

Little River Ranch

Declaration of
Covenants, Conditions and Restrictions

Pages 1-23

Matagorda County, Texas

Declarant: Sitz Family Investments, LLC, a Texas limited liability company

LITTLE RIVER RANCH COVENANTS, CONDITIONS AND RESTRICTIONS
TABLE OF CONTENTS

| | |
|---|----|
| ARTICLE 1. | |
| DEFINITIONS | 2 |
| ARTICLE 2. | |
| CERTAIN PROPERTY FEATURES | 5 |
| 2.1. PROPERTY. | 5 |
| 2.2. CHANGE OF CIRCUMSTANCE. | 6 |
| 2.3. NOT IN CITY. | 6 |
| 2.4. ADDITIONAL PROPERTY. | 6 |
| 2.5. PLAT DEDICATIONS, EASEMENTS & RESTRICTIONS. | 6 |
| 2.6. COMMON AREA. | 6 |
| 2.7. STREETS WITHIN PROPERTY. | 8 |
| ARTICLE 3. | |
| PROPERTY EASEMENTS AND RIGHTS | 8 |
| 3.1. GENERAL. | 8 |
| 3.2. GREENBELT EASEMENT. | 8 |
| 3.3. DRAINAGE EASEMENT. | 9 |
| 3.4. OWNER’S EASEMENT OF ENJOYMENT. | 9 |
| 3.5. OWNER’S INGRESS/EGRESS EASEMENT. | 10 |
| 3.6. ASSOCIATION’S ACCESS EASEMENT. | 10 |
| 3.7. UTILITY EASEMENT. | 10 |
| 3.8. MINERAL RIGHTS. | 11 |
| 3.9. SECURITY. | 11 |
| ARTICLE 4. | |
| ARCHITECTURAL STANDARDS | 11 |
| 4.1. PURPOSE. | 11 |
| 4.2. ARCHITECTURAL CONTROL DURING THE DEVELOPMENT PERIOD. | 12 |
| 4.3. ARCHITECTURAL REVIEW & REGULATION BY ASSOCIATION. | 12 |
| 4.4. ARCHITECTURAL APPROVAL REQUIRED FOR CONSTRUCTION, ALTERATION & IMPROVEMENT. | 13 |
| 4.5. ARCHITECTURAL APPROVAL PROCESS. | 13 |
| 4.6. ARCHITECTURAL GUIDELINES. | 14 |
| ARTICLE 5. | |
| CONSTRUCTION AND USE RESTRICTIONS | 14 |
| 5.1. VARIANCE. | 14 |
| 5.2. CONSTRUCTION RESTRICTIONS. | 15 |
| 5.3. ASSOCIATION’S RIGHT TO PROMULGATE RULES. | 15 |
| 5.4. ACCESSORY STRUCTURES. | 15 |

| | | |
|-------|-------------------------|----|
| 5.5. | ANIMAL RESTRICTIONS. | 16 |
| 5.6. | ANNOYANCE. | 16 |
| 5.7. | APPEARANCE. | 16 |
| 5.8. | BUSINESS USE. | 16 |
| 5.9. | CARPORTS. | 16 |
| 5.10. | COLOR CHANGES. | 17 |
| 5.11. | DECLARANT PRIVILEGES. | 17 |
| 5.12. | DRAINAGE. | 17 |
| 5.13. | DRIVEWAYS. | 17 |
| 5.14. | EXISTING STRUCTURES | 17 |
| 5.15. | FIRES. | 17 |
| 5.16. | FLAGS. | 18 |
| 5.17. | GARAGES. | 18 |
| 5.18. | GARAGE SALES. | 18 |
| 5.19. | GUNS & FIREWORKS. | 18 |
| 5.20. | HOLIDAY DECORATIONS. | 19 |
| 5.21. | LANDSCAPING. | 19 |
| 5.22. | LEASING OF HOMES. | 19 |
| 5.23. | LIGHTS. | 19 |
| 5.24. | NOISE & ODOR. | 19 |
| 5.25. | OCCUPANCY. | 20 |
| 5.26. | PARKING. | 20 |
| 5.27. | PATIO COVERS. | 20 |
| 5.28. | RELIGIOUS ITEM DISPLAYS | 20 |
| 5.29. | RESIDENTIAL USE. | 20 |
| 5.30. | SCREENING. | 20 |
| 5.31. | SIGNS. | 21 |
| 5.32. | TELEVISION. | 22 |
| 5.33. | TEMPORARY STRUCTURES. | 22 |
| 5.34. | TRASH. | 22 |
| 5.35. | VEHICLES. | 22 |
| 5.36. | WATER FRONT LOTS. | 23 |
| 5.37. | WATER WELLS. | 23 |
| 5.38. | WINDOW TREATMENTS. | 23 |
| 5.39. | YARD ART. | 23 |

ARTICLE 6.

| | |
|------------------------|----|
| ASSOCIATION OPERATIONS | 24 |
| 6.1. THE ASSOCIATION. | 24 |
| 6.2. BOARD. | 24 |
| 6.3. MEMBERSHIP. | 24 |
| 6.4. VOTING BY OWNERS. | 24 |
| 6.5. GOVERNANCE. | 25 |
| 6.6. BOOKS & RECORDS. | 25 |

| | | |
|------|-----------------------------|----|
| 6.7. | INDEMNIFICATION. | 25 |
| 6.8. | OBLIGATIONS OF OWNERS. | 26 |
| 6.9. | HOME RESALES. | 26 |

ARTICLE 7.

| | | |
|------|--|----|
| | COVENANT FOR ASSESSMENTS | 27 |
| 7.1. | PURPOSE OF ASSESSMENTS. | 27 |
| 7.2. | PERSONAL OBLIGATION. | 28 |
| 7.3. | TYPES OF ASSESSMENTS. | 28 |
| 7.4. | CONTROL FOR ASSESSMENT INCREASES. | 29 |
| 7.5. | BASIS & RATE OF ASSESSMENTS. | 30 |
| 7.6. | ANNUAL BUDGET. | 30 |
| 7.7. | DUE DATE. | 30 |
| 7.8. | RESERVE FUNDS. | 30 |

ARTICLE 8.

| | | |
|------|---|----|
| | ASSESSMENT LIEN | 31 |
| 8.1. | ASSESSMENT LIEN. | 31 |
| 8.2. | SUPERIORITY OF ASSESSMENT LIEN. | 31 |
| 8.3. | EFFECT OF MORTGAGEE'S FORECLOSURE. | 31 |
| 8.4. | NOTICE AND RELEASE OF NOTICE. | 31 |
| 8.5. | POWER OF SALE. | 31 |
| 8.6. | FORECLOSURE OF LIEN. | 31 |

ARTICLE 9.

| | | |
|------|---|----|
| | EFFECT OF NONPAYMENT OF ASSESSMENTS | 32 |
| 9.1. | INTEREST. | 32 |
| 9.2. | LATE FEES. | 32 |
| 9.3. | COSTS OF COLLECTION. | 32 |
| 9.4. | ACCELERATION. | 32 |
| 9.5. | SUSPENSION OF USE AND VOTE. | 33 |
| 9.6. | MONEY JUDGMENT. | 33 |
| 9.7. | NOTICE TO MORTGAGEE. | 33 |
| 9.8. | FORECLOSURE OF ASSESSMENT LIEN. | 33 |
| 9.9. | APPLICATION OF PAYMENTS. | 33 |

ARTICLE 10.

