

94- 0088709

DECLARATION OF PROTECTIVE COVENANTS

KNOW ALL MEN by these presents that KNOLLCREEK DEVELOPMENT, LTD. ("Knollecreek"), a Texas limited partnership, acting by and through duly authorized persons and partners (sometimes hereinafter referred to as "Declarant"), being all of the owners of that certain land described as follows:

Lots 1 through 9, Block 9, Lots 1 through 16, Block 10, Lots 4 through 27, Block 11
and Lots 1 through 29, Block 20

all in Knollecreek Subdivision Unit 7, according to plat therefore recorded in Volume 9529 at Page 14 & 15 of the 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 Declarant does hereby declare, establish and adopt certain reservations, restrictions, covenants and easements (hereinafter referred to as "Restrictions"), which shall be applicable to the use, occupancy, ownership and improvement of all residential lots in said subdivision (the term "lot" as used herein shall include any residential building site created by consolidation or re-subdivision of the originally platted lots, as permitted herein), and every contract, conveyance or other transfer of title hereafter executed with respect to any residential lot or lots in the aforementioned subdivision shall conclusively be held to have been executed, delivered and accepted subject to the following Restrictions, regardless of whether or not said Restrictions are set out in full or are incorporated by reference in said contract, conveyance or other transfer of title.

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

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

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

ARTICLE 1. LAND USE AND BUILDING TYPE.

All lots subject to these Restrictions shall be used only for single-family residential purposes and no building or structure shall be erected, placed, added to or altered on any lot except a single family residential dwelling not exceeding two and one-half stories of living area in height; provided, however, that an attached or detached garage including servant's quarters or garage apartment, or other approved accessory building or structure (for example, a swimming pool for personal use of lot owner), may be situated on any such lot. Each owner of any lot subject to these restrictions shall be deemed to have covenanted and agreed by acceptance of a contract, conveyance or other transfer of title covering such lot that such owner will not apply for a permit to erect, place, alter, or add to any structure on any lot other than a single-family residence or other approved structure as specified and permitted herein. Any garage apartment or servants' quarters which may be situated on any lot shall not be used for rental purposes, and may be used only by servants who are employed in the dwelling situated, or by members or 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 not more than two unrelated adult persons and their children living together as a single housekeeping unit, together with any bona fide household servants). Every residence constructed shall have an enclosed garage. No garage constructed as part of the original construction of the residence by the original builder may be converted to living quarters unless and until a replacement garage, of equivalent size to the garage to be converted, is constructed, except that a homebuilder, marketing homes in the subdivision, may convert garage areas in model homes to temporary sales offices. If two lots are joined together as a single residential unit, the interior lot lines (and common setback line) between the joined lots shall be disregarded for purposes of placement of the residence and other structures; the joinder of two lots as a single residential unit shall not reduce the assessments established in Article 19 below.

ARTICLE 2. ARCHITECTURAL CONTROL.

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

The plans and documents to be submitted to the hereinafter named Architectural Control Committee for the Association, as above set forth, shall be submitted for approval prior to commencing the erection, placement, addition to or alteration of any such improvements on any lot. In the event the Committee fails to approve or disapprove such plans and documents in writing within thirty (30) days after receipt of the request by the Committee for approval, such plans and documents shall be deemed approved in so far as the requested improvement is not

otherwise prohibited by the covenants and this requirement of these restrictions shall be considered as failure to reject the requested plan SHALL NOT BE DEEMED A WAIVER OF ANY COVENANT CONTAINED HEREIN AND THE REQUESTING PARTY MUST COMPLY WITH ALL THESE COVENANTS OTHERWISE. Construction once approved must be completed within one hundred-eighty days (180) of approval; if the construction is not completed timely, the approval granted will be void.

During the period that Declarant owns any lot, the Architectural Control Committee for approval or disapproval of the erection, placement, additional or alteration of buildings and improvements shall be composed of Norman T. Dugas, Jr. In the event of resignation or removal of any member of the Architectural Control Committee, while Declarant owns any lot, Declarant shall appoint a successor to fill the vacancy on the committee. In the event that the Class B members of the Association have only one vote per lot owned, Declarant may, at Declarant's sole choice, dissolve the Architectural Control Committee created in this Article 2 and the Board of Directors of the Association shall create an Architectural Control Committee of not less than three (3) members and shall appoint such members.

The Committee shall have the express authority to perform fact finding functions hereunder and shall have the power to construe and interpret any covenant herein that may be vague, indefinite, uncertain or capable of more than one construction. The Architectural Control Committee shall have the authority to determine and publish reasonable standards for materials, colors and design for improvements.

