

**FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS LA REATA RANCH,
SECOND AMENDED DECLARATION OF COVENANTS**

**STATE OF TEXAS §
 §
COUNTY OF BASTROP §**

This First Amendment to Declaration of Covenants, Conditions, and Restrictions La Reata Ranch, Second Amended Declaration of Covenants (this "**First Amendment**") is made and approved pursuant to, and in accordance with, the Second Amended Declaration (as defined below) and Section 209.0041 of the Texas Property Code, by the requisite vote of the owners of the Tracts in the Subdivisions (as defined in Recital A below).

RECITALS

A. Pursuant to that certain the Declaration of Covenants, Conditions, and Restrictions for La Reata Ranch recorded in Document 201312072 of the Official Public Records of Bastrop County, Texas (the "**Second Amended Declaration**," the Second Amended Declaration as amended by this First Amendment, the "**Declaration**"), the La Reata Ranch Property Owners Association, a Texas nonprofit corporation (the "**Association**"), imposed certain covenants, conditions and restrictions on all Tracts and other property located in LA REATA RANCH, SECTION ONE, a subdivision in Bastrop County, Texas ("Section One"), according to the plat recorded at Book 3, Pages 164A, 164B, and 165A, in the Map and Plat Records of Bastrop County, Texas (the "**Section One Plat**"), and LA REATA RANCH, SECTION TWO, a subdivision in Bastrop County, Texas ("**Section Two**," Section One and Section Two collectively, the "**Subdivisions**," and individually, a "**Subdivision**"), according to the plat recorded at Book 3, Pages 172A, 173A, 174A, and 175A in the Map and Plat Records of Bastrop County, Texas (the "**Section Two Plat**," the Section One Plat and the Section Two Plat collectively and individually, the "**Plat**").

B. Each of the Subdivisions is a residential subdivision in which property owners are subject to mandatory membership in a property owners' association. The Association is the property owners' association in which such mandatory membership is required. Each member of the Association is an owner of one or more tracts in the Subdivisions. As required under Section 209.0041 of the Texas Property Code, the Declaration can be amended by a vote of at least 67% of the total votes allocated to Owners entitled to vote on an amendment of the Declaration. Under Section 8.02 of the Declaration, the Original Declaration can be amended by the vote of those Members entitled to cast not less than two-thirds (2/3s) of all the votes of the Members of the Association. This First Amendment shall become effective upon its approval by the requisite number of votes of all the Members of the Association required under Section 209.0041 of the Texas Property Code and Section 8.02 of the Declaration, as certified by the President and Secretary of the Association.

AMENDMENTS

NOW, THEREFORE, pursuant to, and in accordance with, Section 209.0041 of the Texas Property Code, the Declaration is amended as provided in this First Amendment.

1. **Amendment of the Declaration.** The Declaration is amended follows:

1.1 Article I of the Declaration is amended by adding the following definitions As Sections 1.12 through 1.27

Section 1.12 "Dedicator Instruments" means and refers to each of the governing instruments recorded in the Official Public Records of Bastrop County, Texas, which covers the establishment, maintenance, and operation of the Subdivisions or governs the administration or operation of the Association, and all lawful amendments to any of those instruments. The Dedicatory Instruments include, without limitation, this Declaration, the Bylaws, the Rules, and the Policies.

Section 1.13 "Declaration" means and refers to that certain the Declaration of Covenants, Conditions, and Restrictions for La Reata Ranch recorded in Document 201312072 of the Official Public Records of Bastrop County, Texas, as amended by the First Amendment, and all subsequent amendments, modifications, and supplements of or to the that instrument.

Section 1.14 "Articles" means and refers to the Articles of Incorporation of the Association filed in the office of the Secretary of State of the State of Texas on June 4, 1999, or any restated certificate of formation of the Association that may be filed in the office of the Secretary of State of Texas, as the same may be amended.

Section 1.15 "Bylaws" shall mean the bylaws of the Association in effect at any given time and from time to time, including the Amended and Restated Bylaws of La Reata Ranch Property Owners Association which have been adopted and approved by the Members in connection with the approval of the First Amendment.

Section 1.16 "Policies" means and refers to the policies that may be adopted by the Board, as the same may be amended or restated from time to time, including any policies relating to open records, records retention, fines and sanctions, alternative payment guidelines, open meetings, board hearings and other matters subject to the power and authority of the Board of Trustees.

Section 1.17 "Rules" means and refers to the rules and regulations adopted by the Board, as the same may be amended or restated from time to time.

Section 1.18 "Director" shall mean a member of the Board of Directors of the Association.

Section 1.19 "Officer" shall mean an Officer of the Association. "President," "Vice-President," "Secretary," and "Treasurer" mean, respectively, the President, Vice-president, Secretary, and Treasurer of the Association.

Section 1.20 "Majority" means more than 50 percent.

Section 1.21 "Mortgage" means and refers to any deed of trust or mortgage covering any Tract, or any other portion of the Subdivisions given to secure the payment of a debt.

Section 1.22 "Subdivision" or "Subdivisions" means or refers to either or both, as the case may be, of LA REATA RANCH, SECTION ONE, a subdivision in Bastrop County, Texas, according to the plat recorded at Book 3, Pages 164A, 164B, and 165A, in the Map and Plat Records of

Bastrop County, Texas (the "Section One Plat"), and LA REATA RANCH, SECTION TWO, a subdivision in Bastrop County, Texas, according to the plat recorded at Book 3, Pages 172A, 173A, 174A, and 175A in the Map and Plat Records of Bastrop County, Texas (the "Section Two Plat," the Section One Plat and the Section Two Plat collectively and individually, the "Plat"). Unless otherwise provided expressly or by context, a reference to the Subdivision means and refers to either or both of the Subdivisions described above.

Section 1.23 "Property" means and refers to (a) all Tracts, (ii) all Common Areas, and (iii) all other parcels or tracts in the Subdivisions.

Section 1.24 "County" means and refers to Bastrop County, Texas.

Section 1.25 "Act" means and refers Texas Property Code Chapter 209, as same may be amended or repealed in whole or in part.

Section 1.26 "POA Statutes" means and refers to Chapters 202, 204, 207, and 209 of the Texas Property Code, as same may be amended or repealed in whole or in part.

Section 1.27 "Governmental Authority" shall mean the United States of America, the State of Texas, the County, and any other political or governmental subdivision in which the Subdivisions, in whole or in part, are located, and any other political subdivision, agency or instrumentality exercising jurisdiction over the Subdivision.

Section 1.28 "Governmental Requirements" means and refers to the POA Statutes and all other laws, statutes, codes, ordinances, rules, and regulations of any Government Authority applicable to (a) the Property and/or the use, enjoyment, operation, maintenance, or ownership of the Property, (b) the Declaration and any other Dedicatory Instrument, and (b) the Association and the governance, management, operation, and maintenance of the Association.

Section 1.29 "Tract" means and refers to mean and refer to any plot of land identified as a tract or home site on either Subdivision Plat. For purposes of this instrument, "Tract" shall not be deemed to include any portion of the "Common Areas" or "Unrestricted Reserves", (defined herein as any Common Areas and Unrestricted Reserves shown on the Plat) in the Subdivisions, regardless of the use made of such area.

Section 1.30 "Common Areas" means and refers to all real property (and all improvements, structures, fixtures, and other tangible property located on the subject real property) within a Subdivision that is occupied, possessed, managed, held, or owned by the Association for the common use and enjoyment of the Owners.

Section 1.31 "Owner Violation" means and refers to a violation by an Owner, an occupant of a Tract, or any family members, guests, employees, contractors, agents or invitees of an Owner or an occupant of a Tract of any (A) restriction set forth in this Declaration or any other Dedicatory Instrument, (B) provision of the bylaws of the Association, as such bylaws may be amended, modified, supplemented, repealed, or replaced from time to time, or (C) rule or policy adopted by the Board.

Section 1.32 "Common Areas Damages" means and refers to any property damage to any

Common Areas caused by the Owner, an occupant of the Owner's Tract, or any family members, guests, employees, contractors, agents or invitees of the Owner or an occupant of the Owner's Tract.

1.2 Article III, Section 3.09. Article III of the Declaration is amended by adding the following as item 9 of Section 3.09:

9. Religious Signs - Except as otherwise provided in Section 202.018 of the Act, a religious sign or one or more religious items the display of which is motivated by the owner's or resident's sincere religious belief.