| | | |
|-------|-------------------------------|----|
| | ENFORCING THE DOCUMENTS | 33 |
| 10.1. | ENFORCEMENT DISCRETION. | 33 |
| 10.2. | NOTICE AND HEARING. | 34 |
| 10.3. | REMEDIES. | 34 |
| 10.4. | NO WAIVER. | 35 |
| 10.5. | ENFORCEMENT BY OWNER. | 35 |
| 10.6. | RECOVERY OF COSTS. | 35 |

| | |
|--|----|
| ARTICLE 11. | |
| MAINTENANCE AND REPAIR OBLIGATIONS | 35 |
| 11.1. ASSOCIATION MAINTAINS. | 35 |
| 11.2. OWNER RESPONSIBILITY. | 36 |
| 11.3. OWNER’S DEFAULT IN MAINTENANCE. | 37 |
| 11.4. PARTY WALL FENCES. | 37 |
| ARTICLE 12. | |
| INSURANCE | 38 |
| 12.1. GENERAL PROVISIONS. | 38 |
| 12.2. PROPERTY. | 39 |
| 12.3. GENERAL LIABILITY. | 39 |
| 12.4. DIRECTORS & OFFICERS LIABILITY. | 39 |
| 12.5. OTHER COVERAGES. | 39 |
| 12.6. OWNER’S RESPONSIBILITY FOR INSURANCE. | 39 |
| ARTICLE 13. | |
| AMENDMENTS | 40 |
| 13.1. CONSENTS REQUIRED. | 40 |
| 13.2. METHOD OF AMENDMENT. | 40 |
| 13.3. EFFECTIVE. | 40 |
| 13.4. DECLARANT PROVISIONS. | 40 |
| 13.5. PUBLIC LAW COMPLIANCE. | 40 |
| 13.6. MERGER. | 40 |
| 13.7. TERMINATION. | 40 |
| 13.8. CONDEMNATION. | 41 |
| ARTICLE 14. | |
| DISPUTE RESOLUTION | 41 |
| 14.1. INTRODUCTION & DEFINITIONS. | 41 |
| 14.2. MANDATORY PROCEDURES. | 42 |
| 14.3. NOTICE. | 42 |
| 14.4. NEGOTIATION AND MEDIATION. | 42 |
| 14.5. TERMINATION OF MEDIATION. | 42 |
| 14.6. ALLOCATION OF COSTS. | 43 |
| 14.7. LITIGATION APPROVAL & SETTLEMENT. | 43 |
| ARTICLE 15. | |
| GENERAL PROVISIONS | 43 |
| 15.1. COMPLIANCE. | 43 |
| 15.2. HIGHER AUTHORITY. | 43 |
| 15.3. COMMUNICATIONS. | 43 |
| 15.4. NOTICE. | 44 |
| 15.5. USE OF LITTLE RIVER RANCH NAMES. | 44 |

| | | |
|--------|-----------------------|----|
| 15.6. | LIBERAL CONSTRUCTION. | 44 |
| 15.7. | SEVERABILITY. | 44 |
| 15.8. | CAPTIONS. | 44 |
| 15.9. | APPENDIXES. | 44 |
| 15.10. | INTERPRETATION. | 44 |
| 15.11. | DURATION. | 45 |

Declaration of
Covenants, Conditions & Restrictions
For
Little River Ranch

This Declaration of Covenants, Conditions & Restrictions for Little River Ranch is made by Sitz Family Investments, LLC, a Texas limited liability company (“Declarant”), on the date signed below. Declarant owns the real property described in Appendix A of this Declaration, together with the improvements thereon.

Declarant desires to establish a general plan of development for the subdivision to be known as Little River Ranch. Declarant also desires to provide a reasonable and flexible procedure by which Declarant may expand the Property to include additional real property, and to maintain certain development rights that are essential for the successful completion and marketing of the Property.

Declarant further desires to provide for the preservation, administration, and maintenance of portions of Little River Ranch, and to protect the value, desirability, and attractiveness of Little River Ranch. As an integral part of the development plan, Declarant deems it advisable to create a property owners’ association to perform these functions and activities more fully described in this Declaration and the other Documents described below.

Declarant DECLARES that the property described in Appendix A, and any additional property made subject to this Declaration by recording one or more amendments of or supplements to this Declaration, will be owned, held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, and easements of this Declaration, including Declarant’s representations and reservations in the attached Appendix C, which run with the real property and bind all parties having or acquiring any right, title, or interest in any part of the property, their heirs, successors, and assigns, and inure to the benefit of each Owner of any part of the property.

ARTICLE 1.
DEFINITIONS

The following words and phrases, whether or not capitalized, have specified meanings when used in the Documents, unless a different meaning is apparent from the context in which the word or phrase is used.

1.1. “Additional Land” means real property which may be added to the Property and subjected to this Declaration by Declarant and the owner of such property.

1.2. "Applicable Law" means the statutes and public laws and ordinances in effect at the time a provision of the Documents is applied, and pertaining to the subject matter of the Document provision. Statutes and ordinances specifically referenced in the Documents are "Applicable Law" on the date of the Document, and are not intended to apply to the Project if they cease to be applicable by operation of law, or if they are replaced or superceded by one or more other statutes or ordinances.

1.3. "Architectural Control Committee" or "ACC" means the committee created pursuant to this Declaration to review and approve or deny plans for the construction, placement, modification, alteration or remodeling of Improvements on a Lot. During the Development Period, the ACC is Declarant, Declarant's designee, or Declarant's delegatee.

1.4. "Assessment" means any charge levied against a lot or owner by the Association, pursuant to the Documents or State law, including but not limited to Annual Assessments, Special Assessments, Individual Assessments, and Deficiency Assessments, as defined in Article 9 of this Declaration.

1.5. "Association" means the association of owners of all lots in the Property, initially organized as Cattle Drive Property Owners' Association, Inc., a Texas nonprofit corporation, and serving as the "property owners' association" defined in Section 202.001(2) of the Texas Property Code. The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Declaration and the bylaws.

1.6. "Board" means the board of directors of the Association.

1.7. "Bylaws" means the Bylaws of the Association as adopted and amended from time to time.

1.8. "Certificate" means the Certificate of Formation of the Association, filed in the Office of the Secretary of State of Texas, as the same may be amended from time to time.

1.9. "Common Area" means portions of real property and improvements thereon that are owned, leased, and/or maintained by the Association, as described in Section 2.6 below and as referenced in Appendix B of this Declaration, and may include parcels owned by the Declarant.

1.10. "Declarant" means Sitz Family Investments, LLC, a Texas limited liability company, which is developing the Property, or the successors and assigns of Sitz Family Investments, LLC, which acquire any portion of the Property for the purpose of development and which are designated a Successor Declarant by Sitz Family Investments, LLC, or by any such successor and assign, in recorded document.

1.11. "Declarant Control Period" means that period of time during which Declarant controls the operation and management of the Association, pursuant to Appendix B of this Declaration.

1.12. "Declaration" means this document, as it may be amended from time to time.

1.13. "Development Period" means the 25-year period beginning the date this Declaration is recorded, during which Declarant has certain rights pursuant to Appendix B hereto, including rights relating to development, construction, expansion, and marketing of the Property and the Additional Land. The Development Period is for a term of years and does not require that Declarant own land described in Appendix A. Declarant may terminate the Development Period at any time by recording a notice of termination.

1.14. "Documents" means, singly or collectively as the case may be, this Declaration, the Plat, the bylaws, the Association's articles of incorporation, Little River Ranch Architectural Standards, and the rules and policies of the Association, as any of these may be amended from time to time. An appendix, exhibit, schedule, or certification accompanying a Document is a part of that Document.

1.15. "Improvement" means all physical enhancements and alterations to the Property, including but not limited to grading, clearing, removal of trees, and site work, and every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, outbuildings, storage sheds, tennis courts, sport courts, recreational facilities, swimming pools, putting greens, garages, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, stairs, patios, decks, walkways, landscaping, mailboxes, poles, signs, antennae, exterior air conditioning equipment or fixtures, exterior lighting fixtures, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.16. "Lot" means any portion of the Property designated by Declarant or as shown as a subdivided Lot on a Plat other than Common Area. Where the context indicates or requires, "Lot" includes all improvements thereon and any portion of a right-of-way that customarily is used exclusively by and in connection with the lot.

