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DECLARATION OF PROTECTIVE COVENANTS

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KNOW ALL MEN by these presents that RAY ELLISON HOMES, INC., a Texas corporation, acting by and through its duly authorized officers (sometimes hereinafter referred to as "Developer"), being all of the owners of that certain land described as follows:

Being all of said property more particularly described by metes and bounds on Exhibit "A" attached hereto and made a part hereof for all purposes;

which acreage has been heretofore platted and subdivided into that certain residential subdivisions known as:

HUNTERS CHASE SUBDIVISION, UNIT 10

according to the plat of said subdivision recorded in Volume 9514, Pages 147-149 of the Deed and Plat Records of Bexar County, Texas, and desiring to establish and carry out a uniform plan for the use, occupancy, ownership and improvement of all residential lots in said subdivision for the benefit of the present and future owners of said lots, said owners do hereby declare, establish and adopt certain reservations, restrictions, covenants and easements (hereinafter referred to as "Restrictions"), which shall be applicable to the use, occupancy, ownership and improvement of all residential lots in said subdivision (the term "lot" as used herein shall include any residential building site created by consolidation or re-subdivision of the originally platted lots, as permitted herein), and every contract, conveyance or other transfer of title hereafter executed with respect to any residential lot or lots in the aforementioned subdivision shall conclusively be held to have been executed, delivered and accepted subject to the following Restrictions, regardless of whether or not said Restrictions are set out in full or are incorporated by reference in said contract, conveyance or other transfer of title.

The terms "residential lot" and "lot" as used herein shall include all lots described on the map or plat of said subdivision except Lots 44 through 48 inclusive, in Block 14 of Hunters Chase Subdivision Unit 10, which 5 lots are set aside and described as "Common Area" herein. The Common Area shall not be subject to these restrictions except as provided in Article 19 herein.

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

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ARTICLE 1. LAND USE AND BUILDING TYPE.

All lots subject to these Restrictions shall be used only for single-family residential and townhouse purposes and no building or structure shall be erected, placed, added to or altered on any lot except a single family residential dwelling not exceeding two stories of living area in height or townhouse and duplex unit not to exceed three stories in height; provided, however, that an attached or detached garage (limited in size to three-car capacity) including servants' quarters or garage apartment, or other approved accessory building or structure (for example, a swimming pool

VOL 1349 PAGE 189

WC3912 PAGE 041

for personal use of lot owner), may be situated on any such lot. Each owner of any lot subject to these restrictions shall be deemed to have covenanted and agreed by acceptance of a contract, conveyance or other transfer of title covering such lot that such owner will not apply for a permit to erect, place, alter or add to any structure on any lot other than a single-family residence or other approved structure as specified and permitted herein. Any garage apartment or servants' quarters which may be situated on any lot shall not be used for rental purposes, and may be used only by servants who are employed in the dwelling situated, or by members of temporary guests of the family occupying the dwelling on said lot. ("Approved", as used in this Article 1 means the approval specified in the following Article 2 hereof and "single-family residential purposes" as used in these restrictions, means residential occupancy by members of a family who are related to each other by blood, adoption or marriage, or residential occupancy by not more than two unrelated persons living together as a single housekeeping unit, together with any bona fide household servants). Every residence constructed shall have an enclosed garage for not more than three nor less than one automobile. No garage constructed as part of the original construction of the residence by the developer may be converted to living quarters unless and until a replacement garage, of equivalent size to the garage to be converted, is constructed, except that Developer may convert garage areas in model homes to sales offices.

ARTICLE 2. ARCHITECTURAL CONTROL.

No building or improvement of any character, except those constructed by the developer as a portion of the original construction on each lot shall be erected, placed, added to or altered on any lot affected hereby until the building plans and specifications and a site plan showing the location of the proposed structure or structures have been submitted to and approved by the hereinafter named Association as being in compliance with these restrictions as to use, quality of workmanship and materials, harmony of external design and external colors with existing and proposed structures, and location of improvements with respect to topography, finished grade elevation, lot boundary lines and building lines.

The plans and documents to be submitted to the hereinafter named Association, as above set forth, shall be submitted for approval prior to commencing the erection, placement, addition to or alteration of any such improvements on any lot. In the event the Association fails to approve or disapprove such plans and documents in writing within thirty (30) days after submission thereof for approval, such plans and documents shall be deemed approved and this requirement of these restrictions shall be considered as having been fully complied with and satisfied. Construction once approved must be completed within ninety (90) days of approval; if the construction is not completed timely, the approval granted will be void.