1.3 Article III, Section 3.15. Article III of the Declaration is amended by deleting Section 3.15 in its entirety.

1.4 Article IV of the Declaration is amended by adding the following at the end of Section 4.01:

Members of the Committee shall be appointed, and may be removed, by the Board at any time. Each member of the Committee must be the owner or joint owner of a Tract in the Subdivision. Each member of the Committee shall hold office from the date of the member's appointment to the Committee until such time as the member has resigned or has been removed and the member's successor has been appointed. A Person may not be appointed to serve on the Committee if the Person is (i) a current member of the Board of Directors; (ii) a spouse of a current member of the Board of Directors; or (iii) a person residing in the household of a current member of the Board of Directors.

1.5 Article IV of the Declaration is amended to add the following as new Sections 4.06 through 4.13 of the Declaration:

Section 4.06 Nonconforming or Unapproved Developments. The Committee, at its option, may inspect all work in progress on improvements on any Tract to ensure that the approvals required under this Article have been obtained and all improvements are constructed in compliance with approved Plans and Specifications. If the Committee determines or discovers that nonconforming or unapproved improvements are being constructed on any Tract, the Committee shall notify the Board of Directors of the nonconforming or unapproved improvements and the Board of Directors may (a) require the Owner of the Tract on which the improvements are located to restore the Tract to the condition existing prior to construction, alteration or removal of any unapproved or nonconforming improvements, and (b) take such other action as may be necessary, appropriate or required to prevent the construction of the nonconforming or unapproved improvements and require compliance with this Article VI.

Section 4.07 Appeal of Committee's Decision.

(a) A decision by the Committee denying an application or request by an Owner for the construction of improvements on the Owner's Tract may be appealed to the Board of Directors. A written notice of the denial must be provided to the Owner by certified mail, hand delivery, or electronic delivery. The notice must:

(i) describe the basis for the denial in reasonable detail and changes, if any, to the application or improvements required as a condition to approval; and

(ii) inform the Owner that the Owner may request a hearing under Subsection (a) on or before the 30th day after the date the notice was mailed to the Owner.

(b) The Board of Directors shall hold a hearing under this section not later than the 30th day after the date the Board of Directors receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the 10th day before the date of the hearing. Only one hearing is required under this subsection.

(c) During a hearing under this section, the Board of Directors or the designated representative of the Association and the Owner or the Owner's designated representative will each be provided the opportunity to discuss, verify facts, and resolve the denial of the Owner's application or request for the construction of improvements, and the changes, if any, requested by the architectural review authority in the notice provided to the Owner under Subsection (b).

(d) The Board of Directors or the Owner may request a postponement. If requested, a postponement shall be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties.

(e) The Board of Directors or the Owner may make an audio recording of the meeting.

(f) The Board of Directors may affirm, modify, or reverse, in whole or in part, any decision of the Committee as consistent with the Declaration.

Section 4.08 Application Fees. The Board of Directors may establish and may thereafter amend from time to time an application fee policy that allows the Board of Directors or the Committee to impose an application fee for all or designated applications or requests submitted to the Committee by an Owner for the construction of improvements on the Owner's Tract. Any such application fee may be in different amounts based upon the construction activity proposed in such application and may provide that, for designated construction activities, no fee shall be payable. Any such fee shall not exceed the reasonable costs and expenses of the Committee for the processing and review of Plans and Specifications and the reasonable costs and expenses of any consultants hired by the Committee to assist in such processing and review.

Section 4.09 Actions of the Architectural Committee. The Committee may, by resolution unanimously adopted in writing, designate one or two of its members or an agent acting on its behalf to take any action or perform any duties for and on its behalf. In the absence of such designation, the vote of a Majority of all members of the Committee taken at a meeting shall constitute an act of the Committee.

Section 4.10 Adoption of Rules. The Committee may adopt such procedural and substantive rules, not in conflict with the provisions of this Declaration, as it may deem necessary or proper for the performance of its duties, including, but not limited to, a building code, a housing code, a fire code, a landscaping code, and other similar codes as may be deemed necessary and desirable. Any and all rules adopted by the Committee may be amended, repealed, or otherwise modified at any time and from time to time by the Committee.

Section 4.11 No Waiver of Future Approvals. The approval or consent of the Committee to any Plans or Specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans and Specifications, or other matter whatsoever, subsequently or additionally submitted for approval or consent by the same or a different Owner.

Section 4.12 Nonliability of Committee and Board of Directors. Notwithstanding anything to the contrary in this Declaration, neither the Committee, any Committee member, the Board of Directors, any Board of Directors members, nor any agents or representative of the Committee or the Board of Directors shall be liable to any Owner or any other third party due to the construction of any improvement within the Property or the creation thereby of an obstruction to the view from any Tract or Tracts.

Section 4.13 Nondiscrimination. In performing, observing, and carrying out its duties, obligations, rights, powers and privileges under this declaration, the Committee shall (a) act in a nondiscriminatory manner as to each Owner, (b) shall apply the provisions of this Declaration and any of the rules adopted by the Committee in a uniform and consistent basis to all Owners, Tracts, and Improvements, and (c) shall not act in a manner which is unreasonable or arbitrary.

Section 4.13 Address for Committee. Plans and Specifications shall be submitted to the Committee in care of the Association at the current address of the Association, or such other address as may be designated from time to time by written notice from the Committee to the Owners.

1.6 Article V of the Declaration is amended by adding the following at the end of Section 5.01:

Membership in the Association is automatically granted to the Owner or Owners of each Tract in the Subdivision. On the transfer of title to any Tract to another Person or Persons, the membership of the transferor automatically ceases, and each transferee becomes a member.

1.7 Article V of the Declaration is amended to add the following as new Sections 5.03 through 5.07 of the Declaration:

Section 5.03 Bylaws. The Association has adopted Bylaws to govern the organization or operation of the Subdivision and the use and enjoyment of the Tracts and Common Area. The Bylaws may be amended, modified, supplemented, and otherwise changed at any time and from time to time in accordance with the provisions and requirements of this Declaration, the Articles, the Act, and any other applicable Governmental Requirement it may choose, provided that the any amendment, modification, supplement, or change is not in conflict with the terms and provisions this Declaration, the Articles, the Act, or any other Applicable Governmental Requirement.

Section 5.04 Association Meetings. Meetings of the Owners shall be called, held, and conducted in accordance with the requirements and procedures set forth in the Bylaws, the Act, and all other applicable Governmental Requirements.

Section 5.05 Voting. Members shall have the rights, duties and limitations regarding voting as are imposed on, prescribed for, or given to the Members by this Declaration, the Articles, the Bylaws, the Act, and any other applicable Governmental Requirement. Except where a vote by a greater percentage is required pursuant to the provisions of this Declaration, the Articles, the Bylaws, the Act and any other applicable Governmental Requirement, the act, approval or disapproval of the Members, as the case may be, with respect to matters voted, or to be voted, on or by the Members shall be determined by a Majority vote of the aggregate votes entitled to be cast by the Members present at a legally constituted meeting at which a quorum of the Members is present. For purposes of this Declaration, a quorum of the Members shall be twenty-five percent (25%) of the Members in good standing and eligible to vote on the matter to be considered by the Members for approval or authorization.

Section 5.06 Rights, Powers, Duties and Acknowledgments of the Owners.

(a) Subject to the terms and conditions of this Declaration, the Owners (i) are charged with and shall have, perform and observe the duties, responsibilities and obligations prescribed for and imposed on Owners and Members by this Declaration, the other Dedicatory Instruments, the Act and the Texas Nonprofit Corporation Law; and (ii) are invested with and have the rights, powers, and authority prescribed for and provided for Owners and members by this Declaration, the other Dedicatory Instruments, the Act and the Texas Nonprofit Corporation Law.

(b) Without limiting the obligations of Owners under any other provision of this Declaration or the other Dedicatory Instruments, each Owner has the following obligations:

(i) Information. Within thirty (30) days after acquiring an interest in a Tract, within thirty (30) days after the Owner has notice of a change in any information required by this Subsection, and on request by the Association from time to time, an Owner will provide the Association with the following information: (A) a copy of the recorded deed, probated will, final judgment, or other instrument under which the Owner holds title to the Owner's Tract; (B) the Owner's address, phone number, and driver's license number, if any; (C) any Mortgagee's name and address, and the loan number assigned to the mortgage held by the Mortgagee with respect to the Owner's Tract; (D) the name and phone number of any Resident of the Owner's Tract; and (E) the name, address, and phone number of Owner's management agent with respect to the Owner's Tract, if any.

