

FILED
In the Office of the
Secretary of State of Texas

JUL 11 2006

Corporations Section

CERTIFICATE OF FORMATION
FOR
HILL COUNTRY HARBOR OWNERS ASSOCIATION, INC.

The undersigned natural person of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as the incorporator of a corporation under the Texas Non-profit Corporation Law, does hereby adopt the following Certificate of Formation for such corporation:

ARTICLE I

The name of the corporation is Hill Country Harbor Owners Association, Inc. (hereinafter called the "Corporation").

ARTICLE II

The Corporation is a nonprofit corporation and shall have all of the powers, duties, authorizations and responsibilities as provided in the Texas Non-profit Corporation Law, as amended (the "Law").

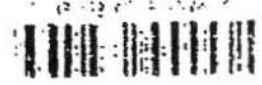
ARTICLE III

The period of the Corporation's duration is perpetual.

ARTICLE IV

The purposes for which the Corporation is organized are the following:

- (a) To provide for the acquisition, construction, management, maintenance, and care of Corporation property;
- (b) To serve the owners of land in the residential community known as "Hill Country Harbor," located in Palo Pinto County, State of Texas, and more particularly described in that certain Declaration of Covenants, Conditions, and Restrictions (the "Declaration") recorded or to be recorded in the office of the County Clerk of Palo Pinto County, State of Texas;
- (c) To engage in any lawful purpose for a nonprofit corporation under the Law;
and
- (d) To exercise the rights and powers and to perform the duties and obligations of the Corporation in accordance with the Declaration, the bylaws of the Association (the "Bylaws") and the laws of the State of Texas, as each may be amended from time to time.



ARTICLE V

The street address of the initial registered office of the Corporation is 8214 Westchester Drive, Suite 800, Dallas, Texas 75225, and the name of its initial registered agent at such address is Clearview Capital Corporation.

ARTICLE VI

The number of directors constituting the initial board of directors of the Corporation is three (3). The names and addresses of such persons who are to serve as the initial directors until their respective successor or successors are duly elected and qualified are as follows:

<u>Name</u>	<u>Address</u>
D. Craig Walker	8214 Westchester Drive, Suite 800 Dallas, Texas 75225
John D. Stelzer	8214 Westchester Drive, Suite 800 Dallas, Texas 75225
Adam Cathey	8214 Westchester Drive, Suite 800 Dallas, Texas 75225

The management of the Corporation shall be vested in the board of directors, the number of which shall be subject to change from time to time, provided, however, that the number of directors shall never be less than three (3).

ARTICLE VII

A director is not liable to the Corporation, a member of the Corporation, or another person for an action taken or not taken as a director if the director acted in good faith, with ordinary care, and in a manner the director reasonably believes to be in the best interest of the Corporation. A person seeking to establish liability of a director must prove that the director did not act:

- (1) in good faith;
- (2) with ordinary care; and
- (3) in a manner the director reasonably believed to be in the best interest of the Corporation.

ARTICLE VIII

An officer is not liable to the Corporation or another person for an action taken or omission made by the officer in the person's capacity as an officer unless the officer's conduct was not exercised:

- (1) in good faith;
- (2) with ordinary care; and
- (3) in a manner the officer reasonably believes to be in the best interest of the Corporation.

ARTICLE IX

A dividend may not be paid to, and no part of the income of the Corporation may be distributed to the Corporation's members, directors, or officers. The Corporation may: (1) pay compensation in a reasonable amount to the members, directors, or officers of the Corporation for services provided; (2) confer benefits on the Corporation's members in conformity with the Corporation's purposes; and (3) make distributions to the Corporation's members on winding up and termination to the extent authorized by Chapter 22 of the Law.

ARTICLE X

Upon the winding up of the Corporation, after all liabilities and obligations of the Corporation are paid, satisfied and discharged in accordance with the Law, the property of the Corporation shall be applied and distributed as follows:

- (1) property held by the Corporation on a condition requiring return, transfer, or conveyance because of the winding up or termination shall be returned, transferred or conveyed in accordance with that requirement; and
- (2) the remaining property shall be distributed to the members as more fully set forth in the Bylaws of the Corporation.

ARTICLE XI

Any action required or permitted to be taken at any meeting of the members may be taken without a meeting, without providing notice, and without taking a vote if the members having at least the minimum number of votes that would be necessary to take the action that is the subject of the consent at a meeting, in which each member entitled to vote on the action is present and votes, signs a written consent or consents stating the action taken.

Any action required or permitted to be taken at any meeting of the directors or a committee may be taken without a meeting if a signed written consent, stating the action to be taken, is signed by the number of directors or committee members necessary to take that action

at a meeting at which all of the directors or committee members are present and voting.

ARTICLE XII

The name and address of the incorporator is:

Fielder F. Nelms
Hallett & Perrin, P.C.
2001 Bryan Street
Suite 3900
Dallas, Texas 75201

IN WITNESS WHEREOF, I, the undersigned incorporator of the Corporation, have hereunto set my hand this 10th day of July, 2006.


Fielder F. Nelms, Incorporator

#255714v2

BYLAWS
OF
HILL COUNTRY HARBOR OWNERS ASSOCIATION, INC.
(a Texas nonprofit corporation)

TABLE OF CONTENTS

ARTICLE I Purposes; Defined Terms

Section 1.1	Purposes of Association	1
Section 1.2	Purpose of Bylaws	1

ARTICLE II Members

Section 2.1	Membership	1
Section 2.2	Annual Meeting	1
Section 2.3	Special Meetings	1
Section 2.4	Place of Meetings	2
Section 2.5	Notice of Meetings; Waiver	2
Section 2.6	Ineligibility	2
Section 2.7	Record Dates	2
Section 2.8	Voting Members List	3
Section 2.9	Quorum	3
Section 2.10	Votes	3
Section 2.11	Proxies	4
Section 2.12	Conduct of Meetings	4
Section 2.13	Order of Business	4
Section 2.14	Adjournment of Meeting	4

ARTICLE III Board of Directors

Section 3.1	General	5
Section 3.2	Powers and Duties	5
Section 3.3	Number and Term of Office	7
Section 3.4	Qualification	8
Section 3.5	Election	8
Section 3.6	Vacancies	8
Section 3.7	Removal of Directors	8
Section 3.8	Organizational Meeting of the Board of Directors	9
Section 3.9	Regular Meetings of the Board of Directors	9
Section 3.10	Special Meetings of the Board of Directors	9
Section 3.11	Conduct of Meetings	9
Section 3.12	Quorum	9
Section 3.13	Presumption of Assent	9
Section 3.14	Open Meetings	9
Section 3.15	Appointment of Committees	10
Section 3.16	Ex-Officio Directors	10

ARTICLE IV Officers

Section 4.1	Designation	10
Section 4.2	Election of Officers	10
Section 4.3	Removal and Resignation of Officers	11
Section 4.4	President	11
Section 4.5	Secretary	11
Section 4.6	Treasurer	11
Section 4.7	Authorized Agents	11

ARTICLE V Rules

Section 5.1	Rules	12
Section 5.2	Adoption and Amendment	12
Section 5.3	Notice and Comment	12
Section 5.4	Distribution	12

ARTICLE VI Enforcement

Section 6.1	Enforcement	12
-------------	-------------	----

ARTICLE VII Obligations of the Members

Section 7.1	Proof of Ownership	13
Section 7.2	Members' Addresses	13
Section 7.3	Registration of Mortgagees	13
Section 7.4	Assessments	13
Section 7.5	Compliance With Governing Documents	13

ARTICLE VIII Association Records

Section 8.1	Records	14
Section 8.2	Inspection of Books and Records	14
Section 8.3	Resale Certificates	14

ARTICLE IX Indemnification and Insurance

Section 9.1	Indemnification	15
Section 9.2	Advance Payments	15
Section 9.3	Appearance as a Witness	15
Section 9.4	Indemnification of Employees and Agents	15
Section 9.5	Non-Exclusive	16
Section 9.6	Insurance	16

ARTICLE X Amendment of Bylaws

Section 10.1	Proposals	16
Section 10.2	Consents	16
Section 10.3	Effective	16
Section 10.4	Declarant Protection	17

ARTICLE XI General Provisions

Section 11.1	Contracts	17
Section 11.2	Checks, Drafts, etc.	17
Section 11.3	Depositories	17
Section 11.4	Corporate Seal	17
Section 11.5	Compensation	17
Section 11.6	Action by Non-Unanimous Written Consent	18
Section 11.7	Meetings by Conference Telephone	18
Section 11.8	Conflicting Provisions	18
Section 11.9	Severability	18
Section 11.10	Fiscal Year	18
Section 11.11	Waiver	19

ARTICLE XII Winding Up

Section 12.1	Winding Up	19
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BYLAWS
OF
HILL COUNTRY HARBOR OWNERS ASSOCIATION, INC.
(a Texas nonprofit corporation)

ARTICLE I

Purposes; Defined Terms

Section 1.1 Purposes of Association. Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation (the "Association"), is organized exclusively to exercise the rights and powers and to perform the duties and obligations of the Association in accordance with the Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor, to be recorded in the Real Property Records of Palo Pinto County, Texas (the "Declaration"), the Certificate of Formation of the Association (the "Certificate"), these bylaws (these "Bylaws" together with the Declaration and the articles referred to herein as the "Governing Documents"), and the laws of the State of Texas, as each may be amended from time to time.

Section 1.2 Purpose of Bylaws. These Bylaws provide for the governance of the Hill Country Harbor Owners Association, Inc., subject to and as more fully described in the Declaration.

ARTICLE II

Members

Section 2.1 Membership. The members of the Association (the "Members") shall be Hill Country Harbor, L.P. (the "Declarant"), Hill Country Harbor Club, LLC, and the owners of Units (as defined in the Declaration).

Section 2.2 Annual Meeting. An annual meeting of the Members of the Association shall be held during the month of April of each year, or at such other time and place as the Board of Directors of the Association shall determine. At annual meetings, the Members may transact such other business of the Association as may properly come before them, and after the expiration of the Declarant Control Period (as defined in the Declaration), the Members shall elect directors of the Association ("Directors") in accordance with these Bylaws.

Section 2.3 Special Meetings. Except as otherwise provided by law or the Declaration, a special meeting of the Association may be called by the President, a majority of the members of the Board of Directors, or by Members having at least twenty percent (20%) of the votes entitled to be cast at such meeting. Such meeting shall be held within thirty (30) days after being called. Business transacted at any special meeting of Members shall be limited to the

purposes stated in the notice of the meeting given in accordance with the terms of Section 2.5.

Section 2.4 Place of Meetings. Meetings of the Association shall be held at the Hill Country Harbor subdivision in Palo Pinto County, Texas, or in Dallas, Texas at a suitable place convenient to the Members, as determined by the Board of Directors.

Section 2.5 Notice of Meetings; Waiver. Notice of each meeting of Members, stating the place, day, and hour of any meeting and, in case of a special meeting of Members, the purpose or purposes for which the meeting is called, shall be given at least ten (10) days but not more than sixty (60) days prior to such meeting. Notices shall also set forth any other items of information deemed appropriate by the Board of Directors. If a Unit is owned by more than one person, notice to one co-owner shall be deemed notice to all co-owners. Notice may be given either personally, by electronic telecommunication, by facsimile transmission, or by mail, by or at the direction of the persons calling the meeting, to each Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Member at the address shown on the Association's records. If transmitted by telecommunication or facsimile, notice shall be deemed delivered on successful transmission. Whenever any notice is required to be given to a Member, a written waiver of the notice, signed by the person or persons entitled to such notice, whether before or after the time stated in the notice, shall be equivalent to the giving of such notice. Attendance by a Member, whether in person or by proxy, at any meeting of the Association shall constitute a waiver of notice by such Member of the time, place, and purpose of such meeting. If all Members are present at any meeting of the Association, no notice shall be required and any business may be transacted at such meeting.

Section 2.6 Ineligibility. The Board of Directors may determine that no Member may (i) vote at meetings of the Association or (ii) be elected to serve as a Director if the Member's financial account with the Association is in arrears on the record dates provided below, provided each ineligible Member shall be given notice of the arrearage and an opportunity to become eligible. The Board of Directors may specify the manner, place, and time for payment for purposes of restoring eligibility.

Section 2.7 Record Dates.

(a) Determining Voting Eligibility. The Board of Directors shall fix a date as the record date for determining the Members entitled to vote at a meeting of the Association. The record date may not be more than sixty (60) days before the date of a meeting of the Association at which Members will vote.

(b) Determining Rights Eligibility. The Board of Directors shall fix a date as the record date for determining the Members entitled to exercise any rights other than those described in the preceding paragraph. The record date may not be more than sixty (60) days before the date of the action for which eligibility is required, such as nomination to the Board of Directors.

(c) Adjournments. A determination of Members entitled to notice of or to vote at a meeting of the Association is effective for any adjournment of the meeting

unless the Board of Directors fixes a new date for determining the right to notice or the right to vote. The Board of Directors must fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date more than ninety (90) days after the record date for determining Members entitled to notice of the original meeting.

Section 2.8 Voting Members List. The Board of Directors shall prepare and make available a list of the Association's voting Members in accordance with Chapter 22 of the Texas Business Organizations Code.

Section 2.9 Quorum. At any meeting of the Association, the presence in person or proxy of Members entitled to cast at least ten percent (10%) of the votes that may be cast shall constitute a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of Members constituting a quorum.

Section 2.10 Votes. The vote of a majority of the votes entitled to be cast at a meeting for which a quorum is present, shall be binding upon all Members for all purposes, unless the vote of a greater number is required by the Declaration, these Bylaws or by law. The number of votes that a Member is entitled to cast is set forth in Section 4.2 of the Declaration. There shall be one (1) voting Member for each Unit. The right of a Member to vote at any meeting of the Association is subject to the following limitations:

(a) Co-Owned Units. If any Unit is owned by more than one person, other than a husband and wife, one of the owners of such Unit shall be designated, by a duly sworn certificate signed by all of the record owners of the Unit and filed with the secretary of the Association, as the voting Member for that Unit. Failure by all owners of a Unit (except in the case of a husband and wife who are the sole owners of the Unit) to file such a sworn certificate with the secretary of the Association prior to a Members' meeting shall result in depriving the owners of such Unit of a vote at such meeting. In the case where a husband and wife are the sole owners of the Unit, they need not designate the voting Member and either of them appearing at a meeting of the Members may, if there is no objection from the other, cast a vote for that Unit. The appearance at any meeting of any co-owner of a Unit shall constitute that Unit's presence for the purpose of establishing a quorum, whether or not the co-owner in attendance is authorized to vote.

(b) Entity-Owned Units. If a Unit is owned by a corporation or association, the officer, director or agent entitled to vote shall be designated by a certificate signed by the appropriate officer or director of such entity and filed with the secretary of the Association. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The vote of a limited liability company may be cast by any manager or managing member of the limited liability company in the absence of express notice of the designation of a specific person by the owning limited liability company. The person presiding over a meeting or vote may require reasonable evidence

that a person voting on behalf of a corporation or Association is qualified to vote.

(c) Association-Owned Units. Votes of a Unit owned by the Association may be cast by the President of the Association.

Section 2.11 Proxies. Votes may be cast in person or by written proxy. To be valid, each proxy shall (i) be signed and dated by a Member or his or her attorney-in-fact; (ii) identify the Unit to which the vote is appurtenant; (iii) name the person in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the purpose or meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the Secretary or to the person presiding over the Association meeting for which the proxy is designated. Unless the proxy specifies a shorter or longer time, it shall terminate one year after its date. To revoke a proxy, the granting Member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled shall be valid when such meeting reconvenes.

Section 2.12 Conduct of Meetings. The President, or any person designated by the Board of Directors, shall preside over meetings of the Association. The Secretary shall keep, or cause to be kept, the minutes of the meeting which shall record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then-current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Governing Documents. Votes shall be tallied by tellers appointed by the person presiding over the meeting.

Section 2.13 Order of Business. Unless the notice of meeting states otherwise, the order of business at meetings of the Association shall be as follows:

- (1) Determine votes present by roll call or check-in procedure
- (2) Announcement of quorum
- (3) Proof of notice of meeting
- (4) Reading and approval of minutes of preceding meeting
- (5) Reports
- (6) Election of Directors (when required and applicable)
- (7) Unfinished business
- (8) New business

Section 2.14 Adjournment of Meeting. At any meeting of the Association, the votes of a majority of the Members present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

ARTICLE III

Board of Directors

Section 3.1 General. The provisions of this Article III shall govern with respect to the Board of Directors.