Members of said Committee and their representatives shall not be liable to any person subject to or possessing or claiming the benefits of the restrictive covenants for any damage or injury to property or for damage or loss arising out of their acts hereunder, it being understood and agreed that any remedy be restricted to injunctive relief and no other. The members of the Architectural Control Committee shall not be entitled to any compensation for services rendered pursuant to this covenant.

If the Architectural Control Committee shall determine that the complexity of a request for architectural approval so warrants, the Architectural Control Committee may retain an architect and/or engineer for assistance and advice; in this event, the reasonable costs of such architect and/or engineer shall be paid by the party requesting architectural approval.

The initial mailing address of the Committee is 14800 San Pedro, Suite 304, San Antonio, Texas, 78232. The mailing address may be changed by recording a notice of change of address in the Office of the County Clerk for Bexar County, Texas, in the records of real property.

ARTICLE 3. DWELLING SIZE AND MATERIALS.

Any dwelling situated on any lot must contain a total living area of not less than 1,000 square feet of living area, exclusive of open or screened porches, terraces, driveways, garage, garage apartment or servant's quarters or other approved accessory building or structure. All exterior building materials are subject to approval by the Architectural Control Committee.

From time to time, the Architectural Control Committee may publish a memorandum of approved materials and colors that are deemed acceptable to the committee for use within the Subdivision subject to this Declaration.

ARTICLE 4. LOCATION OF BUILDINGS AND IMPROVEMENTS 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. No part of any building shall be located within five (5) feet of any interior lot boundary line. If two lots are joined together as a single residential unit, the interior lot line between the joined lots shall be disregarded for placement of the residence and other structures. For the purposes of these restrictions, the front line of each lot shall be the shortest boundary line thereof abutting a dedicated street as shown by the recorded subdivision plat. The residential dwelling on each lot in the aforementioned subdivision shall face the front of the lot. Roof overhangs not exceeding 24", window boxes, and fireplace units shall not be deemed "part of any building" as used herein for building location purposes. No building or improvement shall impair the use of any easement provided in the Plat of the subdivision or dedicated by instrument. All private driveways shall be constructed of concrete and conform to specifications of governing authorities at the time of construction.

No structure or improvement of any kind shall be placed between the front set back line and the front property line except landscape materials and landscape related improvements as may be approved by the Architectural Control Committee in its sole discretion. No structure or improvement of any kind shall be placed between the front property line (or side property line on corner lots) and the curb.

The Architectural Control Committee shall have the power to waive the set back line requirements as a predicate to Architectural Control Committee approval upon a finding by the committee that such waiver will not create an unreasonable burden upon the subdivision and that there is sufficient need for such waiver. Such waiver shall not alleviate the requirements of any building code or governmental regulation, shall be applied to each specific situation and shall not be deemed a waiver of any future enforcement.

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 improvement 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 therein shall be subject to at least one full-lot maintenance charge, and the total assessments on the modified building sites shall not be less than the total original assessment on the total of the lots.

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, berms or other obstructions may be placed upon such easements. In this regard, neither the Declarant, nor the hereinafter named Association, nor any utility company or drainage authority using said easements shall be liable for any damage done to shrubbery, trees, flowers, or other property which is located within the area covered by said easements.

ARTICLE 7. PROHIBITED STRUCTURES.

Mobile homes are prohibited on any lot, whether or not wheels are attached. No antenna of any kind may be placed, kept or maintained on any lot except (a) a "wire" or "tube" antenna for receiving usual and ordinary AM-FM radio and television signals, which antenna must be attached to the rear of the residence, and the top of which antenna shall not exceed the height of the residence by more than five feet (5'), the size of which antenna may be restricted by the Architectural Control Committee, and (b) "dish" or "satellite" receiver, of not greater than nine feet (9') in diameter, not to exceed ten feet (10') in total installed height above ground level, located behind the residential structure, and concealed from general view by residences, fences and/or landscape as the Architectural Control Committee may require prior to approval of installation. No patio cover may be erected on the side of any residence if such construction will be within (10) ten feet of the adjoining residence. No clothesline shall be constructed unless concealed from general view by fences, buildings and/or landscape as may be required by the Architectural Control Committee. No flag poles, skateboard ramps, or other athletic apparatus may be erected, maintained or placed, at any time, in front of the front building setback line established by the recorded plat. No portable building, tent, shed, barn, basketball goals or other portable structure of any nature shall be placed on any lot without approval by the Architectural Control Committee, provided, however, that a temporary office, flag poles, signs and work-shed may be placed upon a lot by a home building company, without such approval for use in connection with the erection and/or original sale of dwellings in the aforementioned subdivision, but such temporary office, flag poles, signs and work-shed 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.