(ii) Comply. Each Owner will comply with the Dedicatory Instruments.

(iii) Reimburse. Each Owner will pay for damage to the Common Area caused by the negligence or willful misconduct of the Owner, a Resident of the Owner's Tract, or a family member, guest, agent, contractor or invitee of the Owner or the Resident.

(iv) Liability. Each Owner is liable to the Association for all damages caused by any violation of the Dedicatory Instruments by, or the negligence or willful misconduct of, the Owner, a Resident of the Owner's Tract, or a family member, guest, agent, contractor or invitee of the Owner or the Resident, and for costs incurred by the Association to obtain compliance by the violator with the Dedicatory Instruments, including attorney's fees whether or not suit is filed (subject to any limitations on the right of the Association to recover attorney's fees which are imposed under the Act).

(c) By accepting an interest in or title to a Tract, each Owner: (i) agrees to be responsive and civil in communications pertaining to the Property and the Association; (ii) agrees to refrain from actions that interfere with the Association's maintenance, management and operation of the Association and the Common Area; (iii) accepts the Common Area, and any Common Area improvements, in their then-existing condition; and (iv) acknowledges the authority of the Association, acting through its Board of Directors, to make all decisions pertaining to the Common Area.

Section 5.07 Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Area and such right shall be appurtenant to and shall pass with the title to every assessed Tract, subject to terms, conditions, limitations, rights, and remedies imposed on each Owner under the provisions of this Declaration and the other Dedicatory Instruments.

1.8 Article VI of the Declaration is amended by adding the following at the end of Section 6.01:

Except for (a) an Individual Maintenance Charge (as defined below) made and levied against an Owner, and (b) the limitations under subsection 6.02(a) imposed on assessments of Maintenance Charges against Owners of more than one Tract, each Maintenance Charge shall be made and levied uniformly and ratably against each Tract. If a Tract is owned by two or more Owners, each Owner shall be jointly and severally liable for the Maintenance Charge made and levied with respect to the subject Tract.

1.9 Article VI of the Declaration is amended by deleting Section 6.02(b) in its entirety and inserting the following in its place:

(b) The Board of Directors may permit all or any portion of any Maintenance Charge or other assessment (a "Regular Maintenance Charge") made and levied pursuant to Section 6.02(a) above for any full or partial calendar year to be payable in equal monthly installments on or before the first day of each month of the subject calendar year, or in such other manner as the Board of Directors may designate in its sole and absolute discretion.

1.10 Article VI of the Declaration is amended to add the following as new Sections 6.02(d) through 6.02(g):

(d) In addition to any Regular Maintenance Charge made and levied pursuant to Section 6.02(a) above, the Association, acting through the Board of Directors and with with a majority vote of all association members in good standing, may make and levy the following additional assessments against each Owner and the Owner's Tract or Tracts that may be assessed under Section 6.02(a):

(i) A special Maintenance Charge (a "Special Maintenance Charge") may be made and levied for (A) costs of the nature intended to be paid from the Maintenance Fund that either were not anticipated or not included in the budget that formed the basis of the Regular Maintenance Charges for the calendar year in which such unanticipated or not included costs were incurred or arose, or (B) costs of any construction or reconstruction, unexpected repair, or replacement of a capital improvement in the Common Areas, including the necessary fixtures and personal

property related to the Common Areas. Special Maintenance Charges shall be made and levied uniformly and equally against each Owner and each Tract that may be assessed under Section 6.02(a). A Special Maintenance Charge shall be due and payable on or before thirty (30) days after the Association delivers a statement of the Special Maintenance Charge to the Owner unless a longer period for payment is provided in this Declaration or in the statement.

(ii) An assessment (an "Individual Maintenance Charge," Regular Maintenance Charges, Special Maintenance Charges, and Individual Maintenance Charges collectively, "Maintenance Charges," and individually, a "Maintenance Charge") may be made and levied for (A) interest, late charges, and collection costs on delinquent Maintenance Charges, (B) reimbursement for costs paid or incurred by the Association in bringing an Owner or the Owner's Tract into compliance with this Declaration or any of the other Dedicatory Instruments; (C) transfer-related fees and resale certificate fees which remain due and owing by the Owner; (D) reimbursement of the Association for costs incurred or paid incident to any Common Areas Damages caused by willful or negligent acts of the Owner, the Owner's guests, invitees or residents of the Owner's Tract; and (E) any other payments or other sums owing by the Owner under this Declaration or any other Dedicatory Instrument which remain due and owing after the date payment is due. An Individual Maintenance Charge shall be due and payable on or before thirty (30) days after the Association delivers a statement of the Individual Maintenance Charge to the Owner unless a longer period for payment is provided in this Declaration or in the statement.

(e) Unless approved by the vote of 100% of the association members in good standing, (i) the Regular Maintenance Charges made or levied for any calendar year may not exceed the Regular Maintenance Charges made and levied for the immediately preceding calendar year. These limitations shall not apply to an Individual Maintenance Charge.

(f) The Association may adopt and amend policies regarding the application of payments. After the Association notifies the Owner of a delinquency, any payment received by the Association, will be applied in the following order: Individual Maintenance Charge, Special Maintenance Charge, and (lastly) Regular Maintenance Charge. The Association may refuse to accept partial payment, i.e., less than the full amount due and payable. The Association may also refuse to accept payments to which the payer attaches conditions or directions contrary to the Association's policy for applying payments. The Association's policy may provide that endorsement and deposit of a payment does not constitute acceptance by the Association, and that acceptance occurs when the Association posts the payment to the Tract Owner's account.

(g) An Owner may not waive or otherwise escape liability for Maintenance Charge payment obligations and duties imposed on all Owners under this Article VI, whether by nonuse of Common Areas or recreational facilities on Common Areas, abandonment of the Owner's Tract, or otherwise.

1.11 Article VI of the Declaration is amended by adding the following at the end of Section 6.03(a):

Each Owner, by accepting an interest in or title to a Tract, whether or not it is so expressed in the instrument of conveyance, covenants, and agrees to pay to the Association the Maintenance Charge made and levied against the Owner and the Owner's Tract pursuant to this Declaration. Each Maintenance Charge is a charge on the Tract assessed and is secured by a continuing

assessment lien on the Tract (a "Maintenance Charge Lien"). Each Owner, and each prospective Owner, is placed on notice that title to the Owner's Tract may be subject to the continuing Maintenance Charge Lien for Maintenance Charges attributable to a period prior to the date the tract was conveyed and transferred to the Owner.

NOTICE

IF AN OWNER FAILS TO PAY MAINTENANCE CHARGE TO THE ASSOCIATION, THE OWNER MAY LOSE TITLE TO THE OWNER'S TRACT IF THE ASSOCIATION FORECLOSES ITS MAINTENANCE CHARGE LIEN.

1.12 Article VI of the Declaration is amended by deleting Section 6.03(d) in its entirety and renumbering Section 6.03(e) as Section 6.03(d).

1.13 Article VI of the Declaration is amended by adding the following as new Sections 6.03(e) through 6.03(p):

(e) By accepting an interest in or title to a Tract, each Owner grants to the Association a private power of non-judicial sale in connection with the lien reserved against the Owner's Tract under subparagraph (a) above (the "Maintenance Charge Lien"). The Board of Directors, from time to time, may appoint any person, including an officer, agent, trustee, substitute trustee, or attorney, to exercise the Association's lien rights on behalf of the Association, including the power of sale. The appointment must be in writing and may be in the form of a resolution recorded in the minutes of a Board of Directors meeting.

(f) Except as otherwise provided in this Declaration or required by applicable Governmental Requirements, a Maintenance Charge Lien is superior to all other liens and encumbrances on a Tract, except only for: (i) real property taxes and Maintenance Charge levied by governmental and taxing authorities; (ii) a recorded deed of trust lien securing a loan for construction or acquisition of the original Tract; (iii) a deed of trust or vendor's lien recorded before this Declaration; or (iv) a first or senior purchase money vendor's lien or deed of trust lien recorded before the date on which the delinquent Maintenance Charge became due. The Association will have the power to subordinate any Maintenance Charge Lien to any other lien. Such power will be entirely discretionary with the Board, and such subordination shall be signed by an authorized officer, agent, or attorney of the Association.