During the period that Developer owns any lot, the Architectural Control Committee for approval or disapproval of the erection, placement, addition, or alteration of buildings and improvements by developer shall be composed of Dan McVicar, Jesse Murphy and Pete D'Amato. All other erection, placement, addition, or alteration of buildings and improvements, shall be approved by the Association as above stated. In the event of resignation or removal of any member

VOL 349 PAGE 1190

VOL 3912 PAGE 042

of the Architectural Control Committee, while Developer owns any lot, Developer shall appoint a successor to fill the vacancy on the committee. In the event that the Class B members of the Association have only one vote per lot owned, Developer may dissolve the architectural control committee created in this Article 2 and the Board of Directors of the Association shall create an Architectural Control Committee of not less than three (3) members and shall appoint such members.

ARTICLE 3. DWELLING SIZE AND MATERIALS.

Any dwelling situated on any lot must contain a total living area of not less than 700 square feet, and if the dwelling is other than a single-story dwelling, it must contain not less than 500 square feet of ground floor living area, each of the foregoing minimum-area limitations to be exclusive of open or screened porches, terraces, driveways, garage, garage apartment or servant's quarter's or other approved accessory building or structure.

ARTICLE 4. LOCATION OF BUILDING ON LOTS.

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

ARTICLE 5. RE-SUBDIVISION OR CONSOLIDATING OF LOTS.

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

ARTICLE 6. UTILITY AND DRAINAGE EASEMENTS.

All easements for utilities and drainage shall be kept clear of improvements or structures of any kind and no trees, shrubs or other obstructions may be placed upon such easements. In this regard, neither the Developer, nor the

VOL 4 349 PAGE 191

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hereinafter named Association, nor any utility company or drainage authority using said easements shall be liable for any damage done to shrubbery, trees, flowers, or other property which is located within the area covered by said easements.

ARTICLE 7. PROHIBITED STRUCTURES.

Mobile homes are prohibited on any lot, whether or not wheels are attached. Television antennae which are visible from the exterior of any building are prohibited unless such antennae are installed on a portion of the rear of the building and shall not exceed the height of the roof by more than five (5) feet, and the Association shall have the right and power to limit the size of the antennae in its discretion. No microwave "dish" receiver shall be placed upon any lot unless the receiver is concealed from view, from the street, by a fence of height of not greater than six feet around the perimeter of the lot. No portable building, tent, shed, barn or other portable structure of any nature shall be placed on any lot without approval by the Association; provided, however, that a temporary office or work-shed may be placed upon a lot by Developer, without such approval for use in connection with the erection and/or original sale of dwellings in the aforementioned subdivision, but such temporary structure shall be removed at completion of the erection or sale of the dwellings, whichever is applicable. Any such permitted temporary structure shall never be used for residential purposes.

ARTICLE 8. PROHIBITED ACTIVITIES.

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

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

ARTICLE 9. MINING AND MINERAL OPERATIONS.

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

ARTICLE 10. GARBAGE AND OTHER WASTE.

No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and such substances shall not be kept upon any lot, except that the garbage and other waste accumulated from normal household operations may be kept temporarily for purposes of collection. All such waste substances being kept on a lot pending collection thereof shall be kept in closed sanitary containers with tops or lids or in plastic bags with the tops thereof tied. Any such containers shall be hidden from general view and the size and type of waste containers, the temporary location of such containers and plastic bags

VOL 4 349 PAGE 1102

pending collection, and the period of time such containers or bags may be situated at such temporary location shall all be subject to the approval of the hereinafter named Association. All containers, bags, or other equipment for the storage or disposal of such waste substances shall be kept in a clean and sanitary condition.

ARTICLE 11. ANIMALS.

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

ARTICLE 12. EASEMENTS.

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and additional drainage easements are reserved over the rear five feet of each lot. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

ARTICLE 13. FENCES, WALLS AND HEDGES.

The Developer has caused or may cause the construction of a wood or metal fence, or has caused or may cause the installation of wood facing on an existing chain-link fence, along certain portions of lot boundary lines which are common with boundaries of Unrestricted Reserves, if any, shown on the aforesaid plat.

The obligation to maintain, repair and replace the aforescribed wood fence or wood facing, whichever is applicable, along the above specified lot boundaries or portions thereof, shall be appurtenant to the ownership of the lots and shall be a covenant running with the land and with respect to each of said lots. Without the written consent of the adjoining land owners, no gate providing access to adjoining property shall be constructed in fences unless such gate is constructed solely at the request of and for the benefit of any provider of public utilities.

