR GENERAL CONTRACTOR'S FINANCIAL ABILITY OR STABILITY OR THE QUALITY OF HIS WORK OR THE QUALITY, FITNESS FOR INTENDED PURPOSES, OR MERCHANTABILITY OF THE PLANS, SPECIFICATIONS AND PLOT PLANS OR THE QUALITY, SUITABILITY, HABITABILITY, FITNESS FOR INTENDED PURPOSE OR MERCHANTABILITY OF THE PRODUCT, IMPROVEMENT OR DWELLING TO BE CONSTRUCTED.

(d) Final plans and specification shall meet the requirements set forth herein. If found not to be in compliance with the Covenants and Restrictions, one set of such plans and specifications shall be returned marked "Disapproved", accompanied by a reasonable statement of items found not to comply with these Covenants and Restrictions. Any modification or change to the approved set of plans and specifications must again be submitted to the Declarant for its inspection and approval. The approval or disapproval of the Declarant, as required herein, shall be narrative and in writing. If the Declarant, or its respective designated representative, fails to approve or disapprove such plans and specifications with thirty (30) days after the date of submission, the approval shall be presumed; provided however that no such approval shall be presumed if the request is submitted by or on behalf of a Class A Member, if relating to initial construction, to the Board, or if the request is submitted by or on behalf of a Class A Member relating to additions or remodeling of existing residences or structures to the Declarant. Further provided, however, that nothing in this paragraph shall affect in any way the method for seeking or granting variances, as described in the following paragraph, nor shall any failure of the Declarant to act on a variance request within any particular period of time constitute the granting or approval of any such variance request.

(e) Upon submission of a written narrative request for same, the Declarant or Board may, from time to time, in its sole discretion, permit Owners to construct, erect or install improvements which are in variance from the Covenants and Restrictions as now existing or amended from time to time. In any case, however, such variances shall be in basic conformity with and shall blend effectively with the general architectural style and design of the community. No member of the Board shall be liable to any Owner or other person claiming by, through, on behalf of any Owner, for

any claims, causes of action, or damages arising out of the granting or denial or, or other action or failure to act upon, any variance request by any Owner or any person acting for on behalf of any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Declarant's or Board's right to strictly enforce these Covenants and Restrictions against any other Owner. Each such written request must identify and set forth in narrative detail the specific restriction or standard from which a variance is sought and describe in complete detail the exact nature of the variance sought. Any grant of a variance by the Declarant or Board must be in writing and must identify in narrative detail both the standard from which a variance is sought and the specific variance being granted. Any variance granted by the Declarant shall be considered a rule made under these Covenants and Restrictions.

(f) The Declarant may, from time to time publish and promulgate architectural standard bulletins which shall be fair, reasonable, and uniformly applied and shall carry forward the spirit and intention of these Covenants and Restrictions, provided, however, that the Declarant may publish such bulletins only with respect to initial construction by Class A Members and the Board may do so only with respect to additions or remodeling by Class A Members. Such bulletins shall supplement these Covenants and Restrictions and are incorporated herein by reference. Although the Declarant shall not have unbridled discretion with respect to taste, design, and any absolute standards specified herein, the Declarant shall be responsive to technological advances or general changes in architectural designs and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on one hand) and use of private property (on the other hand).

ARTICLE IX

LIMITATIONS OF RESTRICTIONS ON DECLARANT

9.01 Limitation. Declarant is undertaking the work of constructing a residential subdivision and incidental improvements upon the Lots included within the Property. The completion of that work into the sale, rental and other disposal of said Lots and residential units is essential to the establishment and welfare of the Property as a residential community. In order that said work may be completed and the Property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

(a) Prevent Declarant, its contractors, or subcontractors, from doing on the Property or any Lot thereof, whatever is reasonably necessary or advisable in connection with the completion of said work;

(b) Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Property, such structures as may be reasonably necessary for the conduct of its business of completing said work and establishing the Property as a residential community and disposing of the same in parcels by sale or lease;

(c) Prevent Declarant from conducting on any part of the Property its business of completing said work and of establishing the Property as a residential

community and of disposing of the Property in parcels or Lots by sale, lease or otherwise;
or

(d) Prevent Declarant from maintaining such signs or signs on any part of the Property as may be deemed necessary for the sale, lease or disposition thereof.

ARTICLE X

EASEMENTS

10.01 Utility Easements. Easements for installation, maintenance, repair and removal of utilities and drainage facilities over, under and across the Property are reserved as set forth in Section 8.26 above. Full rights of ingress and egress shall be had by Declarant and any bona fide utility company at all times over the easement areas for the installation, operation, maintenance, repair or removal of any utility together with the right to remove any obstruction that may be placed in such easement that would constitute interference with the use of such easement, or with the use, maintenance, operation or installation of such utility.

