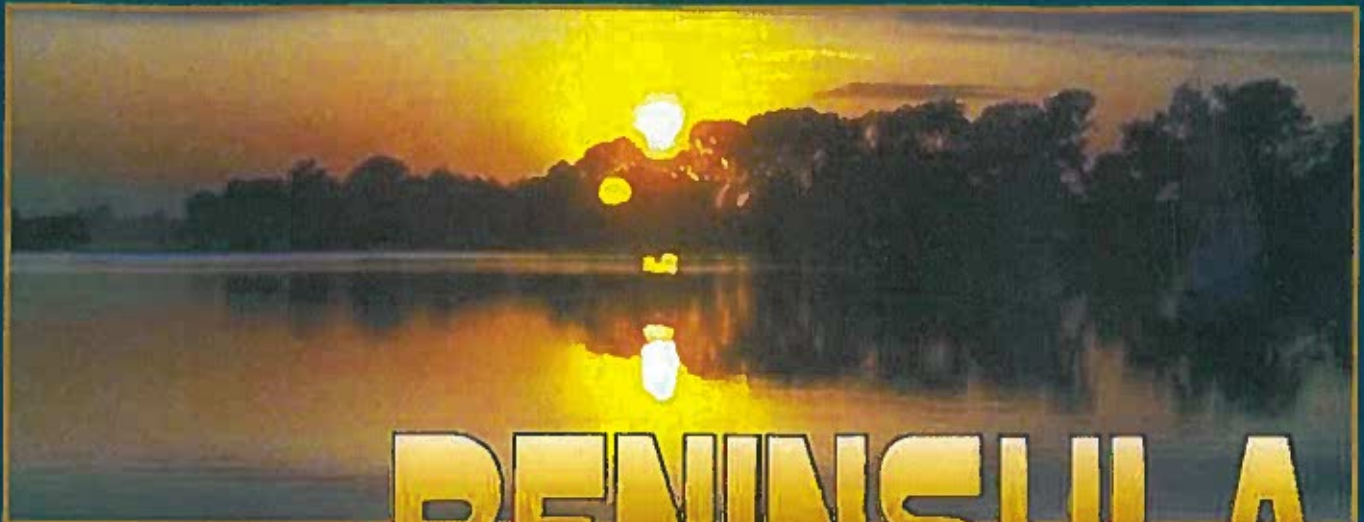


DECLARATION OF RESERVATIONS



PENINSULA

HORSESHOE BAY'S MOST EXCLUSIVE WATERFRONT ADDRESS



Some thirty years ago when master planning what was to become Horseshoe Bay, the Resort founder carved out of the original ranch, several acres of pristine, waterfront shoreline that he considered to be the most unique and exceptional property within the proposed development and reserved it as his own personal, waterfront haven.

For three decades this prime real estate served as the developer's gated paradise incorporating moats, lagoons, islands, and sand beaches along the water's edge of what many consider to be Texas' lake of preference.



Of recent, this extraordinary holding was acquired by Horseshoe Bay Resort and was transformed into an enclave of eleven waterfront legacies - each carefully placed among towering, native oaks, imported tropicals, and inlet coves of stone waterways and bridges. Secured by privacy walls and security cameras. Accessible by century old designed entry gates fronted with Tuscan fountain and guarded by carved griffins.



We present the Peninsula at Horseshoe Bay.



**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS, AND RESERVATIONS
OF
THE PENINSULA
A DEVELOPMENT OF BURNET COUNTY, TEXAS**

Declarant: HORSESHOE BAY RESORT, INC., a Texas Corporation
Date: September 15th, 2000.

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DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS, AND RESERVATIONS
OF
THE PENINSULA
A DEVELOPMENT OF BURNET COUNTY, TEXAS

This DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS ("Declaration") is made this the 15th day of September, 2000, by HORSESHOE BAY RESORT, INC., a Texas Corporation, having its principal office at Horseshoe Bay, Llano County, Texas ("Declarant").

WHEREAS, Declarant may at any time, and from time to time hereafter, commit, cause, or permit to be committed to this Declaration, certain land situated in Burnet County, Texas, as Declarant may elect in the exercise of its sole discretion; and

WHEREAS, in the event Declarant elects to commit, cause, or permit any such land to be committed to this Declaration, Declarant will file, cause, or permit to be filed of record in Burnet County, or in such other county in which the applicable land is situated, one or more plats meeting the formal requirements set forth in the Declaration; and

WHEREAS, this Declaration will cover and be applicable only to such land which Declarant will commit, cause, or permit to be committed to this Declaration by the filing of a plat or plats meeting the formal requirements set forth in this Declaration; and

WHEREAS, this Declaration will not cover or be applicable to any land, including, without limitation, now owned or hereafter acquired by Declarant, unless and until Declarant will commit, cause, or permit the same to be committed to this Declaration by the filing of a plat or plats meeting the formal requirements set forth in this Declaration; and, in such event, this Declaration will only cover and be applicable to the lands actually committed to this Declaration in such plat or plats and all prior and subsequent plats meeting the formal requirements hereof; and

WHEREAS, this Declaration will never be deemed to obligate Declarant to commit, cause, or permit any land to be committed to this Declaration unless and until Declarant, in the exercise of its sole discretion, elects to commit, cause, or permit the same to be committed hereto:

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS THAT Declarant hereby certifies and declares that Declarant has and does hereby establish as a general plan ("Plan") for the subdivision ("Subdivision") known as "THE PENINSULA," the following covenants, conditions, restrictions, and reservations ("Conditions") for the protection, maintenance, development, and improvement of all land ("Subdivision Land") described in and covered by any plat or plats ("Plat" and/or "Plats"), which Declarant may at any time and from time to time hereafter file of record in Burnet County, provided, each Plat will meet the formal requirements ("Formal Requirements") set forth below:

I.

FORMAL REQUIREMENTS OF A PLAT

1.1 Plat Specifications

The Formal Requirements of a Plat filed under and pursuant to this Declaration and for the purpose of committing the land covered thereby to this Declaration are as follows:

- (a) The Plat will be executed by Declarant and/or any person or entity acting by, through, and under the authority of Declarant as set forth herein, and filed for record in Burnet County, Texas, and, if appropriate, any other county in which the land covered thereby is situated.
- (b) The Plat will contain a survey of the land covered thereby and will be certified by a licensed public land surveyor or registered professional engineer of the State of Texas.
- (c) The Plat will subdivide the land covered thereby into one or more Legacies ("Legacy" and/or "Legacies"), which Legacies will be restricted as "R-1," as set forth in this Declaration;
- (d) The Plat may, but need not, dedicate to public or private use the applicable easements for roads, streets, or utilities, and any such dedication will be in the sole discretion of Declarant.
- (e) The Plat may, but need not, contain such other restrictions, limitations, and/or conditions as Declarant in its sole discretion deems advisable or appropriate and which do not otherwise conflict with this Declaration as

same may be amended from time to time.

1.2 **Commitment of Land to the Declaration**

Any Plat meeting the Formal Requirements set forth above will commit the land covered thereby to this Declaration, and such land will then become subject to this Declaration and thereafter be part of the Subdivision Land, as herein defined.

1.3 **Binding Effect**

All Subdivision Land will be owned, held, leased, sold, and/or conveyed by Declarant, and any subsequent owner of all or any part thereof or any right, title, or interest therein, subject to this Declaration. This Declaration will be binding upon and inure to the benefit of the Subdivision Land and/or any part thereof, including, without limitation, each and every Legacy into which the same may be subdivided, and will be binding upon and inure to the benefit of each and every Owner thereof, or any part thereof, or any right, title, or interest therein. This Declaration will constitute covenants running with the applicable Subdivision Land and/or any part thereof, including, without limitation, each and every Legacy into which the same may be subdivided as provided herein, and will constitute a mutual covenant and equitable servitude burdening each part of said Subdivision Land and inuring to the benefit of each other part thereof and burdening each Legacy in favor of each other Legacy.

1.4 **Definitions for Plat and Declaration:**

- (i) The term "Owner" will mean the owner of fee simple title to the Subdivision Land or any part thereof, including, without limitation, any Legacy. The term Owner will include Declarant if and to the extent Declarant is the owner of fee simple title to the Subdivision Land or any part thereof, including, without limitation, any Legacy. In the event Declarant sells or conveys any Legacy, or other part of the Subdivision Land pursuant to a vendor's lien deed, note, and deed of trust in a transaction wherein the cash down payment, if any, by the grantee is less than fifty percent (50%) of the total purchase price for said Legacy, or other applicable part of the subdivision Land, Declarant will be deemed to be the Owner of the Legacy or Land covered by said deed until the grantee, or the heirs, successors, assigns, or legal representatives of the grantee, will have paid fifty percent (50%) of the purchase price, whereupon said grantee, or the heirs, successors, assigns, or legal representatives of the grantee, will be deemed to be the Owner of said Legacy, or other applicable part of the Subdivision Land.
- (ii) "Legacy" means any of the plots of land shown on the plat recorded in Plat Cabinet 2, Slides 184-C&D and Slide 185-A of the Plat records of Burnet County, Texas (the "Plat").
- (iii) "Common Property" "Common Area" or "Common Reserve" shall mean all land (including all structures, improvements, and equipment located thereon), wherever located which is owned by the Property Owners' Association, including but not limited to, all land upon which streets and roads are located which are in the Subdivision or serve the Subdivision, regardless of fee title Ownership, all entrances to the Subdivision, and any other land so designated by the Declarant and described or designated as private streets, gate houses and gate apparatus, parks, recreational easements, jogging trails, floodway easement areas, lakes, ponds, dams, perimeter fences and columns, off-site monuments and directional signs, landscape easements, greenbelts, open spaces, path and trails, playing fields, parking lots, and all other property, whether shown on the subdivision plat, or not, devoted to the common use and enjoyment of the Members of the Property Owners' Association, together with any and all improvements that are now or that may hereafter be constructed thereon. Declarant reserves the right to itself, to use any and all roads, streets, and rights of way, constructed within the subdivision.
- (iv) "Property Owners' Association" means an incorporated, non-profit organization to be called "The Peninsula Property Owners' Association, Inc.", a Texas Corporation, with membership consisting of all Owners, which shall have the duty of maintaining, operating, and managing the Common Area as provided in this Declaration. Except as provided for herein, each Owner becomes a member of the Association contemporaneously with acquiring a Legacy, without any further documentation of any kind. Members of the Property Owners' Association will be entitled to one (1) vote for each Legacy of which such member is Owner. Declarant, and its successors and assigns, may be members of the Property Owners' Association.
- (v) As used herein, the term "Land" will be synonymous with "Subdivision Land," and will mean any land contained within the subdivision plat.