Except as specified under the immediately preceding sub-paragraph of this Article 13, no fence, wall, gas meter or other structure, nor any hedge or other mass planting, shall be placed or permitted to remain on any lot at a location between any boundary of such lot which is adjacent to any street or streets and the building set-back line related to such lot boundary (as shown on the recorded plat of the aforesaid subdivision), unless such structure or mass planting and its location shall be approved by the hereinafter named Association.

All fences and walls located not less than four feet (4') nor more than six feet (6') in height above ground level, unless otherwise approved by the Association, and the surface of any such fence or wall which faces any street, alley or driveway shall be faced with wood, brick, or stone,

or some other material approved by said Association. No fence shall be placed between the building set back and street as shown on the plat of the lots.

ARTICLE 14. TRAFFIC SIGHT BARRIERS.

No shrub, tree, object or thing which obstructs sight lines at elevations between two (2) and six (6) feet above the roadway shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines of such lot and a line connecting such property lines at points located on each said street property lines at a distance of twenty-five (25) feet from the point where such lines intersect or would intersect if extended; nor shall any such obstruction be placed or permitted to remain on any lot within the triangular area formed by the street property line of such lot, the edge line of any driveway or alley pavement, and a line connecting said lines at points located on each of said lines at a distance of ten (10) feet from the point at which said lines intersect or would intersect if extended.

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

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

ARTICLE 16. SIGNS OR BILLBOARDS.

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

ARTICLE 17. MISCELLANEOUS VEHICLES AND EQUIPMENT.

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

stored on any lot or on any adjacent street right-of-way, easement or common area unless parked or stored inside the garage or otherwise obscured from general view by an enclosure or screening approved by said Association.

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

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

ARTICLE 18. MAINTENANCE OF RESIDENTIAL LOT.

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

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

ARTICLE 19. MAINTENANCE ASSOCIATION AND MAINTENANCE CHARGE.

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

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

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

- (a) For any assessable period within the calendar year 1987, the maximum annual maintenance charge on each lot subject to these Restrictions shall be the sum of Three Hundred Dollars (\$300.00).
- (b) For any assessable period within the calendar years next succeeding the calendar year 1987, the maximum annual maintenance charge for each particular calendar year shall be calculated and determined as follows: The average of the Consumer Price Index (all items, Texas area, covering All Urban Consumers, as published by the Bureau of Labor Statistics of the U.S. Department of Labor, or the most nearly comparable successor index published by any governmental agency, over the most recent twelve months for which such information is available at the time of making the annual assessment applicable to the particular calendar year shall be determined (the "current period average"), the average of said Index over the twelve months of the calendar year 1987 shall be determined (the "base period average"), and the maximum annual maintenance charge for the particular calendar year of determination shall be an amount equal to Three Hundred Dollars (\$300.00), as increased by the same percentage that the aforesaid "current period average" being utilized in making the particular determination shall have increased above the "base period average" (adjusted to the nearest one-tenth of one percent) or the amount of \$300.00 increased at the rate of five percent (5%) per year for the date of initial assessment, whichever is greater. In no event shall the maximum annual maintenance charge for any calendar year be less than Three Hundred Dollars (\$300.00). If the aforesaid Index

for All Urban Consumers was not published for any period of time involved in any determination of a possible increase in the annual maintenance charge as aforesaid, then the Consumer Price Index (all items, United States City Average) previously published by the Bureau of Labor Statistics shall be used for such period of time.)

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

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

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

the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

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

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

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

The Association shall be authorized under its Articles of Incorporation to also provide maintenance services similar to those contemplated herein for the benefit of subsequently developed residential subdivision areas in which the lots are made subject to deed restrictions providing for the establishment of a maintenance charge uniform with that specified herein and which are otherwise substantially the same as these Restrictions; provided, such other subdivision areas are duly "annexed" to Hunters Chase Subdivision, Unit 10 in the manner hereinafter set out, and are comprised of land described in Exhibit "B" attached hereto and incorporated herein by reference.

In this regard it is specifically provided that, if additional residential subdivision areas are duly annexed to the aforementioned subdivision in the manner herein provided, the officers and directors of the Association shall be entitled

to combine maintenance charge monies received from lots situated in the several subdivision areas it may be serving into a single fund and provide and pay for services on behalf of all subdivision areas being served by the Association without the necessity of any allocation to particular lots or subdivision areas. The owner of each lot affected hereby shall be deemed to have agreed to this provision by his acceptance of a conveyance or other transfer of title to such lot.