Section 3.2 Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Common Elements (as defined in the Declaration). The Board of Directors may do all such acts and things except those which, by law or the Governing Documents, are reserved to the Members and may not be delegated to the Board of Directors. In the performance of its duties as the governing body of the Association, the Board of Directors shall have all powers enumerated in Chapter 22 of the Texas Non-profit Corporation Law (the "Corporation Law"), and in addition to those powers and duties set forth in the Corporation Law and the Declaration, the Board of Directors shall have the powers including, but not limited to, the following:

- (a) administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration, these Bylaws and any supplements and amendments thereto or hereto;
- (b) enforce compliance with any rules adopted by the Association;
- (c) keep in good order, condition and repair all of the Common Elements and all items of common personal property used by the Members in the enjoyment of the Common Elements;
- (d) insure the Common Elements, equipment and personal property of the association as deemed necessary by the Board of Directors; and obtain and maintain commercial general liability insurance covering the Common Elements for bodily injury as deemed necessary by the Board of Directors;
- (e) prepare a budget for the Association;
- (f) make and collect assessments, additional assessments and such other assessments as are provided for by the Declaration in accordance with the Declaration;
- (g) adjust the amount of the assessments and to levy and collect additional assessments in accordance with the Declaration;
- (h) collect delinquent assessments in accordance with the Declaration and to enjoin or seek damages from any Member who is in default of any of the provisions of the Declaration or these Bylaws;
- (i) to the extent permitted by applicable law, enforce a per diem late charge

as set by the Board of Directors from time to time and to collect interest at the rate of the lesser of eighteen percent (18%) per annum or the highest rate permitted by applicable law in connection with assessments remaining unpaid more than thirty (30) days from the due date for payment thereof, together with all expenses incurred, including, without limitation, attorneys' fees;

(j) protect and defend the Common Elements from loss or damage, by suit or otherwise;

(k) borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary;

(l) enter into contracts within the scope of its duties and powers;

(m) establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors;

(n) make repairs, additions, alterations and improvements to the Common Elements consistent with managing the Common Elements in a manner consistent with the Declaration and the best interests of the Members, and to contract for the making of such repairs, additions, alterations and improvements, whether with third parties or with affiliates of the Declarant;

(o) maintain full and accurate books and records showing all of the receipts, expenses, and disbursements and to permit examination thereof at any reasonable time by each of the Members;

(p) prepare and deliver annually to each Member a statement showing receipts, expenses, and disbursements since the last such statement;

(q) employ the personnel necessary for the maintenance and operation of the Common Elements;

(r) carry on the administration of the Association and to do all of those things necessary and reasonable in order to carry out the governing and the operation of the Common Elements;

(s) maintain a reserve fund adequate for the periodic maintenance, repair and replacement of the Common Elements;

(t) pay all taxes and assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Member or otherwise properly chargeable to the Member;

(u) establish operating, escrow, reserve and other accounts in the name of the

Association as the Board of Directors may deem appropriate from time to time;

(v) maintain accounting records in accordance with sound accounting principles;

(w) employ and dismiss personnel of the Association, and purchase or arrange for those services, machinery, equipment, tools, materials and supplies as, in the option of the Board of Directors, may from time to time be necessary for the proper orientation and maintenance of the Common Elements;

(x) employ or retain and receive advice from professional counsel and consultants which the Board of Directors may deem necessary for any proper purpose of the Association;

(y) invest monies of the Association in any investments which the Board of Directors deems to be reasonably prudent;

(z) acquire by purchase, gift, annexation or lease, real or personal property, if, at any time in the future, the Board of Directors deems it to be proper and not inconsistent with the terms of the Governing Documents;

(aa) grant and reserve easements, leases, licenses or concessions where necessary or desirable for utilities, routes of ingress and egress, or any other purpose, over the Common Elements; and

(bb) establish a form of estoppel certificate acceptable to the Association for delivery to prospective purchasers and lenders and an appropriate charge for furnishing such certificate.

Section 3.3 Number and Term of Office. The Board of Directors shall consist of three (3) members. The number of Directors may be changed by amendment of these Bylaws, but shall not be less than three (3).

During the Declarant Control Period (as defined in the Declaration), the Declarant may appoint and/or remove all members of the Board of Directors. Upon the expiration of the Declarant Control Period and so long as Declarant owns at least one Unit, the Declarant shall have the right to elect one Director (the "Declarant Director") and the remaining directors shall be elected by the Members. At such time as the Declaration Control Period has expired and the Declarant no longer owns a Unit, all Directors shall be elected by the Members.

At the first annual meeting of Members after the expiration of the Declarant Control Period, so long as the the Declarant owns at least one Unit, the Declarant shall elect the Declarant Director and Members shall elect the remaining Directors, whose terms of office shall commence upon their election at such meeting. Of the Directors elected by the Members, one Director shall be appointed for a term of three (3) years, and one Director shall be appointed for a term of two (2) years. The Declarant Director shall be appointed for a term of one (1) year. Thereafter, upon the expiration of the term of office for any Director, the

replacement Director shall be elected for a term of three (3) years.

At the second annual meeting of Members after the expiration of the Declarant Control Period, so long as the the Declarant owns at least one Unit, the Declarant shall elect the replacement for the outgoing Declarant Director.

At each subsequent annual meeting of the Members, the Members shall elect a Director to fill the position of the Director whose term has expired or will expire prior to the next annual meeting, except that the Declarant shall appoint the Declarant Director to succeed the outgoing Declarant Director (so long as the Declarant owns at least one Unit). Any new Director shall take office upon the expiration of the term of office for the Director whose term has expired or will expire prior to the next annual meeting, and such new Director, absent death, ineligibility, resignation, or removal, will hold office until his or her successor is duly elected or appointed.

Section 3.4 Qualification. Co-owners of a single Unit may not serve on the Board of Directors at the same time. Co-owners of more than one Unit may serve on the Board of Directors at the same time, provided the number of co-owners serving at one time does not exceed the number of Units they co-own. No Member may be elected or appointed as a Director if any assessment against the Member or such Member's Unit is delinquent at the time of election or appointment. No Member may continue to serve as a Director if any assessment against the Member or such Member's Unit is delinquent more than sixty (60) days.

Section 3.5 Election. Directors shall be elected in accordance with Section 3.3 above. Prior to the expiration of Declarant Control Period, Directors shall be appointed by the Declarant. After the period of Declarant Control Period, the election of Directors shall be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by mail, facsimile transmission, or a combination of mail and facsimile transmission.

Section 3.6 Vacancies. Prior to the expiration of the period of Declarant Control Period, vacancies on the Board of Directors shall be filled by the Declarant. After the expiration of the period of Declarant Control Period, vacancies on the Board of Directors shall be filled by a majority of the votes cast at a special meeting of the Members called for that purpose for which a quorum is present. Each Director so elected shall serve out the remaining term of his or her predecessor.

Section 3.7 Removal of Directors. Prior to the expiration of Declarant Control Period, any Director may be removed by the Declarant. After the expiration of Declarant Control Period, at any annual meeting or special meeting of the Members of the Association, any one or more of the Directors may be removed with or without cause by Members, whether present in person or by proxy at such meeting, representing at least two-thirds of the votes entitled to be cast, and a successor shall immediately be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. No such opportunity to be heard shall be given to Directors removed by the Declarant during the Declarant Control Period Period.

Section 3.8 Organizational Meeting of the Board of Directors. At all times after the expiration of Declarant Control Period, within ten (10) days after the annual meeting, the Director's shall convene an organizational meeting for the purpose of electing officers. The time and place of such meeting shall be fixed by the Board of Directors and announced to the Directors.

Section 3.9 Regular Meetings of the Board of Directors. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by the Board of Directors. After the expiration of the Declarant Control Period, at least one such meeting shall be held each calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by telephone or written communication, at least three days prior to the date of such meeting.

Section 3.10 Special Meetings of the Board of Directors. Special meetings of the Board of Directors may be called by the President or, if he or she is absent or refuses to act, the Secretary, or by any two (2) Directors. At least three (3) days' notice shall be given to each Director, personally or by telephone or written communication, which notice shall state the place, time, and purpose of such meeting.

Section 3.11 Conduct of Meetings. The Board of Directors, at each organizational meeting, shall appoint one of their number as President of the Board of Directors. The President of the Board of Directors shall preside over all meetings of the Board of Directors and the Secretary shall keep, or cause to be kept, a record of all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. When not in conflict with law or the Governing Documents, the then-current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors.

Section 3.12 Quorum. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If less than a quorum is present at any meeting of the Board of Directors, the majority of those present may adjourn the meeting from time to time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.13 Presumption of Assent. Any Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting and unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.14 Open Meetings. After the expiration of the Declarant Control Period, regular and special meetings of the Board of Directors shall be open to Members of the Association, but Members who are not Directors may not participate in any deliberations or

discussions unless the Board of Directors expressly so authorizes such participation at the meeting. The Board of Directors may adjourn any meeting and reconvene in closed executive session to discuss and vote upon actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, matters involving the invasion of privacy of an individual Member, or matters that are to remain confidential by request of the affected parties and agreement of the Board of Directors. After the expiration of the Declarant Control Period, the nature of any and all business to be considered in closed executive session shall first be announced in open session.

Section 3.15 Appointment of Committees. The Board of Directors, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the Board of Directors with its responsibilities. The resolution shall establish the purposes and powers of each committee created, provide for the appointment of its members, as well as a chairman, and provide for reports, termination, and other administrative matters deemed appropriate by the Board of Directors. After the expiration of the Declarant Control Period, members of committees shall be appointed from among the Members.

Section 3.16 Ex-Officio Directors. The Board of Directors may designate any one or more persons as ex-officio members of the Board of Directors. A person designated as an ex-officio member of the Board of Directors shall be entitled to notice of and to attend meetings of the Board of Directors. The ex-officio member shall not be entitled to vote unless otherwise provided in the Declaration or these Bylaws.

ARTICLE IV

Officers

Section 4.1 Designation. The officers of the Association shall be a President, Secretary, and Treasurer. After the expiration of the period of Declarant Control Period, the Board of Directors may appoint one or more Vice Presidents and such other officers and assistant officers as it deems necessary. Any two offices may be held by the same person, except the offices of President and Secretary. If an officer is absent or unable to act, the Board of Directors may appoint a Director to perform the duties of that officer and to act in place of that officer, on an interim basis.

Section 4.2 Election of Officers. During the Declarant Control Period, all officers shall be appointed and/or removed by the Declarant. After the expiration of the Declarant Control Period, the officers shall be elected no less than annually by the Directors at the organizational meeting of the Board of Directors and shall hold office at the pleasure of the Board of Directors. Except for resignation or removal, officers shall hold office until their respective successors have been designated by the Declarant (during the Declarant Control Period) or the Board of Directors (after the expiration of the Declarant Control Period).

Section 4.3 Removal and Resignation of Officers. During the period of Declarant Control Period, the Declarant may remove any officer, with or without cause. After the

expiration of the Declarant Control Period, a majority of Directors may remove any officer, with or without cause, at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose. After the expiration of the Declarant Control Period, a successor may be elected at any regular or special meeting of the Board of Directors called for that purpose. An officer may resign at anytime by giving written notice to the Board of Directors. Unless the notice of resignation states otherwise, it is effective when received by the Board of Directors and does not require acceptance by the Board of Directors. The resignation or removal of an officer who is also a Director does not constitute resignation or removal from the Board of Directors.

Section 4.4 President. As the chief executive officer of the Association, the President shall: (i) preside at all meetings of the Association; (ii) have all the general powers and duties which are usually vested in the office of President of a corporation organized under the laws of the State of Texas; (iii) have general supervision, direction, and control of the business of the Association, subject to the control of the Board of Directors; and (iv) see that all orders and resolutions of the Board of Directors are carried into effect.

Section 4.5 Secretary. The Secretary shall: (i) keep or cause to be kept the minutes of all meetings of the Board of Directors and the Members of the Association; (ii) have charge of such books, papers, and records as the Board of Directors may direct; (iii) maintain or cause to be maintained a record of the names and addresses of the Members for the mailing of notices; (iv) prepare, execute and cause the recordation of amendments to the Declaration (approved in accordance with the Declaration) on behalf of the Association except when the preparation, execution and recordation thereof shall be delegated by the Board of Directors to another officer or agent of the Association; and (v) in general, perform all duties incident to the office of Secretary.

Section 4.6 Treasurer. The Treasurer shall: (i) be responsible for Association funds; (ii) keep or cause to be kept full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepare or cause to be kept all required financial data and tax returns; (iv) deposit or cause to be deposited all monies or other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors; (v) prepare the annual and supplemental budgets of the Association; (vi) review the accounts of the managing agent on a monthly basis in the event such managing agent is responsible for collecting and disbursing Association funds; and (vii) perform all the duties incident to the office of Treasurer.

Section 4.7 Authorized Agents. Except when the Governing Documents require execution of certain instruments by certain individuals; the Board of Directors may authorize any person to execute instruments on behalf of the Association. In the absence of Board of Directors designation, the President and the Secretary shall be the only persons authorized to execute instruments on behalf of the Association.

ARTICLE V

Rules

Section 5.1 Rules. The Board of Directors shall have the right to establish and amend, from time to time, reasonable rules and regulations for: (i) the administration of the Association and the Governing Documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the Common Elements; and (iii) the health, comfort, and general welfare of the Members of the Association; provided, however, that such rules may not be in conflict with law or the Governing Documents. The Board of Directors shall, at all times, maintain the then-current and complete rules in a written form which can be copied and distributed to the Members. Rules need not be recorded in the Palo Pinto County real property records.

Section 5.2 Adoption and Amendment. Any rule may be adopted, amended, or terminated by the Board of Directors, provided that the rule and the requisite Board of Directors approval are properly recorded as a resolution in the minutes of the meeting of the Board of Directors.

Section 5.3 Notice and Comment. The Board of Directors shall give written notice to each Member of any amendment, termination, or adoption of a rule, or shall publish same in a newsletter or similar publication which is circulated to the Members, at least ten (10) days before the rule's effective date. Any Member so notified shall have the right to comment orally or in writing to the Board of Directors on the proposed action.

Section 5.4 Distribution. Upon request from any Member or Resident, the Board of Directors shall provide a current and complete copy of rules. Additionally, the Board of Directors shall, from time to time, distribute copies of the current and complete rules to each Member.

ARTICLE VI

Enforcement

Section 6.1 Enforcement. The violation of any provision of the Governing Documents shall give the Board of Directors the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in the Governing Documents:

(a) to enter the Unit in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Governing Documents. The Board of Directors shall not be deemed liable for any manner of trespass by this action; or

(b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE VII

Obligations of the Members

Section 7.1 Proof of Ownership. Except for those owners who initially purchase a Unit from Declarant, any person, on becoming a Member, shall furnish to the Board of Directors evidence of ownership in the Unit, which copy shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of the Association unless this requirement is first met. This requirement may be satisfied by receipt of a Board of Directors-approved form that is completed and acknowledged by a title company or closing attorney at time of conveyance of the Unit or any interest therein. The Association shall be entitled to charge a reasonable fee for the registration of the transfer of ownership.

Section 7.2 Members' Addresses. Not later than the 30th day after the date of acquiring an interest in a Unit, the Member shall provide the Association with: (i) the Member's mailing address, telephone number, and driver's license number, if any; (ii) the name and address of the holder of any lien against the Unit, and any loan number; (iii) the name and telephone number of any person occupying the Unit other than the Member; and (iv) the name, address, and telephone number of any person managing the Unit as agent of the Member. A Member shall notify the Association not later than the 30th day after the date the Member has notice of a change in any of the foregoing information, and shall provide the information on request by the Association from time to time. If a Member fails to maintain a current mailing address with the Association, the address of that Member's Unit shall be deemed to be his or her mailing address.

Section 7.3 Registration of Mortgagees. A Member who mortgages his or her Unit shall furnish the Board of Directors with the name and mailing address of his or her mortgagee.

Section 7.4 Assessments. All Members shall be obligated to pay assessments imposed by the Association. A Member shall be deemed to be in good standing and entitled to vote at any meeting of the Association if he or she is current in the assessments made or levied against him or her and his or her Unit.

Section 7.5 Compliance with Governing Documents. Each Member shall comply with the provisions and terms of the Governing Documents, and any amendments thereto. Further, each Member shall always endeavor to observe and promote the cooperative purposes for which the Association was established.

ARTICLE VIII
Association Records

Section 8.1 Records. The Association shall use its best efforts to keep the following records:

- (a) Minutes or a similar record of the proceedings of meetings of the Association.
- (b) Minutes or a similar record of the proceedings of meetings of the Board of Directors.
- (c) The name and mailing address of each Member, the currency and accuracy of the information being the responsibility of the Members.
- (d) The name and mailing address of each mortgagee, the currency and accuracy of the information being the responsibility of each Member and such Member's mortgagee.
- (e) Financial records and books of account for the Association that comply with sound accounting principles and that are sufficiently detailed to enable the Association to prepare a resale certificate as provided for in the Texas Property Code.
- (f) The plans and specifications acquired by the Association over time for improvements to the Common Elements.
- (g) Voting records, proxies, and correspondence relating to amendments to the Declaration.
- (h) Copies of income tax returns prepared for the Internal Revenue Service.
- (i) Copies of the Governing Documents and all amendments to any of these. Also, for at least four years, a record of all votes or written consents by which amendments to the Governing Documents were approved.

Section 8.2 Inspection of Books and Records. A Member, on written demand stating the purpose of the demand, has the right to examine and copy, in person or by agent, accountant, or attorney, at any reasonable time, for any proper purpose, the books and records of the Association relevant to that purpose, at the expense of the Member.

Section 8.3 Resale Certificates. Any officer of the Association may prepare, or cause to be prepared, certify, and execute resale certificates in accordance with Section 207.003 of the Texas Property Code. The Association may charge a reasonable fee for preparing a resale certificate. The Association may refuse to furnish a resale certificate until the fee is paid. Any unpaid fees may be assessed against the Unit for which the resale certificate is furnished.