Violation of any order of the State of Texas, any state agency, or political subdivision, or any municipal ordinance or state law shall be deemed a nuisance and subject to enforcement as provided herein.

In the interests of public safety, streets and roadways shall not be used as playgrounds or recreational areas.

ARTICLE 9. MINING AND MINERAL OPERATIONS.

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

ARTICLE 10. GARBAGE AND OTHER WASTE.

No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and such substances shall not be kept or stored upon any lot, except that the garbage and other waste accumulated from normal household operations may be kept temporarily for purposes of ordinary waste collection. All such waste substances being kept on a lot pending collection thereof shall be kept in closed sanitary containers with tops or lids or in plastic bags with the tops thereof tied. Any such containers shall be hidden from general view and the size and type of waste containers, the temporary location of such containers 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 Architectural Control Committee. 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; no pet shall be allowed to roam the subdivision. Incessant barking or howling of pets shall be deemed a nuisance and is prohibited. The owner and custodian of each pet shall immediately remove the excrement of his/her pet from yards, streets, sidewalks and rights-of-way.

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 (5') of each lot and along and parallel to the side property line(s) five feet (5') in width, unless

covered by construction of a Zero Lot Line residence. Within these easements, no structure, planting or other material shall be placed or permitted to remain so as not to damage or interfere with the installation, performance, 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 Declarant has caused or may, but is not obligated to, cause the construction of a masonry, wood or metal fence, along certain portions of lot boundary lines which are common with boundaries of Unrestricted Reserves, if any, boundaries of the subdivisions, boundaries of the easements and rights-of-way, as may be shown on the aforesaid plat.

The obligation to maintain, repair and replace the aforescribed fence, 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 aforementioned subdivision), unless such structure or mass planting and its location shall be approved by the Architectural Control Committee.

Fences and fence type walls shall be six feet (6') in height above ground level, unless otherwise approved by the Architectural Control Committee, and the surface of any such fence or wall shall be faced with wood, brick, or stone, or some other material approved by said Architectural Control Committee. No chain link fences may be installed on any lot where visible from a street or adjoining lot. No fence shall be placed between the building set back and street as shown on the plat of the lots. The foregoing notwithstanding, all fences and gates facing a public street or roadway shall be constructed of masonry, wrought iron or vertical, solid cedar, spruce, or other wood approved by the Architectural Control Committee. All wood fences and gates shall be left natural or covered with a natural clear stain or a clear wood preserver. Colors for masonry and iron portions of all fences shall be determined by the Architectural Control Committee, considering harmony with the existing residence. All wood fences and gates must be solid in appearance; the design of masonry and iron portions of all fences shall be subject to approval by the Architectural Control Committee. Wood fences and wood gates shall not be of "open" picket or "rail" design.

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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 Board of Directors of 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 parked or stored at least seventy-five (75) feet rearward from the front property line and at least twenty (20) feet from the nearest side property line, and screened by a wood fence six (6) feet in height or otherwise obscured from general view by an enclosure or screening approved by said Architectural Control Committee.

Without limiting the foregoing, it shall be presumed that any vehicle that does not have attached a current license plate and current safety inspection sticker (if required by statute) or has one or more flat tires, or is otherwise disabled or partially disassembled, is a vehicle stored in violation of this Article 17.

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. No motor home, camper, boat, trailer, or other vehicle of height greater than nine (9) feet shall be kept or stored on any lot or on the street adjoining any lot or common area.

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

ARTICLE 18. MAINTENANCE OF RESIDENTIAL LOT.

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

In addition to rights, powers and remedies granted by law, in the event of default on the part of the owner or occupant of any lot in observing the requirements set out in Articles 1 through 17 above, or any of them, and the continuation of such default after ten (10) days written notice from the hereinafter named Association of the existence of such default, said Association, upon approval by the Board of Directors, 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 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.

Declarant shall cause or has caused to be organized under the laws of the State of Texas a non-profit corporation named Knollcreek North Homeowners Association, Inc. (herein sometimes referred to as the "Association"), which organization shall have the power of 1) assessing and collecting the annual maintenance charge specified herein, 2) managing said fund and arranging for the performance of the services contemplated and making payment therefor out of said fund 3) the establishment and enforcement of rules and regulations affecting the operation, use and enjoyment of common area facilities, 4) for acquisition and use of personal property 5) for collection of assessments, 6) for maintenance of rights-of-way within, or adjacent to the subdivision, and 7) the effective and efficient operation of the business of the Association. In this regard, said Association shall have all the powers granted by the Texas Non-Profit Corporation Act.