- (vi.) "THE PENINSULA" is the name given the Subdivision Land and the development by Declarant.
- (vii.) "Declarant" will mean HORSESHOE BAY RESORT, INC., a Texas Corporation, its duly authorized representatives or its successors and assigns, provided that any assignment of the rights of Declarant must be expressly set forth in writing and the mere conveyance of a portion of the subdivision without a written assignment of rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.
- (viii.) The term "Masonry", includes all rock masonry and any stucco, "universal coating", or other similar substances and building techniques.
- (ix.) "Member" will mean and refer to each Owner who is in good standing with the Property Owners' Association who has filed a statement of ownership with said association and who has complied with all its directives and requirements. Each and every Owner shall and must take such affirmative steps as are necessary to become and remain a Member, in good standing, of the Property Owners' Association.
- (x.) "Approval" by Declarant, the Committee, and/or the Property Owners' Association. Any approval, consent, acquiescence, etc., required by any provision in this Declaration, must be obtained from the specified committee, organization, or individual, in writing, prior to the occurrence of said action and/or non-action taking place.
- (xi.) "825-foot contour line" will mean the approximate water level of Lake Lyndon B. Johnson, said level being approximately eight hundred twenty-five feet above mean sea level.

II. COMMITTEE OF ARCHITECTURE

- 2.1 Declarant will appoint a Committee of Architecture ("Committee") consisting of three (3) Committee Officers ("Officers") who will be natural persons.
- 2.2 The Officers will serve at the will of Declarant, and Declarant will have the right and power at any time and from time to time to create and fill vacancies on the Committee.
- 2.3 Declarant will have the right, at its election, at any time, to transfer the power of appointment of the Committee to any person, association, or civic group. In such event, all rights and obligations of Declarant to appointment of the Committee will thereupon terminate and will thereafter be vested in the assignee of such power; provided, that in the event such assignee should at any time fail or refuse to exercise the power, Declarant will have the right, but not the duty, to exercise the power of appointment of the Committee or to further assign the power of appointment.
- 2.4 It will be the general purpose and duty of the Committee to provide for the maintenance of high standards of architecture and construction in the Subdivision in such manner as to enhance the aesthetic properties and structural soundness of the developed subdivision and to promote development in accordance with this Declaration.
- 2.5 The Committee will be guided by this Declaration except when, in their sole discretion, unique circumstances and good planning would dictate to the contrary. The judgment of the Committee will be final, conclusive, and binding.
- 2.6 The Committee will make available a copy of this Declaration to any Owner upon request, at the expense of such Owner.
- 2.7 The Committee will determine whether the provisions contained in this declaration are being complied with; however, no act, failure, or refusal of the Committee to initiate action to challenge a real or threatened violation of this Declaration or otherwise to act on its own initiative will be deemed to constitute a waiver of any right or duty of the Committee at anytime or from time to time thereafter to initiate such action and/or enforce compliance with this Declaration. The Committee may act or refuse to act with respect to any real or threatened violation of the Declaration, all in the exercise of its sole discretion.
- 2.8 The Committee will adopt reasonable rules, regulations, and procedures for the conduct of its duties. In this connection, ~~without limitation, the Committee may fix the time and place for its regular meetings, and for such special meetings as may be necessary.~~ The Committee will by a majority vote, elect one of its officers as Chairman and one of its officers as Secretary, and the duties of such Chairman and Secretary will be such as usually pertain to such officers. Any and all rules, regulations, and procedures adopted by the Committee regulating its procedure and the conduct of its affairs may be changed by the Committee from time to time by majority vote and none of the rules, regulations, or procedures will

- be deemed to be any part of said conditions.
- 2.9 In approving any architectural plans and/or specifications submitted for its review, the Committee will not be responsible for the adequacy thereof; the sole responsibility for the adequacy of any such plans and/or specifications will remain with the architect, builder, landscape architect, engineer, and/or other design professional, selected by the Owner, and the approval by the Committee of such plans and/or specifications will never be deemed to discharge said responsibility.
- 2.10 The Committee will act in good faith in an effort to approve submitted plans within fourteen (14) calendar days, but if the submitted plans have not been approved or disapproved within thirty (30) calendar days, the plans will be deemed approved.

III. CONDITIONS

The additional conditions ("Conditions") of this Declaration are as follows:

- 3.1 **PLATTING, LEGACY CLASSIFICATION, EASEMENTS:**
- (a) Each Plat will subdivide the land covered thereby into one or more Legacies which will be identified by letters and/or numbers.
 - (b) Each Legacy will be restricted "R-1", by an appropriate identification on the face of the Plat and/or by a separate instrument filed of record by the Declarant, filed in the appropriate county at the time the Plat is filed of record in such County.
 - (c) Each Plat will identify the land covered thereby as "THE PENINSULA, LEGACY ONE (through and including ELEVEN (11)," or similar identification, in order to eliminate confusion and/or duplication of the identification of Legacies in the subdivision. Each Legacy will be restricted to the following classification ("Classification"):
R-1—Single Family Residential District
 - (d) Declarant may at any time and from time to time add additional Classifications by executing and recording one or more supplements to this Declaration, designating and defining such Classification, provided, such supplement is filed at or prior to the use of such additional Classification.
 - (e) Each Classification will be binding as to the use of a Legacy, subject to the other provisions as set forth in this Declaration.
 - (f) Declarant reserves the right at any time and from time to time to resubdivide, reclassify, and/or withdraw from this Declaration any or all Legacies which are then owned by Declarant, if and to the extent Declarant deems such action desirable, in the sole discretion of Declarant. In such event, said Legacy(s) will be deemed to be resubdivided, reclassified, or withdrawn when Declarant files an amended Plat reflecting such resubdivisions, withdrawal, and/or redesignation in the real property records and/or plat records of Burnet County, Texas, or in such other county as may be applicable. Declarant may exercise the right to resubdivide, reclassify, and/or withdraw said Legacy(s) which are then owned by Declarant even though Declarant will have previously sold and/or contracted to sell other Legacies, or Land in the Subdivision. In addition to all other reservations stated herein, Declarant reserves the right at any time and from time to time to remove in its sole discretion any or all restrictions on any Legacy and/or Land owned by Declarant, such removal to be accomplished by the filing of an amended plat or by the filing of a separate instrument in the appropriate county. This subsection will never be deemed to authorize Declarant to resubdivide, reclassify, and/or withdraw any Legacy owned by Declarant which is subject to an outstanding contract for deed or similar instrument in favor of a third party.
 - (g) Declarant hereby reserves a right-of-way and easement fifteen (15) feet wide along each Legacy line fronting a street, ten (10) feet wide along each back Legacy line and five (5) feet wide along each side Legacy line, together with an unobstructed easement under and above the same for any or all utilities and drainage, including, without limitation, television and/or communication cables; provided, that where said utility and drainage easements are shown on the applicable Plat with different widths and/or locations, the width and location of such easements as shown on the Plat will control, so long as said width and location do not decrease the size of the easement. Declarant further reserves an easement under and above all roads, streets, and

- common areas in the Subdivision, as shown on the Plat or as provided for herein, for the purpose of installing, operating, and maintaining any and all improvements in connection with the utility and drainage easements.
- (h) Declarant reserves the right to abandon, assign, dedicate, and/or convey said utility and/or drainage easements and any rights and interests therein at any time and from time to time in Declarant's sole discretion.

This Declaration will never be deemed to obligate Declarant to furnish, construct, or maintain or cause to be furnished, constructed, or maintained any road, street, utility, and/or drainage facility, and/or any improvements on any of the foregoing.

Owners will have no cause of action against Declarant, its successors or assigns, employees and/or agents, either at law or in equity, for any damage, expense, and/or injury caused by the installing, operating, maintaining, repairing, and/or replacing of the above utility and/or drainage easements and/or any improvement thereon.

3.2 IMPROVEMENT STANDARDS

The following provisions will be applicable to all Subdivision Land regardless of classification.

A(1) Structural/Materials/Etc.

No building, fence, patio, boat dock, dwelling, or other structure will be erected, altered, added to, placed, or permitted to remain on any Legacy or Land until and unless the architectural plans and specifications showing floor areas, external design, structural details, and a plot plan showing ground location of the intended structure have been first delivered to the Committee and approved in writing and a building permit has been issued by the Committee as to, but not limited to, (i) the external design, including color and quality, (ii) the conformity and harmony with existing or proposed structures in the Subdivision, (iii) the height of the structure insofar as it may obstruct the view of the surrounding Legacies and/or Land, (iv) the location of the structure on the Legacy, (v) the quality and type of materials and the aesthetic qualities thereof. The architectural plans and specifications submitted to the Committee in support of an application for a permit will include a detailed drainage plan and a landscaping plan, including an automatic sprinkler system for landscape watering. No alterations in the exterior appearance of an existing building or structure will be made without the prior written approval of the Committee. The foregoing requirements also extend to ornamental structures, fences, walls and piers, including but not limited to the location, design, height, length, and type of construction, and also to any and all structures over or in the water, any retaining walls, any rip-rap, other similar materials and structures, and any bulkheads or moving of soil in, or out of the water, or on land, which in the sole opinion of the Committee is a significant moving of soil. No natural or existing drainage will be changed, altered, or diverted, without the prior written approval of the Committee. The Committee may require a reasonable fee prior to reviewing architectural plans and specifications submitted for approval. The Committee may also require a fee for the issuance of a building permit, the amount of such building permit fee to be determined from time to time in the sole discretion of the Committee. On any structure submitted for approval, the Committee may require changes, deletions, or revisions in order that the architecture and general appearance of all such buildings and grounds be in keeping with the architecture and character of the neighborhood and otherwise comply with the Conditions and this Declaration. All structures will conform to the requirements of the Uniform Building Code as published by the International Conference of Building Officials, current edition, and the requirements of the National Electrical Code, as published by the National Fire Protection Association, current edition, as a guide to sound construction and electrical installation practices, and will comply with all applicable laws, ordinances, rules, and regulations of the governmental authorities having or asserting jurisdiction, including, and without limitation, appropriate departments of the county in which the property is located and the State of Texas, whichever are the more restrictive.