1.17. "Majority" means more than half.

1.18. "Member" means every person or entity that holds membership privileges in the Association.

1.19. "Owner" means a holder of recorded fee simple title to a lot. Declarant is the initial owner of all lots. Contract sellers and mortgagees who acquire title to a lot through a deed in lieu of foreclosure or through judicial or nonjudicial foreclosure are owners. Persons or entities having

ownership interests merely as security for the performance of an obligation are not owners. Every owner is a member of the Association. A reference in any Document or applicable law to a percentage or share of owners or members means owners of at least that percentage or share of the lots, unless a different meaning is specified. For example, "a majority of owners" means owners of at least a majority of the lots.

1.20. "Plat" means all plats, singly and collectively, recorded in the Real Property Records of Matagorda County, Texas, and pertaining to the real property described in Appendix A of this Declaration, including all dedications, limitations, restrictions, easements, notes, and reservations shown on the plat, as it may be amended from time to time.

1.21. "Property" means all the land subject to this Declaration and all improvements, easements, rights, and appurtenances to the land. The name of the Property is Little River Ranch. The Property is located on land described in Appendix A to this Declaration, and includes every lot and any common area thereon.

1.22. "Resident" means an occupant of a Lot, regardless of whether the person owns the lot.

1.23. "Rules" means rules, regulations, policies, procedures, standards, and guidelines of the Association adopted in accordance with the Documents or applicable law, including without limitation any rules and signs posted from time to time on the Property by the Association. The initial Rules may be adopted by Declarant for the benefit of the Association.

1.24. "Underwriting Lender" means Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Housing Administration (HUD/FHA), Federal National Mortgage Association (Fannie Mae), or U.S. Department of Veterans Affairs (VA), singly or collectively. The use of this term and these institutions may not be construed as a limitation on an owner's financing options nor as a representation that the Property is approved by any institution.

1.25. "Water Utility" means the privately owned Water Utility that provides water for Little River Ranch.

ARTICLE 2. CERTAIN PROPERTY FEATURES

2.1. PROPERTY. The real property described in Appendix A is held, transferred, sold, conveyed, leased, occupied, used, insured, and encumbered subject to the terms, covenants, conditions, restrictions, liens, and easements of this Declaration, including Declarant's representations and reservations in the attached Appendix B, which run with the Property and bind all parties having or acquiring any right, title, or interest in the Property, their heirs, successors, and assigns, and inure to the benefit of each owner of the Property.

2.2. CHANGE OF CIRCUMSTANCE. This Declaration discloses some characteristics of the Property that may change or that may cease to apply because of acts or decisions by authorities external to the Property, such as whether the Property is located within a city. If the change of circumstance is of public record or is capable of independent verification by any interested person, the board of directors, without a vote of the owners, may issue a Notice of Change that references the provision of this Declaration that ceases to apply to the Property. The Notice may be recorded in the Real Property Records of Matagorda County, Texas, and does not constitute an amendment of this Declaration. If such a Notice is issued, the Association will notify owners of its existence and will make it available to owners as an Association record. This provision may not be construed to give the board unilateral amendment powers, nor to prevent an amendment of this Declaration by a vote of the owners to achieve the same purpose.

2.3. NOT IN CITY. On the date of this Declaration, Little River Ranch is located in an unincorporated portion of Matagorda County, which means the Property is not located within the city limits of any municipality. Not being in a city, the owners in Little River Ranch are not subject to city property taxes or city sales taxes. Nor do the residents receive taxpayer-supported city services. Instead, the Water Utility or the Association under contract with service providers contracts for the basic property services for the homes in Little River Ranch. The initial services provided by or through the Water Utility, or under agreements negotiated by the Water Utility or the Association, include (without limitation) drinking water, storm water drainage, meter reading and billing, trash pick-up, street maintenance, and street signs. Lot 47 may not be included in contracts with all service providers due to access via Channel View Road.

2.4. ADDITIONAL PROPERTY. Additional real property may be annexed to the Property and subjected to the Declaration and the jurisdiction of the Association on approval of owners representing at least a majority of the lots in the Property, or, during the Development Period, by Declarant as permitted in Appendix B. Annexation of additional property is accomplished by recording a declaration of annexation, including an amendment of Appendix A, in the Real Property Records of Matagorda County, Texas. Annexed property shall be brought in subject to all requirements and regulations contained in this Declaration.

2.5. PLAT DEDICATIONS, EASEMENTS & RESTRICTIONS. In addition to the easements and restrictions contained in this Declaration, the Property is subject to the dedications, limitations, notes, easements, restrictions, and reservations shown or cited on the plat, which is incorporated herein by reference. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to be bound by the plat, and further agrees to maintain any easement that crosses his lot and for which the Association does not have express responsibility.

2.6. COMMON AREA. Little River Ranch contains a number of common areas which are governed by this Section, including Lot 36, The Red Barn.

2.6.1. Ownership. The designation of real property as a common area is determined by the plat and this Declaration, and not by the ownership of the property. This Declaration contemplates that each component of the common area capable of independent ownership will be owned by the Association. This Declaration does not require that all common area components share one ownership. Some components may be owned by the Association, others by the Developer.

2.6.2. Lease. On the date of this Declaration, it is contemplated that Declarant may will lease lands and facilities to the Association under a lease agreement by which the Association may be required to make lease payments to the Declarant.

2.6.3. Improvement. The Declarant may design, install, construct, or authorize certain improvements on common areas in connection with the initial development of the Property. The Association may make improvements to The Red Barn on Lot 36 and the other common areas as a common expense of the Association.

2.6.4. Maintenance. After the initial installation, all costs attributable to common areas, including maintenance, property taxes, insurance, and enhancements, are automatically the responsibility of the Association, regardless of the nature of title to the common areas, unless (1) this Declaration elsewhere provides for a different allocation for a specific common area, or (2) the Association shifts the maintenance responsibility by contract. In other words, regardless of what entity owns a common area, the Association is generally responsible for maintaining, insuring, repairing, and replacing, as needed, the common area as a common expense of the Association.

2.6.5. Owner Acceptance. By accepting an interest in or title to a lot, each owner is deemed (1) to accept the common area of the Property, and any improvement thereon, in its then-existing condition; (2) to acknowledge the authority of the Association, acting through its board of directors, for all decisions pertaining to the common area; (3) to acknowledge that some components of the common area may be owned by the Association; (4) to acknowledge that transfer of a common area by or through the Declarant is a ministerial task that does not require acceptance by the Association; and (5) to acknowledge the responsibility of the Association for maintenance of the common area, regardless of changes in ownership of the common area, or changes in the Association's board of directors or management.

2.6.6. Components. The common area of the Property consists of the following components on or adjacent to the Property, even if located on a lot or a public right-of-way:

- a. all of the Property, save and except the house Lots.
- b. any area designated on a recorded plat of Little River Ranch as common area or an area to be maintained by the Association.
- c. the formal entrances to the Property, including (if any) the signage, landscaping, electrical and water installations, planter boxes and fencing.

- d. the greenbelt, fences, or berms (if any) along the major perimeter streets of the Property, if initially installed or authorized by Declarant, and replacements thereof.
- e. grounds maintenance of street rights-of-way, being the grounds along the Property's side of perimeter streets.
- f. landscaping on islands on interior and perimeter streets.
- g. any modification, replacement, or addition to any of the above-described areas and improvements.
- h. personal property owned by the Association, such as furnishings, sports equipment, books and records, office equipment, and supplies.