(g) The Association's Maintenance Charge Lien against a Tract is created by recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of lien is required. The Association, at its option, may cause a notice of a Maintenance Charge Lien to be recorded in the Official Public Records of Bastrop County, Texas. If and when the Maintenance Charges and other amounts for which the notice is recorded are paid in full, the Association will record a release of the notice at the expense of the Owner of the Tract or Tracts described in the subject notice. The Association may require reimbursement of its costs of preparing and recording the notice before granting the release.

(h) To the extent permitted by the Act and any other applicable Governmental Requirements, a Maintenance Charge Lien shall secure the obligations (the "Maintenance Charge Obligations") of an Owner to pay (i) each Maintenance Charge made and levied against the Owner's Tract or

Tracts, (ii) all fees and late charges owing by the Owner with respect to any Maintenance Charge made and levied against the Owner's Tract or Tracts, (iii) all interest accrued on any unpaid Maintenance Charges, fees and late charges owing by the Owner pursuant to this Article VI, (iv) all reasonable attorney's fees and costs the Association may incur or pay with respect collection of any Maintenance Charges, fees, late charges, other costs owing by the Owner under this Article VI and any exercise of the Association's rights and remedies with respect to unpaid Maintenance Charges (including, without limitation, the foreclosure of the Association's Maintenance Charge Lien), and (v) any other sum the Association is entitled to recover from the Owner under this Article VI.

(i) A Maintenance Charge Lien may be foreclosed by expedited foreclosure under the applicable Rules of Civil Procedure, judicial foreclosure or, to the extent permitted under the Act, a non-judicial foreclosure conducted pursuant to the Association's power of sale provided under subparagraph (e) above. Except as permitted under the Act, the Association may not foreclose a Maintenance Charge Lien against an Owner's Tract unless the Association first obtains either a court order in an application for expedited foreclosure or a court judgment foreclosing the lien and ordering the sale.

(j) The Association may foreclose a Maintenance Charge Lien under the power of sale granted under this Declaration only as permitted under the Act. A non-judicial foreclosure must be conducted in accordance with the provisions applicable to the exercise of powers of sale set forth in Section 51.002 of the Texas Property Code, and otherwise in accordance with the Act. In any foreclosure, the Owner will be required to pay the Association's costs and expenses for the proceedings, including reasonable attorneys' fees.

(k) The Association may not file an application for an expedited court order authorizing foreclosure of the Association's Maintenance Charge Lien, or a petition for judicial foreclosure of the Association's Maintenance Charge Lien unless the Association has (i) provided written notice of the total amount of the delinquency giving rise to the foreclosure to any other holder of a lien of record on the property whose lien is inferior or subordinate to the Association's lien and is evidenced by a deed of trust; and (ii) provided the recipient of the notice an opportunity to cure the delinquency before the 61st day after the date the Association mails the notice described in Subdivision (1). A notice given pursuant to the preceding sentence must be sent by certified mail to the address for the lienholder shown in the deed records relating to the Tract that is subject to the Association Maintenance Charge lien.

(l) Expedited foreclosure of a Maintenance Charge Lien is not required if the Owner of the Tract that is subject to foreclosure agrees in writing at the time the foreclosure is sought to waive expedited foreclosure. A waiver under this subsection may not be required as a condition of the transfer of title to real property.

(m) The Association may not foreclose a Maintenance Charge Lien if the debt securing the lien consists solely of (i) fines assessed by the Association, (ii) attorney's fees incurred by the Association solely associated with fines assessed by the Association; or (iii) amounts added to the owner's account as an assessment under Section 209.005(i) or 209.0057(b-4) of the Act.

(n) If the Association conducts a foreclosure sale of an Owner's Tract, the Association must send to the Owner and to each lienholder of record, not later than the 30th day after the date of the

foreclosure sale, a written notice stating the date and time the sale occurred and informing the Owner and each lienholder of record of the right of the lot owner and lienholder to redeem the property under Section 209.011 of the Act. The notice must be sent by certified mail, return receipt requested, to (i) the Owner's last known mailing address, as reflected in the records of the Association, (ii) the address of each holder of a lien on the Tract subject to foreclosure evidenced by the most recent deed of trust filed of record in the Official Public Records of Bastrop County, Texas; and (iii) the address of each transferee or assignee of a deed of trust described by clause (ii) who has provided notice to the Association of such assignment or transfer. If a recorded instrument does not include an address for the lienholder, the Association does not have a duty to notify the lienholder under this section. Not later than the 30th day after the date the Association sends the notice required by this subsection, the Association must record an affidavit in the Official Public Records of Bastrop County, Texas, stating the date on which the notice was sent and containing a legal description of the Tract. Any person is entitled to rely conclusively on the information contained in the recorded affidavit. The notice requirements of this section also apply to the sale of an owner's lot by a sheriff or constable conducted as provided by a judgment obtained by the property owners' Association.

(o) The Association will have the power to bid (in cash or by credit against the amount secured by the Maintenance Charge Lien) on any Tract at any non-judicial or judicial foreclosure of a Maintenance Charge Lien and to acquire, hold, lease, mortgage, convey or otherwise deal with the Tract or Tracts subject to any such non-judicial or judicial foreclosure.

(p) The Maintenance Charge Lien reserved against each Tract shall not be affected or extinguished by the sale or transfer of the Tract, whether by a voluntary sale, passage of title upon the death of the Owner of the Tract, a judicial or nonjudicial foreclosure sale, or any other transfer of the Tract; provided, however, that in the event of foreclosure under any Mortgage superior to the lien for the delinquent Maintenance Charge, the lien for the delinquent Maintenance Charge will be extinguished, and the delinquent Maintenance Charge shall be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the first lien Mortgage. The extinguishing of any Maintenance Charge Lien against a Tract will not relieve the Owner of the subject Tract from the Owner's obligation to pay the Maintenance Charge that was secured by the extinguished Maintenance Charge Lien or any Maintenance Charge assessed against the subject Tract after extinguishment of the subject Maintenance Charge Lien or affect or impair any Maintenance Charge Lien created and reserved under this Declaration to secure payment of any Maintenance Charge made and levied after the extinguishment of the subject Maintenance Charge Lien.

1.14 Article VI of the Declaration is amended by adding the following as new Sections 6.08 through 6.12:

Section 6.08 Notice of Levying and Right to Hearing. Before making and levying an Individual Maintenance Charge against an Owner and the Owner's Tract, the Association will give the Owner written notice of the Individual Maintenance Charge and an opportunity to be heard, pursuant to Section 9.07 of this Declaration unless such notice and opportunity to be heard are not available to the Owner under the provisions of Section 9.07.

Section 6.09 Reserve Funds.

(a) The Association will establish, maintain, and accumulate reserve funds for working capital and for replacement and repair. The Association will budget for reserves and may fund reserves out of Regular Maintenance Charges.

(b) The Association shall maintain a working capital reserve fund at a level determined by the Board of Directors to be sufficient to cover the cost of operational or maintenance emergencies or contingencies, including deductibles on insurance policies maintained by the Association.

(c) The Association shall maintain a replacement and repair reserve fund at a level that anticipates the scheduled replacement or major repair of components of the Common Area.

Section 6.10 Reserve Fund Contributions. Upon the conveyance and transfer of a Tract from one Owner to a subsequent Owner, the transferee will be charged and will be obligated to pay (a) a working capital reserve fund fee for the Association's working capital reserve fund in an amount equal to one-sixth (1/6) of the Regular Maintenance Charge made and levied for the calendar year in which the transfer occurred, and (b) a replacement & repair reserve fund fee for the Association's replacement & repair reserve fund in an amount equal to one-twelfth (1/12th) of the Regular Maintenance Charge made and levied for the calendar year in which the transfer occurred. Each reserve fund fee shall be collected from, and paid by, the transferee of a Tract at the time the Tract is conveyed and transferred to the transferee. Notwithstanding the foregoing provisions to the contrary, the following transfers will not be subject to the reserve fund contribution: (i) foreclosure of a deed of trust lien, tax lien, or a Maintenance Charge Lien; (ii) transfer to, from, or by the Association; (iii) voluntary transfer by an Owner to one or more co-Owners, or to the Owner's spouse, child, or parent. Contributions to the fund are not advance payments of Regular Maintenance Charge and are not refundable.