ARTICLE IX

Indemnification and Insurance

Section 9.1 Indemnification. Each person who is or was a Director, officer, or committee member of the Association, or any person who, while a Director, officer, or committee member of the Association, is or was serving at the request of the Association as a Director, officer, committee member, partner, venturer, proprietor, employee, agent, or similar functionary of another foreign or domestic corporation, association, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, and the heirs, executors, or administrators or estate of such person, shall be indemnified by the Association to the fullest extent permitted or authorized by the Corporation Law or any successor provision, as amended from time to time, against any liability, cost, or expense incurred by such person in his or her capacity as a Director, officer, or committee member, or arising out of his or her status as a Director, officer, or committee member. The rights granted pursuant to this Article IX shall be deemed contract rights, and no repeal or amendment of this Article IX shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment or repeal.

Section 9.2 Advance Payments. The Association may, but shall not be obligated to, pay expenses incurred in defending a civil or criminal act, suit or proceeding arising out of a Director's, officer's, or committee member's capacity or status as Director, officer, or committee member in advance of the final disposition of such action, suit, or proceeding, without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding shall be made only upon delivery to the Association of both a written affirmation by such person of his or her good-faith belief that he or she has met the standard of conduct necessary for indemnification under this Article IX and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it is ultimately determined that such person is not entitled to be indemnified under this Article IX or otherwise.

Section 9.3 Appearance as a Witness. Notwithstanding any other provision of this Article IX, the Association may, but shall not be obligated to, pay or reimburse expenses incurred by a Director, officer or committee member in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

Section 9.4 Indemnification of Employees and Agents. The Association, by adoption of a resolution of the Board of Directors, may, but shall not be obligated to, indemnify and advance expenses to an employee or agent of the Association to the same extent and subject to the same conditions under which the Association may indemnify and advance expenses to Directors, officers and committee members under this Article IX.

Section 9.5 Non-Exclusive. The indemnification provided by this Article IX shall not be exclusive of any other rights to which those seeking indemnification may be entitled as a

matter of law or under any agreement or otherwise.

Section 9.6 Insurance. The Association may, but shall not be obligated to, maintain insurance at its expense, to protect itself and any person who is or was a Director, officer, committee member, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, committee member, partner, venturer, proprietor, employee, agent, or similar functionary of another foreign or domestic corporation, association, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise against any liability asserted against him or her and any liability, cost, or expense incurred by him or her in such capacity or arising out of his or her status as such a person, whether or not the Association would have the power to indemnify such person against that liability under this Article IX or the Corporation Law.

ARTICLE X

Amendment of Bylaws

Section 10.1 Proposals. During the Declarant Control Period, the Declarant may amend these Bylaws as determined in its sole discretion; provided, that the Declarant shall give notice of the amended Bylaws to the Members within 30 days after such amendment. After the expiration of the Declarant Control Period, the Association shall provide each Member with a detailed description, if not exact wording, of any proposed amendment. Such description shall be included in the notice of any annual or special meeting of the Association if such proposed amendment is to be considered at said meeting. After the expiration of the period of Declarant Control Period, Members must be given notice of the meeting required by this Section 10.1 not less than ten (10) nor more than twenty (20) days preceding the date of the meeting.

Section 10.2 Consents. After the expiration of the Declarant Control Period, except as otherwise provided by law or the Declaration, an amendment shall be adopted by the affirmative vote of the majority of the Board of Directors or the affirmative vote, in person or by proxy, or written consents of Members representing at least a majority of the votes entitled to be cast at a meeting for which a quorum is obtained.

Section 10.3 Effective. After the expiration of the Declarant Control Period, to be effective, each amendment to the Bylaws must be in writing, reference the name of the Association, be signed by at least two officers acknowledging the requisite approval of Members, and be delivered to each Member at least ten (10) days before the amendment's effective date. Further, if these Bylaws are publicly recorded, the amendment must recite the recording data for the Bylaws, be in a form suitable for recording as a real property record, and be delivered to the county clerk for recordation.

Section 10.4 Declarant Protection. As long as the Declarant owns a Unit in Hill Country Harbor, no amendment of these Bylaws may affect the Declarant's rights herein without the Declarant's written and acknowledged consent. Specifically, this Section 10.4 may not be amended without prior written approval of the Declarant. The Declarant's written

consent shall be part of the amendment instrument.

ARTICLE XI

General Provisions

Section 11.1 Contracts. The President shall have the power and authority to execute, on behalf of the Association, contracts or instruments in the usual and regular course of business, and in addition the Board of Directors may authorize any officer or officers, agent or agents, of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors or these Bylaws, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit or to render it pecuniarily liable for any purpose or in any amount.

Section 11.2 Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officers, agents or employees of the Association as shall from time to time be authorized pursuant to these Bylaws or by resolution of the Board of Directors.

Section 11.3 Depositories. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks or other depositories as the Board of Directors may from time to time designate, and upon such terms and conditions as shall be fixed by the Board of Directors. The Board of Directors may from time to time authorize the opening and maintaining within any such depository as it may designate, of general and special accounts, and may make such special rules and regulations with respect thereto as it may deem expedient.

Section 11.4 Corporate Seal. The corporate seal, if any, shall be in such form as the Board of Directors shall approve, and such seal, or a facsimile thereof, may be impressed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by officers of the Association.

Section 11.5 Compensation. A dividend may not be paid to, and no part of the income of the Corporation may be distributed to the Members, Directors, or officers. The Association may: (1) pay compensation in a reasonable amount to the Members, Directors, or officers of the Association for services provided; (2) confer benefits on the Members in conformity with the Association's purposes; and (3) make distributions to the Members on winding up and termination to the extent authorized by Chapter 22 of the Corporation Law.

Section 11.6 Action by Non-Unanimous Written Consent. Unless otherwise restricted by law, the Certificate or these Bylaws, any action required or permitted to be taken at any

meeting of the Members, members of the Board of Directors, the Declarant, or members of any committee of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action to be so taken, is signed by a sufficient number of Members, members of the Board of Directors, or committee members as would be necessary to take that action at a meeting at which all of the Members, members of the Board of Directors, or committee members were present and voted. Such written consent shall bear the date of the signature of each Member, member of the Board of Directors, or committee member who signs the consent, and such written consent shall not be effective unless, within sixty (60) days after the date of the earliest dated consent, a consent or consents signed by the required number of Members, members of the Board of Directors, or committee is delivered to the Association. Delivery shall be by hand, overnight courier or certified or registered mail, return receipt requested. Prompt notice of the taking of any action by Members, members of the Board of Directors, or committee members without a meeting by less than unanimous written consent shall be given to all Members, members of the Board of Directors or committee members who did not consent in writing to the action. This Section may not be used to avoid the requirement of an annual meeting.

Section 11.7 Meetings by Conference Telephone. The Members, members of the Board of Directors, or members of any committee of the Board of Directors may participate in and hold a meeting of the Members, members of the Board of Directors, or committee members by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 11.8 Conflicting Provisions. If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, such conflicting Bylaws provision shall be null and void, but all other provisions of these Bylaws shall remain in full force and effect. In the case of any conflict between the Certificate and these Bylaws, the Certificate shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 11.9 Severability. Invalidation of any provision of these Bylaws, by judgment or court order, shall in no wise affect any other provision which shall remain in full force and effect. The effect of a general statement shall not be limited by the enumerations of specific matters similar to the general.

Section 11.10 Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors, and is subject to change from time to time as the Board of Directors shall determine. In the absence of a resolution by the Board of Directors, the fiscal year shall be the calendar year.

Section 11.11 Waiver. No restriction, condition, obligation, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XII

WINDING UP

Section 12.1 Winding Up. The Association may wind up and terminate as provided in Chapter 22 of the Texas Business and Organizations Code.

(a) If the Association is to wind up, its assets shall be liquidated, and its affairs shall be wound up as soon as practicable thereafter by the Directors. The Directors shall arrange, either by themselves or through others, for the collection and disbursement to the Members of any future receipts from the Association or other sums to which the Association may be entitled, or may sell the Association's interest in any property of the Association to any person on such terms and for such consideration as shall be consistent with obtaining the fair market value thereof.

(b) Upon the winding up of the Association, after all liabilities and obligations of the Association are paid, satisfied and discharged in accordance with the Law, the property of the Association shall be applied and distributed as follows:

(1) property held by the Association on a condition requiring return, transfer, or conveyance because of the winding up or termination shall be returned, transferred or conveyed in accordance with that requirement; and

(2) the remaining property shall be distributed equally among the members.

(c) Upon a winding up, a reasonable time shall be allowed for the orderly liquidation of the assets of the Association and the discharge of liabilities to creditors so as to minimize the losses normally attendant to a winding up.


(d) Any payments made to any Member pursuant to paragraph (b) above may be made in cash or, if approved by the Directors, in property, tangible or intangible, or partially in cash and partially in such property in the sole discretion of the Directors.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the Bylaws of Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation, as adopted by the initial Board of Directors, at its organizational meeting on the 6th day of September, 2006.

IN WITNESS WHEREOF, I hereunto set my hand this the 6th day of September 2006.

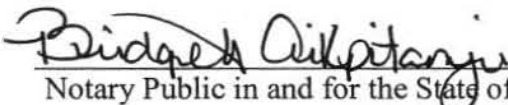
HILL COUNTRY HARBOR OWNERS
ASSOCIATION, INC.

By: 
Printed Name: John D. STELZER
Its: Secretary

THE STATE OF TEXAS

COUNTY OF DALLAS

Before me, the undersigned authority, on this 6th day of September, 2006, personally appeared as secretary of Hill Country Harbor Owners Association, Inc., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same on behalf of the Association.


Notary Public in and for the State of Texas.

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**AMENDED AND RESTATED
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HILL COUNTRY HARBOR**

Table of Contents

ARTICLE I.....1
DECLARATION-PURPOSES1
 1.1 **General Purposes1**
 1.2 **Declaration.....1**

ARTICLE II.....2
CURRENT DEFINITIONS2
 Adjacent Property.....2
 Appurtenant Lot Lease.....2
 Association2
 Association Documents2
 Authority.....2
 Authority Lands2
 Board of Directors.....2
 BRA Agreement2
 Bylaws2
 Certificate2
 Common Elements2
 Common Expenses3
 Condominium Association3
 Condominium Building(s).....3
 Condominium Declaration3
 Condominium Unit3
 Declarant.....3
 Declarant Control Period4
 Declaration.....4
 Design Review Board.....4
 Function4
 Guest.....4
 Hill Country Harbor.....4
 House Unit4
 Lake.....5
 Lessee5
 Member5
 Membership.....5
 Owner.....5
 Person.....5
 Plat.....5
 Property5
 Ranch on Possum Kingdom5
 Rules and Regulations5
 Unit.....6

ARTICLE III.....	6
CERTAIN OBLIGATIONS AND RIGHTS OF ASSOCIATION.....	6
3.1 Property Maintenance Function.....	6
3.2 Public Health and Safety Function.....	7
3.3 Parking Function	7
3.4 Vehicular Access Limitation Function.....	7
3.5 Solid Waste Collection and Disposal Function.....	7
3.6 Animal Restriction Function.....	7
3.7 Exterior Maintenance Function.....	8
3.8 Television Function	8
3.9 Water and Waste-Water Function	8
3.10 Recreation Function.....	8
3.11 Other Functions	9
3.12 Insurance	9
3.13 Indemnification	9
3.14 Right to Make Rules and Regulations.....	9
3.15 Charges for Use of Common Elements	10
3.16 Charges for Functions	10
3.17 Taxes.....	10
3.18 Right to Dispose of Common Elements.....	10
3.19 Governmental Successor	10
3.20 Records.....	10
3.21 Implied Rights of the Association.....	10
3.22 Association Documents	12
3.23 Lease Management Function	13
ARTICLE IV.....	13
HILL COUNTRY HARBOR ASSOCIATION.....	13
MEMBERSHIP AND VOTING.....	13
4.1 Membership.....	13
4.2 Voting.....	13
4.3 Declarant.....	14
ARTICLE V.....	14
ASSESSMENTS, COMMON EXPENSES, OTHER AMOUNTS AND LIENS	14
5.1 Obligations for Assessments and Other Amounts	14
5.2 Purpose of Assessments and Other Amounts	14
5.3 Special Assessments	15
5.4 Allocation of Assessments.....	15
5.5 Date of Commencement and Due Dates of Assessments	15
5.6 Omission of Assessments	15
5.7 Maintenance Fund: Working Capital Fund.....	16
5.8 Collection and Enforcement.....	16
5.9 Liability of Owner's Purchasers and Encumbrancers	17

5.10 Exempt Property17

5.11 Assessments Against Owners of Condominium Units17

ARTICLE VI.....19

CERTAIN RIGHTS OF DECLARANT, OWNERS19

AND ASSOCIATION.....19

6.1 Declarant's and Others' Easements and Related Rights19

6.2 Rights and Obligations of Owners20

6.3 Other Association Easements.....21

6.4 Other Easements21

6.5 Enjoyment of Functions and Common Elements.....21

6.6 Assignment of Rights or Obligations to a Lessee22

6.7 Special Declarant Rights22

6.8 Declarant Right to Appoint.....24

6.9 Right of First Refusal on Sale of Unit24

6.10 Annexation of Property to this Declaration.....25

6.11 Acknowledgements Regarding Common Elements26

6.12 Assumption of Risk and Indemnification26

6.13 Landscape Easement26

ARTICLE VII.....27

CONSTRUCTION OF IMPROVEMENTS AND USE OF HOUSE UNITS.....27

7.1 Approval of Construction Activities.....27

7.2 Residential Use28

7.3 Garage.....28

7.4 Setback Restrictions.....28

7.5 No Fences28

7.6 No Mailboxes28

7.7 No Outbuildings28

7.8 No Gas Tanks28

7.9 Landscaping28

7.10 Building Height28

7.11 Obstruction of Views29

7.12 Building Materials; Dwelling Size29

7.13 Construction in Place.....29

7.14 Alteration or Removal of Improvements.....29

7.15 Roofing Materials.....29

7.16 Driveway29

7.17 No Permanent Garbage Containers29

7.18 Underground Utility Lines.....29

7.19 Drainage.....30

7.20 Construction Activities30

7.21 Exemption For Declarant.....30

ARTICLE VIII.....30
RESTRICTIONS APPLICABLE TO PROPERTY.....30
8.1 Land Use Restrictions.....30
8.2 Home Business.....31
8.3 Maintenance of Property.....31
8.4 No Noxious or Offensive Activity.....31
8.5 No Harassment of Wildlife.....31
8.6 No Hazardous Activities.....31
8.7 No Unsightliness.....31
8.8 Lights, Sounds and Odors.....32
8.9 Restriction on Animals.....32
8.10 Restriction on Signs.....33
8.11 Restrictions on Parking.....33
8.12 Restriction on Recreational Vehicles.....33
8.13 Landscape Restriction.....33
8.14 No Mining and Drilling.....33
8.15 Mobile Homes, Travel Trailers and Recreational Vehicles.....34
8.16 General Practices Prohibited.....34
8.17 No Fireworks.....34
8.18 No Flagpole.....34
8.19 No Harvesting of Firewood.....34
8.20 Declarant's Exemption.....34
8.21 Health, Safety and Welfare.....34
8.22 Compliance with Law.....34
8.23 Combination and Subdivision of House Units.....34
8.24 Water Features.....35
8.25 Violation.....35

ARTICLE IX.....35
COMMON ELEMENTS TO BE CONSTRUCTED BY DECLARANT.....35
9.1 Common Elements Which May Be Constructed.....35

ARTICLE X.....36
DESIGN REVIEW.....36
10.1 Purpose.....36
10.2 Objectives.....36
10.3 Design Review Board.....37
10.4 Design Review Board Approval and Control.....38
10.5 Design Standards and Construction Procedures.....39
10.6 Exterior Maintenance.....39
10.7 Review Fee.....39
10.8 Enforcement of Restrictions.....39
10.9 Reconsideration, Review and Appeal.....39
10.10 Lapse of Design Review Approval.....40

10.11 **Assignment of Function**40

10.12 **Liability**.....40

ARTICLE XI.....40

ENFORCEMENT AND REMEDIES.....40

 11.1 **Enforcement**40

 11.2 **Remedies**41

ARTICLE XII.....41

SPECIAL DISCLOSURE MATTERS41

ARTICLE XIII.....43

CASUALTY AND CONDEMNATION.....43

 13.1 **Casualty**43

 13.2 **Condemnation**44

ARTICLE XIV.....44

MISCELLANEOUS44

 14.1 **Duration of Declaration**.....44

 14.2 **Amendment**.....45

 14.3 **Effect of Provisions of Declaration**.....45

 14.4 **Interpretation of the Declaration**46

 14.5 **Attorneys' Fees**46

 14.6 **Protection of Encumbrancer**.....46

 14.7 **Limited Liability**46

 14.8 **Use of Trademark**47

 14.9 **Disclaimer of Representations**47

 14.10 **Successors and Assigns**.....47

 14.11 **Severability**47

 14.12 **Captions**47

 14.13 **Construction**47

 14.14 **No Waiver**48

 14.15 **Notices; Registration by Owner of Mailing Address**.....48

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HILL COUNTRY HARBOR**

This Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor ("Declaration") is made this ___ day of May, 2007, by Hill Country Harbor, L.P., a Texas limited partnership (the "Declarant"). This Declaration amends and restates that certain Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor, filed in Volume 1392, Page 197, of the Real Property Records of Palo Pinto County, Texas, as amended by First Amendment to Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor, filed in Volume 1393, Page 480, of the Real Property Records of Palo Pinto County, Texas.