There has been a dedication of common area and common area facilities in conjunction with the development of the aforementioned subdivision. Each lot owner shall have a right and easement of enjoyment in and to any common area and any common area facilities which now exist or which may be subsequently annexed to the aforementioned subdivision and dedicated for the use and enjoyment of the members of the Association, which right and easement shall be appurtenant to and shall pass with the title to each lot, subject to the following:

- (a) the right of the Association to charge reasonable admission and other fees and to establish reasonable rules and regulations covering the use of the common area and any recreational facility situated upon the common area;
- (b) the right of the Association to suspend a member's voting rights and rights to the use of the common area and any recreational facilities thereon for a period of time during which any assessment against such member's lot remains unpaid, and to suspend such rights for a period not to exceed 60 days for any infraction of the Association's published rules and regulations;
- (c) the right of the Association to dedicate or transfer all or any part of the common area or any common area facilities to any public agency or authority having the same or similar purposes as the Association, subject to such conditions as may be reserved in the dedication or transfer. No such dedication or transfer shall be effective unless an instrument approving such dedication or transfer has been signed by at least two-thirds (2/3) of the members in each class of membership in the Association and has been recorded; and
- (d) the right of any lot owner to delegate his right and easement of enjoyment in and to the common area and common area facilities to the members of his family, his tenants, or contract purchasers who reside on the property, in accordance with the By-Laws of the Association.

Additional residential subdivision areas and common areas may be annexed to Hunters Chase Subdivision, Unit 10 with the consent of two-thirds (2/3) of the votes of each class of membership of the Association, or such areas, within the properties described in Exhibit "B" attached hereto, may be annexed by the Developer or the Association without membership consent if a general plan of the overall Hunters Chase Subdivision complex has been approved by the Federal Housing Administration and the Veterans Administration and the additional subdivision area or common area to be annexed has been determined by the Federal Housing Administration and the Veterans Administration as being in accord with such approved general plan; provided, that annexation by either of the foregoing procedures shall be subject to the approval of

the Federal Housing Administration or the Veterans Administration so long as there are any Class B members of the Association (as specified under Article 19 hereof).

A lien is hereby established on the lots subject to these restrictions to secure the payment of the maintenance charge established hereby, and all present and subsequent owners of said lots should convey such lots with an appropriate reference to the recordation of these restrictions in the Official Public Records of Real Property of Bexar County, Texas, together with a recitation that said lien has been retained against each lot for the benefit of the Association. The owner or owners of any lot subject to these restrictions shall be deemed to have covenanted and agreed to pay the aforesaid maintenance charge by acceptance of a conveyance or other transfer of title to such lot, even though the reference and recitation referred to above is not made. Each Class "A" owner acknowledges that the lien for assessments created herein was in existence prior to the acquisition of a lot by such Class "A" members.

The aforesaid lien shall secure payment of the maintenance charge and all past-due interest which may accrue thereon, together with all reasonable expenses, costs, and attorney's fees which may be incurred in connection with the collection thereof. Said lien shall run with the land and be a continuing charge on the land assessed, and shall also be a personal obligation of the owner(s) of each lot to the extent of the maintenance charge attributable to such owner's period of ownership.

Every person or entity owning of record either the entire fee title or an undivided interest in the fee title to any residential lot situated in the aforementioned subdivision, or in any other area duly annexed thereto and brought under the jurisdiction of the Association as hereinafter provided, shall be a member of such corporation. (The foregoing is not intended to include persons or entities holding an interest in a lot merely as security for the performance of an obligation). Membership shall be appurtenant to and may not be separated from ownership of such lot.

The Association shall have two classes of members, with voting rights as follows:

Class A Members shall be all of the owners, other than the Developer, of residential lots situated in the aforementioned subdivision and in any other area duly annexed thereto, as hereinafter provided. Voting rights of Class A members shall be limited to one vote for each lot owned. If any lot is owned by more than one person or entity, all such persons or entities shall be members and the vote to which such lot is entitled shall be exercised as the owners of such lot may determine among themselves.