Each residential lot in the aforementioned subdivision is hereby made subject to an annual maintenance charge for the purpose of creating a subdivision maintenance and improvement fund, and a reserve fund and such maintenance charge shall be first assessed against each lot as of the date that the Association holds its initial Board of Directors meeting and approves the Bylaws of the Association. The initial assessment period shall be the remaining portion of the particular calendar year in which the aforesaid notice is given by the Association commencing with such notice date. Thereafter, the maintenance charge shall be assessed annually against each lot as of January 1st of each succeeding calendar year to cover the full calendar year commencing with the particular assessment date. A statement reflecting the amount of the assessment with respect to each lot shall be mailed or otherwise delivered to each lot owner (or the holder of the mortgage on such lot, if the mortgage holder is paying the maintenance charge from the lot owner's mortgage escrow account) as soon as practicable after each assessment date. The amount of each assessment shall be paid by the owner of each lot (or the holder of the mortgage on such lot, if applicable) to the Association in advance on January 1 of each year, or within fifteen (15) days after the statement covering such assessment has been mailed or otherwise delivered to the lot owner (or the holder of the mortgage on such lot, if applicable), whichever last occurs. 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 1994, the maximum annual maintenance charge on each lot subject to these Restrictions shall be the sum of One Hundred Eighty Dollars (\$180.00)

(b) For any assessable period within the calendar years next succeeding the calendar year 1994, 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 1994 shall be determined (the "base period average"), and the maximum annual maintenance charge for the particular calendar year of determination shall be an amount equal to One Hundred Eighty Dollars (\$180.00), 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 \$120.00 increased at the rate of five percent (5%) per year for the date of initial assessment, whichever is greater. In no event shall the maximum annual maintenance charge for any calendar year be less than One Hundred Eighty Dollars (\$180.00). If the aforescribed Index for All 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 and which is dedicated for the use and benefit of the members of the Association (including fixtures and personal property related thereto), the following described procedure is hereby established for imposing any special assessment for such capital improvements, to-wit:

(1) A special meeting of all members of the Association shall be called in accordance with all regular requirements for a special meeting of the members; provided that written notice of any such meeting shall be given to all members specifying that the purpose of the meeting is to vote on a proposed special assessment for defraying the cost of proposed capital improvements (which are to be generally described in the notice), and further provided that such notice shall be sent to

all members not less than thirty (30) days nor more than sixty (60) days prior to the date of such meeting.

(2) The first special meeting of the members called for the purpose of approving the levy of a particular special assessment shall require the presence at the meeting (either in person or by proxy) of members entitled to cast at least sixty percent (60%) of all votes of each class of membership in the Association in order to constitute a quorum for valid action. If the required quorum is not present at such first called meeting, another special meeting may be called with respect to that particular special assessment, subject to the same notice requirement and the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

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

The services or things which may be furnished and paid for by the Association out of the maintenance fund include the acquisitions and operations of common area property, if any, for recreational or other purposes and the construction, installation, operation, maintenance, repair and replacement of any facilities or improvements placed thereon (subject to the limitations herein set forth with respect to expenditures for such purposes), street lighting, trash removal, fire, police and security patrol services, installing, maintaining, and replacing shrubbery, plants, grass, trees, monuments, (whether located within Knollcreek Subdivision Unit 7 or located on rights-of-way at the entrance of Knollcreek Subdivision) and other landscaping or decorative improvements on any common area, or any neighboring rights-of-way, fogging for insect control, paying legal and other expenses for the enforcement of the provisions of these Restrictions, paying all taxes assessed against the Association's property, and any and all other services or things which the Board of Directors shall deem necessary or desirable for the maintenance and improvement of the aforementioned subdivision, it being expressly provided that the Association shall not be limited to the particular items set forth above, nor shall the Association be required to furnish and pay for any of said particular items. Also, the Association shall be under no obligation to continue to furnish and pay for any particular service or thing after the commencement thereof. The Association shall provide liability insurance for all directors and shall indemnify directors for all uninsured losses relating to acts as directors except criminal acts.

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

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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 subdivision areas are duly annexed as provided herein.

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

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

(a) the right of the Association to charge reasonable admission and other fees and to establish reasonable rules and regulations covering the use of the common area and any recreational facility situated upon the common area;

(b) the right of the Association to suspend a member's voting rights and rights to the use of the common area and any recreational facilities thereon for a period of time during which any assessment against such member's lot remains unpaid, and to suspend such rights for a period not to exceed 60 days for any infraction of the 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.