10.02 Ingress, Egress, and Maintenance by the Association. Full rights of ingress and egress shall be had by the Association at all times over and upon the Common Properties for the purpose of maintaining the Common Properties as set forth herein.

10.03 Police Power Easement. With respect to the Common Properties and streets, easements and rights-of-way within the Property, Kerr County, and all other governmental agencies and authorities shall have full rights of ingress, egress, regress, and access for personnel and emergency vehicles for maintenance, police, fire protection, drainage and other lawful police powers designed to promote the health, safety and general welfare of the residents within the Property.

ARTICLE XI

GENERAL PROVISIONS

11.01 Duration. The Covenants and Restrictions of these Covenants and Restrictions shall run with and bind the land subject to these Covenants and Restrictions, and shall inure to the benefit of and be enforceable by the Association and/or the Owners subject to these Covenants and Restrictions, their respective legal representatives, heirs, successors, and assigns, for a term ending January 1, 2055, after which time said Covenants and Restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument is signed by the Members entitled to cast seventy-five percent (75%) of the votes of each voting class of the Association and recorded in the Land Records of Kerr County, Texas, which contains and sets forth an agreement to abolish the Covenants and Restrictions; provided, however, no such agreement to abolish shall be effective unless made and recorded one (1) year in advance of the effective date of such abolishment.

11.02 Amendments. Notwithstanding Section 11.01 of this Article, these Covenants and Restrictions may be amended and/or changed in part as follows:

(a) during the ten (10) year period commencing on the date hereof and ending on the tenth (10th) anniversary of such date Declarant may amend or change these Covenants and Restrictions with the consent of at least seventy-five percent (75%) of the outstanding votes of the Members of the Association.

(b) In all other situations, these Covenants and Restrictions may be amended or changed upon the express written consent of at least sixty percent (60%) of the outstanding votes of the Members of the Association; or by a resolution passed by the majority of the Board evidencing the consent of sixty percent (60%) of the Owners and authorizing the President of the Association to execute such amendments.

Any and all amendments shall be recorded in the office of the County Clerk of Kerr County, Texas.

11.03 Enforcement. Enforcement of these Covenants and Restrictions shall be by a proceeding initiated by any Owner or the Board or by Kerr County, against any person or persons violating or attempting to violate any Covenants and Restrictions contained herein, either to restrain or enjoin such violations or to recover damages for the violation, or both, or to enforce any lien created by this Instrument. The Declarant, whether acting as the Association or otherwise, shall have an election and right, but not an obligation or duty, to enforce these Covenants and Restrictions by a proceeding or proceedings at law or in equity. Failure by any party to enforce any Covenant or Restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. With respect to any litigation hereunder, the prevailing party shall be entitled to recover reasonable attorney's fees from the nonprevailing party. Its members or representatives, the Declarant, the Board and/or its members or representatives so sued shall be entitled to recover their reasonable attorney's fees from the person or entity bringing such action against them, unless the Declarant, the Board or its members or representatives shall specifically be adjudicated liable to such claimant.

11.04 Imposition of Violation Fines. In the event that any person fails to cure (or fails to commence and proceed with diligence to completion) the work necessary to cure any violation of the Covenants and Restrictions contained herein with ten (10) days after receipt of written notice from the Board designating the particular violation, the Board shall have the power and authority to impose upon that person a fine for such violation (the "Violation Fine") not to exceed Five Hundred and No/100 Dollars (\$500.00). If, after the imposition of the Violation Fine the violating has not been cured or the person has still not commenced the work necessary to cure such violation, the Board shall have the power and authority, upon ten (10) days written notice, to impose another Violation Fine which shall also not exceed Five Hundred and No/100 Dollars (\$500.00). There shall be no limit to the number or the aggregate amount of Violation Fines which may be levied against a person for the same violation. The Violation Fines, together with interest at the highest lawful rate per annum and any cost of collection, including attorney's fees shall be a continuing lien upon the Lot against which such Violation Fine is made.

11.05 Severability. If any of these Covenants or Restrictions is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining Covenants and Restrictions shall not be affected thereby.

11.06 Headings. The headings contained in these Covenants and Restrictions are for reference purposes only and shall not in any way affect the meaning or interpretation of these Covenants and Restrictions.

11.07 Notice to Owners. Any notice required to be given to any Owner under the provisions of these Covenants and Restrictions shall be deemed to have been properly delivered when deposited in the United States mails, postage prepaid, addressed to the last known address of the person who appears as an Owner on the records of the Association at the time of such mailing.

ARTICLE XII

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

12.01 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Association, Declarant, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively the "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, and to avoid the emotional and financial cost of litigation if at all possible. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Properties, including, without limitation, claims grievances, or disputes arising out of or relation to the interpretation, application or enforcement of this Declaration, the Bylaws, the Association rule, or the Articles (collectively the "Claim"), except for those Claims authorized by Section 12.02, shall be resolved using the procedures set forth in Section 12.03 in lieu of filing suit in any court or initiation proceedings before any administrative tribunal seeking redress or resolution of such Claim.