**ARTICLE I.
DECLARATION-PURPOSES**

1.1 General Purposes:

(a) Declarant owns the real property hereinafter defined as "Hill Country Harbor" and intends to develop said property as a residential and recreational community designed to provide lodging and recreation for persons residing at or visiting Hill Country Harbor. Nothing in this Section 1.1(a) shall be deemed to grant or convey to any of the persons named herein any interest that such person did not own prior to the execution, delivery, and recording of this Declaration.

(b) Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation (the "Association"), has been formed to hold, manage and maintain certain property for the common benefit of some or all Owners, Lessees, and Guests within Hill Country Harbor; to administer and enforce the covenants, conditions, restrictions, reservations and easements created hereby; to collect and enforce the assessments, charges and liens imposed pursuant hereto; and for all other purposes set forth in the Certificate. This Declaration defines certain rights and obligations of Owners, Lessees, and Guests within Hill Country Harbor with respect to the Association and with respect to Functions undertaken and Common Elements held by the Association.

(c) By this Declaration, Declarant intends to establish a means to provide for and maintain the area within Hill Country Harbor as a pleasant and desirable environment for all persons residing at or visiting Hill Country Harbor.

1.2 Declaration: To further the general purposes herein expressed, Declarant, for itself and its successors and assigns, hereby declares that all real property hereinafter defined as Hill Country Harbor, including any property added to Hill Country Harbor as hereinafter provided shall, at all times, be owned, held, used, occupied, sold and conveyed subject to the provisions of this Declaration and to the covenants, conditions, restrictions, reservations, easements, assessments, charges and liens herein contained, which shall run with the property defined herein as Hill Country Harbor and burden and benefit Declarant, all other parties having any right, title or interest in Hill Country Harbor, or any portion thereof, and their respective successors, assigns, heirs, devisees and personal representatives.

ARTICLE II. CURRENT DEFINITIONS

Adjacent Property: Adjacent Property means the real property owned by the Declarant which lies adjacent to or in the vicinity of the Property. The Adjacent Property is described on Exhibit "B" attached hereto.

Appurtenant Lot Lease: Appurtenant Lot Lease means any lease by the Authority, as lessor, and the Declarant or an Owner, as lessee, of a lot or portion of land owned by the Authority.

Association: Association means Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation, and its successors and assigns.

Association Documents: Association Documents means this Declaration, the Plat, the Certificate, the Bylaws and the Rules and Regulations, as the same may be amended from time to time.

Authority: Authority means Brazos River Authority, a river authority of the State of Texas.

Authority Lands: Authority Lands means lands owned by Authority abutting the shores of Lake and leased to the Declarant, the Association, and/or the Owners.

Board of Directors: Board of Directors means the board which shall act on behalf of the Association, as more particularly described and defined in the Bylaws.

BRA Agreement: BRA Agreement means that certain Agreement by and among The Ranch on Possum Kingdom, L.P., the Brazos River Authority, and Hill Country Harbor Village, L.P., dated December __, 1997, together with the detailed leases, agreements, and exhibits referenced therein, as the same may be amended or supplemented from time to time.

Bylaws: Bylaws means the Bylaws of Hill Country Harbor Owners Association, Inc., as the same may be amended from time to time.

Certificate: Certificate means the Certificate of Formation of Hill Country Harbor Owners Association, Inc. as the same may be amended from time to time.

Common Elements: Common Elements means, to the extent of the Association's interest in such real estate or improvements, any real estate within Hill Country Harbor that is (i) owned in fee simple by the Association, (ii) or that is owned by a Person other than the Association, but in which the Association has rights of use or possession pursuant to a lease, license, easement or other agreement, or (iii) that the Association is otherwise required to operate, manage, maintain or repair, together with any improvements located thereon pursuant to

an agreement with the Association. Notwithstanding the foregoing, the Common Elements shall not include property owned by the Condominium Association. Common Elements include recreational and social amenities constructed thereon, which will be operated by the Association or its successors or assigns. The following amenities, when constructed, shall be owned by the Association and shall be Common Elements:

- (a) Fitness Pavilion/Spa;
- (b) Resort Pool;
- (c) Fishing Pond;
- (d) Water Features; and
- (e) Hike/Bike Trails.

Common Expenses: Common Expenses means allocations to reserves and all costs, expenses and liabilities incurred by or on behalf of the Association, including, but not limited to, costs, expenses and liabilities for (i) acquiring, leasing, renting, designing, constructing, managing, operating, maintaining, repairing or improving the Common Elements; (ii) administering or enforcing the covenants, conditions, restrictions, reservations or easements created by this Declaration; (iii) levying, collecting or enforcing the assessments, charges or liens imposed pursuant to this Declaration; (iv) regulating or managing Hill Country Harbor, including performing any and all Functions permitted by this Declaration; (v) operating the Association; (vi) paying rentals or any amount owing under any land leased by the Association; and (vii) any other cost or expense legally incurred by the Association.

Condominium Association: Condominium Association means Hill Country Harbor Condominium Association, Inc., a Texas non-profit corporation.

Condominium Building(s): Condominium Building(s) means a building(s) which contains one or more Condominium Units.

Condominium Declaration: That certain Condominium Declaration for Hill Country Harbor to be filed in the Real Property Records of Palo Pinto County, Texas.

Condominium Unit: Condominium Unit means an individual condominium "Unit" as defined in the Condominium Declaration, including condominium units that may be added to such Condominium Declaration from time to time.

Declarant: Declarant means, collectively, Hill Country Harbor, L.P., a Texas limited partnership, and any party that (i) acquires all or substantially all of the property in Hill Country Harbor and (ii) prior to or at the time of such acquisition is designed by a written instrument as a successor or assignee of Declarant under this Declaration. Such instrument may specify the extent and portion of the rights or interests as a Declarant which are being assigned, in which case Hill Country Harbor, L.P. shall retain all other rights as Declarant.

Declarant Control Period: Declarant Control Period means the period commencing on the date on which Declarant forms the Association and ending on the date that (i) Declarant owns less than 10% of the acreage at Hill Country Harbor (for these purposes, ownership includes ownership of a leasehold interest in the Authority Lands), and (ii) Declarant owns less than 10% of the Units at Hill Country Harbor. After termination of the Declarant Control Period, Declarant, if still an Owner, will have all of the rights and duties given to Members under the Association Documents and will retain all of the rights belonging to Declarant under the Association Documents (including without limitation the Special Declarant Rights) other than those which expire by their terms upon the expiration of the Declarant Control Period.

Declaration: Declaration means this instrument and all amendments or supplements hereto hereafter recorded in the real property records of Palo Pinto County, Texas, together with all Plats for Hill Country Harbor.

Design Review Board: Design Review Board means the Design Review Board established pursuant to Article X hereof.

Function: Function means any activity, function or service required under this Declaration to be undertaken or performed by the Association as well as any activity, function or service otherwise undertaken or performed by the Association.

Guest: Guest means any family member, customer, agent, employee, independent contractor, guest or invitee of any Owner or Lessee, and any family member, customer, agent, employee, independent contractor, guest or invitee of such person or persons, entity or entities.

Hill Country Harbor: Hill Country Harbor means the Property, as well as all real property that becomes part of Hill Country Harbor as provided in Section 6.10(a) below and excluding all real property deleted from Hill Country Harbor as provided in this definition. Additional land added to Hill Country Harbor pursuant to Section 6.10(a) below, shall be deemed to be within Hill Country Harbor and subject to all of the provisions contained in this Declaration upon the recording in the Office of the County Clerk and Recorder of Palo Pinto County, Texas, during the term of this Declaration, of a written instrument signed by Declarant containing a legal description of the additional real property and declaring that such additional real property shall become part of and shall be deemed to be within Hill Country Harbor. Any real property included in the definition of Hill Country Harbor pursuant to this definition which is owned by the Declarant may be excluded from and be deemed outside of Hill Country Harbor by the recording in the Office of the Clerk and Recorder of Palo Pinto County, Texas, of a written instrument signed by Declarant containing a legal description of the real property to be excluded and declaring that such real property shall be deemed to be outside Hill Country Harbor.

House Unit: House Unit means a separate platted lot as set forth on the Plat which is restricted to use as a single-family residence pursuant to this Declaration, together with all improvements thereon. The House Units are described on Exhibit "C" attached hereto. A House Unit may be (i) a lot owned in fee simple, or (ii) a leasehold interest in a lot covered by an

Appurtenant Lot Lease, or (iii) a lot owned partly in fee simple and partly as a leasehold interest in an Appurtenant Lot Lease.

Lake: Lake means Possum Kingdom Lake located in Palo Pinto, Young, and Stephens Counties, Texas, which results from impoundment of waters of the Brazos River by Morris Sheppard Dam.

Lessee: Lessee means the person or persons, entity or entities who is the lessee under a lease on any part or all of a Unit for which the Declarant or an Owner is the lessor under such lease. The term Lessee shall not include the Association or any governmental entity.

Member: Member means each person or entity who holds a Membership in the Association.

Membership: Membership means a membership in the Association which is appurtenant to ownership of any Unit or land owned by the Declarant, and the rights granted to Owners pursuant to this Declaration to participate in the Association.

Owner: Owner means the record holder of legal title to a Condominium Unit, House Unit or any of the Property owned by the Declarant, but excluding (A) purchasers under a contract to purchase the Unit, which contract has not closed, (B) the Association and (C) lienholder of a Unit prior to the foreclosure of the lien on such Unit. Each Owner shall also be the holder or holders of a Membership in the Association, which is appurtenant to ownership of such Unit or land. The term Owner shall include the Declarant, to the extent it is the record owner of any portion of the Property. The term Owner includes the record holder of a leasehold interest in a Unit subject to an Appurtenant Lot Lease.

Person: Person means any natural person, corporation, partnership, limited liability company, association, trustee or any other entity recognized as being capable of owning real property under the laws of the State of Texas.

Plat: Plat means the map or plat of record in volume 9, page 67 (slide 633), Plat Records of Palo Pinto County, Texas, as it may be amended, supplemented or modified from time to time (the "Plat").

Property: Property means the real property described on Exhibit "A" attached hereto.

Ranch on Possum Kingdom: Ranch on Possum Kingdom means the subdivision which is adjacent to Hill Country Harbor. The Ranch on Possum Kingdom is a subdivision which appears of record as Section 1 of that certain Plat of The Ranch on Possum Kingdom, pursuant to the plat sheets recorded in Volume 7, Page 90, Plat Records of Palo Pinto County, Texas.

Rules and Regulations: Rules and Regulations means any instruments adopted by the Association or the Design Review Board for the regulation and management of Hill Country Harbor or any portion thereof, as the same may be amended from time to time.

Unit: Unit means a Condominium Unit or House Unit at Hill Country Harbor that is designated for separate ownership. Notwithstanding the foregoing, a parcel of land owned, held or used in its entirety by the Association or any governmental entity shall not be considered a Unit.

**ARTICLE III.
CERTAIN OBLIGATIONS AND RIGHTS OF ASSOCIATION**

3.1 Property Maintenance Function:

(a) The Association shall provide for the care, operation, management, maintenance, repair and replacement of all Common Elements, including roadways. Moreover, the Association may provide for the care and maintenance of other areas of the Property if the Board of Directors, in its sole and exclusive discretion, deems such care and maintenance to be necessary or desirable for the benefit of Hill Country Harbor. Notwithstanding the foregoing, the Association shall not manage, maintain, repair or replace any land or improvements owned by the Condominium Association, unless by a separate written agreement approved by the Board of Directors. The Association's functions may include, without limitation, maintenance and care of open space or unimproved areas included in the Common Elements and of plants, trees and shrubs in such open space or unimproved areas; maintenance of lighting provided for parking areas, roads, walks, drives, and other similar Common Elements. The Board of Directors shall be the sole judge as to the appropriate maintenance, operation and management of the Common Elements and other areas of the Property. The Association may assign or delegate its responsibility under this Section 3.1, in whole or in part, exclusively or non-exclusively, and permanently or temporarily, for any portion of the Common Elements to a governmental entity or any other Person pursuant to a separate written agreement approved by majority vote of the Board of Directors of the Association.

(b) Unless otherwise agreed in writing, the Association shall be obligated to and shall provide for the care, operation, management, maintenance and repair of any Common Elements consisting of only a portion of, or defined space within, a building or other improvement owned by Declarant and shall be obligated to and shall bear and pay to Declarant its proportionate share of Declarant's costs and expenses relating to such building or improvement as a whole, including without limitation, maintenance, taxes and assessments, insurance and depreciation. The proportionate share of the Association's costs and expenses relating to such building or improvement as a whole shall be determined by Declarant based on the actual amounts of such costs and expenses relating to such building or improvement as a whole multiplied by the ratio with the numerator which is the number of square feet of floor area of such defined space within the building or improvement used by the Association and the denominator which is the number of square feet of floor area of the entire building or improvement.

(c) If, with respect to any Common Elements, Declarant reserves the right to use all or part of such Common Elements for part of the time or the right to permit third parties to use all or part of such Common Elements for part of the time and Declarant actually exercises such reserved right, Declarant shall pay to the Association the fair rent value of the use of such

Common Elements by Declarant or such third party, as determined by Declarant, based on the particular type of use, the portion of such Common Elements used and the time or periods of such use, or based on the actual rental payments, income or fees received by Declarant from any third party for such use, whichever is greater; provided, however, the payment by Declarant shall not exceed the costs and expenses of the Association with respect to such Common Elements including, without limitation, maintenance, taxes and assessments, insurance and depreciation. Declarant shall have the obligation, or shall impose on any such third party the obligation to restore any such Common Elements to a clean and orderly condition after each use.

3.2 Public Health and Safety Function: The Association may provide public health and safety services within Hill Country Harbor, including but not limited to, providing health care services and facilities, security personnel, security systems, fire protection facilities, and a fire water system which may include periodic fire prevention inspections and equipment certifications.

3.3 Parking Function: The Association may construct, purchase, lease, care for, operate, manage, maintain, repair or replace parking areas to accommodate Owners, Lessees, Guests, and members of the general public, including but not limited to, lighting, signs, landscaping and other similar facilities appurtenant to such parking areas. To the extent practicable, the Association shall maintain such parking areas so as to meet any requirements imposed on the Association or on Declarant with respect to Hill Country Harbor by any federal, state or local governmental agency.

3.4 Vehicular Access Limitation Function: The Association may provide control over vehicular access to Hill Country Harbor which it deems necessary or desirable for the health, safety or welfare of persons residing, visiting or doing business within Hill Country Harbor. Such function may include, without limitation, constructing, operating and maintaining access road control gates (at such location(s) as the Association may from time to time determine to be appropriate), restricting non-commercial vehicular traffic within Hill Country Harbor or The Ranch on Possum Kingdom, except for Owners, Lessees, or Guests, and restricting commercial vehicular traffic within Hill Country Harbor. Owners and Lessees may be required to keep the Association informed of all persons who have overnight accommodations at such Owner's or Lessee's property in order to enforce the Rules and Regulations appropriately.

3.5 Solid Waste Collection and Disposal Function: The Association may provide for the collection, removal and disposal of all solid waste in Hill Country Harbor, including but not limited to, the construction, operation and maintenance of waste collection and/or disposal facilities. The Association shall have the power to adopt, amend and enforce Rules and Regulations to provide for the orderly collection and disposal of such waste.

3.6 Animal Restriction Function: The Association may provide for regulations (and may provide for personnel and funds) regarding restrictions on animals within Hill Country Harbor.

3.7 Exterior Maintenance Function:

(a) All Owners of House Units are expected to maintain their House Units as required under this Declaration, and the Association does not intend to provide any exterior maintenance and repair of such property. If any Owner of a House Unit fails to maintain its House Unit or related improvements or property or fails to perform any acts of maintenance or repair required under this Declaration, the Association may provide exterior maintenance and repair upon such property thereon pursuant to the provisions of Section 10.6. In addition, the Association may, without notice, make such emergency repairs and maintenance as may in its judgment be necessary for the safety of any person or to prevent damage to any other property. The costs of such exterior maintenance and repair shall be assessed against the Owner of such House Unit and shall be a lien against and obligation of the Owner pursuant to Article V herein and shall become due and payable in all respects as set forth in Article V herein. For the purpose of performing the exterior maintenance authorized by this Section 3.7, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to any Owner, to enter upon such site during reasonable hours on any day. The Association or its designee is hereby granted an irrevocable license over all property in Hill Country Harbor to inspect in a reasonable manner property within Hill Country Harbor in order to determine whether any maintenance or repair is necessary under this Section 3.7.