Notwithstanding any other provisions of this Declaration, it is and will remain the right, prerogative, and authority, and will be within the jurisdiction, of the Committee to review applications and to grant approvals and building permits for such exceptions to and variations from this Declaration and the Conditions as the Committee may permit in accordance with the standard stated herein; Exceptions to and variations from this Declaration and the Conditions, and, in general, other forms of deviations from the restrictions imposed by

this Declaration may be made when and only when such exceptions, variances, and deviations do not in any way detract from or impair the appearance of the premises, and are not in any way detrimental to the public welfare or to the property of other persons located in the vicinity thereof, all in the sole judgment of the Committee. Any exception and/or variation made or permitted by the Committee will apply only to the specific instance for which such exception or variation is made or permitted, and will not be deemed to apply to any other similar situation and will never be deemed to constitute an amendment or waiver of the provisions of this Declaration. Without limitation, the designated maximum building height and maximum yard requirements and/or any other provision herein may be waived in a particular case by the Committee, when in their opinion, such waiver would result in sound architectural planning and conform to the overall design and pattern of the development.

A(2) Air Conditioning Units and Television Antennae

No air conditioning unit, evaporative cooler, or other object, which in the opinion of the Committee is unsightly, will be placed upon or above the roof of any dwelling or other building except and unless the same is architecturally concealed from view in plans submitted to and approved by the Committee and then only when, to the satisfaction of the Committee, the same is not in conformity with the overall development of the Subdivision.

No radio antennas, microwave dishes, radio, citizen band or otherwise, or television aerial wires or antennas shall be maintained or placed on any portion of any Legacy, or in the Common Area, except a direct broadcast (DBS) antennae less than one meter in diameter, multichannel multipoint distribution system (MMDS) antennae less than one meter in diameter, or television broadcast antennae, which Owners shall conceal from view, to the greatest extent possible without impairing the installation, maintenance or use, thereof. This provision is designed to restrict the placement or use of radio antennas, microwave dishes, radio, citizen band or otherwise, or television aerial wires or antennas, to the greatest extent possible under applicable Federal, State, County, and Local laws or regulations, without infringing upon the rights granted to Owners under said laws or regulations.

A(3) Moorings, Piers, Docks, or Boathouses:

No mooring, pier, dock, boathouses or other device for swimming or boating will be erected or installed except with the approval of the Committee, in accordance with the requirements of appropriate lake authorities, and subject to the other terms and conditions of this Declaration. The maintenance, repair, and/or removal of any such device or installation will at all times be subject to the requirements of the Committee and applicable authorities. This Declaration will never be deemed to authorize the construction of a mooring, pier, dock, or other device when such construction or use is in violation of the property rights of others and/or the laws, rules, or regulations of applicable governmental authorities. Any boathouse or personal water craft storage area must be enclosed with exterior walls which are one hundred percent (100%) masonry.

A(4) Building Exterior

With the exception of building and structures constructed by Declarant, all structures must have exterior walls of at least one hundred percent (100%) masonry on the total of all exterior walls. No plywood, press board, particle board, or similar type of material will be used on any exterior wall of any structure.

A(5) Tanks, Butane, Etc.

No liquefied petroleum, propane, or butane container or other tank used for the storage of gases or liquids for fuel will be placed on any Legacy or Land unless the same is architecturally concealed and/or buried from view. The location and method of concealment of any liquefied petroleum, propane, butane container or other tank must be approved by the Committee, in accordance with the requirements, terms, and conditions of this Declaration. In the event natural gas is made available to any Legacy or Land, then the Owner thereof will promptly connect to the source of natural gas, discontinue the use of butane gas and remove the container or

tank from the Owner's Legacy or Land.

A(6) Fences, Walls, and Hedges

No fence, wall, or hedge will be constructed on any Legacy or Land nearer to any point closer than thirty (30) feet from the 825-foot contour line of Lake Lyndon B. Johnson. The height, construction material, and style of each fence or wall will be subject to approval by the Committee, in accordance with the requirements, terms, and conditions of this Declaration. No fence or wall exceeding four (4) feet in height will be built on any Legacy or Land, unless approved by the Committee, constructed of not less than fifty percent (50%) masonry and no more than fifty percent (50%) iron. Prior to construction of any wall, fence, or gate, detailed plans and specification showing the design, materials, and location thereof will be submitted to the Committee for approval. With the exception of fences constructed by Declarant, no chain-link, "Cyclone" or "Hurricane type" fence will be constructed on any Legacy or Land.

A(7) Elevated Structure Design

Other than buildings and structures constructed by Declarant, no structure on any Legacy or Land will be constructed or placed upon "stilts," pilings, piers, or similar supports, unless same are enclosed with walls of continuity of design and material conforming with the principal structure. This Section does not cover moorings, piers, docks, boathouses, and similar structures which are covered by Section A(3) hereof.

A(8) Yard Lighting

Structures constructed on all Legacies or Land will be required, before completion, to place at a point near the street serving the Legacy or Land a decorative electric yard light. The type and location of light will be selected and controlled by the committee. Said light will not exceed six feet (6') in height, will include the word "Legacy" followed by the particular Legacy number, and be controlled by a light sensitive switch. Each yard light and light sensitive switch will be adjusted so that each yard light will burn all night every night. Prior to construction of any outside lighting and/or landscape lighting, detailed plans and specification showing the design, materials, and location thereof will be submitted to the Committee for approval in accordance with the requirements, terms, and conditions of this Declaration.

A(9) Utilities

All utilities and utility services on all Legacies or Land will be installed underground and no above-surface utility wires will be installed on any Legacy or Land outside any structure, unless otherwise provided on any Plat or Plats filed of record covering such Legacy or Land. The limitation will not be applicable to the utilities and utility services of Declarant.

A(10) Clotheslines

No Clotheslines will be installed or permitted on any Legacy or Land.

A(11) Plumbing and Sewerage

All structures will have completed and approved plumbing and sewerage installations before occupancy. Such plumbing will conform with the requirements of the Uniform Plumbing Code as published by the Western Plumbing Association, current edition, as a guide to sound plumbing practices, and will comply with all laws, ordinances, rules, and regulations of governmental authorities having and asserting jurisdiction.

Where a central sanitary sewerage system is made available to any Legacy or Land on which a structure is located or being constructed, it is required that the structure be connected to and use such system. ~~Where a central sanitary sewerage system is not available to the Legacy or Land on which a structure is located or being constructed, it is required that the structure be connected to and use such system.~~ Where a central sanitary sewerage system is not available to the Legacy or Land, the Owner may install a septic tank provided such septic tank and attached drain fields are acceptable to and meet the requirements of the Committee and the

proper governmental authorities having or asserting jurisdiction with respect thereto. Any malfunction of any septic tank and/or drainage field system, after being reported to the Owner by Declarant or the appropriate authority, and not repaired within the time designated by such authority or seven (7) days, whichever occurs first, will be cause for termination of water service to such Owner and/or the applicable Legacies or Land until such repairs are effected.

A(12) Drainage Structures

Prior to construction or site work on any Legacy or Land within "The Peninsula", the Legacy or Land owner shall cause a drainage plan to be prepared which will comply with the requirements of the Lower Colorado River Authority (hereinafter referred to as the "LCRA") Upper Highland Lakes Nonpoint Source Pollution Control Ordinance dated March 19, 1992, and which must be approved by an Lower Colorado River Authority Authorized Agent of the Clean Colorado Project.

Installation, construction, and maintenance of all drainage structures will be subject to final review and change, which, in the opinion of the Committee, permit free flow of water without backwater. In the event any drainage structure does not permit the free flow of water or creates a drainage problem for any other Legacy or Land in the Subdivision, the Committee may require the Owner to alter, modify, remove, repair, etc., the drainage structures, but in no event will an Owner be required to alter, modify, remove, repair, etc., any drainage which would violate the LCRA Upper Highland Lakes Nonpoint Source Pollution Control Ordinance dated March 19, 1992.

A(13) Roof Construction

Other than buildings constructed by Declarant, no building constructed on any Legacy or Land will be designed and constructed so that at any point the horizontal and level distance from the outside of the exterior walls to the nearest point on the perimeter line of the roof (the roof over-hand") is less than twelve inches (12"), unless the Committee determines that a lesser distance for the roof overhang is not aesthetically objectionable and is otherwise in conformity with the overall development of the Subdivision. Other than on buildings and structures constructed by Declarant, all roofs on buildings and structures on any Legacy or Land will be either clay tile, concrete tile or standing seam metal, and will be properly installed on a suitable slope. All other materials, including, but not limited to the following materials: asphalt, asbestos, hand-split thick butt shakes and/or fiberglass shingles, will not be permitted. The type and color of all roof material must be approved by the Committee prior to installation. Other than on buildings and structures constructed by Declarant, no flat roofs and/or tar and gravel roofs will be permitted on any building or structure constructed on any Legacy or Land, unless the Committee approves of the design.

A(14) Exterior Colors

Other than on buildings and/or structures constructed by Declarant, all exterior colors, stains, and/or finishes, including any future exterior remodeling and/or painting, must be approved by the Committee, in accordance with the requirements, terms, and conditions of this Declaration, including the approval of the exterior colors, stains, and/or finishes on any building or structure constructed on any Legacy or Land.

A(15) Fireplaces

The exposed exterior surface of all fireplaces and/chimneys will be of masonry construction, and no wood or metal exteriors will be permitted. All fireplaces will be enclosed and having a cap or roof cover. The exterior will be designed to conform with the design of the dwelling and will be approved by the Committee, in accordance with the requirements, terms, and conditions of this Declaration.

A(16) Permitting

Each individual Legacy Owner will be solely responsible for and will obtain all required Federal, State, County, and or other local permits, licenses, etc., including but not limited to the following permits: a.) All permits required by the Lower Colorado River Authority or other governmental entity relating to Non-point pollution

control, dredging, and fill and b.) Any necessary county building permit for Burnet County, Texas.