2.7. **STREETS WITHIN PROPERTY.** Because streets, alleys, and cul de sacs within the Property (hereafter "streets") are capable of being converted from owned by the Developer, to publicly dedicated or to owned by the Association, this Section addresses all conditions. Private streets are part of the common area, which is governed by the Association. Public streets are part of the common area only to the extent they are not maintained or regulated by the Developer, Matagorda County, or by a city. To the extent not prohibited by public law, the Association, acting through the board, is specifically authorized to adopt, amend, repeal, and enforce rules, regulations, and procedures for use of the streets - whether public or private - including but not limited to:

- a. identification of vehicles used by owners and residents and their and guests.
- b. designation of speed limits and parking or no-parking areas.
- c. limitations or prohibitions on curbside parking.
- d. removal or prohibition of vehicles that violate applicable rules and regulations.
- e. fines for violations of applicable rules and regulations.

**ARTICLE 3.
PROPERTY EASEMENTS AND RIGHTS**

3.1. **GENERAL.** In addition to other easements and rights established by the Documents, the Property is subject to the easements and rights contained in this Article.

3.2. **GREENBELT EASEMENT.** The Association is hereby granted a perpetual easement (the "Greenbelt Easement") over each lot on or along the thoroughfare on the perimeter of or through the Property for the purposes stated in this Section, regardless of whether or how the plat shows the easement or improvements thereon. During the Development Period, Declarant reserves the same easement for itself. The purpose of the Greenbelt Easement is to provide for the design, siting, construction or installation, existence, repair, improvement, and replacement of improvements reasonably related to the perimeter landscaping or screening of a residential subdivision, including, without limitation, planter beds, landscaping, and plant material; greenbelt, fences and/or berms; electrical and water meters and equipment, including light fixtures and

sprinkler systems; and signage relating to Little River Ranch, any of which may be installed on lots with completed homes. The inclusion of this Section in the Declaration may not be construed to create an obligation on any party to install a greenbelt feature for Little River Ranch. Further, the use of the term "greenbelt" or "screening" may not be construed to create an obligation on any party to construct a fence or wall, or to create a visual obstruction.

3.2.1. **Installation.** During the Development Period, Declarant or the Association has the right, but not the duty, to design and to construct or install one or more greenbelt features on the portion of a lot along the perimeter of Little River Ranch or along thoroughfares within Little River Ranch. Design of the greenbelt feature may entail changes of grade.

3.2.2. **Maintenance.** The greenbelt feature will either be maintained by the Association as a common expense, or by the lot owner at his individual sole expense, depending on the location and nature of the greenbelt feature.

3.2.3. **Owner's Use.** The owners of the lots burdened with the Greenbelt Easement will have the continual use and enjoyment of their lots for any purpose that does not interfere with and prevent the Association's use of the Greenbelt Easement. If Declarant or the Association installs a uniform greenbelt feature, the owners of the lots burdened with the Greenbelt Easement may not alter or remove any planting which is part of the uniform greenbelt feature.

3.2.4. **Other.** In addition to the easement granted herein, the Association has the temporary right, from time to time, to use as much of the surface of a burdened lot as may be reasonably necessary for the Association to perform its contemplated work on the Greenbelt Easement. This easement is perpetual. The Association may assign this easement, or any portion thereof, to a city or county if the city or county, agrees to accept the assignment. This Greenbelt Easement applies only to the original continuous features installed or authorized by Declarant or the Association, and replacements thereof, and does not apply or pertain to fences installed on individual lots, even though the lot abuts a thoroughfare. The Greenbelt Easement will be maintained by the Developer during the development period and may be maintained by the Association, at the Association's election, after the period of development.

3.3. **DRAINAGE EASEMENT.** As shown on the plat, a number of lots and tracts are burdened with a drainage easement. All drainage easements in the Property are hereby granted and dedicated to the Association.

3.4. **OWNER'S EASEMENT OF ENJOYMENT.** Every owner is granted a right and easement of enjoyment over the common areas and to use of improvements therein, subject to other rights and easements contained in the Documents. An owner who does not occupy a lot delegates this right of enjoyment to the residents of his lot. Notwithstanding the foregoing, the Association may temporarily reserve the use of The Red Barn, or portions of The Red Barn, for certain persons and purposes to the exclusion of others, in accordance with Association's rules.

3.5. OWNER'S INGRESS/EGRESS EASEMENT. Every owner is granted a perpetual easement over the Property's streets, as may be reasonably required, for vehicular ingress to and egress from his lot; except that Lot 47 will have ingress and egress via Channel Industries Road.

3.6. ASSOCIATION'S ACCESS EASEMENT. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, grants to the Association an easement of access and entry over, across, under, and through the Property, including without limitation all common areas and the owner's lot and all improvements thereon - including the house and yards - for the below-described purposes.

3.6.1. Purposes. Subject to the limitations stated below, the Association may exercise this easement of access and entry for the following express purposes:

- a. to inspect the property for compliance with maintenance and architectural standards.
- b. to perform maintenance that is permitted or required of the Association by the Documents or by applicable law.
- c. to perform maintenance that is permitted or required of the owner by the Documents or by applicable law, if the owner fails or refuses to perform such maintenance.
- d. to enforce architectural standards.
- e. to enforce use restrictions.
- f. to exercise self-help remedies permitted by the Documents or by applicable law.
- g. to enforce any other provision of the Documents.
- h. to respond to emergencies.
- i. to grant easements to utility providers as may be necessary to install, maintain, and inspect utilities serving any portion of the Property.
- j. to perform any and all functions or duties of the Association as permitted or required by the Documents or by applicable law.

3.6.2. No Trespass. In exercising this easement on an owner's lot, the Association is not liable to the owner for trespass.

3.6.3. Limitations. If the exercise of this easement requires entry onto an owner's lot, including into an owner's fenced yard, the entry will be during reasonable hours and after notice to the owner. This Subsection does not apply to situations that - at time of entry - are deemed to be emergencies that may result in imminent damage to or loss of life or property.

3.7. UTILITY EASEMENT. The Association may grant permits, licenses, and easements over common areas for utilities, roads, and other purposes necessary for the proper operation of the

Property. A company or entity, public or private, furnishing utility service to the Property, is granted an easement over the Property for ingress, egress, meter reading, installation, maintenance, repair, or replacement of utility lines and equipment, and to do anything else necessary to properly maintain and furnish utility service to the Property. Utilities may include, but are not limited to, water, sewer, trash removal, electricity, gas, telephone, cable television, drainage systems, and security.

3.8. MINERAL RIGHTS. Some or all of the Property may be subject to a previous owner's acquisition, reservation, or conveyance of oil, gas, or mineral rights pursuant to one or more deeds recorded in the Real Property Records of Matagorda County, Texas, including but not limited to rights to all oil, gas, or other minerals lying on, in, or under the Property and surface rights of ingress and egress. Because the deed reserving the mineral interest was recorded prior to this Declaration, it is a superior interest in the Property and is not affected by any provision to the contrary in this Declaration. By accepting title to or interest in a lot, every owner acknowledges the existence of the mineral right or reservation referenced in this Section and its attendant rights in favor of the owner of the mineral interest.

3.9. SECURITY. The Association may, but is not obligated to, maintain or support certain activities within the Property designed, either directly or indirectly, to improve security or safety in or on the Property. Each owner and resident acknowledges and agrees, for himself and his guests, that Declarant, the Association, and their respective directors, officers, committees, agents, and employees are not providers, insurers, or guarantors of security or safety within the Property. Each owner and resident acknowledges and accepts his sole responsibility to provide security for his own person and property, and assumes all risks for loss or damage to same. Each owner and resident further acknowledges that Declarant or the Association, and their respective directors, officers, committees, agents, and employees have made no representations or warranties, nor has the owner or resident relied on any representation or warranty, express or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any fire, burglar, and/or intrusion systems recommended or installed, or any security measures undertaken within the Property. Each owner and resident acknowledges and agrees that Declarant, the Association, and their respective directors, officers, committees, agents, and employees may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

ARTICLE 4. ARCHITECTURAL STANDARDS

4.1. PURPOSE. Because the lots are part of a single, unified community, this Declaration creates rights to regulate the design, use, and appearance of the lots and common areas in order to preserve and enhance the Property's value and architectural harmony. One purpose of this Article is to promote and ensure the level of taste, design, quality, and harmony by which the Property is developed and maintained. Another purpose is to prevent improvements and modifications that

may be widely considered to be radical, curious, odd, bizarre, or peculiar in comparison to then existing improvements. A third purpose is to regulate the appearance of every aspect of proposed or existing improvements on a lot, including but not limited to dwellings, fences, landscaping, retaining walls, yard art, sidewalks and driveways, and further including replacements or modifications of original construction or installation. During the Development Period, a primary purpose of this Article is to reserve and preserve Declarant's right of architectural control for the creation and marketing of Little River Ranch.