(b) Neither Declarant, the Association, nor any of their respective directors, members, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any Unit or improvements or portion thereof or to repair or maintain the same. Declarant, the Association or any member of the general public, firm or corporation undertaking such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Unit, improvements or portion thereof.

3.8 **Television Function:** The Association may provide for the installation, operation, maintenance, repair and replacement of satellite dishes, cable television, and related conduits, lines, equipment, and facilities.

3.9 **Water and Waste-Water Function:** The Association may provide for water and waste-water services or the installation, operation, maintain, repair and replacement of water or waste-water facilities. If the Declarant or any third-party provides a central waste-water service to the boundary of any House Unit, the owner of the House Unit shall be required to connect to such central waste-water system and discontinue use of any existing on-site individual wastewater system.

3.10 **Recreation Function:** The Association may provide for the construction, care, operation, management, maintenance, repair and replacement within Hill Country Harbor of, swimming pools, clubhouses, restrooms, grill areas, fire pits, sand beaches, playground equipment, picnic tables, volleyball courts, equestrian trails, hiking, foot and bicycle trails and related facilities, fitness center, spa, chapel, game fences, wildlife areas, tennis courts, game or sports courts, game and special events areas, fishing ponds and facilities, baseball/softball fields, outdoor entertainment and other recreational amenities, including the amenities described at the

end of the definition of "Common Elements," and such equipment as may be appropriate for use in connection therewith; and cleaning such facilities as necessary to permit their full use and enjoyment. The Association may provide for concierge service to amenities within and adjacent to the Property. The Association may also provide for recreational programs of suitable variety and such miscellaneous equipment as may be necessary therefor, including but not limited to, informing Association members of recreation available and stimulating their participation therein; conducting, operating, managing and maintaining programs for children, including facilities and such equipment as may be appropriate for use in connection therewith.

3.11 Other Functions: The Association may undertake and perform other functions as it deems reasonable or necessary to carry out the provisions of this Declaration, including without limitation, construction, care, operation, management, maintenance, repair and replacement of a central mailbox facility, and may provide the following services for some or all Owners, Lessees and Guests: a telephone answering service, concierge service, tree and bush chipping, mulching, and composting, central monitoring of fire safety and property security, and lawn care and landscaping for any Unit, including, watering, mowing, and trimming of bushes and landscaping, and functions described in the last sentence of Section 6.13 hereof.

3.12 Insurance: The Association shall obtain in its name and keep in full force and effect at all times all insurance that the Board of Directors deems necessary. Any loss covered by insurance maintained by the Association shall be adjusted with the Association in accordance with the terms and conditions herein. The insurance proceeds for any such loss shall be paid in accordance with the terms and conditions herein.

3.13 Indemnification: The Association shall be obligated to and shall indemnify Declarant and hold it harmless from all liability, loss, cost, damage and expense, including without limitation attorneys' fees and disbursements, arising with respect to any operations of the Association or any Common Elements or Functions.

3.14 Right to Make Rules and Regulations: The Association shall be authorized to and shall have the power to adopt, amend and enforce Rules and Regulations applicable within Hill Country Harbor with respect to any Common Element or Function, and to implement the provisions of the Association Documents, including but not limited to, Rules and Regulations to prevent or reduce fire hazard; to prevent disorder and disturbances of the peace; to regulate pedestrian and vehicle traffic; to regulate animals; to protect wildlife; to regulate signs; to regulate weed and pest control on property within Hill Country Harbor; to regulate use of any and all Common Elements to assure fullest enjoyment of use; to promote the general health, safety and welfare of persons residing, visiting and doing business within Hill Country Harbor; and to protect and preserve property and property rights. All Rules and Regulations shall comply with the Association Documents, the BRA Agreement, and any supplemental declarations of land use restrictions for Hill Country Harbor. The Rules and Regulations shall be reasonable and shall be uniformly applied, except such rules may differentiate between the categories of Owners, Lessees, and Guests. The Association may provide for enforcement of any such Rules and Regulations through reasonable and uniformly applied fines and penalties, through exclusion of violators from Common Elements or from enjoyment of any Functions, or otherwise. Each Owner, Lessee, and Guest shall be obligated to and shall comply with and abide by such Rules

and Regulations and pay such fines or penalties upon failure to comply with or abide by such Rules and Regulations and such unpaid fines and penalties shall be enforceable in accordance with Article V.

3.15 Charges for Use of Common Elements: The Association may establish charges for use of Common Elements to assist the Association in offsetting the costs and expenses of the Association, including depreciation and capital expenses. All charges established under this Section 3.15 shall be reasonable and shall be uniformly applied, except such charges may reasonably differentiate between the categories of Units, Owners, Lessees, Guests, and Members. Each Owner, Lessee, and Guest shall be obligated to and shall pay any such charges for use.

3.16 Charges for Functions: The Association may establish charges for providing any service as required or permitted by any Function on a regular or irregular basis to an Owner, Lessee, or Guest to assist the Association in offsetting the costs and expenses of the Association, including depreciation and capital expenses. All charges established under this Section 3.16 shall be reasonable and shall be uniformly applied, except such charges may differentiate between the categories of Owners, Lessees, and Guests. Each Owner, Lessee, and Guest shall be obligated to and shall pay any such charges for such services.

3.17 Taxes: The Association shall pay all ad valorem real estate taxes, special improvement and other assessments (ordinary and extraordinary), ad valorem personal property taxes, and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with any Common Elements or Functions.

3.18 Right to Dispose of Common Elements: Subject to Section 3.21(vii) below, the Association shall have the full power and authority to sell, lease, grant easements, rights-of-way, licenses, leases or concessions in or to, transfer, encumber, abandon or dispose of any Common Elements.

3.19 Governmental Successor: Any Common Element and any Function may be turned over to a governmental entity which is willing to accept and assume the same upon such terms and conditions as the Association shall deem to be appropriate upon the consent of the Members as provided in the Bylaws.

3.20 Records: The Association shall keep financial records sufficiently detailed to enable the Association to perform all functions set forth herein, including preparation of statements for assessments. All financial and other records shall be made available for examination by any Owner or such Owner's authorized agents during normal business hours and under other reasonable circumstances. The Association may charge a reasonable fee for copying such materials.

3.21 Implied Rights of the Association: The Association shall have and may exercise any right or privilege given to it expressly in this Declaration or, except to the extent limited by the terms and provisions of this Declaration, given to it by law and shall have and may exercise

every other right or privilege or power and authority necessary or desirable to fulfill its obligations under this Declaration, including without limitation the rights to:

(i) adopt and amend the Bylaws and Rules and Regulations of the Association;

(ii) adopt and amend budgets for revenues, expenditures and reserves and collect assessments, including without limitation assessments for Common Expenses, from Owners;

(iii) hire and terminate managing agents and other employees, agents and independent contractors;

(iv) institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting Hill Country Harbor;

(v) make contracts and incur liabilities;

(vi) regulate the use, maintenance, repair, replacement and modification of the Common Elements;

(vii) acquire, hold, encumber and convey in its own name any right, title or interest in real or personal property; provided, however, that the fee interest of a Common Element may not be conveyed or subjected to a security interest unless (a) such action receives a majority of the votes cast by the Members at a meeting called for such purpose; (b) such action is evidenced by a written agreement, or a written ratification of an agreement, executed in the same manner as a deed; and (c) such action does not deprive any Unit of its rights of ingress and egress;

(viii) grant easements, leases, licenses and concessions through or over the Common Elements. Without limiting the generality of the foregoing, the Association may grant easements, rights-of-way, leases, licenses and concessions to suppliers of utilities serving the Property or property adjacent to the Property and may grant such rights to Declarant and other developers or owners of property adjacent to the Property for the purpose of accommodating minor encroachments onto the Common Elements or other purposes that do not unreasonably interfere with the use and enjoyment of the Common Elements;

(ix) impose and receive any payments, fees or charges for the use, rental or operation of Common Elements;

(x) impose charges for late payments of assessments, recover reasonable attorneys' fees and disbursements and other costs of collection for assessments and other actions to enforce the rights of the Association, regardless of whether or not suit was

initiated, and after notice and opportunity to be heard, levy reasonable fines and penalties for violations of the Association Documents;

(xi) impose reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid assessments.

(xii) provide for the indemnification of the Association's officers and directors and maintain directors' and officers' liability insurance;

(xiii) assign its right to future income, including without limitation, its right to receive assessments (by way of example and not limitation, the Association may assign its right to receive assessments to secure financing for improvements to Common Elements or performance of Functions);

(xiv) obtain and pay for legal, accounting and other professional services;

(xv) perform any Function by, through or under contractual arrangements, licenses, or other arrangements with any governmental or private entity as may be necessary or desirable;

(xvi) cause additional improvements to be made as part of the Common Elements, including the construction of capital assets, in whole or in part, for the benefit of some or all of the Owners, Lessees, and Guests, including without limitation, water and waste-water facilities, restrooms, lake access roads and other limited access roads, paths, walkways, sidewalks, and trails; a central mailbox structure; gardens, man-made streams, waterfalls and water courses, sprinkler systems and other landscaping changes, improvements (including without limitation, removal of trees and other vegetation) and appurtenances; stock ponds and water tanks; cattle guards; fences and game fences; drainage facilities; monuments; recreational areas and facilities; parking areas; ducts, shafts and flues; conduit installation areas; storage facilities for supplies and equipment; earth walls, retaining walls; lighting; and signage; and

(xvii) enjoy and exercise any other power of authority which similar associations may now or hereafter enjoy or exercise in the State of Texas.

3.22 Association Documents:

(a) Each Owner shall comply with and may benefit from each term, provision, covenant, condition, restriction, reservation and easement contained in the Association Documents. The obligations, burdens and benefits of Membership in the Association touch and concern the property comprising Hill Country Harbor and are, and shall be, equitable servitudes and covenants running with the land.

(b) In the event that there is any conflict or inconsistency between the terms and conditions of this Declaration and the terms and conditions of the Certificate, the Bylaws or the Rules and Regulations, the terms and conditions of this Declaration shall control. In the

event that there is any conflict or inconsistency between the terms and conditions of Certificate and the terms and conditions of the Bylaws or the Rules and Regulations, the terms and conditions of the Certificate shall control. In the event of any conflict or inconsistency between the terms and conditions of the Bylaws and the terms and conditions of the Rules and Regulations, the terms and conditions of the Bylaws shall control.

3.23 **Lease Management Function:** The Association or Declarant may renew or perform any covenant of the Owner under any Appurtenant Lot Lease.

**ARTICLE IV.
HILL COUNTRY HARBOR ASSOCIATION
MEMBERSHIP AND VOTING**

4.1 Membership:

(a) There shall be one Membership in the Association attributable to ownership of each Unit; and the Declarant will also be entitled to Membership in the Association. Each such Membership shall be appurtenant to the Unit (or property owned by the Declarant with respect to the Declarant). The Owner of a Unit shall automatically be the holder of the Membership appurtenant to that Unit and title to and ownership of the Membership for that Unit shall automatically pass with ownership of the Unit. The Owner of land owned by the Declarant shall automatically be the holder of the Membership appurtenant to such land and title to and ownership of the Membership for such land shall automatically pass with ownership of such land. Each Owner of a Unit shall automatically be entitled to the benefits and subject to the burdens relating to the Membership for its Unit as set forth in the Association Documents as from time to time in force and effect. Each Owner of land owned by the Declarant shall automatically be entitled to the benefits and subject to the burdens relating to the Membership for such land as set forth in the Association Documents as from time to time in force and effect. If ownership of a Unit is held by more than one person or entity, the Membership appurtenant to that Unit shall be shared by all such persons or entities in the same proportionate interest and by the same type of ownership as the Unit is held.

(b) Membership in the Association shall be limited to Owners.

4.2 Voting:

(a) The Association shall have three classes of voting Membership as set forth below:

(i) Class A. Class A Members shall be all of the Owners of the Units other than the Declarant. A Class A Member shall be entitled to one vote for each Unit owned by such Class A Member.

(ii) Class B. The sole Class B member shall be the Declarant. The Class B Member shall be entitled to one vote for each Condominium Unit owned by the Class B Member and four votes for each House Unit owned by such Class B Member.

(b) No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board of Directors is given actual written notice of such change and is provided satisfactory proof thereof. If a Membership in any class is held by more than one person or entity and only one of the holders is present at the meeting, such holder is entitled to cast all of the votes allocated to that Membership. If, however, more than one of the holders are present, such holders may vote in any manner in which they all agree. If such holders cannot agree about how to cast their vote on any specific issue, no vote for that issue shall be recorded for their Membership.

(c) In any election of the directors, the candidates receiving the highest number of votes shall be deemed elected. Cumulative voting shall not be allowed in the election of directors or for any other purpose.

4.3 **Declarant:** So long as Declarant is an Owner, Declarant will have all the rights and duties given to Members under the Association Documents, and will have all of the rights belonging to Declarant under the Association Documents (including, without limitation, the Special Declarant Rights) for the duration of those rights as set forth in the Association Documents

ARTICLE V. ASSESSMENTS, COMMON EXPENSES, OTHER AMOUNTS AND LIENS

5.1 **Obligations for Assessments and Other Amounts:** Each Owner by acceptance of a deed to and/or leasehold assignment of its Unit, whether or not it shall be so expressed in any such deed, assignment or other conveyance, shall be deemed to covenant and agree, to pay to the Association all assessments, charges, fines, penalties, or other amounts, including the following (a) annual assessments; (b) special assessments to be fixed and established from time to time as provided in Section 5.3; and (c) special individual assessments levied against individual Owners of Units (i) to reimburse the Association for extra costs for maintenance and repairs caused by the willful or negligent acts of the Owner or its Lessees and Guests, (ii) to reimburse the Association for costs incurred by the Association or Design Review Board resulting from any Owner's failure to comply with the terms and provisions hereof or such Owner's Appurtenant Lot Lease, or (iii) to penalize the Owner for failure to comply with the terms and provisions hereof. The annual, special, and special individual assessments, together with late fees, interest, and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be continuing lien upon each Unit against which each such assessment is made. Each such assessment, together with such late fees, interest, and costs of collection thereof as hereinafter provided, shall also be the continuing personal obligation of the person who was the Owner of such property at the time when the assessment fell due. No Owner shall be exempt from liability under this Section 5.1 by waiving the use or enjoyment of any Common Element or by abandoning a Unit against which such assessments are made. For purposes of this Article V, all collection enforcement actions of the Association, are subject to Chapter 209 of the Texas Property Code.

5.2 **Purpose of Assessments and Other Amounts:** The assessments levied and any charge, fine, penalty or other amount collected by the Association shall be used exclusively to

pay expenses and other obligations that the Association may incur in performing any actions permitted or required under the Association Documents as from time to time in force and effect, including but not limited to, Common Expenses, the costs of constructing or purchasing Common Elements and performing Functions, repayment of debt and debt service, providing security for third party obligations as provided in the Association Documents, payment of rentals or other charges owing under any leases and allocations to reserves. The Association may invest any funds allocated to reserves in a prudent manner. Unless expressly required by an Association Document, the Association need not refund or credit to Owners any excess funds collected by the Association.

5.3 Special Assessments: In addition to the annual assessment, the Association may levy in any year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the costs of (i) any construction or reconstruction, maintenance, unexpected repair or replacement of a described capital improvement upon the Common Elements, including the necessary fixtures and personal property related thereto, or (ii) any other unexpected expense.

5.4 Allocation of Assessments: Annual and special assessments shall be allocated to each Owner by multiplying such assessment times a ratio, the numerator of the ratio shall be the number of Units owned by such Owner, and the denominator of the ratio shall be the total number of Units within Hill Country Harbor. Until the Association levies an assessment, Declarant shall pay all Common Expenses.

5.5 Date of Commencement and Due Dates of Assessments: The annual assessments provided for herein shall commence as to all Units upon the date hereof and shall be payable in advance, on the first (1st) business day of each January. For Units sold to an Owner by the Declarant, the assessment for a pro rata portion of the year shall be payable on the date the Unit is sold by Declarant to a buyer. The due date (or dates if it is to be paid in installments) of any special assessment under Section 5.3 shall be fixed in the resolution authorizing such assessment. Any special individual assessment shall be paid by the applicable Owner upon demand by the Association. The Association may levy a late payment fee equal to \$25 per month for each month that any assessment is delinquent. The Association may also charge interest on such amounts at the rate of 18 percent per annum, or such other interest rate as may from time to time be established by the Board of Directors not to exceed 18 percent per annum, from the date due and payable until paid. In addition, during the period of any delinquency, the Association may suspend an Owner's voting privileges or any other privileges to use or enjoy the Common Elements, but only after complying with the notice and cure requirements set forth in Chapter 209 of the Texas Property Code.

5.6 Omission of Assessments: The omission of the Board of Directors, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, and the annual assessment filed for the preceding year shall apply until a new annual assessment is made.

5.7 Maintenance Fund: Working Capital Fund:

(a) The Association may establish and maintain a maintenance fund for the periodic maintenance of the Common Elements into which funds collected from annual and special assessments pertaining to such maintenance shall be deposited. The Board may at any time ratably increase or decrease the amount of the annual assessments to such level as shall be reasonably necessary in the judgment of the Board to cover the estimated obligations of the Association under this Declaration, including provisions of reasonable reserves.