3.3 LAND USE - GENERAL

The following provisions will be applicable to all Subdivision Land regardless of Classification:

B(1) Advertising

No sign, advertisement, billboard, or other advertising structure of any kind (including but not limited to signs, advertisements, billboards, or other advertising structures stating the availability for purchase of any Legacy or Land) will be erected or allowed on any unimproved Legacy or Land and no sign will be erected or allowed to remain on any Legacy or Land, improved or unimproved, except as expressly provided in the Uses Permitted section of the particular type of Classification, and except as erected by or approved in writing by Declarant. In addition and without limitation, no sign, advertisement, billboard, or other advertisement structure of any kind (including but not limited to signs, advertisements, billboards, or other advertising structures stating the availability for purchase of any Legacy or Land) will be erected or allowed on any right of way or easement, whether dedicated for public use or not, without the prior written approval of the Committee and Declarant, which approval may be withheld for any reason or without reason. It will be the duty of the Committee and/or Declarant to remove or cause to be removed (and the right of the Committee and/or Declarant to thereafter dispose of or destroy) any sign, advertisement, billboard, or other advertising structure erected or allowed in violation of these restrictions, and neither Declarant, the Committee, nor any designee or agent will ever be liable for the cost of any such sign, advertisement, billboard, or other advertising structure, or be obligated in any way to return same to the owner thereof; provided further that the Committee or Declarant will never in any event be deemed liable for failing or refusing to exercise said duty.

B(2) Building Area

No Legacy will be resubdivided or reclassified; provided Declarant may resubdivide and/or reclassify Legacies as provided in Section 3.1 hereof. No structure will be erected, placed, or maintained on any portion of any Legacy, which portion has an area of less than a full Legacy as designated on the applicable Plat. If one structure is constructed on an area consisting of more than one Legacy, the combined area, for the purpose of set-back requirements, will be considered one Legacy. Any Owner having two or more adjoining Legacies may consolidate those Legacies into one building site, with the privilege of constructing improvements, as permitted by this Declaration, on the resulting building site, provided that such consolidation does not result in a departure from the overall plan, scheme and development set out herein.

B(3) Garages and Carports

All Legacies will provide for at least a three car garage of no less than seven hundred fifty (750) square feet per dwelling unit. No Legacy garage will face Estate Drive, as shown on the Plat, unless it is unfeasible to do so, in which case, the Committee must approve of the garage location and entrance. Subject to the approval of the Committee, the garage may be detached from the main structure. The connection may be by a breezeway. Each garage will be equipped with a garage door acceptable to the Committee. No unsightly storage will be permitted which is visible from the street. No trucks, unsightly vehicles, or other matter will be stored or kept for any purposes, including repair, on any Legacy or Land or in any driveway thereto. Such storage must be in enclosed garages protected from the view of the public and streets within the Subdivision and other residents of the subdivision. With the prior approval of the Committee, any garage may have servant's quarters, a studio, a guest house, or other similar structure.

B(4) ~~Water Supply~~

No individual water wells will be allowed on any Legacy or Land where water is made available to such Legacy or Land from a central water system. The Owner of a Legacy or Land will use the water from a central water system where the system is made available to such Legacy or Land from the central water system supply. Nothing herein contained will be construed as prohibiting the Declarant from drilling a well or wells or

permitting the drilling of same, on the reserved areas of said Subdivision, for the purpose of supplying water to the Owners of any Legacy or Land in said Subdivision, or for Declarant's sole use. Nothing herein will be construed to deny any Legacies Owner from using lake water from Lake Lyndon B. Johnson, subject to any laws, regulations, and/or local customs related to the removal and use of said lake water.

B(5) Occupancy, Parking, and Mobile Occupancy

No mobile home, camper, trailer, tent, lean-to, shack, storage buildings, or other temporary structures of any nature will be used for occupancy, or placed upon any Legacy or Land or road or street that is not specifically designated for such use by Declarant. No garage, studio, servant's quarters, guest house or other similar structure will be constructed on any Legacy prior to the construction of the main residence. No building material of any kind or character will be placed or stored upon any Legacy or Land until the plans and specifications for the proposed improvement have been approved by the Committee, the Owner has obtained a building permit from the Committee, and construction has commenced, and then such materials must be stored entirely within the Legacy lines.

No house trailer, camper, mobile home, motor home, or any such vehicle designed for living or camping will have access or be allowed to enter or park in the Subdivision, nor will any boat, or boat trailer be permitted to remain overnight on any street or driveway. No personal water craft, water sports equipment, or personal water craft trailer will be permitted unless they are concealed in the garage. Both prior to and after occupancy of a dwelling on any Legacy, the owner will provide appropriate space for off-the-street parking for the Owners' vehicle or vehicles.

B(6) Private Boats

No boat, personal water craft, or vessel which in the opinion of the Committee is unsightly or which detracts from the appearance of the Subdivision will be permitted to remain docked or moored at any pier, dock, boathouse, or mooring constructed for or used in connection with any Legacy or Land in the Subdivision.

B(7) Dust and Erosion Control

Under no circumstances will the Owner of any Legacy or Land disturb the natural soil or grasses unless the Owner immediately thereafter constructs on, paves or replants such disturbed areas with ground cover approved in advance by the Committee.

B(8) Easements

Easements for the installation, operation, maintenance, repair, and replacement of utilities, drainage, and landscaping, including the trimming and/or removal of trees and brush, are reserved as shown on the applicable Plat and/or as set out in this Declaration. Within these easements, no structure, fence, planting, or other material will be placed or permitted to remain which might damage or interfere with the installation and maintenance of utilities, drainage, and landscaping, or which might change the direction of flow of drainage channels in the easements or which might obstruct or retard the flow of water through drainage channels. The easements include, without limitation, the rights of ingress and egress thereon at reasonable times for construction, maintenance, repair, and replacement purposes, without the consent or approval of the Owner of the applicable Legacy or Land and without compensation or redress to the Owner of said Legacy or Land by reason of such construction, maintenance, repair or replacement. Any improvements placed in the easement area by the Owner of any Legacy or Land may be removed by the Declarant and/or any person or entity having any right, title, or interest in the easement, including, without limitation, any public authority or utility company, all without liability to Declarant, the Committee, or such public authority or utility, and at the sole expense of the Owner of said Legacy or Land. The easement area of each Legacy or Land and all improvements thereon will be maintained continuously by the Owner of the Legacy or Land covered by said easement, except for those improvements which are owned by the beneficiary of the Easement such as the applicable public authority, utility company, or by Declarant. All Legacies and Land in the Subdivision are

subject to any and all easements and rights-of-way of record or provided for herein, and are further subject to natural drainage easements.

B(9) Electrical Power

No source of electrical energy will be brought to any Legacy or Land or used upon any Legacy or Land unless and until the Committee has approved plans and specifications for the erection of the permanent improvements to be located on said Legacy or Land. The Owner of such Legacy or Land will pay for all connecting charges imposed by the utility company, including service drops, individual or semi-individual transformers, and/or meters as may be required.

B(10) Occupancy of Structures

No structure will be occupied or used for the purpose for which it is designed or built or for any other purpose until the exterior will have been completed and the structure connected to an acceptable sanitary sewer which has been approved by the Committee and a certificate to that effect will have been issued by the Committee. With reasonable diligence, and in all events, within twelve (12) months from the commencement of construction, unless an extension of this time is specifically approved in writing by the Committee, any structure commenced will be completed as to its exterior and all temporary structures will be removed, and within thirty (30) days thereafter, all materials stored or used for construction, including chemical toilets, construction debris, and related facilities will be removed. In the event a structure is not completed within (12) months from the commencement of construction and an extension of time has not been specifically approved in writing by the Committee, then the Declarant, the Committee, and/or the Property Owners' Association has the right, but not the obligation, to take any appropriate legal action, including, but not limited to, a lawsuit for violation of these restrictions for damages, pursuant to Tex. Prop. Code Section 202.001, et seq., as it now exists, or as it may be amended from time to time.

B(11) Hunting and Firearms

No hunting will be allowed in the Subdivision. Discharge of firearms or weapons are strictly prohibited except for the elimination of predators causing danger to life, health, or property.

B(12) Storage of Tools and Trash

The storage of tools, landscaping instruments, household effects, machinery or machinery parts, trailers, empty or filled containers, boxes or bags, trash, materials, or other items that will, in the sole opinion of the Committee, in appearance detract from the aesthetic appearance and values of the Subdivision, will be placed and stored so as to be concealed from view of all streets and the Owners of other Legacies, and Land. Trash for collection must be placed in enclosed sanitary containers at the street right of way line on regular collection days for a period not exceed twelve hours prior to pickup. Trash, garbage, or other waste and debris will at all times be kept in enclosed sanitary containers. Any incinerator or other equipment for the storage or disposal of such material will be kept in a clean, sanitary, and sightly condition. Storage of junk, inoperative or unlicensed motor vehicles, and other unsightly objects on any Legacy, Tract or Land is expressly prohibited. Declarant and the Committee are hereby empowered to remove and destroy any junk, inoperative or unlicensed motor vehicles, and any other unsightly objects on any Legacy or Land without liability of any kind to the Owner thereof.

B(13) Grass and Weeds

The Owner of each Legacy and Land will keep grass, weeds, and vegetation (except as part of the landscaping plan and as approved by the Committee) trimmed or cut so that the same will remain in a neat, trimmed, and attractive condition. Upon any failure of the Owner to comply with this requirement, within thirty (30) days after notice by the Declarant and/or the Committee to said Owner of such condition, Declarant and/or the Committee or its agent may enter upon said Legacy or Land to perform said requirement at the sole expense of the Owner. Notwithstanding the foregoing, Declarant, the Committee, and/or THE PENINSULA

PROPERTY OWNERS' ASSOCIATION, INC., may, but will not be obligated to, dispense with said notice to the Owner of any sold unimproved Legacy or Land and undertake at its own expense, the maintenance of said sold unimproved Legacy or Land.

B(14) Drilling and Mining

No water well, oil, gas, or mineral mining, exploring, drilling, development, refining, quarrying, or other operations of a related nature will be permitted upon or in any Legacy or Land without the prior written authorization of the Committee.

B(15) Mineral Rights

The Subdivision Land is subject to outstanding mineral and/or royalty interests, if any, relative thereto, as reflected of record. Declarant makes no reservation unto itself of any minerals on, in and under any Legacy or Land constituting part of the Subdivision Land.

B(16) Motor Bikes and Motorcycles

No motor bikes, motorcycles, or any other motorized two, three, or four wheeled recreational vehicle, other than golf carts, the model and design of which must be approved by the Committee, will be permitted in the Subdivision under any circumstance.