12.02 Exempt Claims. The following Exempt Claims ("Exempt Claims") shall be except from the provisions of 12.03:

(a) Any suit by the Association against any Bound Party to enforce the provisions of Article V (Covenants for Assessments);

(b) Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to main the status quo and preserve the Association's ability to enforce the provisions of Article VIII (Construction of Improvements and Use of Lots – Protective Covenants.);

(c) Any suit between Owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of Texas in the absence of a claim based on the Declaration, Bylaws, Articles or rules of the Association, if the amount of the controversy exceeds Five Thousand and No/100 Dollars (\$5,000.00);

(d) Any suit arising out of any written contract between Owners which would constitute a cause of action under the Laws of the State of Texas in the absence of the Declaration, Bylaws, Articles of the Association; and

(e) Any suit involving two or more Bound Parties if all parties are not Bound Parties.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 12.03, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section 12.03 shall require the approval of the Association.

12.03 Mandatory Procedures For All Other Claims. All Claims other than Exempt Claims shall be resolved using the following procedures:

(a) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent"), other than an Exempt Claim, shall notify each Respondent in writing of the Claim (the "Notice") stating plainly and concisely:

1. The nature of the Claim, including date, time, location, persons involved and Respondent's role in the Claim;

2. the basis of the Claim (i.e. the provision of this Declaration, the Bylaws, the Articles or rule or other authority out of which the Claim arises);

3. what Claimant wants Respondent to do or not do to resolve the Claim;
and

4. that Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation.

1. Each Claimant and Respondent (the "Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

2. Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and the welfare of the community.

(c) Mediation.

1. If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of an independent mediation service designated by the Association, the Hill Country Alternate Dispute Resolution Center, or such other independent agency providing similar services upon which the Parties may mutually agree;

2. If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings;

3. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.

4. Each Party shall, within five (5) days of the Termination of Mediation make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent. The Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(d) Final and Binding Arbitration

1. If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit "B" attached hereto and incorporated herein by reference, or the Claim shall be deemed abandoned, and the Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons or a Party to the foregoing proceedings.

2. This subsection (d) is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration laws of the State of Texas. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Texas.

12.04 Allocation of Costs of Resolving Claims

(a) Each Party shall bear its own costs incurred prior to and during proceedings described in Section 12.03 (a), (b), and (c), including the fees of its attorney or other representative. Each party shall share equally all charges rendered by the mediator(s) pursuant to Section 12.03 (b).

(b) Each party shall bear its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation under Section 12.04 (c) and shall share equally in the cost of conducting the arbitration proceeding (collectively "Post Mediation Costs") except as otherwise provided in subsection 12.04 (c)

(c) Any Award which is equal to or more favorable to Claimant than Claimants Settlement Demand shall add such Claimant's Post Mediation Costs to the Award, such Costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than Respondent's Settlement Offer to that Claimant shall also award to such Respondent its Post Mediation Costs, such Costs to be borne by all such Claimants.

12.05 Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation or mediation in accordance with Section 12.03 and any Party thereafter fails to abide by the terms of such agreement, or if the Parties agree to accept the Award following arbitration and any Party thereafter fails to comply with such Award, then any other Party may file suit or initiate administrative proceedings to enforce such Agreement or Award without the need to again comply with the procedures set forth in Section 12.03. In such event, the Party taking action to enforce the Agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Parties, from all such Parties pro rata) all costs incurred in enforcing such Agreement or Award, including without limitation, attorney's fees and court costs.

ARTICLE XIII

APPROVAL

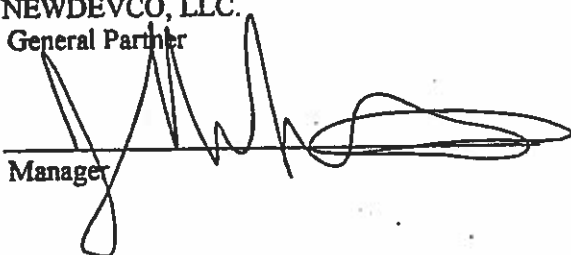
13.01 Approval. The Declaration has been approved and consented to by seventy-five percent (75%) or more of the Owners of the Lots as Members of the Ledge Stone Homeowners Association, Inc. Such consent and approval is evidenced by the signature of such members on Exhibit "C" attached hereto and incorporated herein for all purposes.

IN WITNESS WHEREOF, being Declarant herein has caused this instrument to be executed on this the 19 day of September, 2005.