(b) The Association may establish a working capital fund for the initial operation of the Common Elements in such amount as the Board shall determine.

5.8 Collection and Enforcement: The Association shall have a lien on each Unit (including improvements), securing payment of any annual, special or special individual assessment (including penalties), together with late payment fees and interest thereon as provided herein and reasonable attorneys' fees and costs incurred in the collection of same and the enforcement of said lien, whether or not suit is filed. The Association shall take such action as it deems necessary to collect assessments and may settle and compromise the same if it is in the best interest of the Association; provided, however, that the Association shall comply with Chapter 209 of the Texas Property Code. Such liens shall be effective as and in the manner provided for herein and shall have the priorities established in the covenants, conditions and restrictions contained herein. The Association may (i) bring an action for a money judgment against any Owner for any unpaid assessment without foreclosing or waiving any lien securing same, or (ii) foreclose the lien against such Owner's Unit, or (iii) both, and late fees, interest, costs and reasonable attorneys' fees shall be added to the amount of such assessment. Each Owner, by his acceptance of a deed and/or leasehold assignment of a Unit, hereby expressly vests in the Association or its agent the right and power to bring all actions against such Owner personally for the collection of such assessments as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including, but not limited to, nonjudicial foreclosure pursuant to Texas Property Code Section 51.002 in force and effect on the date of this Declaration, or in accordance with the prescribed manner for foreclosure of deed of trust liens provided by any future amendment to such Section 51.002 or any other statute or article enacted in substitution therefor, and such Owner hereby expressly grants to the Association a power of sale against the Owner's Unit in connection with said lien. The Association is hereby authorized to post the required notices as provided by law and conduct a foreclosure sale of an Owner's Unit. The lien provided for in this Section shall be in favor of the Association and shall be for the common benefit of all Owners and shall have the same effect as though each Owner had expressly granted to the Association for the benefit of the Owners a deed of trust lien as well as a security interest in such Unit to secure the payment of the assessments provided for herein. In addition to such notices as required by the aforesaid statute, the trustee shall mail to the Owner or Owners and mortgagee of a Unit for which the assessment has not been paid, a copy of the notice of trustee's sale at or before the time of posting same by U.S. Postal Service, postage prepaid, certified, return receipt requested, at the Unit or such other address as the Board has been advised in writing for receipt of notices under this Declaration. At any foreclosure, judicial or nonjudicial, the Association shall be entitled to apply as a cash credit against its bid all sums due the Association, including late fees, interest, costs and attorneys' fees, covered by the lien

foreclosed. From and after any such foreclosure, the former Owner or Owners, their successors, heirs and assigns, shall forthwith, upon such sale, surrender and deliver possession of the property upon demand, and the purchaser or his successors, heirs or assigns, shall be entitled to institute and maintain an action for forcible detainer of said property in the Justice of the Peace Court in the Justice Precinct in which such Unit, or any part thereof, is situated or in any other court of competent jurisdiction. By written resolution, the Board of Directors of the Association may appoint, from time to time, an officer, agent, trustee or attorney of the Association to exercise the power of, sale on behalf of the Association. The Association may bid for and purchase the Owner's Unit, as a Common Expense, at any such foreclosure sale. The lien is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances recorded before the recordation of the Declaration, (ii) a first mortgage lien on the Unit which secures sums borrowed for the purchase or improvement of such Unit and which mortgage lien was recorded in the real property records of Palo Pinto County, Texas before the date on which the assessment or other charge sought to be enforced became delinquent, and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit. The recording of this Declaration constitutes record notice and perfection of a lien of the Association on each Unit. No further recordation of any claim of any lien is required.

5.9 Liability of Owner's Purchasers and Encumbrancers: The amount of any assessment, charge, fine or penalty payable by any Owner, or with respect to such Owner's Lessees, Guests or Unit, shall be a joint and several obligation to the Association of such Owner and such Owner's heirs, devisees, personal representatives, successors and assigns. A Person acquiring ownership of a Unit shall be jointly and severally liable with the former Owner of the Unit for all such amounts which had accrued and were payable at the time of the acquisition of the Unit by such Person, without prejudice to such Person's right to recover any such amounts paid from the former Owner.

5.10 Exempt Property: The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein:

- (a) All properties dedicated and accepted by the local public authority and devoted to public use; and
- (b) All Common Elements.

5.11 Assessments Against Owners of Condominium Units: Notwithstanding anything to the contrary in the foregoing provisions, with respect to any annual assessment or special assessment which may be made against the Owners of Condominium Units, the Association, at its option, may assess the Condominium Association for such amounts. The portion of any annual assessment and/or special assessment levied by the Association against the Condominium Association under this Section 5.11 is referred to herein as the "Project Assessment". In such event, the Condominium Association shall then allocate and assess the Project Assessment to the Owners of the Condominium Units in such amounts as the Association would assess such Owners of the Condominium Units under this Declaration (but pursuant to the procedures set forth in the Condominium Declaration), shall collect the Project Assessment from

the Owners of the Condominium Units, and shall pay to the Association the Project Assessment collected from the Owners of the Condominium Units.

The pro rata amount of each Project Assessment, as assessed as part of the Condominium Association's assessments to a Condominium Unit, together with interest, late charges, collection costs, and reasonable attorneys' fees, shall also be the personal obligation of each person who was the Owner of a Condominium Unit at the time when the Project Assessment fell due. However, such personal obligation shall be extinguished if the pro rata share of the Project Assessment is assessed against the Owner of the Condominium Unit by the Condominium Association and the Owner of the Condominium Unit pays all of its assessments to the Condominium Association.

The sale, transfer or demise of any Condominium Unit shall not affect any assessment lien in favor of the Association. Such personal obligation shall pass to the successors in title of the Owner of the Condominium Unit whether or not expressly assumed by them. No Owner of a Condominium Unit shall be exempt from liability for contribution towards such assessments by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of such Owner's Condominium Unit. If a Condominium Unit is transferred, then the transferor shall remain liable to the Association for all such unpaid assessments against the Condominium Unit through and including the date of the transfer. The transferee shall be entitled to a statement from the Association, dated as of the date of transfer, setting forth the amount of the unpaid assessments against the Condominium Unit to be transferred, and the Condominium Unit shall not be subject to a lien for unpaid assessments in excess of the amount set forth in such statement; provided, however, the transferee shall be liable for any assessments against the Condominium Unit that become due up to the date of the transfer.

If the Condominium Association should fail to allocate, levy, assess or collect the Project Assessment to and against the Condominium Units, the Association shall have the authority to allocate, levy, assess and collect such Project Assessment directly to and against each Condominium Unit in accordance with the provisions of this Declaration. The Association shall have the continuing right to bring legal action for collection of delinquent Project Assessments against the Condominium Association or the Owner of a Condominium Unit, including the continuing legal right to levy, enforce and collect any such delinquent Project Assessment. However, in no event shall the Association exercise any legal action, including enforcing lien rights, against the Owner of a Condominium Unit to collect a Project Assessment if the Owner has paid to the Condominium Association its pro rata share of the Project Assessment.

The Condominium Association, and each member thereof, agrees to, and does hereby, pledge and grant to the Association a continuing security interest in and to the Condominium Association's assessments, funds, accounts, enforcement rights and lien rights (hereinafter referred to as the "Assigned Interests") as collateral for payment by the Condominium Association to the Association of the Project Assessments levied by the Association against the Condominium Association. The Association shall be entitled to file record or otherwise perfect its interests in and as to the Condominium Association's Assigned Interests as may be required, allowed or permitted under applicable law. The Condominium Association agrees that at any time and from time to time, at the expense of such Condominium Association, it will promptly

execute and deliver all further instruments and documents, and take all further action that may be necessary or desirable, or that the Association may request, in order to perfect, protect and maintain the security interest granted hereby or to enable the Association to exercise and enforce its rights and remedies pursuant to the terms hereof with respect to any Assigned Interests assigned and pledged hereunder. The Association may exercise in respect of the Assigned Interests, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies provided a secured party upon the default of a debtor under the Uniform Commercial Code in effect in the State of Texas at that time.

If the Owner of a Condominium Unit has paid its, his or her pro rata share of the Project Assessment for such Condominium Unit to the Association, then the Association shall release and exclude from any lien or liens to be imposed by the Association the Condominium Unit or Condominium Units that have so duly paid the appropriate pro rata amount of the Project Assessment.

In the event that any real estate taxes pertaining to the Condominium Units are assessed against the Association, Common Elements, or the personal property of the Association, rather than being separately assessed against the Owners of the Condominium Units, said taxes shall be included in the Project Assessment made under this Section 5.11 and, if necessary, may be levied by the Association against the Condominium Association in an amount equal to said taxes, to be paid thirty (30) days prior to the due date of each tax assessment.

**ARTICLE VI.
CERTAIN RIGHTS OF DECLARANT, OWNERS
AND ASSOCIATION**

6.1 Declarant's and Others' Easements and Related Rights:

(a) Declarant hereby reserves for itself and its licensees, invitees, lessees, successors and assigns a perpetual easement on, over, upon, across, above, under and through the Common Elements as may be reasonably necessary to (i) discharge Declarant's obligations under this Declaration; (ii) exercise any Special Declarant Right; (iii) make improvements within Hill Country Harbor; (iv) serve persons residing, visiting or doing business within Hill Country Harbor; or (v) obtain access to, construct, maintain, operate, develop, improve, or replace any of the Common Elements.

(b) All dedications, easements, rights-of-way, limitations, restrictions, and reservations shown on the Plat and all grants and dedications of easements, rights-of-way, restrictions, and related rights, made prior to the Property becoming subject to this Declaration are incorporated herein by reference and made a part of this Declaration for all purposes as if fully set forth herein and shall be construed as being adopted in each and every contract, deed, or conveyance executed or to be executed by or on behalf of Declarant conveying any part of the Property. Declarant reserves the right to make changes in and additions to the said easements and rights-of-way for the purpose of most efficiently and economically developing the Property. Further, Declarant reserves the right, without the necessity of the joinder of any Owner or other person, to grant, dedicate, reserve or otherwise create, at any time or from time to time, rights-of-

way and easements for public utility purposes (including without limitation, gas, water, electricity, telephone and drainage) in favor of any person. Residents of The Ranch on Possum Kingdom and their guests and family members have the right to use Harbor Way and Scenic Drive for ingress and egress to and from The Ranch on Possum Kingdom subdivision.

(c) There is hereby created an easement in favor of Declarant and any utility companies in privity of contract with the Declarant, upon, across and over all established roadways within the Property for the purpose of installing, replacing, repairing, and maintaining all utilities, including but not limited to, water, waste-water, gas, telephone and electric lines and appurtenances thereto. There is hereby created an easement in favor of Declarant and any utility companies in privity of contract with Declarant, upon, across, over, and under all of the Property for the purpose of installing, replacing, repairing, operating and maintaining all utilities, including but not limited to, water, waste-water, gas, telephone and electric lines and appurtenances thereto; provided, however, Declarant shall not place any utility conduit or structure beneath any existing improvement on a Unit not owned by the Declarant. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service lines, or other utility facilities or appurtenances thereto, on, above, across within the utility easements designated on the from time to time existing and from service lines situated within such easements to the point of service on or in any improvement. Notwithstanding any provision contained in this section, no electrical lines, water lines, or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the Design Review Board. The utility companies furnishing service shall have the right to remove all trees situated within the utility easements, and to trim overhanging trees and shrubs located on portions of the Property abutting such easements. Nothing herein shall prohibit Declarant from granting easements on any property owned by the Declarant.

6.2 Rights and Obligations of Owners:

(a) Subject to the provisions of this Declaration and the power of the Association to regulate the use of, and convey or encumber the Common Elements as set forth in the Association Documents, each Owner, and such Owner's Lessees and Guests shall have a nonexclusive easement over, upon, across and with respect to any Common Elements as appropriate and necessary for: access, ingress and egress to the Unit of such Owner, Lessee, or Guest; and to use the Common Elements and all other real property that shall become Common Elements (as described in Article IX below) for all other purposes.

(b) All rights, easements and obligations of an Owner under this Declaration and all rights of an Owner with respect to Membership under this Declaration are hereby declared to be and shall be appurtenant to the Unit owned by such Owner and may not be transferred, conveyed, granted, devised, bequeathed, encumbered or otherwise disposed of separate or apart from the ownership of such Owner's Unit. Every transfer, conveyance, grant, devise, bequest, encumbrance, or other disposition of a Unit shall be deemed to constitute a conveyance, grant, devise, bequest, encumbrance, transfer or disposition of such rights and obligations. A transfer of ownership of a Unit may be made by deed and/or assignment of leasehold (as appropriate), intestate succession, testamentary disposition, foreclosure of a deed of trust or mortgage of

record or such other legal process as is now effective or may hereafter become effective under the laws of the State of Texas. Any attempt to transfer a Membership in a manner other than those permitted by this Section 6.2 shall be null and void.

(c) Each Owner, by accepting a deed and/or leasehold assignment of ownership of a Unit, agrees to abide by the provisions of the Association Documents and to cooperate with the Association in its efforts to enforce such provisions.

6.3 Other Association Easements: Declarant hereby grants to the Association, its members, licensees, invitees, lessees, successors and assigns, a nonexclusive, perpetual easement on, over, upon, across, above, under and through Hill Country Harbor and each portion thereof to (i) exercise any right held by the Association under this Declaration or any other Association Document, and (ii) perform any obligation imposed upon the Association by this Declaration or any other Association Document. Notwithstanding the foregoing, the Association shall not enter upon any Unit without reasonable prior notice to the Owner of the Unit, except in cases of emergency. The Association shall have the right, without the necessity of the joinder of any Owner or other person, to grant, dedicate, reserve or otherwise create, at any time or from time to time, rights-of-way and easements for public utility purposes (including without limitation, gas, water, electricity, telephone and drainage) in favor of any person, but only in those areas of the Property designated for utilities on the Plat.

6.4 Other Easements: Declarant hereby grants a nonexclusive perpetual easement across and over the Property for ingress and egress to all police, sheriff, fire protection, ambulance and similar emergency agencies or persons, now or hereafter serving the Property, to enter the Property in the performance of their duties.

6.5 Enjoyment of Functions and Common Elements: Each Owner, Lessee, and Guest shall be entitled to use and enjoy any Common Elements suitable for general use and the services provided by any Functions, subject to the Rules and Regulations and subject to such reasonable and uniformly applied charges which the Association may impose to offset costs and expenses, depreciation and capital expenses, subject to the provisions of this Declaration and subject to the following specific limitations. Such Rules and Regulations and charges may differentiate among the categories of Units, Owners, Lessees, and Guests, as established by the Board of Directors from time to time; however, the rules, regulations and charges must be uniformly applied within such categories. There shall be no obstruction of any Common Elements, nor shall anything be stored in or on any part of any Common Elements, without the prior written consent of the Association. Nothing shall be altered on, constructed in or removed from any Common Elements, except with the prior written consent of the Association. Nothing shall be done or kept on or in any Common Elements, that would result in the cancellation of the insurance or any part thereof which the Association maintains pursuant hereto or increase the rate of the insurance or any part thereof over the amount that the Association, but for such activity, would pay, without the prior written consent of the Association. Nothing shall be done or kept on or in such Common Elements, that would be in violation of any statute, rule, ordinance, regulation, permit or the requirement of any governmental body. No damage to, or waste of, Common Elements shall be committed, and each visitor and Owner shall indemnify and hold the Association and the other Owners harmless against all loss resulting from any such damage or

waste caused by such visitor, Owner or such Owner's Lessees or Guests. No noxious, destructive or offensive activity shall be carried on with respect to any Common Elements, nor shall anything be done therein or thereon which may be or become a nuisance to any other visitor, Owner or to any Lessee or Guest.

6.6 Assignment of Rights or Obligations to a Lessee: The Owner of a House Unit may assign or delegate to a Lessee all (but not less than all) of its rights under this Declaration as an Owner or as a Member and may enter into an arrangement with such Lessee under which the Lessee shall agree to assume all of such Owner's obligations hereunder as an Owner or Member, provided, however (i) any such lease by an Owner (other than the Declarant) shall be for a term of not less than 180 days unless a shorter term is approved in writing by the Association; and (ii) Lessee shall use the House Unit for residential purposes. The Association shall recognize any such assignment or delegation of rights or arrangements for assumption of obligations, provided that, to be effective with respect to the Association, Declarant or any other Owner, the assignment or delegation of rights or arrangement for assumption of obligations shall be in writing, shall be in terms deemed satisfactorily specific by the Association, and a copy thereof shall be filed with and approved by the Association. Notwithstanding the foregoing, no Owner shall be permitted to relieve itself of the ultimate responsibility for fulfillment of all obligations hereunder of an Owner arising during the period it is an Owner. No House Unit or portion thereof shall be used or sold on a "fractional" or "time-share" basis, except for House Units owned by the Declarant. During the time a House Unit is leased or occupied by others, the Owner of such House Unit shall not have the right to use the Common Elements or property of the Association, except as a guest of another Owner or of the lessee, or as landlord to enforce its rights (including access to the House Unit as Landlord pursuant to Chapter 92 of the Texas Property Code). The Owner of a House Unit (other than the Declarant) who intends to accept a bona fide offer to lease his or her House Unit or any interest therein shall give to the Board of Directors written notice of his or her intention to execute such lease together with the name and address of the intended lessee, an executed copy of the lease and other information as the Board of Directors may reasonably require. Every lease shall contain a clause (i) informing tenant that the lease and the occupancy of the House Unit is subject to this Declaration, and (ii) prohibiting assignment and subletting without the prior consent of the Board of Directors.