B(17) Trees, Shrubs, and Other Vegetation Planted by Declarant

No trees, shrubs, or other vegetation, specifically including but not limited to palm trees, planted by Declarant, and located on any Legacy or Land, will be removed, moved, or replanted except with the prior written approval of Declarant. In the event that Owner desires to relocate such a tree, shrub, or other vegetation in order to accommodate construction on Owner's Legacy or Land, such relocation will be at the sole cost and expense of Owner, will in all events be subject to the prior written approval of Declarant, and will occur only at a place, time, and in the manner specified by Declarant, and under the supervision of Declarant. Any damage to or destruction to any such tree, shrub, or other vegetation planted on any Legacy or Land by Declarant which is caused by Owner or Owner's agents, employees, contractor, or subcontractor will be the responsibility of Owner, who will promptly pay Declarant for the cost of repair or replacement of the tree, shrub, or other vegetation.

B(18) Poles and Masts

No poles or masts of any type, size, or height shall be installed on any Legacy unless approved by the Architectural Control Committee.

3.4 LAND USE - RESIDENTIAL AREAS

In addition to the preceding provisions, the following will be applicable to all Legacies and Land as defined herein.

C(1) Livestock, Poultry, and Pets

No animals, livestock, or poultry of any kind will be raised, bred, or kept on any Legacy or Land, except that dogs, cats, birds, or other common household pets may be kept provided they are kept on owner's property and not allowed to "run free" and are not kept, bred, or maintained for any commercial purposes and are not kept in quantities which create an annoyance or nuisance to the neighborhood. All pets, when not contained within owners fence, must be on a leash and under Owners control at all times.

~~**C(2) Landscaping**~~

No trees, plants, shrubs, or foliage will be planted, kept, or maintained in such a manner as, in the opinion of the Committee, to create a serious potential hazard to the other residents of the area or to be inconsistent with the architectural character or aesthetic objectives of the Subdivision. Each owner shall spend an initial sum of not less than five percent (5%) of the total cost of acquiring the building site and constructing a residence

for ornamental plants, trees, shrubs, ground cover, lawns, flowers and fencing. All vegetation shall be from a list approved by the Architectural Control Committee.

C(3) Spaces Between Building - Passageways

Where more than one building is located on any Legacy or Land, the following spaces and passageways will be provided and maintained:

- (a) All detached garages, guest houses, gazebos, pool houses, studio's, maid's quarters, etc., must be approved by the Committee as provided for in Section 3.2 (A)(1).
- (b) Where dwellings or group dwellings arranged around a court, the average width of the court will not be less than twenty (20) feet. Such court may serve as the passageway for rear buildings or as the space between buildings.

C(4) Accessory Buildings

All approved accessory buildings and structures necessary to such use may occupy not more than fifty (50) percent of a required rear yard and may not be more than fifteen (15) feet in height, unless pre-approved by the Committee. No accessory building will be erected closer than fifteen (15) feet to the line of an abutting Legacy to the rear and no such building will occupy any portion of a required front or side yard. No portable buildings of any kind will be allowed.

3.5 R-1 SINGLE FAMILY RESIDENTIAL DISTRICT

The following uses and regulations will apply in the R-1 Single Family Residential District unless otherwise provided in these reservations:

D(1) Uses Permitted

- (a) A one family dwelling;
- (b) The accessory buildings and structures necessary to such use located on the same Legacy;
- (c) Maintaining mail address for commercial, professional, and business license purposes only. No commercial, professional, or business use, to which the general public is invited, will be permitted. Without limitation, no stock in trade, supplies, nuisance producing apparatus, or equipment will be kept on the premises, and no employees or assistants will be engaged for said services on the premises. No signs will be displayed;

D(2) Maximum Building Height

Maximum Building Height will be determined on a case by case basis by the Committee, but in no event will any structure exceed forty-five feet (45') above the highest natural contour line of the applicable Legacy.

D(3) Minimum Yard Requirements

Except as specified to the contrary on the Plat, which specification will control, the following will apply:

- (a) Front yard setback will conform to a minimum depth of fifteen (15) feet from the front property line to the closest structural projection, including porches, but not including eaves, overhangs, planters or fireplaces;
- (b) A principal structure will provide total side yards of not less than thirty (30) feet with not less than fifteen (15) feet on any one (1) side. Corner Legacies will maintain a minimum setback of fifteen (15) feet from the side street line unless the Declarant, in its sole discretion, approves a different setback requirement.
- (c) Except as provided below, a rear yard will be maintained of at least fifteen (15) feet from the property line to the nearest building line.
- (d) Structures on any Waterfront Legacy may be located at the 825' contour line of Lake Lyndon B. Johnson.

D(4) **Maximum Area of Dwelling**

Notwithstanding uses otherwise permitted herein, no more than sixty percent (60%) of the total Legacy area will be used for the dwelling and other structures, unless the Declarant, in its sole discretion, approves a different percentage.

D(5) **Minimum Dwelling Unit Size**

All residences will require not less than four thousand (4,000) square feet of heated and air conditioned living area, excluding garage, covered porches, covered contiguous patios or other similar appendages, unless otherwise provided in these reservation.

IV.

SPECIAL PROVISIONS

4.1 **LAKE BOTTOM**

Declarant states that portions of the lake bottom of Lake Lyndon B. Johnson abutting the Subdivision Land up to the 825-foot contour line (the "Adjacent Lake Bottom") may be privately owned by third parties and not owned by Declarant, while portions of the lake bottom are owned by Declarant and will be conveyed to Legacy purchasers. The Adjacent Lake Bottom is further subject to a recorded easement in favor of the Lower Colorado River Authority for flooding purposes and, unless otherwise specified on the applicable recorded Plat, is further subject to a non-exclusive easement recorded in favor of Declarant, its successors and assigns, covering a strip thirty (30) feet wide from the 825-foot contour for the limited purposes of providing access to the water and for the construction of docks, piers, and the like, subject to the conditions stated in said easement. The adjacent Lake Bottom is subject to further rights in favor of the Lower Colorado River Authority shown of record in the Real Property Records of Burnet County, Texas. Subject only to the foregoing, the owner of the Adjacent Lake Bottom has reserved all rights and privileges of ownership relative to the Adjacent Lake Bottom, including, without limitation, the right to construct structures on and over the Adjacent Lake Bottom. The rights of Declarant and each Owner are and will be expressly subject to the foregoing.

Further, Declarant reserves the right to limit the use of any Legacy or Land which is below the 825-foot contour of Lake Lyndon B. Johnson. Use of any Legacy or Land below the 825-foot contour of Lake Lyndon B. Johnson must be pre-approved by the Declarant.

4.2 **NUISANCES**

No noxious or offensive activities, will be carried on upon any Legacy or Land, nor will anything be done thereon which may become an annoyance or nuisance to Declarant or other Owners, in the Subdivision.

4.3 **MAINTENANCE FEES AND ASSESSMENTS**

(.1) **Maintenance Fees and Assessments.**

Each Legacy designated "R-1 Single Family Residential" will be subject to an annual maintenance fee (the "Base Maintenance Fee"), whether or not any single family residence has been constructed thereon, the amount thereof determined as hereinafter provided, payable in advance each year on January 1. All maintenance fees levied pursuant to this Declaration are hereinafter referred to as the "Maintenance Fee" or "Maintenance Fees". In addition to the Maintenance Fee, each Legacy will be subject to any special assessment ("Assessment") levied as provided for herein, which will be payable in advance each year on January 1, or payable in advance on such other date as is established in accordance with the provisions hereof.

(.2) **Determination of Base Maintenance Fee and assessments.**

The Base Maintenance Fee and all Assessments will be established by Declarant, its successors or assigns, and all Maintenance Fees and Assessments will be collected and expended by Declarant, its successors or assigns, upon and subject to the terms and conditions of this Declaration.

(3) Initial Base Maintenance Fee.

Declarant hereby establishes the initial Base Maintenance Fee at Five Thousand and no/100 Dollars (\$5,000.00). The Base Maintenance Fee established by the Declarant will continue in effect unless and until increased by the Property Owners' Association pursuant to the terms hereof. Said Base Maintenance Fee will increase as provided for herein.

(4) Powers and Duties of the Property Owners' Association.

The Property Owners' Association will be granted the power to perform all functions (hereinafter referred to as the "Property Owners' Association Functions", including but not limited to the following described functions:

- (a) To increase but not decrease the dollar amount of the Base Maintenance Fee;
- (b) To levy any special Assessment for capital improvement pursuant to Section 4.4(.8). The right of the Property Owners' Association to perform the above functions is expressly subject to the following terms, condition and limitations:
 - (1) Any increase in the dollar amount of the Base Maintenance Fee will be uniform as to all Legacies, excluding properties which are not subject to Base Maintenance Fee as provided herein.
 - (2) Except as provided for herein, any increase in the dollar amount of the Base Maintenance Fee which will be adopted by the Property Owners Association will become effective on January 1 after such adoption.
- (c) To adopt rules and regulations to implement this Declaration and the Association's bylaws.
- (d) To enforce this Declaration, the bylaws, its rules and regulations.
- (e) To elect officers of the Board and select members of the Architectural Control Committee when that power devolves to the Board.
- (f) To perform any act necessary to accomplish the following: improving and maintaining streets, swimming pools, parks, parkways, easements; providing security protection; owning, maintaining, and operating all land and improvements now owned or hereafter acquired by the Property Owners' Association; owning, leasing, maintaining, and operating all vehicles, machinery, and equipment necessary or appropriate in the sole discretion of the Property Owners' Association to perform its function and all other functions reasonably incident to maintenance of the safety, health, welfare, and recreation of the Legacy Owners and residents of the Subdivision. The term "owning" will embrace all functions associated with ownership of the applicable land, improvement, machinery, equipment, and the like, including, without limitation, maintenance, repair, removal, addition, and replacement.
- (g) Take all actions necessary to conform with the overall plan, scheme, and development of this Declaration.
- (h) So long as Declarant owns any of the Subdivision Land (excluding the portion of the Subdivision Land included in public or private road and streets and any common areas), the Declarant may carry out any of the enumerated "Property Owners' Association Functions", if, in Declarant's sole discretion, it is determined that the Property Owners' Association has failed to take the appropriate action necessary to conform with the overall plan, scheme, and development of this Declaration.

(5) Collection Function of the Property Owners' Association.

The Property Owners' Association will serve as a collection and enforcement agency with respect to the Maintenance Fees and Assessments. Pursuant to the authority granted in Section 5.4 of this Declaration, Declarant has assigned to the Property Owners' Association, the duty and obligation of Declarant hereunder to collect and enforce payment of all Maintenance Fees and Assessments. The Property Owners' Association will collect and enforce payment of all Maintenance Fees and Assessment established pursuant to this Declaration. The Property Owners' Association will have the duty to distribute the proceeds of its collection of Maintenance Fees in accordance with the requirements of this Declaration.