4.2. ARCHITECTURAL CONTROL DURING THE DEVELOPMENT PERIOD. During the Development Period, neither the Association, the board of directors, nor a committee appointed by the Association or board (no matter how the committee is named) may involve itself with the approval of new homes on vacant lots. During the Development Period, the Architectural Control Committee (the "ACC"), for new homes on vacant lots is the Declarant or its delegates.

4.2.1. Declarant's Rights Reserved. Each owner, by accepting an interest in or title to a lot, whether or not it is so expressed in the instrument of conveyance, covenants and agrees that Declarant has a substantial interest in ensuring that the improvements within the Property enhance Declarant's reputation as a developer and do not impair Declarant's ability to market its property or the ability of Builders to sell homes in the Property. Accordingly, each owner agrees that - during the Development Period - no improvements will be started or progressed on owner's lot without the prior written approval of Declarant, which approval may be granted or withheld at Declarant's sole discretion. In reviewing and acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization. Declarant may designate one or more persons from time to time to act on its behalf in reviewing and responding to applications.

4.2.2. Delegation by Declarant. During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to (1) an Architectural Control Committee appointed by the board, or (2) a committee comprised of architects, engineers, or other persons who may or may not be members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason.

4.3. ARCHITECTURAL REVIEW & REGULATION BY ASSOCIATION. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ACC, or the Development Period is terminated or expires, the Association has no jurisdiction over architectural matters. On termination or expiration of the Development Period, or earlier if delegated in writing by Declarant, the Association, acting through the ACC will assume jurisdiction over architectural control.

4.3.1. ACC. The ACC will consist of at least 3 but not more than 7 persons appointed by the board, pursuant to the bylaws. Members of the ACC serve at the pleasure of the board and may be removed and replaced at the board's discretion. At the board's option, the board or a committee of the board may act as the ACC, in which case all references in the Documents to the ACC are construed to mean the board. Members of the ACC need not be owners or residents, and may but need not include architects, engineers, and design professionals whose compensation, if any, may be established from time to time by the board.

4.3.2. Limits on Liability. The ACC has sole discretion with respect to taste, design, and all standards specified by this Article. The members of the ACC have no liability for the ACC's decisions made in good faith, and which are not arbitrary or capricious. The ACC is not responsible for: (1) errors in or omissions from the plans and specifications submitted to the ACC, (2) supervising construction for the owner's compliance with approved plans and specifications, or (3) the compliance of the owner's plans and specifications with governmental codes and ordinances, state and federal laws.

4.4. ARCHITECTURAL APPROVAL REQUIRED FOR CONSTRUCTION, ALTERATION & IMPROVEMENT. Without the ACC's prior written approval, a person may not construct a dwelling or make an addition, alteration, improvement, installation, modification, redecoration, or reconstruction of or to the Property, if it will be visible from a street, another lot, or the common area. The ACC has the right but not the duty to evaluate every aspect of construction, landscaping, and property use that may adversely affect the general value or appearance of the Property.

4.5. ARCHITECTURAL APPROVAL PROCESS. To request architectural approval, an owner must make written application to the ACC and submit 2 identical sets of plans and specifications, drawn to scale, showing the nature, kind, shape, color, size, materials, and locations of the work to be performed.

The application must clearly identify any requirement of this Declaration for which a variance is sought. The ACC will return one set of plans and specifications to the applicant marked with the ACC's response, such as "Approved," "Denied," or "More Information Required." The ACC will retain the other set of plans and specifications, together with the application, for the ACC's files. Verbal approval by an ACC, the Declarant, an Association director or officer, a member of the ACC, or the Association's manager does not constitute architectural approval by the appropriate ACC, which must be in writing.

4.5.1. Deemed Approval. Under no circumstance may approval of the ACC be deemed, implied, or presumed for an improvement or modification that would require a variance from the requirements and construction specifications contained in this Declaration and in any design guidelines for the Property in effect at the time of application. Under the following limited conditions, the applicant may presume that his request has been approved by the ACC:

- a. if the applicant or a person affiliated with the applicant has not received the ACC's written response - approving, denying, or requesting additional information - within 60 days after delivering his complete application to the ACC; and
- b. if the proposed improvement or modification strictly conforms to requirements and construction specifications contained in this Declaration and in any design guidelines for the Property in effect at the time of application.

If those conditions are satisfied, the owner may then proceed with the improvement, provided he adheres to the plans and specifications which accompanied his application, and provided he initiates and completes the improvement in a timely manner. In exercising deemed approval, the burden is on the owner to document the ACC's actual receipt of the owner's complete application.

4.5.2. No Approval Required. No approval is required to rebuild a dwelling in accordance with originally approved plans and specifications. Nor is approval required for an owner to remodel or repaint the interior of a dwelling.

4.5.3. Building Permit. If the application is for work that requires a building permit from a governmental body, the ACC's approval is conditioned on the issuance of the appropriate permit. The ACC's approval of plans and specifications does not mean that they comply with the requirements of the governmental body. Alternatively, governmental approval does not ensure ACC approval.

4.5.4. Declarant Approved. Notwithstanding anything to the contrary in this Declaration, any improvement to the Property made or approved by Declarant during the Development Period is deemed to have been approved by the ACC.

4.6. ARCHITECTURAL GUIDELINES. Declarant during the Development Period, and the Association thereafter, may publish architectural restrictions, guidelines, and standards, which may be revised from time to time to reflect changes in technology, style, and taste.

ARTICLE 5. CONSTRUCTION AND USE RESTRICTIONS

5.1. VARIANCE. The use of the Property is subject to the restrictions contained in this Article, and subject to rules adopted pursuant to this Article. The board or the ACC, as the case may be, may grant a variance or waiver of a restriction or rule on a case-by-case basis when unique circumstances dictate, and may limit or condition its grant. To be effective, a variance must be in writing. The grant of a variance does not effect a waiver or estoppel of the Association's right to deny a variance in other circumstances. Approval of a variance or waiver may not be deemed, implied, or presumed under any circumstance.

5.2. CONSTRUCTION RESTRICTIONS. Without the ACC's prior written approval for a variance, improvements constructed on every lot must have the characteristics described in this Article and in the Little River Ranch Architectural Standards, which may be treated as the minimum requirements for improving and using a lot. The ACC and the board may promulgate additional rules and restrictions, as well as interpretations, additions, and specifications of the restrictions contained in this Article. An owner should review the Association's architectural restrictions, if any, before planning improvements, repairs, or replacements to his lot and dwelling.