Section 6.11 Payment of Maintenance Charge on Conveyance of Tract. On the sale or conveyance of a Tract, all unpaid Maintenance Charge Obligations owing by the selling Owner of the Tract shall be paid by the selling Owner or the purchaser of the Tract in preference over any other closing costs, commissions, or charges of whatever nature, except (a) amounts and charges in favor of any Governmental Authorities for property taxes assessed against the Tract that remain due and unpaid, and (b) amounts due under any Mortgage covering the Tract.

Section 6.12 Effect of Nonpayment of Maintenance Charges.

(a) A Maintenance Charge assessment is delinquent if the Association does not receive payment in full by the date payment of the assessment is due. The Association, acting through the Board of Directors, has the right, authority, and duty action to collect any delinquent Maintenance Charge. With respect to the collection of delinquent Maintenance Charges from an Owner, the Association, acting through the Board of Directors, may:

(i) charge and collect from the Owner interest on any delinquent Maintenance Charge Obligations from the date the subject Maintenance Charges are due until paid at the rate of eighteen percent (18%) per annum;

(ii) charge and collect from the Owner a late fee equal to five percent (5%) of the amount of any delinquent Maintenance Charge;

(iii), if the delinquent amount is one installment of a Maintenance Charge payable in installments, accelerate the remaining installments due with respect to the subject Maintenance Charge by giving the Owner written notice of the Association's intent to accelerate the payment of the remaining installments at least ten (10) days prior to the date on which those installments are accelerated; and

(iv) file suit seeking a judgment against the Owner for (A) the payment and collection of the delinquent Maintenance Charge, interest accrued on the delinquent Maintenance Charge as provided above, and (B), at the election of the Board of Directors and subject to the provisions and requirements of this Declaration, the other Dedicatory Instrument and the Act, the foreclosure of the Association's Maintenance Charge Lien securing payment of the delinquent Maintenance Charge.

(b) In addition to the delinquent Maintenance Charge, an Owner is liable to, and shall reimburse, the Association for interest charged and accrued on any delinquent Maintenance Charge pursuant to the preceding provisions, any late fee charged pursuant to the preceding provisions, and all reasonable costs incurred by the Association to collect the delinquent Maintenance Charge and foreclose its Maintenance Charge Lien, including reasonable attorneys' fees, filing fees, collection costs and processing fees.

(c) The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Dedicatory Instruments or any other document or agreement executed or made in connection with the Association's collection of Maintenance Charge, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid Special and Regular Maintenance Charge, or reimbursed to the Owner if those Maintenance Charge are paid in full.

(d) From time to time, the Association may delegate some or all of the collection rights, procedures, and remedies, as the Board of Directors in its sole discretion deems appropriate, to the Association's manager, an attorney, or a debt collector. Neither the Board of Directors nor the Association, however, is liable to an Owner or other person for its failure or inability to collect or attempt to collect any unpaid Maintenance Charge owing by an Owner.

(e) The rights and remedies provided under this Section 6.12 are in addition to and not in substitution for all other rights and remedies which the Association may have pursuant to the Dedicatory Instruments or applicable law.

7.01: 1.15 Article VII of the Declaration is amended by adding the following at the end of Section

The Association, acting through the Board of Directors, will administer and manage the Subdivisions in accordance with the Dedicatory Instruments and the POA Statutes. Subject to the terms and conditions of the Dedicatory Instruments, the Association (a) is charged with and shall have, perform and observe the duties, responsibilities and obligations (i) imposed on, prescribed for or given to a property owners' association by the Act and the other POA Statutes, and (ii)

imposed on, prescribed for or given to the Association under this Declaration and the other Dedicatory Instruments; and (b) is invested with and has all the rights, powers and authority (i) invested in, prescribed for, or given to the Association by the Act and the other POA Statutes, and (ii), to the extent permitted under Act, invested in, prescribed for, or given to the Association in this Declaration and the other Dedicatory Instruments. The Association also shall have all rights, powers and authority that may be necessary for, or incidental to, the performance of the obligations, duties, and responsibilities of the Association under or imposed by the POA Statutes, the Texas Nonprofit Corporation Law, and the Dedicatory Instruments.

1.16 Article VII of the Declaration is amended by deleting Section 7.09 in its entirety and inserting the following in its place:

Section 7.09 Association's Right To Promulgate Rules, Policies, and Procedures. The Association, acting through the Board of Directors, is granted and shall have the right, power and authority to adopt, promulgate, establish, set, amend, repeal, and enforce Rules regarding (i) the administration, management, and operation of the Association; (ii) the use, occupancy, management, maintenance, repair, security, and appearance of the Common Areas, (iii) the personal conduct of the Members, and their guests, while on the Common Areas; (iv) the making, levying, assessing, and collecting Assessments and the application of payments made on Assessments, (v) the enforcement of the Dedicatory Instruments and the exercise of the rights and remedies available to the Association under the Dedicatory Instruments, (vi) the governance, operation, management, and administration of the Association, (vii) the exercise of the rights, powers, authority, and duties of the Association, (viii) the rights, powers, authority, and duties of the Owners under the Dedicatory Instruments, (ix) meetings of the Members and the Board pursuant to the Act and the Dedicatory Instruments, (x) elections by the Members pursuant to the Act and the Dedicatory Instruments, (xi) procedures for conducting hearings by the Board pursuant to the Act and the Dedicatory Instruments, (xii) policies relating to Association records, Association management and operations, use of the Common Areas and the improvements and facilities located on the Common Areas, voting by the members of the Association, and the operation, governance and management of the Association, (xiii) the collection of delinquent Assessments and the application of payments, (xiv) procedures for (A) conducting meetings of the Association and the Board of Directors in accordance with the Dedicatory Instruments and the Act, (B) disciplining Owners for violations of the Dedicatory Instruments, the Rules, and the Policies, (C) conducting hearings required under Section 9.07 of this Declaration or the Act, and (D) enforcement of the Dedicatory Instruments and the Rules and Policies promulgated and adopted by the Board of Directors, and (xv) such other matters as may be necessary and appropriate to carry out the purposes of the Association and enforce and administer the Dedicatory Instruments.

1.17 Article VII of the Declaration is amended by deleting Section 7.10 in its entirety and renumbering Section 7.11 as Section 7.10.

1.18 Article VII of the Declaration is amended by adding the following as new Sections 7.11 through 7.13:

Section 7.11 Indemnification. The Association indemnifies each officer, director, and committee member (for purposes of this Section, a "Leader") against expenses, including attorney's fees, reasonably incurred by, or imposed on the Leader in connection with any threatened or pending

action, suit, or proceeding to which the Leader is a party or respondent by reason of being or having been a Leader. A Leader is not liable for a mistake of judgment. A Leader is liable for his gross negligence, willful misconduct, or bad faith. This right to indemnification does not exclude any other rights to which present or former Leaders may be entitled. As a common expense, the Association may maintain general liability and directors' and officers' liability insurance to fund this obligation.

Section 7.12 Transfer-Related Fees and Policies.

(a) The Association, acting through the Board of Directors, may promulgate, adopt, charge, assess, collect, amend, and repeal independent fees, charges, and penalties regarding transfer of title to a Tract and the obligations of the transferor and the transferee for payment of the fees, charges and penalties imposed on transfers of Tracts. The fees that may be adopted, promulgated, charged, and collected incident to the transfer of a Tract include, without limitation, fees for resale certificates, estoppel certificates, copies of Dedicatory Instruments, compliance inspections, ownership record changes, and priority processing, provided the fees are customary in amount, kind, and number for the local marketplace. Additional transfer-related fees which the Board of Directors may promulgate, adopt, charge, assess, collect, amend, and repeal also include working capital reserve fund fees and replacement & repair reserve fund fees charged under Section 6.10 of this Declaration. Transfer-related fees are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments.

(b) The Association, acting through the Board of Directors, shall have the power and authority to (a) require that each Owner notify the Association of the sale, conveyance, or change in ownership of the Owner's Tract or Tracts and the name of the new Owner or Owners of the Tract, and (b) impose and collect fees and other reasonable costs and charges incident to the sale, conveyance, or other change in ownership of any Tract.