NEWGATE DEVELOPMENT CO., LTD.
A Texas Limited Partnership

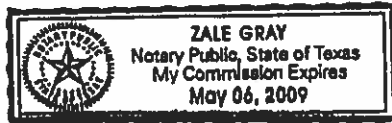
BY: NEWDEVCO, LLC.
General Partner

BY: _____
Manager



STATE OF TEXAS §
 §
COUNTY OF KERR §

This instrument was acknowledged before me on the 19th day of September 2005 by J. Michael Comegys, Manager of NewDevCo, LLC. on behalf of such corporation and the corporation acknowledged this instrument as general partner of Newgate Development Co., Ltd., a Texas limited partnership.



Zale Gray
Notary Public, State of Texas

EXHIBIT "A"

4. Legal description of the land:

TRACT ONE:

All that certain tract or parcel of land, lying and being situated in the County of Kerr, State of Texas, being all of a certain tract or parcel of land containing 90.71 acres, more or less, out of Basilio Mungin Survey No. 37, Abstract No. 249 in Kerr County, Texas; that same land conveyed as 88 1/2 acres from Lee Mosty, et ux to Robert Lee Mosty by a Warranty Deed executed the 12th day of March, 1938 and recorded in Volume 62 at Page 425 of the Deed Records of Kerr County, Texas; and being more particularly described by metes and bounds as follows:

BEGINNING at a fence cornerpost in the common line between Survey Nos. 36 and 37 for the southeast corner of the herein described tract and said 88 1/2 acre tract, the southwest corner of a certain 57 acre tract conveyed as **FIRST TRACT** from Harl R. Thomas, et ux to Carl E. Rhodes, et ux by a Warranty Deed with Vendor's Lien executed the 15th day of February, 1958 and recorded in Volume 102 at Page 448 of the Deed Records of Kerr County, Texas and the northeast corner of a certain 12.50 acre tract conveyed from the Southern Pacific Transportation Co. to Robert L. Mosty, Jr. by a Special Warranty Deed executed the 20th day of January, 1973 and recorded in Volume 161 at Page 39 of the Deed Records of Kerr County, Texas; which point bears, approximately, 2525 ft. North from the south common corner of Survey Nos. 37 and 36;

THENCE, along or near a fence with the common line between said 88 1/2 and 12.50 acre tracts N.65°36'57"W., at 2072.0 ft. passing a fencepost, then continuing not along a fence (fence down) for a total distance of 2171.24 ft. to a 1/2" iron stake set in the common line between Survey Nos. 37 and 38 and east line of **TRACT 1** conveyed from Mary Lee Mosty Smith, et al to Robert L. Mosty, Jr. by a Special Warranty Deed executed the 29th day of January, 1970 and recorded in Volume 142 at Page 442 of the Deed Records of Kerr County, Texas for the southwest corner of the herein described tract and said 88 1/2 acre tract;

THENCE, with the common line between said 88 1/2 acre tract and **TRACT 1**, N.00°10'14"E., at 182.4 ft. passing a fence anglepost for the north corner of **TRACT 1** in the east line of a certain 136.67 acre tract conveyed as **TRACT 2** in said Smith to Mosty deed (Vol. 142 Pg. 442), then continuing along or near a fence with the common line between said 88 1/2 and 136.67 acre tracts for a total distance of 1606.60 ft. to a fence cornerpost for the northwest corner of the herein described tract and 88 1/2 acre tract and the southwest corner of a certain 174 acre tract conveyed from Robert Lee Mosty, Sr., et al to Mary Lee Mosty Smith and Belinda Lee Mosty Stanush by a Warranty Deed executed the 27th day of April, 1975 and recorded in Volume 179 at Page 299 of the Deed Records of Kerr County, Texas;

THENCE, along or near a fence with the common line between said 88 1/2 and 174 acre tracts: N.88°58'50"E., at 216.1 ft. passing a fence endpost on the west side of a gate, then continuing not along a fence for a total distance of 377.80 ft. to a set 1/2" iron stake; N.42°09'52"E., not along a fence 143.71 ft. to a 1/2" iron stake set in a fence; S.75°58'04"E., 1260.66 ft. to a fence anglepost; and S.76°59'10"E., at 186.9 ft. passing a fence anglepost, then continuing not along a fence for a total distance of 278.24 ft. to a 1/2" iron stake set in a fence, the west line of a certain 42.711 acre tract conveyed from Mark W. Collmer to Fritz Family Enterprise Limited Partnership by a Warranty Deed with Vendor's Lien executed the 11th day of October, 2001 and recorded in Volume 1149 at Page 561 of the Real Property Records of Kerr County, Texas for the northeast corner of the herein described tract and east common corner of 88 1/2 and 174 acre tracts;

THENCE, along or near a fence with the common line between said 88 1/2 and 42.711 acre tracts S.00°06'47"E., at 870.1 ft. passing the southwest corner of 42.711 acre tract and northwest corner of said 57 acre tract, then continuing with the common line between said 88 1/2 and 57 acre tracts for a total distance of 2247.92 ft. to the

Continuation of Schedule A

G.F. No. 050223F

PLACE OF BEGINNING; SAVE AND SUBJECT TO the Rights of the Grantor, his heirs and or assigns to the perpetual and uninterrupted use for road purposes a sixty (60) ft. wide strip of land along and abutting the west line of the herein described tract for its entire length.