6.7 Special Declarant Rights: The Declarant intends to add additional Condominium Buildings, House Units, and Condominium Units from time to time. At present, Declarant intends to build approximately 450 Condominium Units and House Units on the Property, although this is only an estimate, and the actual number of Units may be more or less than 450. Declarant hereby reserves for itself and its successors and assigns the following rights ("Special Declarant Rights"), which rights may be exercised at any time during the term of this Declaration, including but not limited to:

(a) The right, at any time, and without the joinder of any other person, to add, construct, and/or describe additional Plats, Condominium Buildings, House Units and Condominium Units, as determined in the sole discretion of Declarant;

(b) the right to construct and/or complete any improvements shown on the Plat, and the right to construct any improvement that Declarant deems necessary or advisable on

any Common Element or any property owned by Declarant, including, without limitation, clubhouse, swimming pool and related water conduits and facilities, restrooms, grill areas, fire pits, sand beaches, playground areas, volleyball courts, equestrian trails, foot, hiking and bicycle trails, fishing ponds, parking areas, fences, lighting, hand rails, streets, lake access roads and other limited access roads, paths, walkways, sidewalks and trails; observation towers; centralized mailbox facility; gardens, sprinkler systems and other landscaping changes, improvements (including without limitation, removal of trees and other vegetation) and appurtenances; water lines; central waste-water treatment facility; stock ponds and water tanks; cattle guards; fences, including game fences; drainage facilities; monuments; recreational areas and facilities; parking areas; ducts, shafts and flues; conduit installation areas; storage facilities for supplies and equipment; earth walls, retaining walls; lighting; and signage;

(c) the right to construct and maintain sales offices, booths or other structures used for sales or promotional purposes, management offices and models on any Common Element or any property owned by Declarant. Declarant also reserves for itself and its successors and assigns the right to construct and maintain signs advertising Hill Country Harbor on any Common Element or any property owned by the Declarant. The number, size and location of any such sales structures and signage, management offices or models or the relocation thereof shall be determined by the Declarant;

(d) the right to add additional property, including all or any portion of the Adjacent Property, to Hill Country Harbor pursuant to Section 6.10(a) below and to amend this Declaration in connection therewith, the right to amend this Declaration to create additional Units and Common Elements, the right to subdivide Units as provided in Section 8.23, the right to convert any and all Units into Common Elements, and the right to withdraw any and all portions of the Property from Hill Country Harbor (excluding any Property sold to an Owner other than the Declarant);

(e) the right for Declarant, its licensees, invitees, lessees and successors and assigns to use all streets, paths, and roadways throughout the Property;

(f) the right to appoint and remove all of the directors and officers of the Association during the Declarant Control Period as set forth in Section 6.8;

(g) Notwithstanding, anything to the contrary contained herein, the right to sell the equestrian center, gazebo and outdoor arena (and the land on which such improvements are situated) and to retain all of the sale proceeds therefrom; provided, however, notwithstanding any such sale the Owners shall retain a license to use and enjoy such improvements, subject to the same fees and charges charged to the public for the use of such facilities (the land on which such improvements are located is described on Exhibit "D" attached hereto); and

(h) the right for Declarant and its guests, including any prospective purchaser of a lot, home, or condominium within Hill Country Harbor, to use and enjoy any of the Common Elements free of charge to Declarant or such guests, but only in connection with Declarant's marketing and sales efforts within Hill Country Harbor.

6.8 Declarant Right to Appoint:

(a) Subject to the terms and conditions of subsection 6.8(b) below but notwithstanding anything else to the contrary contained in this Declaration or in any other Association Document, Declarant shall have the exclusive right to appoint and remove all of the officers and directors of the Association during the Declarant Control Period. After the expiration of the Declarant Control Period, the Board of Directors shall elect the officers. The Board of Directors and officers shall take office upon election.

(b) Declarant may voluntarily surrender its right to appoint and remove directors and/or officers prior to the expiration of the Declarant Control Period.

(c) Upon the expiration of the Declarant Control Period and so long as Declarant owns at least one Unit, the Declarant shall retain the right to elect one director and the remaining directors shall be elected by the Members, which remaining directors must be (i) Owners other than the Declarant, or (ii) a designated representative of Owners other than the Declarant.

6.9 Right of First Refusal on Sale of Unit. In the event any Owner, or a transferee or assignee of an Owner (the "Selling Owner"), voluntarily proposes to sell or voluntarily enters into an agreement to sell all or any part of its Unit, except in the case of a Permitted Transfer, the following provisions shall become applicable:

(a) **Notice:** The Selling Owner shall first give written notice (the "Option Notice") to the Declarant which notice shall identify the prospective purchaser and shall set forth in reasonable detail the terms and conditions upon which such sale is proposed to be made, and shall be accompanied by a copy of the bona fide offer and/or real estate contract. The Declarant shall have the right and option to purchase that portion of the Unit of the Selling Owner proposed to be sold upon the same terms and conditions as contained in the bona fide offer and/or real estate contract.

(b) **Interest Covered by Option:** The option granted herein to the Declarant must be exercised as to the entire interest being offered by the Selling Owner (the "Offered Interest"), unless the Selling Owner consents to a sale or conveyance of less than the entire interest.

(c) **Exercise of Option:** The Declarant if it elects to exercise the option set forth herein, shall, within fifteen (15) days after receipt of the Option Notice, give written notice to the Selling Owner (the "Acceptance Notice"), signed by the Declarant evidencing its agreement to purchase the Offered Interest.

(d) **Closing of Sale:** Unless otherwise agreed to by the Selling Owner and the Declarant the closing on the sale of the Offered Interest to the Declarant shall take place at the principal place of business of the Declarant upon the later of (i) the date set forth in the bona-fide offer or real estate contract, or (ii) thirty (30) days after service of the Acceptance Notice.

(e) **Failure to Exercise Option:** If the option is not exercised within the time period set forth in paragraph (c) above, or if the Declarant defaults on its obligation to purchase the Offered Interest, the Selling Owner may sell or convey the Offered Interest within sixty (60) days thereafter to the prospective purchaser named in the Option Notice at a price and on terms no less favorable to the Selling Owner than described in the Option Notice.

(f) **Subsequent Transfers:** The Selling Owner shall not otherwise sell or transfer the Offered Interest to any person after the termination of said sixty (60) day period without again complying with this Section.

(g) **Permitted Transfer:** Any reference to "Permitted Transfer" shall mean any transfer of a Unit by an Owner to Family Members, Family Trusts or Family Entities.

(h) **Family Members:** Any reference to "Family Members" shall mean an Owner's spouse, all children or more remote descendants [either natural or adoptive], all sons-in-law and daughters-in-law, or any trust of which one or more of such persons are current beneficiaries.

(i) **Family Trusts:** Any reference to "Family Trusts" shall mean any trusts of which the primary beneficiaries are one or more Family Members.

(j) **Family Entities:** Any reference to "Family Entities" shall mean any corporation(s), partnership(s), trust(s), limited liability company(ies) or other business entity(ies) which are controlled by Family Members. Control shall be deemed to exist if, more than FIFTY PERCENT (50%) of the beneficial or voting ownership interest in such entity or entities is owned by Family Members.

6.10 **Annexation of Property to this Declaration:**

(a) Prior to the Expiration of the Declarant Control Period. Prior to the expiration of the Declarant Control Period, Declarant shall have the unilateral right, privilege, and option, in its sole discretion, to subject any additional property (including all or any portion of the Adjacent Property) to the provisions of this Declaration and to the administration of the Association by filing an amendment to this Declaration in Palo Pinto County, Texas. Such amendment shall not require the consent of any of the Owners, any mortgagee of any Owner or the Association, but shall require the consent of the owner of such additional property, if the owner of such additional property is other than Declarant. Any such annexation shall be effective upon the filing of record of such amendment unless otherwise provided therein. Declarant shall have the right, in its sole discretion, to transfer to any other Person the right, privilege, and option to annex additional property which is reserved herein to Declarant, provided that such transfer is memorialized in an amendment to the Declaration.

(b) Following the Expiration of the Declarant Control Period. Following the expiration of the Declarant Control Period, the Association may not subject any property to the provisions of this Declaration and the jurisdiction of the Association without: (a) the affirmative votes of a majority of the Class "A" Members of the Association either in writing or present, in

person or by proxy, at a meeting duly called for such purpose, (b) the consent of the owner of such property, and (c) the consent of Declarant so long as Declarant owns any portion of the Property.

6.11 Acknowledgements Regarding Common Elements: Each Owner, by acceptance of a deed, recorded contract of sale, or assignment of a leasehold interest (with respect to an Appurtenant Lot Lease) to a Unit acknowledges:

(a) That there are no express or implied easements over the Common Elements for view purposes and no guaranty or representation is made by Declarant or any other Person that any view over and across the Common Elements will be preserved without impairment, and that neither the Declarant nor the Association shall have any obligation to prune or thin trees or other landscaping to preserve views over the Common Elements; and

(b) That the Association may own one or more water retention ponds or other water features on the Property. The Association may use any and all lakes, water retention Common Elements with the result that the water level in such lakes, water retention ponds or other water features may from time to time vary. Each Owner of a Unit in Hill Country Harbor acknowledges such right on the part of the Association and agrees not to commence any cause of action or other proceeding involving the Association based on the exercise of such right or otherwise interfere therewith.

6.12 Assumption of Risk and Indemnification: Each Owner by its purchase of a Unit expressly assumes the risks associated with the Common Elements (regardless of whether the Owner is using the Common Elements) and agrees that neither Declarant, the Association nor any of their affiliates, successors and assigns or their respective members (in the case of limited liability company only), partners, shareholders, officers, directors, employees and agents nor any other entity designing, constructing, owning or managing the Common Elements or planning or constructing the Owner's Unit or Unit shall be liable to Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, loss of view, noise pollution or other visual or audible offenses or trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of the Owner's Unit to the Common Elements, including without limitation, any claim arising, in whole or in part, from the negligence of Declarant or any other entity designing, constructing, owning, operating or managing the Common Elements or planning or constructing the Owner's Unit. Each Owner hereby agrees to indemnify and hold harmless Declarant, the Association, their affiliates, successors and assigns or their respective members (in the case of limited liability company only), partners, shareholders, officers, directors, employees and agents and any other entity owning or managing the Common Elements against any and all claims by Owner's guests and invitees.

6.13 Landscape Easement: By recordation of this Declaration, Declarant does hereby reserve for itself and the Association and the members of the Association, a perpetual alienable and transferable easement over, across and upon each and every Unit which abuts or is contiguous to the Common Elements for the purpose of operation and maintenance of the

Common Elements, including but not limited to, the use of usual and common equipment for irrigation, maintenance and landscaping thereof, which easement shall specifically constitute a part of the Common Elements. By way of example and not limitation, such easement shall permit, but shall not require, entry into any Unit for the purpose of planting grass, applying fertilizer, mowing and edging and removing any underbrush, trash, debris and trees.

ARTICLE VII. CONSTRUCTION OF IMPROVEMENTS AND USE OF HOUSE UNITS

7.1 **Approval of Construction Activities:** Each Owner of an unimproved House Unit and each Owner of an improved House Unit upon a casualty to the improvements as described in Section 13.1(b) below, shall have the right to construct (or reconstruct) a residence on such House Unit, and each Owner of a House Unit shall have the right to make further improvements to a House Unit; provided, however, unless approved in writing by Declarant, Owner must use a builder and/or general contractor designated by Declarant for the construction (or reconstruction) of the residence on the House Unit, which builder and/or general contractor shall be an affiliate of Declarant, (ii) if no affiliate of Declarant is available to construct (or reconstruct) the residence, the Owner shall use a builder and/or general contractor designated by Declarant, and (iii) no building or other improvements, including without limitation, any wall, driveway, paving, walk, deck, patio, canopy, awning, roof, signage, water or waste-water facility, exterior lighting facility or landscaping, shall be constructed, erected, placed or installed upon any House Unit, and no change or alteration of the materials or appearance (including color) of the exterior of a building or other structure shall be made and no change in the final grade of any House Unit shall be performed, and no other construction activity shall be initiated on any House Unit, until the approval of the Design Review Board and any governmental or quasi-governmental entity having jurisdiction over the Property has been obtained by such Owner. Notwithstanding the preceding sentence, Declarant need not obtain the approval of the Design Review Board for any alterations or improvements made on a House Unit owned by the Declarant. Without limiting the generality of the first sentence of this Section 7.1, each Owner (other than Declarant) is hereby advised and acknowledges that, in connection with any construction or reconstruction of a residence on its House Unit, it must comply with the applicable provisions of the Association Documents, which documents include, among other things, the following: (i) procedures and necessary fees for making application to the Design Review Board for design review approval, including the documents to be submitted and the time limits in which the Design Review Board must act to approve or disapprove any submission; (ii) time limitations for the completion, within specified periods after approval, of the improvements for which approval is required under such documents; (iii) minimum and maximum square foot areas of living space that may be developed on any House Unit; (iv) landscaping regulations, including restrictions set forth in the BRA Agreement prohibiting the removal or requiring the replacement of existing trees within the Authority Lands and such other restrictions, and limitations pertaining to the use of plants indigenous to the locale and other practices benefiting the protection of the environment, aesthetics and architectural harmony of the Property; and (v) instructions and/or Rules and Regulations for the construction, reconstruction, refinishing or alteration of any improvement, including any plan to excavate, fill or make any other temporary or permanent change in the natural or existing surface contour or drainage or any installation of utility lines or conduits on the Property, addressing matters such as grading, transformers, meters,

fire protection, loading areas, water storage, trash and debris removal, parking areas, outside storage, sanitary facilities, and conduct and behavior of builders, subcontractors and Owner's representatives on the Property at any time. In no event shall any Owner (other than Declarant, affiliates of the Declarant, or the Association) be permitted to install a dock onto the waters of the Lake. In no event shall an Owner make any improvement whatsoever upon any portion of his House Unit within the Authority Lands, unless such improvements have been approved in advance by the Authority.

7.2 **Residential Use:** The House Units shall be used for residential purposes only. No building or other structure shall be erected, altered, placed or permitted to remain on any House Unit other than one (1) detached single-family residence per House Unit, and necessary private garages, as provided below, which shall be constructed to minimum Federal Housing Authority ("FHA") and Veteran's Administration ("VA") standards, unless otherwise approved in writing by the Design Review Board (as hereinafter defined). No portion of any House Unit shall be used as a residence or for living or sleeping purposes other than a room designed for living or sleeping in a completed structure as agreed to in writing by the Design Review Board. No room in any House Unit shall be used for living or sleeping purposes by more persons than it was designed to accommodate comfortably.

7.3 **Garage:** Each House Unit may have a garage or carport which conforms in design and materials with the main structure.

7.4 **Setback Restrictions:** No building structure within a House Unit shall violate the building setback lines set forth on the Plat. Declarant may, from time to time, by appropriate instrument in writing and filed for record in Palo Pinto County, Texas, amend and alter the restrictions set out in this paragraph relative to the locations of improvements to be erected on the House Units.

7.5 **No Fences:** No fences, walls, or other barriers within a House Unit shall be permitted for the purpose of enclosing or demarcating any property boundaries without the prior written approval of the Design Review Board.

7.6 **No Mailboxes:** Mailboxes shall not be allowed within a House Unit.

7.7 **No Outbuildings:** No outbuildings within a House Unit shall be allowed, unless otherwise approved by the Design Review Board.

7.8 **No Gas Tanks:** No butane or propane tanks shall be installed on a House Unit, unless otherwise approved by the Design Review Board.

7.9 **Landscaping:** The front yards of all House Units shall be landscaped pursuant to landscaping plans approved by the Design Review Board.

7.10 **Building Height:** The height of any improvement within a House Unit must be approved by the Design Review Board.

7.11 **Obstruction of Views:** No improvement may be constructed on any House Unit which would unreasonably obstruct the view from other portions of the Property, and the positioning of all improvements upon the House Units is hereby expressly made subject to Design Review Board review. The Design Review Board may prevent or allow the construction of a proposed improvement based upon the effect it will have upon the view from any other House Unit. It is expressly understood that neither the Declarant, the Design Review Board, nor the officers, directors or members thereof, shall be liable to any Owner in monetary damages or otherwise due to the construction of any improvement within the Property or the creating thereby of an obstruction to the view from an Owner's House Unit.

7.12 **Building Materials; Dwelling Size:** All House Units shall be of recognized standard construction materials as approved by the Design Review Board. The square footage of finished heated and air-conditioned living space of all House Units must be approved by the Design Review Board.

7.13 **Construction in Place:** All dwellings on a House Unit shall be built in place on the House Unit and the use of prefabricated materials shall be allowed only with the prior written approval of the Design Review Board.

7.14 **Alteration or Removal of Improvements:** Any construction of a House Unit, other than normal maintenance, which in any way alters the exterior appearance of any improvement, or the removal of any improvement shall be performed only with the prior written approval of the Design Review Board.