(.6) Automatic Base Maintenance Fee Increases and Decreases.

Commencing on January 1, after the date of this Declaration, and on January 1 of each and every consecutive calendar year thereafter, the Base Maintenance Fee will be increased automatically if and to the extent the application of the formula set forth below results in any such increase. The adjusted amount of the Base Maintenance Fee will be computed by multiplying the dollar amount of the Base Maintenance Fee during the preceding calendar year by a fraction, the numerator of which will be X amount, and the denominator of which will be Y amount. X amount in said fraction will be equal to the Index Figure for January 1 of the calendar year for which the Base Maintenance Fee is assessed and payable. Y amount in said fraction will be equal to the Index Figure for January 1 of the preceding calendar year. In the event Y amount exceeds X amount, the Base Maintenance Fee will increase for that year by five percent (5%). In the event Y amount is less than X amount, the Base Maintenance Fee will be increased in such calendar year by application of this Section, unless such increase would be less than a five percent (5%) increase, in such case, the Base Maintenance Fee will increase by 5%.

As used herein, the term "Index Figure" will mean the Consumer Price Index "All items" United States, popularly known as the Cost of Living Index, published by the United States Department of Labor, Bureau of Labor Statistics, 1982-84 = 100, for the last month for which the Index Figure has been reported immediately preceding the applicable dates specified above. If the Department of Labor, Bureau of Labor Statistics will cease to publish its Consumer Price Index, the index published by any successor agency or other agency of the federal government which may take over such publication will be used. In the event a new base for the Consumer Price Index is established, the calculation of any increase or decrease in the Base Maintenance Fee will be adjusted to conform to the new base so the calculations as above set forth will yield the same results as if made on the said Consumer Price Index, 1982-84 = 100. If the index will hereafter be converted to a different base or otherwise revised, the determination of the increase or decrease, if any, in the Base Maintenance Fee, will be made by utilizing such conversion factor, formula, or table for converting the index as may be published by the Bureau of Labor Statistics, or if the said Bureau will not publish a conversion factor, formula or table, then with the use of such factor, formula, or table as may be published by Prentice-Hall, Inc., or other nationally recognized publisher. Should publication of the Consumer Price Index by the U.S. Department of Labor, Bureau of Labor Statistics cease, and should its successor agency which may undertake the publication of an index cease to publish its substitute index, Declarant, or its successors or assigns, may designate another substitute index and formula which will produce approximately the same results as would the application of the above-described Consumer Price Index.

(.7) Assessment:

The Property Owners' Association may establish an Assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair, or replacement of a described capital improvement upon the common properties of the subdivision, including the necessary fixtures and personal property related thereto, provided that any such Assessment will have the assent of two thirds (2/3) in interest of the Owners of Legacies, in the Subdivision, voting in person or by proxy, at a meeting duly called for such purpose. Written notice of any such meeting will be given to all members of the Property Owners' Association in the manner provided for in the By Laws of the Property Owners' Association. An assessment may be made applicable for up to a total of five (5) calendar years, one of which will be the calendar year in which the Assessment is established. The Assessment will be uniform as to all Legacies in the Subdivision excluding the properties which are not subject to the Assessment as provided herein.

(.8) Property Owners' Association Fund.

On or before sixty (60) days after the end of each calendar year, the Property Owners' Association will furnish to Declarant and all Legacy Owners annual revenue and expense statement for the immediately preceding year and such further information regarding the operations of the Property Owners' Association as Declarant or the Legacy Owners may reasonably request. The Property Owners' Association will maintain separate books, records, and account with respect to the Maintenance Fees and any Assessments. Such books, records, and

accounts will be available for inspection and copying by Declarant or the Legacy Owners during normal business hours. Upon request of Declarant or any Legacy Owner, the Property Owners' Association will cause said books, record, and accounts to be audited annually, at the expense of the party requesting such audit; provided that in the event the audit reflects a material irregularity, the Property Owners' Association will pay for the cost of the audit.

The proceeds of the Base Maintenance will be deposited by the Property Owners' Association in a special account to be maintained and used by the Property Owners' Association and called the Property Owners' Association Fund, for the purpose of paying for the cost and expense of performing all the functions of the Property Owners' Association, as herein defined.

The proceeds of any assessment will be deposited by the Property Owners' Association in a special account to be maintained and used by the Property Owners' Association and called the Assessment Fund, for the purpose of paying for the cost and expense of performing the assessment functions, as herein defined.

Subject to the terms and conditions hereof, the Property Owners' Association will have the right, in its sole discretion, to assign its rights, privileges, duties, and obligations hereunder in whole or in part at any time and from time to time to any third party or parties; provided such assignment will never relieve the Property Owners' Association from its duties or liabilities hereunder.

It will be the duty of the Property Owners' Association to expend all Maintenance Fees and any Assessments in the performance of the Property Owners' Functions and any assessment function, as provided for herein, other than such moneys as are required for reasonably necessary reserves.

(.9) Lien to Secure Maintenance Fee and Assessments

The obligation to pay the Maintenance Fee and Assessments, whether or not it will be so expressed in any contract, deed, or conveyance, will be a charge and lien on each Legacy and will be a continuing lien on each such Legacy in favor Declarant and its assignee, the Property Owners' Association, but it is expressly provided that such lien will in all respects be subordinate and inferior to the lien of any mortgage granted or created by the Owner of any Legacy to secure the payment of monies advanced and used for the purpose of purchasing and/or improving such Legacy, provided any foreclosure of said voluntary liens by judicial or nonjudicial foreclosure will be expressly subject to the liens securing the Maintenance Fees and Assessments provided for herein and provided such judicial or nonjudicial foreclosure will never extinguish or be deemed to extinguish the lien securing any Maintenance Fee or Assessment which may then be due or may become due thereafter. Each such Maintenance Fee and Assessment together with interest thereon and the cost of collection thereof as hereinafter provided will also be the personal obligation of the person or entity who was the Owner of such Legacy at the time the Maintenance Fee or Assessment becomes due, (i.e., January 1 of each calendar year), subject to the applicable provisions of this Section 4.4.

(.10) Miscellaneous Provisions.

The following addition terms and conditions will govern:

(a.) The following portions of the Subdivision Land will be subject to the Maintenance Fee and Assessments:

- (i) Any Legacy, fee title to which is vested in an Owner, other than Declarant, regardless of the amount paid toward the purchase price thereof. Said Legacy will become subject to the Maintenance Fee and any Assessment commencing [January] after conveyance thereof by the Declarant.**
- (ii) Any Legacy, fee title to which is vested in Declarant subject to valid contracts for deed regardless of the amount paid toward the purchase price thereof. Said Legacies will**

become subject to the Maintenance Fees and any Assessment commencing January 1 after the date of the applicable contract for deed. The Maintenance Fees and Assessments will be payable by the purchaser in the contract for deeds, and in no event will be payable by Declarant.

- (iii) In the event any Assessment is in effect on January 1 when any Legacy becomes subject to Maintenance Fee and Assessment, said Legacy will be subject only to the Assessment and/or installments thereof due on said January 1 and thereafter.

The following portions of the Subdivision Land will not be subject to the Maintenance Fee and/or Assessment:

- (i) Any Legacy, fee title to which is vested in Declarant not subject to a contract for deed. In the event Declarant, as owner of fee title to any Legacy cancels a contract of sale as to such Legacy, the Legacy will be vested in Declarant free and clear of any lien or charge for any Maintenance Fee and/or Assessment whether due or past due. Declarant will never be deemed liable for any Maintenance Fee and/or Assessment whether due or past due in the event of cancellation of a contract for deed.
- (ii) Any portion of the Subdivision Land fee title to which is vested in the Property Owners' Association.
- (b) If fee title to a Legacy is vested in Declarant subject to a lien, mortgage, deed of trust, mineral reservation, easement, restriction, or other encumbrance, fee title thereto will be deemed to be vested in Declarant for all purposes hereof. The term "Declarant" will mean the above named Declarant, its successors and assigns, and any person or entity exercising or succeeding to the rights, powers, duties, and obligations of the Declarant, including any assignee thereof.

(.11) **General Limitation.**

In addition and without limitation of the foregoing, the collection, enforcement, and use of Maintenance Fees and Assessments will never be deemed to impose any duty or obligation on Declarant and/or the Property Owners' Association, to perform, beyond the use of the proceeds of such Maintenance Fee to which each is entitled and which is on hand and available for such use after allowing for reasonably anticipated future expenses of like nature and contingencies.

(.12) **Interest on Unpaid Fees.**

In the event that an Owner has not paid the Base Maintenance Fee to the Property Owners' Association by February 1 of the year in question, after the due date of January 1, then beginning on February 1, interest on the amount of the unpaid Base Maintenance Fee will accrue and be payable by the Owner to the Property Owners' Association at the rate of ten percent (10%) per annum, continuing until receipt of payment by the Property Owners' Association. In the event that an Owner has not paid an Assessment by the due date established by the Property Owners' Association then commencing thirty (30) days after the due date, interest will accrue and be payable on the amount of the unpaid assessment at the rate of ten percent (10%) per annum continuing until receipt of payment by the Property Owners' Association.

(.13) **Notice of Lien.**

In the event that an Owner has failed to pay the Base Maintenance Fee by February 1 of the applicable year or any Assessment within thirty (30) days after the due date, the Property Owners' Association may, but will not be required to, file a notice of lien in the Real Property Records of Burnet County, Texas, stating that the Owner has failed to pay when due the Base Maintenance Fee and/or Assessment. In the event that the Owner subsequently pays the Base Maintenance Fee and/or Assessment and all interest which has accrued thereon to the Property Owners' Association, then upon payment by Owner to the Property Owners' Association of all expenses to reimburse the Property Owners' Association for legal, administrative, and recording fees, the Property Owners' Association will execute and record a release of the previously filed notice of lien. Filing of a notice of lien will not be necessary to perfect the lien in favor of the Property Owners' Association which is

provided for in Section 4.3 (.9) of this Declaration, but will be for the limited purpose of advising third parties as to the unpaid status of the Owner's obligation to the Property Owners' Association."