Note: The Company is prohibited from insuring the area or quantity of the land described herein. Therefore, the Company does not represent that the acreage or square footage calculations are correct. References to quantity are for informational purposes only.

TRACT TWO:

All that certain tract or parcel of land, lying and being situated in the County of Kerr, State of Texas, being all of a certain tract or parcel of land containing 4.96 acres, more or less, out of Basillo Mungin Survey No. 37, Abstract No. 249 in Kerr County, Texas; part of a certain 12.50 acre tract conveyed from the Southern Pacific Transportation Co. to Robert L. Mosty, Jr. by a Special Warranty Deed executed the 20th day of January, 1973 and recorded in Volume 161 at Page 39 of the Deed Records of Kerr County, Texas; and being more particularly described by metes and bounds as follows:

BEGINNING at a fence cornerpost in the northeast right-of-way line of State Highway No. 27 and common line between Survey Nos. 36 and 37 for the southeast corner of the herein described tract and said 12.50 acre tract; which point bears approximately 2417 ft. North from the southeast corner of Survey No. 37;

THENCE, along a fence with the said northeast right-of-way line of State Highway No. 27 and southwest line of said 12.50 acre tract: N.65°35'13"W., 1888.75 ft. to a fence anglepost; and N.70°42'45"W., 272.96 ft. to a 1/2" iron stake set for the southwest corner of the herein described tract and the southeast corner of a certain tract conveyed as TRACT I from Mary Lee Mosty Smith, et al to Robert L. Mosty, Jr. by a Special Warranty Deed executed the 29th day of January, 1970 and recorded in Volume 142 at Page 442 of the Deed Records of Kerr County, Texas;

THENCE, upon, over and across said 12.50 acre tract with the east line of said TRACT I, N.00°10'14"E., 133.53 ft. to a 1/2" iron stake set in the north line of 12.50 acre tract for the northwest corner of the herein described tract and southwest corner of a certain 88 1/2 acre tract conveyed from Lee Mosty, et ux to Robert Lee Mosty by a Warranty Deed executed the 12th day of March, 1938 and recorded in Volume 62 at Page 425 of the Deed Records of Kerr County, Texas;

THENCE, with the common line between said 12.50 and 88 1/2 acre tracts S.65°36'57"E., at 99.2 ft. passing a fencepost, then continuing along or near a fence for a total distance of 2171.24 ft. to a fence cornerpost for the northeast corner of the herein described tract and 12.50 acre tract, the southeast corner of 88 1/2 acre tract and the southwest corner of a certain 57 acre tract conveyed as FIRST TRACT from Earl R. Thomas, et ux to Carl E. Rhodes, et ux by a Warranty Deed with Vendor's Lien executed the 15th day of February, 1958 and recorded in Volume 102 at Page 448 of the Deed Records of Kerr County, Texas;

THENCE, along or near a fence with the east line of said 12.50 acre tract S.00°14'13"W., 107.93 ft. to the **PLACE OF BEGINNING; SAVE AND SUBJECT TO** the Rights of the Grantor, his heirs and or assigns to the perpetual and uninterrupted use for road purposes a sixty (60) ft. wide strip of land along and abutting the west line of the herein described tract for its entire length.

Note: The Company is prohibited from insuring the area or quantity of the land described herein. Therefore, the Company does not represent that the acreage or square footage calculations are correct. References to quantity are for informational purposes only.

First American Title Insurance
Company

Countersigned
Fidelity Abstract & Title Co.

By _____
Authorized Counter Signature

EXHIBIT "B"

Rules of Arbitration

1. Claimant shall submit a Claim to Arbitration under these Rules by giving written note to all other Parties stating plainly and concisely the nature of the Claim, the remedy sought and Claimant's desire to submit the Claim to Arbitration ("Arbitration Notice")

2. Each Party shall select an Arbitrator ("Party Appointed Arbitrator"). The Party Appointed Arbitrator shall, by agreement select one or two neutral arbitrators ("Neutral(s)") so that the total Arbitration Panel (the "Panel") has an odd number of arbitrators. If any Party fails to appoint a Party Appointed Arbitrator within twenty (20) days from the date of the Arbitration Notice, the remaining Arbitrators shall conduct the proceedings, select a Neutral in place of any missing Party Appointed Arbitrator. The Neutral Arbitrator(s) shall select a Chairperson ("Chair").