5.3. ASSOCIATION'S RIGHT TO PROMULGATE RULES. The Association, acting through its board, is granted the right to adopt, amend, repeal, and enforce reasonable Rules, and penalties for infractions thereof, regarding the occupancy, use, disposition, maintenance, appearance, and enjoyment of the Property. In addition to the restrictions contained in this Article, each lot is owned and occupied subject to the right of the board to establish Rules, and penalties for infractions thereof, governing:

- a. use of common areas.
- b. architectural standards.
- c. hazardous, illegal, or annoying materials or activities on the Property.
- d. The use of Property-wide services provided through the Association.
- e. the consumption of utilities billed to the Association.
- f. the use, maintenance, and appearance of exteriors of dwellings and lots.
- g. landscaping and maintenance of yards.
- h. the occupancy and leasing of dwellings.
- i. animals.
- j. vehicles.
- k. disposition of trash and control of vermin, termites, and pests.
- l. anything that interferes with maintenance of the Property, operation of the Association, administration of the Documents, or the quality of life for residents.

5.4. ACCESSORY STRUCTURES. Accessory structures, such as dog houses, gazebos, metal storage sheds, playhouses, and greenhouses, are permitted as long as they are typical for the Property in terms of type, number, size, location, color, material, and height, subject to all of the following limitations:

- a. an accessory structure may not be located in front yards or in unfenced portions of side yards facing streets. Accessory structures may be located within fenced yards.
- b. an accessory structure must not be readily visible from any street, but may be visible from an alley. For corner lots, this limitation applies to both streets.
- c. if an accessory structure that is readily visible from a street is installed on a lot without the prior written approval of the ACC, the ACC reserves the right to determine that the accessory structure is unattractive or inappropriate or

otherwise unsuitable for the Property, and may require the owner to screen it or to remove it.

5.5. **ANIMAL RESTRICTIONS.** No animal, bird, fish, reptile, or insect of any kind may be kept, maintained, raised, or bred anywhere on the Property for any commercial purpose or for food. "Domestic household pet" shall not mean or include non-traditional pets such as pot-bellied pigs, chickens, miniature horses, exotic snakes or lizards, ferrets, monkeys or other exotic animals. Customary domesticated household pets may be kept for personal companionship subject to rules adopted by the board. The board may adopt, amend, and repeal rules regulating the types, sizes, numbers, locations, and behavior of animals at the Property. If the rules fail to establish animal occupancy quotas, no more than 4 dogs and/or cats, in the aggregate, may be maintained on each lot. The feeding of stray animals is prohibited. Pets must be kept in a manner that does not disturb the peaceful enjoyment of residents of other lots. Pets must be maintained inside the dwelling, and may be kept in a fenced yard only if they do not disturb residents of other lots, which typically means that pets may not be allowed to howl, yap, whine, caterwaul, or screech more often than infrequently. Pets must not be allowed to roam. No pet is allowed on a common area or the lot of another owner unless carried or leashed. Resident is responsible for the removal of his pet's wastes from the common areas of the Property and from the lot of another owner.

5.6. **ANNOYANCE.** No lot or common area may be used in any way that: (1) may reasonably be considered annoying to neighbors; (2) may be calculated to reduce the desirability of the Property as a residential neighborhood; (3) may endanger the health or safety of residents of other lots; (4) may result in the cancellation of insurance on the Property; or (5) violates any law. The board has the sole authority to determine what constitutes an annoyance.

5.7. **APPEARANCE.** Both the lot and the dwelling must be maintained in a manner so as not to be unsightly when viewed from the street or neighboring lots. The ACC is the arbitrator of acceptable appearance standards.

5.8. **BUSINESS USE.** A resident may use a dwelling for personal business or professional pursuits provided that: (1) the uses are incidental to the primary use of the dwelling as a residence; (2) the uses conform to applicable governmental ordinances; (3) the uses do not entail visits to the lot by employees or the public in quantities that materially increase the number of vehicles parked on the street; and (4) the uses do not interfere with residents' use and enjoyment of neighboring lots.

5.9. **CARPORTS.** No carport may be installed, constructed, or maintained on the front of any lot or dwelling, with or without approval of the ACC. No carport may be installed, constructed, or maintained on any other portion of a lot without the ACC's prior written consent. In other words, all carports require the written approval of the ACC, and carports on the front sides or front yards of dwellings are expressly prohibited.

5.10. **COLOR CHANGES.** The colors of buildings, fences, exterior decorative items, window treatments, and all other improvements on a lot are subject to regulation by the ACC. Because the relative merits of any color are subjective matters of taste and preference, the ACC determines the colors that are acceptable to the Association. A change or addition of a color that is visible from the street, a common area, or another lot is not permitted without the prior written approval of the ACC.

5.11. **DECLARANT PRIVILEGES.** In connection with the development and marketing of the Property, Declarant has reserved a number of rights and privileges to use the Property in ways that are not available to other owners and residents, as provided in Appendix B of this Declaration. Declarant's exercise of a Development Period right that appears to violate a rule or a use restriction of this Article does not constitute waiver or abandonment of the restriction by the Association.

5.12. **DRAINAGE.** Each lot has a surface water drainage and grading pattern that relates to the surface water drainage pattern for the entire Property. No person may interfere with the established drainage pattern over any part of the Property unless an adequate alternative provision for proper drainage has been approved by the board. The owner of each lot is responsible for maintenance of the original drainage and grading pattern for his lot and is hereby prohibited from altering or interfering with the drainage pattern on his lot, by act or by omission. If any portion of a drainage feature or easement is within the fenced portion of his lot, the owner will keep the drainage feature or easement area free of debris and excess vegetation and will ensure that the fence does not obstruct or restrict the free flow of surface water under and through the fence, which must have openings or be sufficiently elevated to allow the flow of rainfall runoff. The owners hereby (1) acknowledge that their lots share a common drainage pattern and (2) hold the Association and Declarant harmless from damage or claims relating to the maintenance of drainage features and easements. In case of emergency, the Association and any owner may enter any lot in the Property, with or without notice or permission, for the purpose of clearing or unclogging the surface water drainage system that serves the Property.

5.13. **DRIVEWAYS.** The driveway portion of each lot, which is the route of vehicular access to the garage, must be maintained in a neat condition and may not be used for any purpose that interferes with ongoing access from a street or alley to the garage.

5.14. **EXISTING STRUCTURES.** Pre-existing structures on Lots 2 and 6 are permitted to remain, however if the owner performs a substantial improvement (improvements worth more than 50% of the value of the structure) then the structure must conform to these covenants, conditions and restrictions.

5.15. **FIRES.** Except for fires that are supervised, contained, and permitted by the Rules, no exterior fires on the Property are permitted. Bonfires, campfires, and burning of refuse are

prohibited everywhere on the Property, except for common area events sponsored by The Red Barn.

5.16. **FLAGS.** Subject to this section, and approval by the ACC, Owners may display a flag of the United States of America, the flag of the State of Texas, or an official or replica flag of any branch of the United States armed forces. The flag of the United States shall only be displayed in accordance with 4 U.S.C. Sections 5-10, which qualify the times and occasions for the flag's display, the position of the flag, and respect for it. The flag of the State of Texas shall only be displayed in accordance with Chapter 31 of the Texas Government Code. A flagpole attached to a dwelling or a freestanding pole is to be constructed of permanent, long-lasting materials, with a finish appropriate to the materials used in the construction of the flagpole and harmonious with the dwelling on the Lot. The display of the flag, and its location and construction of the supporting flagpole shall comply with appropriate ordinances, easements and setbacks of record, and a displayed flag and flagpole on which it is flown shall be maintained in good condition. Any deteriorated flag or structurally unsafe flagpole shall be repaired, replaced or removed. A flagpole attached to the dwelling on a Lot may not exceed six (6) feet in height. A freestanding flagpole shall not exceed twenty (20) feet in height, measured from the ground base to the top of the flagpole. Illumination of permitted flags must be sub-surface and not exceed 200 watts, and positioned in a manner not directed toward an adjacent Lot. A flag displayed on a freestanding flagpole shall not be more than ten (10) feet in height, and a flag displayed on a flagpole attached to a dwelling shall be no more than three (3) by five (5) feet. No more than one of each permitted flags may be displayed on a flagpole at any time. Owners may not install flagpoles or display flags in the Common Area without the express written consent of the Association. No other types of flags, pennants, banners, kites, or similar types of displays are permitted on a lot if the display is visible from a street or common area.