Without requirement of consent by membership of the Association, Declarant may annex, by recordation of a declaration of annexation executed by Declarant, all or any portion of that

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property described in Exhibit "A" attached hereto and incorporated herein for all purposes. Other additional residential subdivision areas and common areas may be annexed to Knollcreek North Homeowners Association, Inc., with the consent of two-thirds (2/3) of the votes of each class of membership of the Association.

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 acquisitions 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 corporations. 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 Declarant, 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.

Class B Member or Members shall be the Declarant 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, 2000, 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 hereafter 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, 2004, 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 Norman T. Dugas, Jr., Lance Ligon and Mike Bufler.

The aforesaid initial Board of Directors shall hold office until such time as at least 65% of the lots in the aforementioned initial subdivision are owned by persons or entities other than the Declarant of such subdivision, at which time the initial Board of Directors shall, as soon as practical, 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, as soon as practical, call a special meeting of all members of the corporation for the purpose of holding an election to select another Director to replace one of the two remaining members of the initial Board of Directors, said Director so elected to serve until the next regular annual meeting of the members of the corporation. The then-remaining member of the initial Board of Directors shall continue to hold office until such time as the Class B members have sold to other persons or entities all residential lots in the aforementioned subdivision and in any other areas duly annexed thereto (as herein provided).

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

At each regular annual meeting of the members of the corporation prior to the conversion of the voting rights of Class B membership to the same voting rights as the Class A membership, the Class A members only shall elect for a term of one year the one director that the Class A membership separately is then entitled to elect, as provided above. At each regular annual meeting of the members after the voting rights of the Class B membership have been converted hereunder to the same voting rights as the Class A membership, the total membership shall elect

for a term of one year the two directors that the membership is then entitled to elect. At the first regular annual meeting of the members after the Class B members have sold to other persons or entities all residential lots situated in the aforementioned 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 included in the performance of his duties.

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

If the corporation, provided herein, should dissolve for any reason, the ownership of any common area and Association property shall immediately be conveyed to the owners of all lots within the subdivision in equal shares based upon a per lot distribution, of an undivided interest, UNLESS the Board of Directors has, with appropriate board resolution, conveyed the common area, if any, and Association property to a municipality or other governmental entity for public use.

ARTICLE 20. RIGHTS OF MORTGAGEES.

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

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

ARTICLE 21. TERM OF RESTRICTIONS.

These restrictions are to run with the land, and shall be binding upon and inure to the benefit of the Declarant and the Association, their respective successors and assigns, and all future owners of the residential lots located in the aforementioned subdivision until December 31st of the year 2034 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 ten (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, the Declarant (until all lots subject hereto have been sold or otherwise conveyed to persons or entities other than commercial homebuilders) and/or the Association itself shall all have the right, power and authority, without requirement of joinder of the other, to file suit for damages or for injunction, mandatory or prohibitory, to compel compliance with the provisions of these restrictions. Also, the Board of Directors on behalf of the Association shall have the right to bring an action at law to foreclose the lien hereby established to secure the payment of the aforesaid maintenance charge if any lot owner fails to cure any such default within thirty (30) days after notice thereof from the Association. The plaintiff in any of the aforescribed proceedings shall be entitled to recover from the defendant in such actions all reasonably necessary costs and expenses attendant upon bringing such action, including reasonable attorney's fees. 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 acceptance of a conveyance or other transfer of title to such lot.

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

ARTICLE 23. ASSIGNMENT BY DEVELOPER AND MAINTENANCE ASSOCIATION.

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

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

ARTICLE 24. AMENDMENT OF RESTRICTIONS.

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.

Declarant shall have the right, power and authority, at anytime, to file amendment for the sole purpose of correcting clerical errors; no other amendments may be filed except as above provided.

ARTICLE 25. 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 Architectural Control Committee; also during the first ten (10) years of the existence of each lot, no approval for alteration of the drainage design or construction of any lot shall be effective unless the developer has given its written approval of such change. No landscape plan or design which would have the effect of altering the drainage of any individual lot to cause that lot to hold water or would increase the flow of water to another lot may be approved.

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IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the
12th day of May, 1994.

DECLARANT:

KNOLLCREEK DEVELOPMENT, LTD.,
a Texas limited partnership

By: Bigfoot Developments,
a Texas partnership, General Partner

By: Dugas Diversified Developments, L.C.,
Managing Partner

By: 
Norman T. Dugas, Jr., President

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