The Class B Member or Members shall be the Developer and any other developers of any other subdivision areas duly annexed to the aforementioned subdivision as herein after provided. The Class B membership shall be entitled to three (3) votes for each residential lot owned until such time as the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership, or on December 31, 1994, whichever date occurs the earliest. After the earliest to occur of the foregoing dates, the voting rights of the Class B membership shall be automatically converted to one (1) vote for each lot owned, the same as the Class A membership. It is specially provided, however, that at any time, other subdivision areas are duly annexed to the aforementioned subdivision in the manner

hereinafter set out, the voting rights as to lots owned by the Class B membership shall (if previously converted to one vote per lot) automatically revert to three (3) votes for each lot owned until such time as the total votes outstanding in the Class A membership throughout the aforementioned subdivision and any duly annexed area, collectively, shall equal or exceed the total votes outstanding in the Class B membership throughout such total area, or until December 31, 1994, whichever date occurs the earliest, at which time Class B voting rights shall be automatically converted to one (1) vote for each lot owned.

The initial Board of Directors of the Association is composed of Dan McVicar, Pete D'Amato, and Jesse Murphy.

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

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

At each regular annual meeting of the members of the corporation prior to the conversion of the voting rights of Class B membership to the same voting rights as the Class A membership, the Class A members only shall elect for a term of one year the one director that the Class A membership separately is then entitled to elect, as provided above. At each regular annual meeting of the members after the voting rights of the Class B membership have been converted hereunder to the same voting rights as the Class A membership, the total membership shall elect for a term of one year the two directors that the membership is then entitled to elect. At the first regular annual meeting of the members after the Class B members have sold to other persons or entities all residential lots situated in the

aforenamed subdivision (and in any other subdivision areas duly annexed thereto as hereinafter provided), all members of the corporation shall elect at least one director for a term of one year, at least one director for a term of two years, and at least one director for a term of three years, and at each regular annual meeting thereafter the membership shall elect at least one director for a term of three years.

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

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

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

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

ARTICLE 20. RIGHTS OF MORTGAGEES.

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

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

ARTICLE 21. TERM OF RESTRICTIONS.

These restrictions are to run with the land, and shall be binding upon and inure to the benefit of the Developer and the Association, their respective successors and assigns, and all future owners of the residential lots located in the

aforenamed subdivision until December 31st of the year 2027 A.D.

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

ARTICLE 22. ENFORCEMENT OF RESTRICTIONS.

The Board of Directors of the aforesaid Association, the owner or owners of any residential lot subject to these restrictions, or the Developer (until all lots subject hereto have been sold or otherwise conveyed to persons or entities other than commercial homebuilders) and the Association itself shall all have the right to file suit for damages or for injunction, mandatory or prohibitory, to compel compliance with the provisions of these restrictions. Also, the Board of Directors on behalf of the Association shall have the right to bring an action at law to foreclose the lien hereby established to secure the payment of the aforesaid maintenance charge if any lot owner fails to cure any such default within thirty (30) days after notice thereof from the Association. The plaintiff in any of the aforescribed proceedings shall be entitled to recover from the defendant in such action all reasonably necessary costs and expenses attendant upon bringing such action, including a reasonable attorney's fee. The foregoing provision for recovery of costs, expenses and attorney's fees shall be deemed to have been agreed to by the owner(s) of any lot covered hereby by acceptance of a conveyance or other transfer of title to such lot.

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

ARTICLE 23. ASSIGNMENT BY DEVELOPER AND MAINTENANCE ASSOCIATION.

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

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

ARTICLE 24. FHA/VA APPROVAL.

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

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

ARTICLE 25. AMENDMENT OF RESTRICTIONS.

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

ARTICLE 26. JOINDER OF LIENHOLDER.

The undersigned lienholder on the land described herein joins in the execution of this instrument for the purpose of evidencing its consent and agreement to the provisions hereof and said lienholder further agrees that future amendments hereof which are accomplished by the procedure set forth herein may be effected without its consent.

ARTICLE 27. DRAINAGE.

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

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the 13th day of January, 1987.

"OWNER AND DEVELOPER"

RAY ELLISON HOMES, INC.

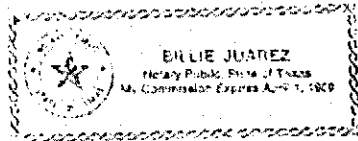
By: Ray T. Ellison

Vice-President

THE STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me this 13th
day of January, 1987, by NORMAN T. DUGAN, JR., Vice
President of RAY ELLISON HOMES, INC., a Texas corporation, on
behalf of said corporation.



Billie Juarez
Notary Public, State of Texas

My Commission Expires:

4/1/89

VOL 312 PAGE 056

VOL 4349 PAGE 1205