5.17. **GARAGES.** Each residence constructed upon a Lot shall have a private garage for not less than two (2) automobiles and off-street parking for a minimum of two (2) automobiles. The location, orientation and opening of each garage to be located on a Lot shall be approved in advance of construction by the ACC. No garage may be permanently enclosed, used for habitation or used in a manner which prevents the parking of vehicles in the garage. Garage doors are to be kept closed at all times except when a vehicle is entering or leaving.

5.18. **GARAGE SALES.** The Association may adopt rules limiting the frequency, location, and signage of garage sales, yard sales, estate sales, rummage sales, and other types of merchandise sales activities that may be expected to attract the public to Little River Ranch.

5.19. **GUNS & FIREWORKS.** Hunting, shooting, discharging firearms, and the storage or use of fireworks are not permitted anywhere on or from the Property except for wild animal control and events sponsored by The Red Barn. For purposes of illustration but not limitation, this prohibition includes uses of the following implements: air rifles or BB guns, paint ball guns, slingshots, bows

and arrows, spears, and crossbows. The Association is not required to enforce this provision by confronting an armed person.

5.20. HOLIDAY DECORATIONS. Residents may display cultural and holiday decorations in and on their homes and yards subject to the Association's right to regulate the time, place, and manner of displays that are visible from the street. Decorations, including lighting displays, are permitted inside windows, on the exteriors of homes, and on front yards provided (1) they are customary for residential neighborhoods, (2) they are to scale or proportionate to the size and setback of the home, (3) they do not create a noise or light disturbance for neighbors, (4) they are appropriate for the holiday, and (5) they are installed no earlier than 30 days before the holiday, and are removed within 30 days after the holiday.

5.21. LANDSCAPING. No person may perform landscaping, planting, or gardening on the common area without the ACC's prior written authorization. Planting or introducing invasive plants such as cattails, water lilies, or bamboo into any water ways is prohibited.

5.22. LEASING OF HOMES. An owner may lease the dwelling on his lot. Whether or not it is so stated in a lease, every lease is subject to the Documents. An owner is responsible for providing his tenant with copies of the Documents and notifying him of changes thereto. Failure by the tenant or his invitees to comply with the Documents, federal or state law, or local ordinance is deemed to be a default under the lease. When the Association notifies an owner of his tenant's violation, the owner will promptly obtain his tenant's compliance or exercise his rights as a landlord for tenant's breach of lease.

If the tenant's violation continues or is repeated, and if the owner is unable, unwilling, or unavailable to obtain his tenant's compliance, then the Association has the power and right to pursue the remedies of a landlord under the lease or state law for the default, including eviction of the tenant. The owner of a leased lot is liable to the Association for any expenses incurred by the Association in connection with enforcement of the Documents against his tenant. The Association is not liable to the owner for any damages, including lost rents, suffered by the owner in relation to the Association's enforcement of the Documents against the owner's tenant.

5.23. LIGHTS. Exterior light sources on a lot should be unobtrusive, shielded to prevent glare, directed away from neighboring homes and yards, with no spillover light on neighboring property. All visible exterior light fixtures on a lot should be consistent in style and finish with the home architecture. The wattage of building-mounted exterior lighting may not exceed 150 watts per fixture. All exterior light must be in shades of white. Color lights and sodium vapor lights are prohibited. This Section does not apply to any light fixtures the Association may elect to install and maintain.

5.24. NOISE & ODOR. A resident must exercise reasonable care to avoid making or permitting to be made (1) loud, disturbing, or objectionable noises, (2) harmful fumes, or (3) obnoxious odors

that may disturb or annoy residents of neighboring lots. The Rules may prohibit the use of noise-producing security devices and windchimes.

5.25. OCCUPANCY. Other than the completed principal dwelling, no thing or structure on a lot may be occupied as a residence at any time by any person. This provision applies, without limitation, to the garage, mobile homes, campers, and storage sheds.

5.26. PARKING. Residents are expected to park their vehicles in their garages, and use their driveways for overflow parking. The Association has the right to prohibit or limit parking on streets, and may impose different rules on different streets in the Property, or along sections or sides of streets, and may change the street parking rules from time to time in response to changing conditions, neighborhood standards, governmental recommendations, aesthetics, or any combination of these. Unless and until the board adopts different rules for street parking, (1) without board approval, no vehicle may be parked on a Little River Ranch street for more than 3 consecutive days and/or nights, and (2) with board approval, no vehicle may be parked on a Little River Ranch street for more than 7 consecutive days and/or nights. Moving the vehicle during the day but parking on the street at night constitutes one day. No vehicle may be parked in a manner that may impede access to homes in Little River Ranch by an emergency vehicle.

5.27. PATIO COVERS. Only patio covers approved by the ACC in advance of construction are allowed. If a patio cover is installed in violation of this Section, the ACC reserves the right to determine that the patio cover is unattractive or inappropriate or otherwise unsuitable for the Property, and may require the owner to screen it or to remove it.

5.28. RELIGIOUS ITEM DISPLAYS. Subject to this section, and approval by the ACC, Owners may display or affix on the entry to the Owner's dwelling one or more religious items, the display of which is motivated by the Owner's or resident's sincere religious belief. No religious item may individually or in combination exceed twenty-five (25) square inches, and shall not extend past the outer edge of the door frame of the dwelling. Notwithstanding the foregoing, the display or affixation of a religious item on an Owner's dwelling that threatens public health or safety, violates a law, or contains language, graphics, or any display that is patently offensive to a passerby is prohibited. This section does not authorize an Owner to use a material or color for an entry door or door frame, or make an alteration to the door or door frame of the Owner's dwelling that is not authorized by the ACC and Design Guidelines. The Association may remove an item displayed in violation of this section.

5.29. RESIDENTIAL USE. The use of a house lot is limited exclusively to residential purposes or any other use permitted by this Declaration, including limited business uses described above.

5.30. SCREENING. The ACC may require that the following items must be screened from the view of the public and neighboring lots and dwellings, if any of these items exists on the lot: (1) air conditioning equipment; (2) satellite reception equipment; (3) clotheslines, drying racks, and

hanging clothes, linens, rugs, or textiles of any kind; (4) yard maintenance equipment; (5) wood piles and compost piles; (6) garbage cans and refuse containers; (7) anything determined by the board to be unsightly or inappropriate for a residential subdivision. Screening may be achieved with fencing or with plant material, such as trees and bushes, or any combination of these. If plant material is used, a reasonable period of time is permitted for the plants to reach maturity as an effective screen. As used in this Section, "screened from view" refers to the view of a person in a passenger vehicle driving on a street or alley, or the view of a person of average height standing in the middle of a yard of an adjoining lot.

5.31. SIGNS. Except for the below-specified signs, no sign or unsightly object (including "yard art") may be erected, placed, or permitted to remain on the Property or to be visible from windows in the dwelling without the board's prior written approval. The board's approval may specify the location, nature, appearance, dimensions, number, and time period of a sign or object. The Association may effect the removal of any sign or object that violates this Section or which the board deems inconsistent with neighborhood standards without liability for trespass or any other liability connected with the removal. The following signs are permitted during applicable periods, provided an owner's exercise of this right is not excessive or abusive to the neighborhood:

- a. one professionally made sign of not more than 5 square feet advertising the lot for sale or for rent. During the Development Period, the sign must conform to the sign requirements in Appendix B and standard broker signs are not permitted. After the Development Period, the sign must conform to any sign specifications maintained by the Association.
- b. one professionally made security service sign of not more than one square foot.
- c. one sign celebrating an event or an accomplishment, such as a baby's arrival or a child's school achievement, provided the sign is tasteful, modest in size, and removed within 7 days after it is erected.
- d. ground-mounted political signs (limited to one sign for each candidate or ballot item) which may be erected no earlier than the 90th day before the date of election to which the sign relates, and which must be removed before the 10th day after the election date. Any political sign that contains roofing material, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative components, is attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object, includes the painting of architectural surfaces, threatens the public health or safety, is larger than four (4) feet by six (6) feet, violates a law, contains language, graphics, or any display that would be offensive to the ordinary person, or is accompanied by music or other sounds or by streamers or is otherwise distracting to motorists is prohibited.
- e. a temporary sign identifying the home as the site of a social event is permitted for 24 hours.