(c) The requirements of this Section 7.12, including the obligation to pay working capital contributions, reserve fund contributions and other transfer-related fees, do not apply to the following transfers: (i) foreclosure of a mortgagee's deed of trust lien, a tax lien, or the Association's assessment lien; (ii) conveyance by a mortgagee who acquires title by foreclosure or deed in lieu of foreclosure; transfer to, from, or by the Association; (iii) voluntary transfer by an Owner to one or more Co- Owners, or to the Owner's spouse, child, or parent; (iv) a transfer by a fiduciary in the course of administering a decedent's estate, guardianship, conservatorship, or trust; (v) a conveyance pursuant to a court's order, including a transfer by a bankruptcy trustee; or (vi) a disposition by a government or governmental agency.

(d) The Board of Directors may adopt and promulgate Rules relating to or concerning its exercise of the power and authority granted to the Association under this Section 7.12.

Section 7.13 Powers and Duties of the Board of Directors. The Board of Directors shall act in all instances on behalf of the Association, unless otherwise provided by this Declaration or any other Dedicatory Instrument or required by the Act. The Board shall have all the powers, authority, and duties (i) provided for the Board in this Declaration, the Bylaws, and the other Dedicatory Instruments, including the powers, authority and duties conferred upon the Association acting through the Board, (ii) provided for or conferred upon a property owners' association under the POA Statutes, including, but not limited to, the powers conferred upon property owners'

associations under Section 204.010(a) of the Texas Property Code, (iii) granted to or conferred upon the Board by resolution of the Association, and (iv) necessary for the administration, management, and governance of the Association and the operation and maintenance of the Subdivisions and the Common Areas. The Board may do all such acts and things except those which, under Governmental Requirements or the Dedicatory Instruments, are reserved to the Members and may not be delegated to the Board. In addition to the powers, authority and duties of the Board provided above, the Board shall have the power and authority to:

- (a) Take all acts necessary or appropriate to conduct, carry out and realize the business and purposes for which the Association is organized and to govern, administer, manage, and operate the Association;
- (b) Enforce the provisions of this Declaration, the Bylaws, the Rules, and the other Dedicatory Instruments and exercise the rights and remedies of the Association and the Board provided in this Declaration, the Bylaws, the Rules, the other Dedicatory Instruments, the Act, and the other POA Statutes;
- (c) Adopt and amend Rules regarding (i) the administration, management, and operation of the Association; (ii) the use, occupancy, management, maintenance, repair, security, and appearance of the Common Areas, (iii) the personal conduct of the Members, and their guests, while on the Common Areas; (iv) the making, levying, assessing, and collecting Assessments and the application of payments made on Assessments, (v) the enforcement of the Dedicatory Instruments and the exercise of the rights and remedies available to the Association under the Dedicatory Instruments, (vi) the governance, operation, management, and administration of the Association, (vii) the exercise of the rights, powers, authority, and duties of the Association, (viii) the rights, powers, authority, and duties of the Owners under the Dedicatory Instruments, (ix) meetings of the Members and the Board pursuant to the Act and the Dedicatory Instruments, (x) elections by the Members pursuant to the Act and the Dedicatory Instruments, (xi) procedures for conducting hearings by the Board pursuant to the Act and the Dedicatory Instruments, (xii) policies relating to Association records, Association management and operations, use of the Common Areas and the improvements and facilities located on the Common Areas, voting by the members of the Association, and the operation, governance and management of the Association, (xiii) the collection of delinquent Assessments and the application of payments, (xiv) procedures for (A) conducting meetings of the Association and the Board of Directors in accordance with the Dedicatory Instruments and the Act, (B) disciplining Owners for violations of the Dedicatory Instruments, the Rules, and the Policies, (C) conducting hearings required under Section 9.07 of this Declaration or the Act, and (D) enforcement of the Dedicatory Instruments and the Rules and Policies promulgated and adopted by the Board of Directors, and (xv) such other matters as may be necessary and appropriate to carry out the purposes of the Association and enforce and administer the Dedicatory Instruments;
- (d) Subject to a Member's right to notice and a hearing before the Board takes any action against the Member, suspend the rights of a Member to use the Common Areas if the Member (i) fails to pay when due any Assessment levied by the Association, (ii) has committed an Owner Violation, (iii) is responsible for any Common Areas Damages, or (iv) otherwise violates the Dedicatory Instruments;

- (e) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;
- (f) Promulgate, adopt, and amend fines for Owner's Violations and Common Areas Damages caused by an Owner of for which an Owner is responsible under this Declaration;
- (g) Enter a Tract for bona fide emergency purposes when conditions present an imminent risk of harm or damage to the common elements, another Tract, or the occupants;
- (h) Appoint standing or ad hoc committees to advise or assist the board with its responsibilities; and
- (i) Exercise any other rights, powers, or authority (i) conferred on the Association or the Board by this Declaration, any other Dedicatory Instruments, the Act, or any other Governmental Requirements, or (ii) necessary and proper for the governance, management, and operation of the Association.

1.19 Article VIII of the Declaration is amended by adding the following as Sections 8.08 through 8.12:

Section 8.08 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms, or provisions. Any Owner acquiring a Tract in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and by acquiring the Tract agrees to hold Declarant harmless therefrom.

Section 8.09 Notices.

(a) Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given when delivered personally at the appropriate address set forth in Article 16.8(b) of this Declaration, or forty-eight (48) hours after deposit in any United States post office box, postage prepaid, addressed as set forth in Article 16.8(b) of this Declaration.

(b) Any notice to an Owner required under this Declaration shall be addressed to the Owner at the last address for the Owner appearing in the records of the Association or, if there is none, at the address of the Owner's Tract in the Subdivisions. Notice to the Association shall be addressed to the address designated by the Association by written notice to all Owners. Notices to the Manager shall be addressed to the address designated by the Manager. Notices to Declarant shall be addressed to the Declarant at the address designated by Declarant in a notice to all Owners.

Section 8.10 Nonwaiver of Remedies. Each remedy provided for in this Declaration is separate, distinct, and nonexclusive. Failure to exercise a particular remedy shall not be construed as a waiver of the remedy.

Section 8.11 Binding Effect. This Declaration, as well as any amendment to this Declaration, and any valid action or directive made pursuant to it shall be binding on Declarant and the Owners and their heirs, grantees, tenants, successors, and assigns.

Section 8.12 Limitation of Liability of an Owner. The liability of any Owner for performance of any of the provisions of this Declaration shall terminate on sale, transfer, assignment, or other divestment of the Owner's entire interest in the Owner's Tract with respect to obligations arising from and after the date of such divestment.

1.20 The Declaration is amended by adding the following as Article IX:

**ARTICLE IX
ENFORCEMENT, RIGHTS, AND REMEDIES**

Section 9.01 Enforcement and Non-Waiver.

(a) The Association, acting through the Board of Directors, shall have the right, power, and authority to enforce all covenants, agreements, conditions, restrictions, and obligations imposed by or under of this Declaration and the other Dedicatory Instruments. The rights, powers and authority reserved for the Association under this Section 9.01 may be enforced by any and all appropriate proceedings in equity or at law. Nothing contained in this Section 9.01 shall be deemed to limit any of the rights or remedies available to the Association with respect to the enforcement of the covenants, agreements conditions, restrictions and obligations imposed by or under this Declaration and the other Dedicatory Instruments, whether such rights and remedies or available under this Declaration, any other Dedicatory Instrument, the Act, or general principles of law and equity.

(b) Every act or omission whereby any provision of a Dedicatory Instrument is violated, in whole or in part, is hereby declared to be a nuisance and the Association, acting through the Board of Directors, may institute appropriate judicial proceedings to enjoin, abate or obtain other appropriate relief with respect to such nuisance.

(c) Any violation of the Act or any other POA Statute pertaining to the ownership, occupancy, use, management, maintenance, and enjoyment of any portion of the Common Areas is hereby declared to be a violation of this Declaration.

(d) The failure to enforce any provision of this Declaration or any other Dedicatory Instrument at any time shall not constitute a waiver of the right thereafter to enforce either the subject provision or any other provision of this Declaration.