3. If the Panel is not selected under Rule 2 within forty-five (45) days from the date of the Arbitration Notice, Claimant may notify the Texas Chapter of the Community Associations Institute, which shall appoint one Neutral ("Appointed Neutral"), notifying the Appointed Neutral and all Parties in writing of such appointment. The Appointment Neutral shall thereafter be the sole Arbitrator ("Arbitrator"), and any Party Appointed Arbitrators or their designees shall have no further duties involving the Arbitration Proceedings.

4. No person may serve as a Neutral in any Arbitration under these Rules in which that person has any financial or personal interest in the result of the Arbitration. Any person designated as a Neutral shall immediately disclose in writing to all Parties any circumstance likely to affect impartiality, including any bias or financial or personal interest in the outcome of the Arbitration ("Bias Disclosure"). If any Party objects to the service of any Neutral after receipt of that Neutral's Bias Disclosure, such Neutral shall be replaced in the same manner in which that Neutral was selected.

5. The Arbitrator or Chair, as the case may be ("Arbitrator") shall fix the date, time and place for the Hearing. The place of the Hearing shall be within the Properties unless otherwise agreed by the Parties.

6. Any Party may be represented by an attorney or other authorized representative throughout the arbitration proceedings.

7. All Persons who, in the judgment of the Arbitrator, have a direct interest in the Arbitration are entitled to attend hearings.

8. There shall be no stenographic record of the proceedings.

9. The hearing shall be conducted in whatever manner will, in the Arbitrator's judgment, most fairly and expeditiously permit the full presentation of the evidence and the argument of the parties.

10. The Parties may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Arbitrator may deem necessary to an understanding and determination of the Claim. The Arbitrator shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Arbitrator shall be authorized, but not required to administer oaths to witnesses.

11. The Arbitrator shall declare the hearings closed when satisfied the record is complete.

12. There will be no post-hearing briefs.

13. The Award shall be rendered immediately following the close of the hearing, if possible, and no later than fourteen (14) days from the close of the hearing, unless otherwise agreed by the Parties. The Award shall be in writing, shall be signed by the Arbitrator and acknowledged before a Notary Public. If the Arbitrator believes an opinion is necessary, it shall be in summary form.

14. If there is more than one Arbitrator, all decisions of the Panel and the Award shall be by majority vote.

15. Each party agrees to accept as legal delivery of the Award the deposit of a true copy in the mail addressed to that party or its attorney at the address communicated to the Arbitrator at the hearing.

EXHIBIT "C"

The following owners of all of the Lots in Ledge Stone hereby acknowledge that they received a copy of the foregoing Declaration of Covenants, Conditions and Restrictions and have read the foregoing Declaration of Covenants, Conditions and Restriction for Ledge Stone, a subdivision located in Kerr County, Texas, and they hereby consent to and approve such Declaration in it's entirety.

NEWGATE DEVELOPMENT CO., LTD.
A Texas Limited Partnership

BY: NEWDEVCO, LLC.
A Texas Corporation
General Partner

BY: _____
Manager

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*Filed As
Filed*

Return to:
Mr. Michael Comegys
260 Thompson Drive, Suite # 5
Kerrville, Texas 78028

Filed by: Frederick L. Henneke

Provisions herein which restrict the sale, rental or use of the described prop-
erty because of color or race is invalid and unenforceable under Federal Law.
THE STATE OF TEXAS }
COUNTY OF KERR }
I hereby certify that this instrument was FILED in the File Number Sequence
on the date and at the time stamped hereon by me and was duly RECORDED
in the Official Public Records of Real Property of Kerr County, Texas on