5.32. TELEVISION. Each resident of the Property will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, electronic, microwave, cable, or satellite reception on the Property. Antennas, satellite or microwave dishes, and receiving or transmitting towers that are visible from a street or from another lot are prohibited within the Property, except reception-only antennas or satellite dishes designed to receive television broadcast signals, antennas or satellite dishes that are one meter or less in diameter and designed to receive direct broadcast satellite service (DBS), or antennas or satellite dishes that are one meter or less in diameter or diagonal measurement and designed to receive video programming services via multipoint distribution services (MDS) (collectively, the "Antenna") are permitted if located (a) inside the structure (such as in an attic or garage) so as not to be visible from outside the structure, (b) in a fenced yard, or (c) attached to or mounted on the rear wall of a structure below the eaves. If an owner determines that an Antenna cannot be located in compliance with the above guidelines without precluding reception of an acceptable quality signal, the owner may install the Antenna in the least conspicuous location on the lot where an acceptable quality signal can be obtained. The Association may adopt reasonable rules for the location, appearance, camouflaging, installation, maintenance, and use of the Antennas to the extent permitted by public law.

5.33. TEMPORARY STRUCTURES. Except for "accessory structures" as described above, improvements or structures of a temporary or mobile nature, such as tents, portable sheds, and mobile homes, may not be placed on a lot if visible from a street or another lot. However, an owner or owner's contractor may maintain a temporary structure (such as a portable toilet or construction trailer) on the lot during construction of the dwelling.

5.34. TRASH. Each resident will endeavor to keep the Property clean and will dispose of all refuse in receptacles designated specifically by the Association or by the solid waste disposal contractor for that purpose. Trash must be placed entirely within the designated receptacle. The board may adopt, amend, and repeal rules regulating the disposal and removal of trash from the Property. If the rules fail to establish hours for curbside trash containers, the container may be in the designated area from dusk on the evening before trash pick-up day until dusk on the day of trash pick-up. At all other times, trash containers must be kept inside the house, garage, or fenced yard and may not be visible from a street or another lot.

5.35. VEHICLES. All vehicles on the Property, whether owned or operated by the residents or their families and guests, are subject to this Section, the sections above pertaining to "Parking" and "Driveways" and "Garages," and rules adopted by the board. The board may adopt, amend, and repeal rules regulating the types, sizes, numbers, conditions, uses, appearances, and locations of vehicles on the Property.

5.35.1. Repairs. Without the board's prior approval, a driveway or street may not be used for repair or restoration of vehicles.

5.35.2. Storage. Without the board's prior approval, a driveway or street may not be used for storage purposes, including storage of boats, trailers, and inoperable vehicles.

5.35.3. Towing. The Association may effect the removal of any vehicle in violation of this Section or the Rules without liability to the owner or operator of the vehicle.

5.35.4. Prohibited Vehicles. Without prior written board approval, the following types of vehicles and vehicular equipment - mobile or otherwise - may not be kept, parked, or stored anywhere on the Property - including overnight parking on streets and driveways - if the vehicle is visible from a street: mobile homes, motor homes, buses, trailers, boats, aircraft, inoperable vehicles, commercial truck cabs, trucks with tonnage over one ton, vehicles which are not customary personal passenger vehicles, and any vehicle which the board deems to be a nuisance, unsightly, or inappropriate. This restriction does not apply to vehicles and equipment temporarily on the Property in connection with the construction or maintenance of a dwelling. Vehicles that transport inflammatory or explosive cargo are prohibited from the Property at all times.

5.36. WATER FRONT LOTS. The following restriction applies to any Lot which adjoins or abuts water: no pier or other structure shall be permitted which projects beyond the Lot line into the water (whether within or outside of the Lot line) as shown on the Plat.

5.37. WATER WELLS. Water wells on house lots are prohibited, with the exception of Lot 21, 47 and a pre-existing well on Lot 2. On a house lot, underground well water may not be used for any purpose, even nonpotable uses such as landscape irrigation. Siphoning or pumping water from the waterways is prohibited.

5.38. WINDOW TREATMENTS. All window treatments within the dwelling that are visible from the street or another dwelling must be maintained in good condition and must not detract from the appearance of the Property. The ACC may require an owner to change or remove a window treatment that the ACC determines to be inappropriate or unattractive. The ACC may prohibit the use of certain colors or materials for window treatments. Reflective glass, reflective tinting, and reflective film are prohibited.

5.39. YARD ART. The Association is interested in the appearances of yards that are visible from the street and from neighboring homes. Some changes or additions to a yard may defy easy categorization as an improvement, a sign, or landscaping. This Section confirms that all aspects of a visible yard are within the purview of the ACC, including, without limitation, the shape of pruned shrubs; the number, shapes, and uses of flower beds; and the integration of items such as sculptures, fountains, decorative embellishments, wheelbarrows, boulders, and driftwood into the landscaping.

APPENDIX C

PURCHASERS COVENANTS DURING DEVELOPMENT PERIOD

Each owner of a Little River Ranch home, by the act of accepting an interest in or title to a lot during the Development Period, whether or not it is so expressed in the instrument of conveyance, acknowledges, understand, covenants, and agrees to each of the following statements:

1. During the Development Period, the Declarant has rights and opportunities for marketing Little River Ranch.
2. Little River Ranch is not located within a city, and is not located within a public water supply district.
3. Owner has read and understands the significance of this Declaration of Covenants, Conditions, and Restrictions for Little River Ranch, which contains important information about the nature and ownership of Little River Ranch and owner's obligations.
4. Declarant has reserved for itself the right to control the Association until Little River Ranch is fully phased and developed, and after 85 percent of the lots are sold and closed to home buyers.
5. Declarant or its appointees are the Architectural Reviewer during the Development Period. Neither the owners nor the Association have a voice in the architectural review and approval of new homes on vacant lots.
6. Declarant's development plan for Little River Ranch is subject to change during the Development Period to respond to perceived or actual changes and opportunities in the marketplace.
7. Subject to the approval of governmental entities, if applicable, Declarant may (1) change the sizes, dimensions, and configurations of lots and streets; (2) change the minimum dwelling size; (3) change the minimum lot size; (4) change the building setback requirements; and (5) eliminate or modify any other feature of the Property.
8. In purchasing a lot, owner has not relied on any representation, warranty, or assurance - verbal or otherwise - by any person as to (1) the design, construction, completion, development, use, benefits, or value of Little River Ranch or any common areas; (2) the number, types, sizes, prices, or designs of homes to be built in any part of Little River Ranch; or (3) the type, number, or quality of common area improvements.

9. The Association may not protest or use Association funds to oppose Declarant's development or marketing plan for Little River Ranch by Declarant or Builders pursuant to the Declaration.

10. Declarant is not the Builder from whom owner is purchasing the home.

11. Owner will execute a version of this 2-page document at or prior to closing if so requested by Declarant or a Builder, although failure to execute the document does not affect the validity of this Appendix to the Declaration or its application to the owner or the owner's lot.

12. Whether or not executed by owner, these covenants run with the land and bind owner and owner's successors and assigns.

Property Description:

Lot _____, Little River Ranch Subdivision

Purchaser's Signature

Date: _____

Purchaser's Signature

Date: _____