(e) Should the Association employ an attorney or attorneys to enforce any of covenants, agreements, conditions, restrictions and obligations imposed by or under of this Declaration or any other Dedicatory Instrument or to protect or defend its interest in any matter arising under this Declaration or any other Dedicatory Instrument, or to recover damages for breach of this Declaration or any other Dedicatory Instrument, or to defend any claim asserted against it under or in connection with this Declaration or any other Dedicatory Instrument, the non-prevailing party in any legal proceeding, action or lawsuit pursued in a court of competent jurisdiction (the finality of which is not legally contested), agrees to pay to the prevailing party all reasonable costs,

damages and expenses, including reasonable attorney's fees, expended or incurred in connection with any such action, legal proceeding or lawsuit.

Section 9.02 Violations, Remedies, and Rights of the Association and Owners. On and subject to the provisions of this Section 9.02, the Board of Directors, in addition to any other rights or remedies that may be available, may (i) make and levy a fine or fines against an Owner for any Owner Violation by the Owner, an occupant of the Owner's Tract, or any family members, guests, employees, contractors, agents or invitees of the Owner or an occupant of the Owner's Tract, (ii) make and levy an Individual Maintenance Charge against an Owner pursuant to Section 6.02(d)(ii) for any costs or expenses incurred by the Association for (A) repairing or remedying any Common Areas Damages caused by the Owner, an occupant of the Owner's Tract, or any family members, guests, employees, contractors, agents or invitees of the Owner or an occupant of the Owner's Tract, or (B) bringing an Owner or the Owner's Tract into compliance with the Dedicatory Instruments, (iii) suspend an Owner's right to use, enjoy, and access the Common Areas in the event of (A) the Owner's failure to pay any Maintenance Charge made or levied against the Owner when due, (B) an Owner Violation by the Owner, an occupant of the Owner's Tract, or any family members, guests, employees, contractors, agents or invitees of the Owner or an occupant of the Owner's Tract, or (C) any Common Areas Damages caused by the Owner, an occupant of the Owner's Tract, or any family members, guests, employees, contractors, agents or invitees of the Owner or an occupant of the Owner's Tract, (iv) sue an Owner for any delinquent Maintenance Charge owed by the Owner, or (v), subject to the requirements of Section 9.03(d) below, report any Maintenance Charge delinquency of an Owner to a credit reporting service. Each day an Owner Violation continues after written notice of the Owner Violation is given to the Owner shall be considered a separate violation. Payment of any fines or charges levied against an Owner pursuant to the preceding sentence does not constitute a waiver or discharge of the Owner's obligations regarding any Owner Violation that continues without cure or abatement after payment of the subject fine or charge. An Owner is liable for, and shall pay to and reimburse the Association for, the costs incurred by the Association in curing or abating an Owner Violation by the Owner or repairing or remedying any Common Areas Damages caused by the Owner, an occupant of the Owner's Tract, or any family members, guests, employees, contractors, agents or invitees of the Owner or an occupant of the Owner's Tract.

Section 9.03 Remedies. The rights and remedies provided in Sections 9.01 and 9.02 are cumulative and not exclusive. In addition to the rights and remedies provided in Sections 9.01 and 9.02 and any other rights and remedies provided by the Dedicatory Instruments and applicable Governmental Requirements, the Association has the following rights and remedies with respect to Owner Violations, Common Areas Damages, collection of delinquent Maintenance Charges, and other actions to enforce the Dedicatory Instruments:

(a) Nuisance. The result of every act or omission that violates any provision of the Dedicatory Instruments is a nuisance, and any remedy allowed by Governmental Requirements against a nuisance, either public or private, is applicable to the violation.

(b) Suit. The Association, acting through the Board of Directors, may file suit against an Owner to (A) recover or collect damages, fines, costs, or other amounts that are owing by the Owner as a result of an Owner Violation by, or Common Areas Damages caused by, the Owner, an occupant of the Owner's Tract, or any family members, guests, employees, contractors, agents or invitees of the Owner or an occupant of the Owner's Tract, (B) collect any Maintenance Charge

made or levied against an Owner that is not paid when due, (C) foreclose a Maintenance Charge Lien created and fixed against an Owner's Tract pursuant to Article VI of this Declaration, or (D) obtain injunctive or other equitable relief with respect to an Owner Violation or a nuisance caused or created by the Owner.

(c) Self-Help. Subject to any limitations or restrictions imposed by the Act, the Association, acting through the Board of Directors, has the right to enter a Common Area or a Tract to abate or remove, using force as may reasonably be necessary, any erection, thing, animal, Person, vehicle, or condition that violates the Dedicatory Instruments. In exercising this right, the Board of Directors is not trespassing and is not liable for damages related to the abatement. The Board of Directors may levy its costs of abatement against the Owner responsible for the violation as an Individual Maintenance Charge. Unless an emergency situation exists in the good faith opinion of the Board of Directors, the Board of Directors will give the violating Owner fifteen (15) days' notice of its intent to exercise self-help. Notwithstanding the foregoing, the Association may not alter or demolish an item of construction on a Tract without judicial proceedings.

(d) Report to a Credit Reporting Service. The Association may report the delinquent payment history of assessments, fines, and fees of an Owner to a credit reporting service only if: (i) at least 30 business days before reporting to a credit reporting service, the Association sends, via certified mail, hand delivery, electronic delivery, or by other delivery means acceptable between the parties, a detailed report of all delinquent charges owed; and (ii) the Owner has been given the opportunity to enter into a payment plan. The Association or the Association's collection agent may not report any delinquent fines, fees, or assessments of an Owner to a credit reporting service that are the subject of a pending dispute between the Owner and the Association. The Association may not charge a fee to an Owner for the reporting of the delinquent payment history of assessments, fines, and fees of an Owner to a credit reporting service.

Section 9.04 Board Discretion. The Board of Directors may use its sole discretion in determining whether to pursue a violation of the Dedicatory Instruments, provided the Board of Directors does not act in an arbitrary or capricious manner. In evaluating a particular violation, the Board of Directors may determine that under the particular circumstances: (i) the Association's position is not sufficiently strong to justify taking any or further action; (ii) the provision being enforced is or may be construed as inconsistent with Governmental Requirements; (iii) although a technical violation may exist, it is not of such a material nature as to be objectionable to a reasonable Person or to justify expending the Association's resources; or (iv) that enforcement is not in the Association's best interests, based on hardship, expense, or other reasonable criteria.

Section 9.05 No Waiver. The Association has the right to enforce all restrictions, conditions, covenants, liens, and charges now or hereafter imposed by the Dedicatory Instruments. Failure by the Association to enforce a provision of the Dedicatory Instruments is not a waiver of its right to enforce that provision of the Dedicatory Instruments at a later date.

Section 9.06 Recovery of Costs. In the event a lawsuit, action or other legal proceeding is commenced by or against the Association to (a) enforce any violation or noncompliance by an Owner with any of the provisions of this Declaration or any other Dedicatory Instrument, (b) protect or defend the Association's interest in any matter arising under this Declaration or any other Dedicatory Instrument, (c) recover damages for breach by an Owner of this Declaration or any other Dedicatory Instrument, (d) pursue any right or remedy available to the Association

under Sections 9.01, 9.02, or 9.03 above, or under any other provision of this Declaration, the other Dedicatory Instruments, or any Governmental Requirements, (e) obtain injunctive or other relief against the Owner, or (f) defend any claim asserted against Association under or in connection with this Declaration or any other Dedicatory Instrument, the prevailing party in any such lawsuit, action or other legal proceeding is entitled to recover from the non-prevailing party all reasonable costs incurred by it in the subject lawsuit, action or legal proceeding, including reasonable attorneys' fees, court costs, and other expenses incurred by the prevailing party in connection with the subject lawsuit, action or legal proceeding.

Section 9.07 Notice and Right to Hearing Before Board; Hearings Before the Board.