RECORD Real Property
VOL. 1473 PG. 400
RECORDING DATE

OCT 07 2005

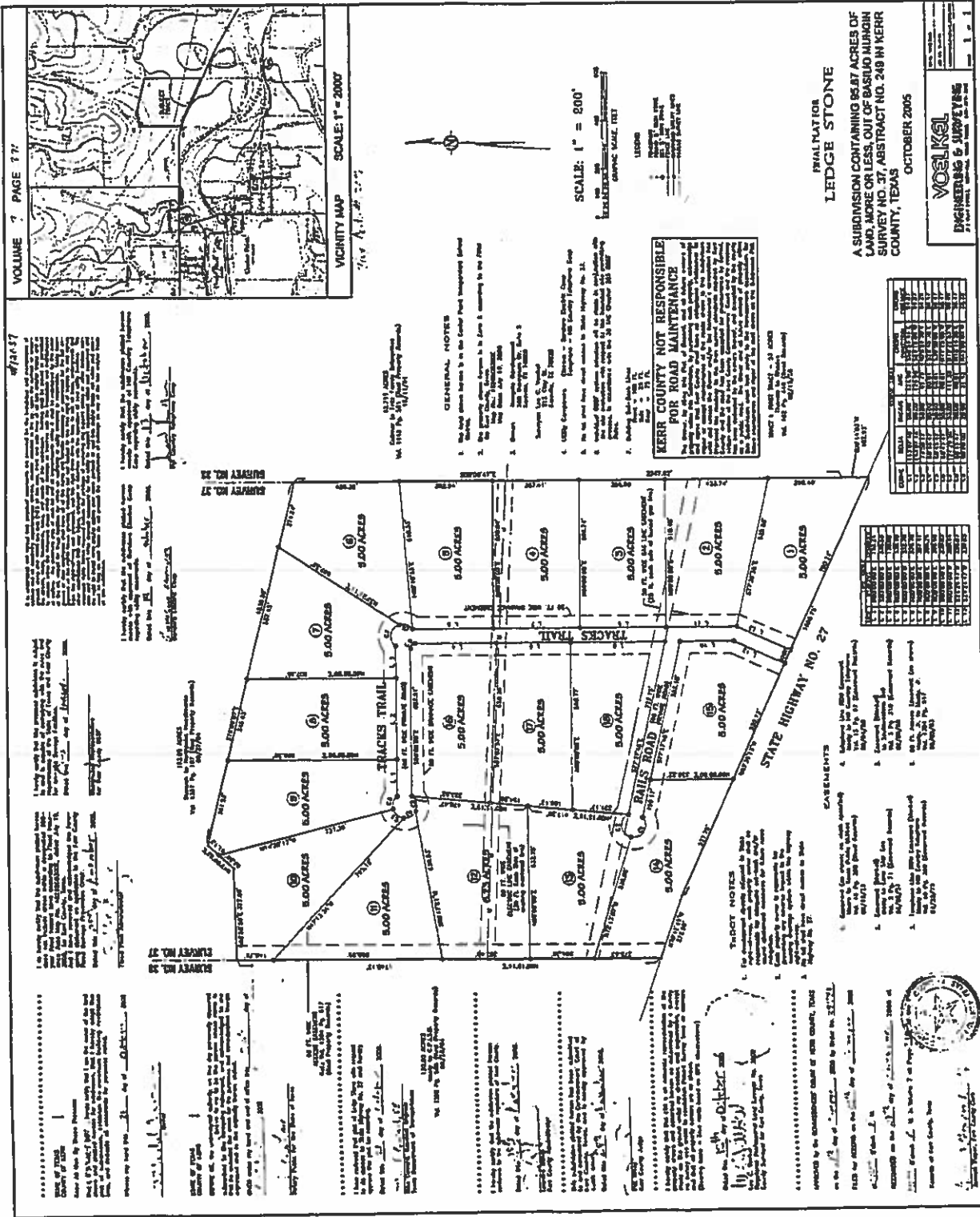
OCT 07 2005



Janett Pieper
COUNTY CLERK, KERR COUNTY, TEXAS



Janett Pieper
COUNTY CLERK, KERR COUNTY, TEXAS



FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
LEDGE STONE

THE STATE OF TEXAS

COUNTY OF KERR

WHEREAS, LEDGE STONE is a subdivision located in the County of Kerr, State of Texas, according to the plat thereof recorded in Volume 7, Page 320, Plat Records of Kerr County, Texas; and

WHEREAS, the real property located in LEDGE STONE is subject to that certain Declaration of Covenants, Conditions and Restrictions recorded in Volume 1473, Page 400, Real Property Records of Kerr County, Texas (the "Declaration"); and

WHEREAS, Section 11.02 (a) of the Declaration provides that the covenants, conditions and restrictions found in the Declaration may be amended during the ten (10) year period commencing on the date of the recordation of the Declaration and ending on the tenth (10th) anniversary of such date with the consent of at least seventy-five percent (75%) of the outstanding votes of the Membership of the Association.

WHEREFORE, the undersigned, being seventy-five percent (75%) or more of the outstanding votes of the Membership of the Association, do hereby amend the Declaration as follows:

1. The Declaration is amended by adding to Article VII thereof the following provision:
 - 8.30 Mailboxes. All mailboxes or other receptacles for the delivery of mail by the United States Postal Service shall (a) conform in all respects to the requirements of the United States Postal Service and (b) shall be constructed of wood or stone such that the mailbox is compatible with the residence and other structures constructed upon the Lot served by the mailbox. Construction of a mailbox or other receptacle shall be subject to the requirements of Section 8.29 above.
2. Except as amended hereby, each of the covenants, conditions and restrictions found in the Declaration shall continue and remain in full force and effect as originally written.
3. The provisions of this First Amendment to Declaration of Covenants, Conditions and Restrictions for LEDGE STONE shall extend to and be binding upon each Lot Owner and his or her respective heirs, successors' legal representatives and assigns.