(.14) **Attorneys' Fees and Collection Costs.**

An Owner who fails to pay when due the Base Maintenance Fee or any Assessment will be liable to the Property Owners' Association for all attorney's fees and collection costs and expenses incurred by the Property Owners' Association in collecting the Base Maintenance Fee, an Assessment, or the interest lawfully accruing thereon. The foregoing obligation to pay attorneys' fees and collection costs will be the personal obligation of the Owner and payment thereof will be further secured by the lien granted in and created by Section 4.3 (.9) of this Declaration against the Legacy of the Owner.

(.15) **Deed of Trust to Secure the Payment of the Base Maintenance Fee and Assessments**

- (a) Each Owner and subsequent Owner will execute a Deed of Trust securing payment of the Base Maintenance Fee and Assessments provided for herein. The lien provided for in this section shall be in favor of the Property Owners' Association will be for the benefit of all other Legacies, and shall be exercisable by a Trustee to be named or designated by the Property Owners' Association. Any sale pursuant to this power shall be conducted in accordance with the provisions of Chapter 51 of the Texas Property Code Annotated, as it now exists or as it may be amended from time to time. The Association acting on behalf of the Owners shall have the power to bid in an interest at the foreclosure sale and to acquire and hold title.
- (b) The lien provided for herein shall be subordinate to the lien of any mortgage granted or created by the Owner of any Legacy to secure the payment of monies advanced and used for the purpose of purchasing and/or improving such Legacy. Sale or transfer of any Legacy or transfer of any Legacy pursuant to a foreclosure under such purchase money or improvement lien or any proceeding in lieu of foreclosure thereof, will extinguish the lien as to payments thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Legacy from liability for any Base Maintenance Fee or assessments thereafter becoming due or from the lien thereof. No extinguishment of the lien shall relieve the delinquent Legacy Owner from his/her personal obligation and liability thereof.

4.4 **BINDING NATURE OF COVENANTS AND RESTRICTIONS**

This Declaration, including, but not limited to, the restrictions, reservations, covenants and conditions contained herein, will run with and bind the Legacies and Subdivision Land, and, without limitation, will inure to the benefit of and be enforceable by Declarant, the Property Owners' Association, the Committee, and/or any Owner of the Subdivision Land or any part thereof for the term thereof upon and subject to the terms and conditions thereof.

4.5 **MINERALS AND ROYALTIES**

This Declaration is expressly subject to the oil, gas, and/or minerals and/or royalty interests, if any, which are outstanding of record affecting the applicable portions of the Subdivision Land.

4.6 **CERTAIN ADDITIONAL RIGHTS OF DECLARANT**

Declarant will have the right, but not the obligation, at any time and from time to time to cause or permit the owners of other land adjoining or in the vicinity of the Subdivision to commit said lands or any part thereof to this Declaration, and, in such event, Declarant may delegate or assign all or part of the rights, privileges, duties, and obligations of the Declarant under this Declaration to the owner of such other land, subject to the following terms and conditions: In the event Declarant exercises the rights herein reserved, Declarant will execute and deliver to the owner of such other land an instrument in writing and in recordable form wherein Declarant will grant said right to said owner. Said instrument will contain a legal metes and bound description of the land as to which said right is granted and said instrument will contain a specific grant of any and all rights, privileges, duties, and obligations of the Declarant under this Declaration which may be delegated and/or assigned to the owner of said other land with respect to said other land if and to the

extent the owner thereof will commit the same to this Declaration. All rights, privileges, duties, and obligations of Declarant not expressly delegated and/or assigned in such instrument will be deemed to be reserved to and may be exercised by Declarant as to such other land if and to the extent the Owner thereof will commit the same to this Declaration. Upon receipt of the above instrument and at any time and from time to time thereafter, the owner of such other land will have the right, but not the obligation, to commit any or all of such other land to this Declaration by filing a Plat meeting the Formal Requirements hereof, except that such Plat will be executed by such other owner and/or the successors and assigns of such other owner in lieu of Declarant.

4.7 **DECLARANT'S RIGHT OF FIRST REFUSAL**

Prior to the construction of any Structure, Declarant hereby reserves an exclusive right of first refusal to purchase any Legacy or portion thereof. The purchase price for any Legacy or portion thereof and the terms and conditions of the purchase shall be the same as any bona fide third party prospective purchaser might offer to the Legacy Owner during their period of ownership. Any and all Legacy Owners will be required to give the Declarant ten (10) days written notice of the receipt of any offer to purchase any Legacy which is the subject of this right of first refusal. Within ten (10) days of receipt of written notice of such offer to purchase the property, the Declarant shall give the Legacy Owner written notice of its intention to exercise their right of first refusal. If Declarant fails to exercise its right of first refusal within that time period, or does not respond in writing to the notice within that time period, then this right of first refusal shall immediately terminate. This right of first refusal shall be binding upon all Legacy owners, their heirs, successors and assigns and shall inure to the benefit of Declarant, its successors and assigns. This right of first refusal does not apply to transfers by the Legacy Owner's to immediate family members, to transfers to trusts or entities owned or controlled by the Legacy Owner or immediate family members, or to transfers upon the death or divorce of the Legacy Owner.

4.8 **SECURITY:**

The Property Owners' Association may, but will not be obligated to, maintain or support certain activities within the common areas designed to make the subdivision less attractive to intruders than it otherwise might be. The Property Owners' Association or its agents, shall not in any way be considered an insurer or guarantor of security within the subdivision, and shall not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measure undertaken. Each Owner assumes all risk of loss or damage to his person or property. The Property Owners' Association expressly disclaims and disavows any and all representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any security systems, equipment or measure recommended, installed, or undertaken.

THE DECLARANT AND THE PROPERTY OWNERS' ASSOCIATION AND WILL NOT BE CONSIDERED TO HAVE A DUTY TO INSURE OR GUARANTEE THE SAFETY OF THE OWNERS IN THE SUBDIVISION OR TO BE A PROVIDER OF SECURITY SERVICES. WHETHER OR NOT THESE SERVICES ARE PROVIDED BY THE PROPERTY OWNERS' ASSOCIATION, THE DECLARANT AND THE PROPERTY OWNERS' ASSOCIATION WILL NOT BE HELD LIABLE FOR ANY LOSS, DAMAGE OR INJURY BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES AND SERVICES TAKEN OR PROVIDED. EACH OWNER ACKNOWLEDGES AND UNDERSTANDS THAT THE DECLARANT AND THE PROPERTY OWNERS' ASSOCIATION HAVE MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, RELATIVE TO THE SECURITY MEASURE UNDERTAKEN WITHIN THE SUBDIVISION.

4.9 **SPECIAL PROVISION REGARDING LEGACY NUMBERS EIGHT, NINE, AND ELEVEN.**

Notwithstanding any contrary provisions herein, Declarant hereby places the following restrictions on the particular LEGACIES referenced herein:

- a. With respect to Legacy 11, Declarant will allow the Legacy Owner to construct a fence, at Legacy Owners' expense,

of the same kind and materials as the entry fence and entry structures into the subdivision, said fence to extend from the east end of the entry fence to the property line of the adjacent land, said land described as follows:

BEING Lot 14-A, of CASTLE ACRES RESUBDIVISION, a subdivision in Burnet County, Texas, as shown by plat recorded in Cabinet 1, Slide 8-D, Plat Records, Burnet County, Texas, said property currently owned by Marvin E. Finn.

- b. With respect to Legacy 11, the Legacy Owner will be allowed to construct a fence on the east property line running from the waters edge (on the northern part of said Legacy) to the southern edge of said Legacy. Said fence will be of the same kind and materials as the entry fence and entry structures into the subdivision except that Legacy Owner may submit alternative fence specifications to the Committee for approval as provided for herein.
- c. With respect to Legacy 9 and 11, these lots may be replatted into one lot. Once these two lots are replatted, the Owner of said Legacy will pay only one annual assessment fee each year.
- d. With respect to Legacy 11, subject to approval from the Architectural Control Committee of the plans and specifications, Legacy Owner will be allowed to construct a tennis court on the south eastern portion of said Legacy. Legacy Owner will be allow to place lighting on said court so long as the lighting faces downer, with a sharp cut off lighting design with a design height of 22 feet +/- 10%, above the court surface. Fixed, open lighting of the tennis court will not be used. If Legacy 11 has been replatted as provided for herein, the location of the tennis court will be determined using the original Legacy boundaries and set-back lines.
- e. With respect to Legacy 8, Legacy Owner will not be allowed to waive the thirty (30) feet setback line pertaining to fences, walls, or hedges on said Legacy as provided for herein.
- f. With respect to Legacy 8, Legacy Owner will place the boathouse on the northern most location consistent with these restrictions.

V.

GENERAL PROVISIONS

5.1 DURATION

This Declaration will run with the Subdivision Land and will be binding upon all parties and all persons claiming under them for a period of twenty-five (25) years from the date this Declaration is filed for record in Burnet County, Texas, after which time this Declaration will be automatically extended for successive periods of ten (10) years unless terminated by an instrument of termination meeting the following requirements:

The instrument of termination will be in writing and will be executed and acknowledged by the then Owners of a two-thirds majority interest of fee title to the Subdivision Land (excluding the Subdivision Land included in public or private roads and streets), and must be filed of record in Burnet County, Texas. The instrument of termination will be effective to terminate this Declaration and the Conditions at the expiration date of the initial twenty-five (25) year term if said instrument of termination is filed of record as set forth above during the initial twenty-five (25) years term or if filed of record as set forth above during any ten (10) year period of extension and will be effective to terminate this Declaration and the Conditions at the end of said ten (10) year period of extension.

5.2 AMENDMENTS

This Declaration may be amended by an instrument of amendment meeting one of the following requirements:

- (1) The instrument of amendment will be in writing and will be executed and acknowledged by two-thirds (2/3) majority interest of fee title to the Subdivision Land (excluding the portion of the Subdivision Land included in public or private road and streets and any common areas) and must be filed of record in Burnet County, Texas.

Without limitation, the instrument of amendment may amend Section 5.1 hereof. The instrument of amendment will

be deemed to be effective on the date the instrument is filed of record in Burnet County, Texas. Any amendment to this Declaration will be binding on all Legacies and Owners after the effective date thereof, but will only apply to any building or structures not started at the time of such effective date.

5.3 NOTICES

Any notice required to be sent to any Owner under the provisions of this Declaration will be deemed to have been properly sent when mailed postpaid to the last known address of the person who appears as Owner on the records of Declarant (or after 50% of the Legacies in the Subdivision have been deeded to the Owners thereof, excluding Declarant, the records of the Association) at the time of such mailing. This Section will never be deemed to obligate Declarant and/or the Association to maintain records of addresses or to give notices. It will be the duty of each Owner to keep the Declarant, the Committee, and/or the Association currently advised as to address of Owner.