(a) Before the Association suspends an Owner's right to use the Common Areas, files a suit against an Owner other than a suit to collect a regular or special assessment or foreclose under an association's lien, charges an Owner for Common Area Damages, levies a fine for an Owner Violation, or, to the extent permitted under this Declaration or the Act, reports any delinquency of an Owner to a credit reporting service, the Association must give the Owner written notice to the owner by certified mail in accordance with Section 209.006 of the Act and this Section 9.07. The notice to be given pursuant to this Section 9.07 shall:

(i) describe the Owner Violation or Common Areas Damages that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner;

(ii), except as provided by subparagraph (f) below, inform the Owner that the Owner (A) is entitled to a reasonable period to cure the violation and avoid the fine or suspension if the violation is of a curable nature and does not pose a threat to public health or safety; (B) may request a hearing under Section 209.007 of the Act on or before the 30th day after the date the notice was mailed to the Owner; and (C) may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. App. Section 501 et seq.);

(iii) specify the date by which the Owner must cure any Common Areas Damages or Owner Violation if the Common Property Violation or Owner Violation is of a curable nature and does not pose a threat to public health or safety (as determined in accordance with Section 209.006 of the Act); and

(iv) be sent by verified mail (as defined in Section 209.002 of the Act) to the Owner at the Owner's last known address as shown on the Association records.

(b) The date specified in the notice sent pursuant to subparagraph (a) above must provide a reasonable period to cure the violation if the violation is of a curable nature and does not pose a threat to public health or safety.

(c) Pending the hearing, the Association may continue to exercise its other rights and remedies for the violation, as if the declared violation were valid. The Owner's request for a hearing suspends only the levy of a fine or damage charge.

(d) If the Owner cures the violation before the expiration of the period for cure described by subparagraph (b), a fine may not be assessed for the violation

(e) If an Owner timely requests a hearing before the Board of Directors, the Board of Directors shall set a time for the hearing and conduct the hearing in accordance with the procedures established by the Board of Directors and required by the Act. The Owner may attend the hearing in person or may be represented by another Person or by a written communication. The Board of Directors may adopt additional or alternative procedures for notices and hearings required by this Section 9.07, provided such additional or alternative procedures are consistent with the requirements of the Act.

(f) If an Owner, within 30 days after a notice is sent to the Owner pursuant to subparagraph (e) of this Section 9.07, does not request a hearing before the Board of Directors, the Board of Directors, upon the expiration of that 30-day period, may (i), with respect to any Common Areas Violation described in the notice, suspend the Owner's right to use, enjoy, and access the Common Areas for a period of up to six (6) months; (ii), with respect to any unpaid assessments described in the notice that have not been paid in full on or before the date for payment stated in the notice, suspend the Owner's right to use the Common Areas until the amount of the assessments stated in the notice has been paid in full; (iii), with respect to any Common Areas Violation or Owner Violation described in the notice, proceed with a suit against the Owner with respect to the Common Areas Violation or Owner Violation; (iv), with respect to any Common Areas Damages described in the notice, proceed with a suit against the Owner with respect to the Common Areas Damages; or (v) determine that the Owner's right to use the Common Areas shall not be suspended.

(g) Any amount the Board seeks to collect in a suit brought for any Common Areas Damages will be considered an Individual Special Assessment for purposes of the Declaration, subject to the limitations and restrictions imposed under Chapter 209 of the Texas Property Code.

(h) An Owner is not entitled to a hearing pursuant to subparagraph (a) above before the Association files a suit to collect a regular or special assessment or foreclose under the Association's lien created and fixed against an Owner's lot pursuant to this Declaration.

(i) The requirements of Chapter 209 of the Texas Property Code applicable to a suspension of an Owner's right to use the Common Areas, filing suit against an Owner for any Common Areas Damages or Owner Violation, or any charge to an Owner for any Common Areas Damages shall govern and control any conflicting or inconsistent provisions of this Declaration.

(j) The Association is not required to give a notice pursuant to subparagraph (a) above with respect to a violation for which the Owner has been previously given notice under this Section 9.07 and the opportunity to exercise any rights available under this Section 9.07 or Section 209.006 of the Act in the preceding six months.

Section 9.08. Compliance with the Act. The provisions of this Declaration and the other Dedicatory Instruments are intended to cause the Association to be and remain in compliance with the Act. In the event of any conflict between the provisions and requirements of the Act and the provisions and requirements of this Declaration and the other Dedicatory Instruments, the provisions and requirements of the Act shall govern and control. This Declaration and the other Dedicatory Instruments shall be interpreted and applied to comply with and incorporate the requirements of the Act that are determined to be governing and controlling under the preceding sentence.

2. **Defined Terms.** except as specifically otherwise provided in this First Amendment, words and terms used in this First Amendment which are defined in the Declaration are used in this First Amendment as defined in the Declaration.

3. **Preservation of Declaration.** Except as specifically amended and modified by this First Amendment, all the terms, provisions, covenants, conditions, and restrictions set forth in the Declaration shall remain in full force and effect as provided in the Declaration. Upon approval of this First Amendment pursuant to, and in accordance with, the Declaration and Section 209.0041 of the Texas Property Code, all terms, provisions, covenants, conditions, and restrictions of the Declaration, as amended and modified by this First Amendment, are ratified, confirmed, and reaffirmed and shall supersede and govern any conflicting or inconsistent terms, provisions, covenants, conditions and restrictions of the Second Amended Declaration prior to the amendment and modification of the Second Amended Declaration by this First Amendment.

4. **Governing Law.** This First Amendment shall be governed by and enforced in accordance with the substantive laws of the State of Texas, without reference to the principles governing conflict or choice of laws applicable in that or any other jurisdiction.

5. **Effective Date.** Pursuant to, and in accordance with, Section 209.0041 of the Texas Property Code, this First Amendment shall be effective as of the date this First Amendment is approved by the vote of owners owning at least 67% of the Tracts subject to the Declaration. Promptly after the effective date of this First Amendment, a true and correct copy of this First Amendment shall be recorded in the Real Property Records of Bastrop County, Texas.

CERTIFICATE REGARDING APPROVAL OF THIS FIRST AMENDMENT

Each of the undersigned duly elected, qualified, and acting President and Secretary of La Reata Ranch Property Owners Association, a Texas non-profit corporation (the "**Association**"), certifies as follows:

(i) The preceding amendment document is a true and correct copy of the First Amendment to Declaration of Covenants, Conditions, and Restrictions La Reata Ranch, Second Amended Declaration of Covenants (the "**First Amendment**") which amends the Declaration of Covenants, Conditions, and Restrictions for La Reata Ranch recorded in Document 201312072 of the Official Public Records of Bastrop County, Texas (the "**Second Amended Declaration**," the Second Amended Declaration as amended by the First Amendment, the "Declaration"). The First Amendment has been submitted for approval by owners of all Tracts in (a) LA REATA RANCH, SECTION ONE, a subdivision in Bastrop County, Texas ("**Section One**"), according to the plat recorded at Book 3, Pages 164A, 164B, and 165A, in the Map and Plat Records of Bastrop County, Texas, and (b) LA REATA RANCH, SECTION TWO, a subdivision in Bastrop County, Texas ("**Section Two**," Section One and Section Two collectively, the "Subdivisions," and individually, a "Subdivision"), according to the plat recorded at Book 3, Pages 172A, 173A, 174A, and 175A in the Map and Plat Records of Bastrop County, Texas. The only properties subject to the Declaration are the Tracts, the Common Areas, and the other portions of the Subdivisions (as those terms are defined in the preceding First Amendment).

(ii) The Association is the mandatory property owners' association for the owners of the Tracts. Each member of the Association is an owner of one or more Tracts.

(iii) Pursuant to, and in accordance with, Texas Property Code Section 209.0041 and Section 8.02 of the Declaration, the First Amendment has been approved by a vote of owners owning at least 67% of the Tracts, for purposes of Texas Property Code Section 209.004, and by the vote of those Members entitled to cast not less than two-thirds (2/3s) of all the votes of the Members of the Association, for purposes of Section 8.02 of the Declaration, at a special meeting of the members of the Association, duly called and held on _____, 2023, at which a quorum was present.

Executed on October 14, 2023.

By: _____
Printed Name: _____
President of La Reata Ranch Property Owners
Association

By: _____
Printed Name: _____
Secretary of La Reata Ranch Property Owners
Association

ACKNOWLEDGMENTS

THE STATE OF TEXAS §
 §
COUNTY OF BASTROP §

This instrument was acknowledged before me on the ___ day of _____, 2023,
by _____, the president of La Reata Ranch Property Owners
Association, a Texas non-profit corporation, on behalf of said corporation.

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF BASTROP §

This instrument was acknowledged before me on the ___ day of _____, 2023,
by _____, the secretary of La Reata Ranch Property Owners
Association, a Texas non-profit corporation, on behalf of said corporation.

Notary Public, State of Texas