EXECUTED in a number of counterparts, all of which taken together shall have the same force and effect of an original instrument, effective as of April 17, 2006, although actually executed on the respective dates set forth opposite the signature of the party on the attached signature pages.

SIGNATURE PAGE TO FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF LEDGE STONE

Date: 5/26/06 LOT #(S) _____

OWNER:

Newgate Development Co., Ltd.

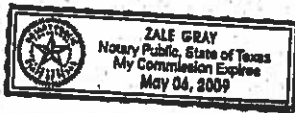
BY: NewDevCo., LLC,
General Partner

BY: [Signature]
J. Michael Comegys, Manager

THE STATE OF TEXAS

COUNTY OF KERR

This instrument was acknowledged before me on this 26th day of May 2006, by J. MICHAEL COMEGYS, Manager of NewDevCo., LLC, a Texas limited liability company, General Partner of Newgate Development Co., Ltd., a Texas limited partnership.



[Signature]
Notary Public, State of Texas

Filed by + Return to:
Mike Comegys
260 Thompson Drive, Ste 5
Kerrville, TX 78028

FILED FOR RECORD
at 2:40 o'clock.....P.M

JUN 15 2006

JANNETT PIEPER
Clerk County Court, Kerr County, Texas
[Signature] Deputy

SIGNATURE PAGE TO FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF LEDGE STONE

Date: 5/15/06 LOT #(S) 1

OWNER: [Signature]
Newgate Homes Co., Ltd.

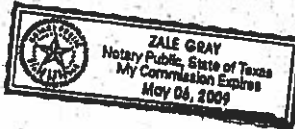
BY: NewDevCo., LLC,
General Partner

BY: [Signature], Manager

THE STATE OF TEXAS

COUNTY OF KERR

This instrument was acknowledged before me on this 15th day of May 2006, by Michael Camargo, Manager of NewDevCo, LLC, a Texas limited liability company, General Partner of Newgate Homes Co., Ltd., a Texas limited partnership.



[Signature]
Notary Public, State of Texas

SIGNATURE PAGE TO FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF LEDGE STONE

Date: 5/24/06

LOT #(S) 8

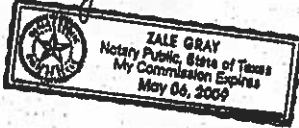
OWNER:

[Signature]
THE STATE OF TEXAS

[Signature]

COUNTY OF KERR

This instrument was acknowledged before me on this 26th day of May, 2006, by Michael Woodward

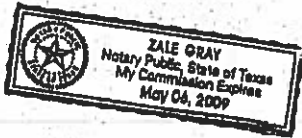


[Signature]
Notary Public, State of Texas

THE STATE OF TEXAS

COUNTY OF KERR

This instrument was acknowledged before me on this 26th day of May, 2006, by Fam Woodward



[Signature]
Notary Public, State of Texas

SIGNATURE PAGE TO FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF LEDGE STONE

Date: 5/26/06

LOT #(S) 14

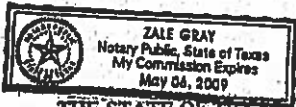
OWNER:

José A. Rodríguez

THE STATE OF TEXAS

COUNTY OF KERR

This instrument was acknowledged before me on this 26th day of May, 2006, by José A. Rodríguez

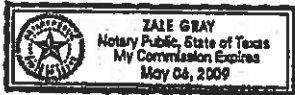


Zale Gray
Notary Public, State of Texas

THE STATE OF TEXAS

COUNTY OF KERR

This instrument was acknowledged before me on this _____ day of _____, 2006, by _____



Notary Public, State of Texas

SIGNATURE PAGE TO FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF LEDGE STONE

Date: 6-6-06

LOT #(S) 10

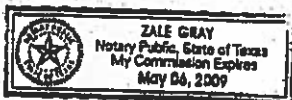
OWNER:

Marvin Grossbacher Carolyn Grossbacher

THE STATE OF TEXAS

COUNTY OF KERR

This instrument was acknowledged before me on this 6th day of June, 2006, by Marvin Grossbacher

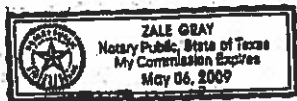


Zale Gray
Notary Public, State of Texas

THE STATE OF TEXAS

COUNTY OF KERR

This instrument was acknowledged before me on this 6th day of June, 2006, by Carolyn Grossbacher



Zale Gray
Notary Public, State of Texas

Provisions herein which restrict the sale, rental or use of the described property because of color or race is invalid and unenforceable under Federal Law, THE STATE OF TEXAS } COUNTY OF KERR } I hereby certify that this instrument was FILED in the File Number (Recorded) on the date and at the time signed hereon by me and was duly RECORDED in the Official Public Records of Kerr County, Texas on

JUN 16 2006



Janet Lopez

COUNTY CLERK, KERR COUNTY, TEXAS

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