5.4 ASSIGNMENT AND DELEGATION

The term "Declarant" will mean the above named Declarant, its successors, and assigns, and will include any person or entity to which Declarant may assign and/or delegate its rights and privileges, duties, and obligations hereunder, which rights, privileges, duties, and obligations are and will be assignable. In this connection, Declarant will have the right, but not the obligation, to assign its right and privileges, duties, and obligations, in whole or in part, to any persons, civic group, and/or the Property Owners' Association. Declarant will be relieved of any and all responsibility under the Declaration if and to the extent Declarant will make such assignments.

5.5 SEVERABILITY

In the event that any of the provisions of this Declaration conflict with any other provisions hereof and/or with the applicable Plat, the more restrictive provisions will govern. In this connection, without limitation, Declarant will have the right at its election to impose additional special conditions on any Legacy or Land. Said additional special conditions will be binding on the particular Legacy or Land, covered thereby and will be deemed to be part of the Conditions of this Declaration.

5.6 ENFORCEMENT

If any Owner of any Legacy or Land will violate or attempts to violate this Declaration, it will be lawful for Declarant, the Committee or any members thereof, the Property Owners' Association, the Collection agent, or any Owner of any Legacy or Land in the Subdivision to prosecute any proceeding at law or in equity against the person or persons violating or attempting to violate this Declaration and to prevent such violation or threat of violation and/or recover damages for such violation or threat of violation, including reasonable attorney's fees and costs, and in general to pursue and seek such other remedies and/or relief as may be permitted at law and/or in equity, including, without limitation, specific performance. Without limitation, in order to enhance and protect the value of the Legacies and Land described herein, the right to prosecute any proceeding at law or in equity against any person or persons violating or attempting to violate any portion of the Declaration, either to prevent such violations or to recover damages or other dues for each violation is also expressly reserved to Declarant; however, this Section will never be deemed to obligate Declarant to threaten or prosecute any proceeding in law or equity, or otherwise enforce this Declaration or the Conditions.

Breach of this Declaration by any Owner will not in anywise affect any valid mortgage or lien made by said Owner or a predecessor or successor in title of such Owner, provided said mortgage or lien was made in good faith and for value and not made for the purpose of defeating the purposes of such Conditions or covenants.

Failure to enforce any provision of this Declaration shall not be deemed a waiver of the right of enforcement either with respect to the violation in question or any other violation. All waivers must be in writing and signed by the party to be bound.

5.7 MISCELLANEOUS

- (1.) No breach or continuing breach of the restrictions, covenants, conditions, duties or obligations imposed, allowed or granted by this Declaration will be grounds for cancellation, termination or rescission of this Declaration or of any provisions thereof.
- (2.) The words such as "herein", "hereafter", "hereof", "hereto", "hereunder" and "hereinabove" refer to this Declaration as a whole and not merely to a section or paragraph or article in which such words appear, unless the context otherwise requires. The masculine gender shall include the feminine and neuter and vice versa, unless the context otherwise requires. When the context requires, singular nouns and pronouns include the plural.
- (3.) This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the Property.
- (4.) Prior to the filing of this Declaration, ADRIAN PYLYPEC and wife, DEBRA PYLYPEC, purchased a 0.84 acre tract of land, more or less, said property shown on the plat as Legacy One (1). Upon this property exists a previously constructed house, built by the previous owner of property referred to in this Declaration as The Peninsula. This property and its structures were conveyed with the anticipation that the 0.84 acre tract of land, more or less, would become part of the Plat and subject to this Declaration, therefore, all Structures currently existing on Legacy One (1), being 0.84 acre tract of land, more or less, will be excepted from and not in violation of this Declaration provided any future structures, modifications, or improvements on Legacy One (1) will be subject to all the provisions of this Declaration.
- (5.) If any controversy, claim, or dispute arises relating to this instrument, its breach, or enforcement, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorneys' fees, and costs. Venue for any controversy, claim, or dispute arises relating to this instrument, its breach, or enforcement will be in Burnet County, Texas.

IN WITNESS WHEREOF, HORSESHOE BAY RESORT, INC., a Texas Corporation, has caused its corporate name and seal to be hereunto affixed by its officers thereunto duly authorized, this 15th day of September, 2000.

HORSESHOE BAY RESORT, INC., a Texas Corporation

BY: 

RON LYNN MITCHELL, Its President

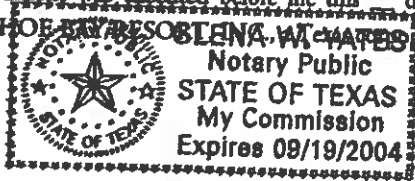
ATTEST: 

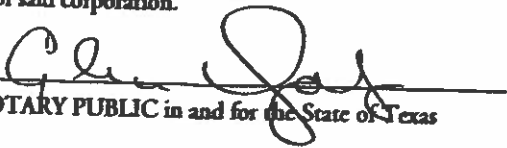
LAINY HUDSON, SECRETARY

Its Secretary


THE STATE OF TEXAS
COUNTY OF Harris

This instrument was executed before me this 15 day of September, 2000, by RON LYNN MITCHELL, President of HORSESHOE BAY RESORT, INC., a Texas Corporation, on behalf of said corporation.




NOTARY PUBLIC in and for the State of Texas

Accepted and Agreed to by ADRIAN PYLYPEC and wife, DEBRA PYLYPEC, owners of Legacy One (1), The Peninsula, this 15 day of September, 2000.


ADRIAN PYLYPEC

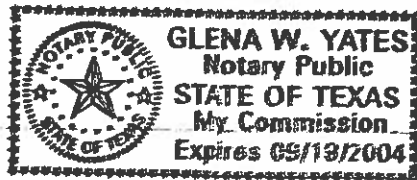

DEBRA PYLYPEC

THE STATE OF TEXAS
COUNTY OF Harris

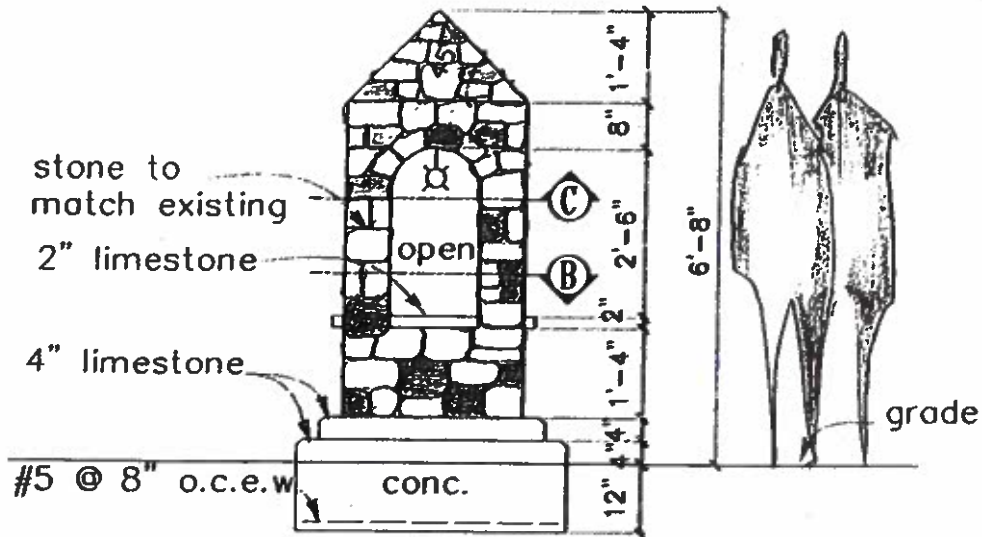
This instrument was executed before me this 15th day of September, 2000, by ADRIAN PYLYPEC and wife, DEBRA PYLYPEC.


NOTARY PUBLIC in and for the State of Texas

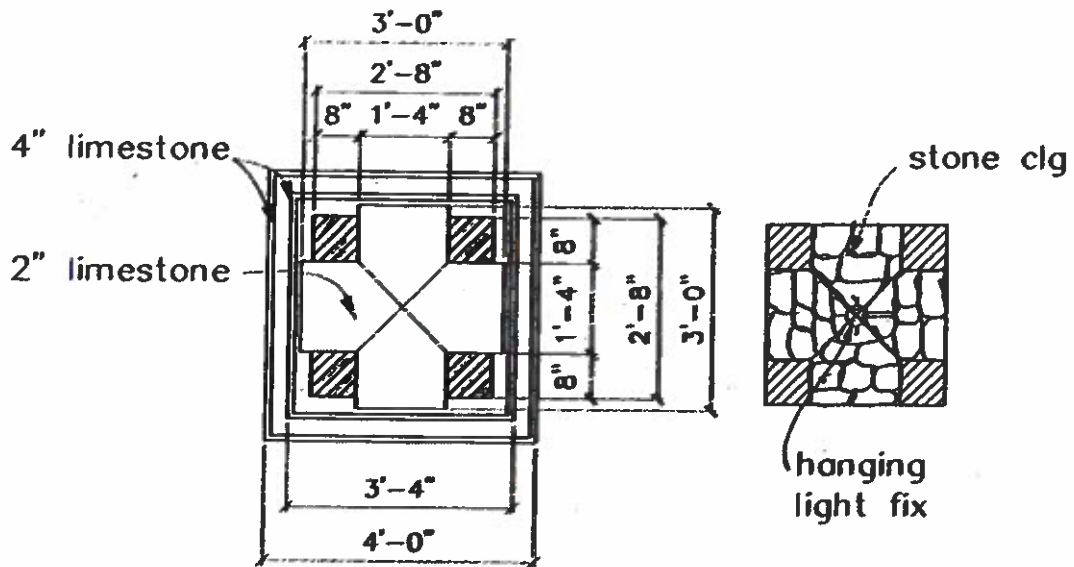
AFTER RECORDING RETURN TO:
RONALD F. YATES,
A PROFESSIONAL CORPORATION
Attorneys At Law
P. O. Box 8903
Horseshoe Bay, Texas 78657



PENINSULA



ELEVATION A



SECTION B

SECTION C

PROPERTY LIGHTS AT THE PENINSULA AT HORSESHOE BAY

RONALD G. BRADSHAW, AIA, ARCHITECT

HORSESHOE BAY, TEXAS

THE ARCHITECTS PARTNERSHIP

05/10/02