7.15 **Roofing Materials:** All roofing materials of a House Unit must be approved in advance by the Design Review Board.

7.16 **Driveway:** The Design Review Board shall have the right to impose limitations on driveway design of a House Unit, including materials, aprons, location, and point of contact with dedicated roads, streets, or private driveways in the subdivision. In most cases, the driveway must be constructed over a ditch and culvert. The Design Review Board must approve all such driveways, and exposed culverts must be finished with stone to present an attractive appearance as determined by the Design Review Board. Driveways within a House Unit shall be constructed so that they have a sufficient rise in elevation to allow for the surface water drainage along the curb line of the street to continue without interruption or change in direction of flow.

7.17 **No Permanent Garbage Containers:** No permanent garbage containers shall be erected within a House Unit. All garbage containers shall be located within the House Unit. All trash shall be disposed of by depositing the same in trash bin(s) located on the Property or as otherwise approved by the Rules and Regulations of the Association. Garbage shall be disposed of through the kitchen garbage disposal so far as possible and the remainder along with bottles, cans and other trash shall be placed in tied waterproof bags or similar containers before being placed in trash bins.

7.18 **Underground Utility Lines:** No utility lines, including but not limited to, wires or other devices for the communication or transmission of telephone or electric current or power,

cable television, or other type of line or wire shall be erected, placed, or maintained anywhere in or upon any portion of the Property unless the same shall be contained in conduit or cables installed and maintained underground or concealed in, under, or on buildings or other improvements as approved in writing by the Design Review Board; provided, however, that no provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or other improvements which have been previously approved in writing by the Design Review Board. The installation method, including but not limited to, location, type of installation equipment, trenching method, and other aspects of installation, for both temporary and permanent utilities, shall be subject to review and approval by the Design Review Board.

7.19 **Drainage:** There shall be no interference with the established drainage patterns over any of the Property, except by Declarant, unless adequate provision is made for proper drainage as approved by the Design Review Board.

7.20 **Construction Activities:** This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of improvements by an Owner (including Declarant) upon any House Unit within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event that construction upon any House Unit does not conform to usual practices in the area as determined by the Design Review Board in its sole good faith judgment, the Association shall have the authority to seek an injunction to stop such construction. In addition, if during the course of construction upon any House Unit there is excessive accumulation of debris of any kind which would render the House Unit or any portion thereof unsanitary, unsightly, offensive, or detrimental to it or any other portion of the Property, then the Design Review Board may contract for or cause such debris to be removed, and the Owner of the House Unit shall be liable for all expenses incurred in connection therewith.

7.21 **Exemption For Declarant:** The restrictions in Sections 7.4 through 7.18 and Section 7.20 shall not apply to the Declarant. Notwithstanding anything to the contrary contained in Section 7.18, the Declarant and the Association shall have the right to install, maintain, and replace utility lines which are above ground.

ARTICLE VIII. RESTRICTIONS APPLICABLE TO PROPERTY

8.1 **Land Use Restrictions:** In addition to the restrictions found in this Article VIII, all or any portion of the Property shall be further restricted in its use, density or design according to (i) any supplemental declarations of land use restrictions for Hill Country Harbor recorded with the Clerk and Recorder of Palo Pinto County, Texas, if any such supplemental declarations are recorded prior to the time Declarant transfers or conveys any such Property to the Association or to any third party; and (ii) the Rules and Regulations. Each Owner shall comply with all other

terms, provisions, covenants, conditions, restrictions, easements and reservations on the Owner's part to be complied with under this Declaration.

8.2 Home Business: A gainful home occupation, profession, trade or other nonresidential use will be a permissible use of a House Unit, so long as (i) such use is permitted by law, (ii) such use is carried on entirely within a House Unit and is secondary and incidental to its use as a residence, (iii) there is no external evidence of any such activity being conducted, (iv) the home occupation does not employ any nonresident of the House Unit, nor does it attract any nonresident customers; (v) the Owner receives a permit therefor from the Association, which permit may be granted, denied or revoked in the Association's sole discretion, and (vi) the use is conducted in compliance with the Rules and Regulations. This Section 8.2 shall not prohibit the use of any House Unit by the Declarant.

8.3 Maintenance of Property: All Property, except for any portion of the Property then undergoing major construction, including all improvements on such Property, shall be kept and maintained by the Owner thereof in a clean, safe, attractive and sightly condition and in good repair, and no trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any House Unit so that they are visible from, or are a nuisance in any way to, any neighboring House Unit or any road.

8.4 No Noxious or Offensive Activity: No noxious or offensive activity shall be carried on upon any Property nor shall anything be done or placed on any Property which is or may become a nuisance or cause any significant embarrassment, disturbance or annoyance to others.

8.5 No Harassment of Wildlife: No hunting or harassment of wildlife shall be permitted upon the Property. With the exception of (i) bird feeders or other feeders approved by the Design Review Board, and (ii) stock feeders and water tanks as consistent with Section 8.1 above, the feeding, baiting, salting or other means of attracting wildlife to individual House Units or Common Elements shall be prohibited.

8.6 No Hazardous Activities: No activities shall be conducted on any Property and no improvements constructed on any Property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Property except upon portions of the Common Elements, if any, designated for use for firearms. No open fires shall be lighted or permitted on any Property except (i) in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior wood or gas burning device, (ii) campfires or picnic fires on Property designated for such use by Declarant or by the Association and authorized in writing by Declarant or the Association, and fires required for clearing or maintenance of land which are controlled and attended by Declarant or Association, (iii) chimeneas, and (iv) firepits or outdoor fireplaces as approved in writing by the Design Review Board.

8.7 No Unsightliness: No unsightliness shall be permitted within the House Units and Common Elements. Without limiting the generality of the foregoing:

- (a) All unsightly structures, facilities, equipment, objects and conditions shall be kept within an enclosed structure at all times;
- (b) Golf carts and garden or maintenance equipment shall be kept in an enclosed structure at all times, except when in actual use;
- (c) Refuse, garbage and trash shall be kept in a covered container at all times;
- (d) Service areas and facilities for hanging, drying or airing clothing or fabrics shall be kept within an enclosed structure;
- (e) Pipes for water, gas, sewer, drainage or other purposes, wires, cables, poles, antennas and other facilities for the transmission or reception of audio or visual signals or electricity, utility meters or other utility facilities, gas, oil, water or other tanks, and sewerage disposal systems or devices shall be kept and maintained within an enclosed structure or below the surface of the ground, and no satellite dishes greater than 20" in diameter shall be permitted unless approved by the Design Review Board;
- (f) No lumber, metals, bulk materials or scrap or refuse or trash or unused items of any kind shall be kept, stored or allowed to accumulate on any House Unit; provided, however, (1) the Owner of a House Unit may leave grass clippings uncollected on grass, and (2) the Owner of a House Unit may compost vegetation, including grass clippings, leaves or brush, subject to the prior approval of the Design Review Board, and this regard the Design Review Board shall have the right to restrict the size, type, shielding, and materials, and location of such compost piles and compost devices; and
- (g) No tennis courts shall be constructed on any House Unit without the prior approval of the Design Review Board.

All enclosed structures shall comply with the Rules and Regulations of the Design Review Board as in effect from time to time. The Design Review Board shall have the power to grant a variance from the provisions of this Section 8.8 from time to time as it deems necessary or desirable.

8.8 Lights, Sounds and Odors: All exterior lighting of improvements and grounds on the House Units (other than a House Unit owned by the Declarant) and Common Elements will be subject to regulation by the Design Review Board. No light shall be emitted from any House Unit which is unreasonably bright or causes unreasonable glare or shines directly onto an adjacent House Unit; no sound shall be emitted from any House Unit which is unreasonably loud or annoying; and no odor shall be emitted from any House Unit which is noxious or offensive to others.

8.9 Restriction on Animals: No animals of any kind shall be raised, bred or kept on any Property, except (i) domestic cats, dogs or other household pets permitted by the Association so long as they are (A) maintained in accordance with this Declaration, the Rules and Regulations and any other Association Document, and (B) not a nuisance or kept, bred or

maintained for any commercial purposes; (ii) horses owned by members of the Association are allowed in the Equestrian Center and on portions of the Common Elements designated for trail rides; and (iii) the Declarant and/or the Association are entitled to have exotic animals, longhorns, or cattle in certain areas of the Common Elements. No person shall allow any dog owned or controlled by such Owner to roam within Hill Country Harbor unattended. Dogs shall either be contained indoors or enclosed in an invisible fence or shield, constructed for the purpose of confinement in a manner approved by the Design Review Board. At all other times, dogs shall be on a leash and under the direct control and supervision of their owners.

8.10 Restriction on Signs: No signs or advertising devices of any nature shall be erected or maintained on any Unit in such a manner as to be visible outside any other Unit except signs approved by the Design Review Board, signs required by applicable law or legal proceedings), signs showing the name of the owners of the Unit (as approved by the Design Review Board), temporary signs to caution or warn of danger, or Association signs necessary or desirable to give directions or advise of Rules or Regulations. This Section 8.10 shall not apply to Units owned by the Declarant.

8.11 Restrictions on Parking: Parking of vehicles on Property is permitted only within parking spaces constructed with the prior approval of the Design Review Board and such parking shall be used only for the parking of personal vehicles. The Association shall have the right to park any type of vehicle owned or used by the Association upon Property only within parking either built by Declarant or approved by the Design Review Board in such areas designated for such purpose by Declarant. Notwithstanding the foregoing, the Association may designate areas for off-street parking on Property for the temporary parking of maintenance and delivery vehicles, for the sole purpose of assisting in a maintenance operation or to provide for the loading or unloading of such vehicles or to accommodate special circumstances.

8.12 Restriction on Recreational Vehicles: No motorcycle, moped, golf cart or other motorized recreational vehicle shall be operated within or on the Property, except for (i) licensed motorcycles, golf carts and mopeds that are driven on the roadways; and (ii) vehicular uses that are otherwise specifically permitted by the Rules and Regulations.

8.13 Landscape Restriction: No tree within the Authority Lands may be cut absent prior written approval of the authority. No tree or bush on any House Unit (other than a House Unit owned by the Declarant) may be cut, trimmed, or removed without the prior written approval of the Design Review Board. Vegetation on all House Units must be maintained to minimize erosion and encourage growth of ground cover and all tree and shrub planting must be consistent with the landscaping plan approved by the Design Review Board.

8.14 No Mining and Drilling: No Owner of a House Unit or Condominium Unit may engage in the mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth from any portion of the Property. Notwithstanding the preceding sentence, Declarant may remove rocks, stones, gravel and earth from any portion of the Property owned by Declarant.

8.15 **Mobile Homes, Travel Trailers and Recreational Vehicles:** No mobile homes shall be parked or placed on any House Unit or used as a residence, either temporary or permanent, at any time. No boats, boat trailers, motor homes, travel trailers or recreational vehicles shall be parked on or near any House Unit so as to be visible from adjoining property or from public or private thoroughfares at any time.

8.16 **General Practices Prohibited:** The following practices are prohibited at the Property: (i) removing any rock, plant material, top soil or similar items from any property of others; (ii) using surface water for construction; and (iii) disposing carelessly of cigarettes and other flammable materials. Notwithstanding the foregoing, the use of surface water for construction or the removal of rock, plant materials, top soil or similar items from the Property by Declarant or the Association pursuant to their rights otherwise set forth herein shall be exempt from the application of this Section 8.16.

8.17 **No Fireworks:** No fireworks shall be permitted on any portion of the Property.

8.18 **No Flagpole:** No flagpoles shall be erected or constructed on any House Unit, except for flagpoles not exceeding six feet in length mounted on the main residential structure.

8.19 **No Harvesting of Firewood:** No Owner (other than the Declarant) may harvest firewood on any portion of the Property.

8.20 **Declarant's Exemption:** Nothing contained in this Declaration shall be construed to prevent the exercise by Declarant of any Special Declarant Rights.

8.21 **Health, Safety and Welfare:** In the event additional uses, activities and/or facilities are deemed by the Board of Directors to be nuisances or to adversely affect the health, safety or welfare of Owners or the value of any Property, the Board of Directors may adopt Rules and Regulations restricting or regulating the same.

8.22 **Compliance with Law:** In addition to the compliance requirements set forth elsewhere herein, no Property shall be used, occupied, altered, changed, improved or repaired except in compliance with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of the United States of America, State of Texas, County of Palo Pinto, the Authority, and any other municipal, governmental or lawful authority whatsoever, affecting the Property or the improvements thereon or any part thereof, and of all their departments, bureaus and officials. Furthermore, no Owner shall release, discharge or emit from the Property or dispose of, or allow any person under such Owner's control or direction to release, discharge or emit from the Property or dispose of, any material on, above or under the Property, that is designated as a pollutant or contaminant under any federal, state or local law, regulation or ordinance.

8.23 **Combination and Subdivision of House Units:**

(a) No subdivision of a House Unit is permitted by an Owner other than the Declarant. Combination of contiguous House Units is permitted if the following conditions are

met: The applicant Owner must own both House Units which are desired to be combined; such Owner shall submit to the Declarant and the Association for their separate review and approval, copies of the proposed documents (including survey and proposed plat) to the Declarant and the Association. Upon request, the applicant Owner shall also submit a deposit against attorneys' fees and costs which the Declarant and the Association will incur in reviewing and effectuating the application for approval, in an amount reasonably estimated by the Declarant and the Association. The Declarant and the Association shall separately approve and execute any plats, maps and owners' association declarations that are required for each such combination, or shall disapprove the documents and provide reasons for such disapproval. All costs and attorneys' fees incurred by the Association and the Declarant as a result of any application for approval shall be the sole obligation of the applicant Owner.

(b) The Declarant may combine any House Unit owned by Declarant with any other House Unit or Units owned by Declarant. The Declarant may subdivide any House Unit owned by Declarant into as many House Units as Declarant desires.

(c) If an Owner (other than Declarant) combines a House Unit with another House Unit, for purposes of determining the annual and special assessments, Owner shall be deemed to own the number of House Units prior to such combination.

8.24 **Water Features:** Water features such as ponds and streams within the Property, that are designated solely for storm water retention facilities or aesthetic purposes only, if any, may not be used for other purposes including, without limitation, fishing or swimming, unless otherwise permitted by Declarant or the Board of Directors and, if such areas are located on Common Elements unless pre-approved by the Association (provided, however, that the fishing pond may be used for fishing). Neither the Declarant nor the Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of any water feature within the Property. This paragraph shall not restrict the use of water by the Association for the Common Elements.

8.25 **Violation:** Determination with respect to whether or not a particular activity or occurrence shall constitute a violation of this Article VIII shall be made by the Board of Directors after notice to the Owner shall be final.

ARTICLE IX.

COMMON ELEMENTS TO BE CONSTRUCTED BY DECLARANT

9.1 **Common Elements Which May Be Constructed:** Set forth below is a general description of the type of any Common Element which may be constructed, maintained or operated by the Association (however, Declarant shall have no obligation to construct any such Common Element):

Equestrian center, outdoor arena, fitness center, swimming pools, fishing ponds, water features, hiking, bicycle, and horse trails, spa, chapel, wildlife area, restrooms, cattle guards, fences (including game fences), parking areas, streets, roads, paths, walkways, sidewalks, trails, drives, malls, stairs, security systems, lights, signage, access road control gates, and related facilities, driveways, waste collection and/or disposal facilities, satellite dishes, cable television

equipment and related facilities, telephone answering service facilities, warehouses, central laundry facilities, a central communications center, central mailbox facility, gardens, sprinkler systems and other landscaping improvements and appurtenances, ponds, water tanks, drainage facilities, monuments, recreational areas, storage facilities for supplies and equipment, earth walls, retaining walls, ducts, shafts and flues, conduits, utility and service lines and systems including but not limited to water, sanitary sewer, gas, storm drainage, telephone, electricity, cable and/or satellite television, and other communications lines and systems, management offices, environmental monitoring equipment or facilities, and such other buildings, facilities, structures and improvements as the Association may from time to time deem necessary or advisable.

ARTICLE X. DESIGN REVIEW

10.1 **Purpose:** In order to preserve the natural beauty of Hill Country Harbor and its setting, to maintain Hill Country Harbor as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of Property, all exterior design, landscaping and use of all new development and additions, changes or alterations to existing use, landscaping and exterior design and development of any House Unit shall be subject to design review. This Article X shall not apply to any House Units or other portion of the Property owned by the Declarant, and the Design Review Board shall have no right to oversee or regulate any aspect of the construction of improvements within portions of the Property owned by the Declarant.

10.2 **Objectives:** The design review process shall be conducted with the following objectives in mind for Hill Country Harbor:

(a) Preventing excessive or unsightly grading, indiscriminate earthmoving or clearing of property, removal of trees and vegetation which could cause disruption of natural watercourse or scar natural landforms;

(b) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the land and with surrounding lots, structures and open space, and do not unnecessarily block scenic views from existing buildings, the proposed improvements to the Common Elements, or tend to dominate any general development or the natural landscape;

(c) Ensuring that the architectural design of structures and their materials and colors are visually harmonious with Hill Country Harbor's over-all appearance, history and cultural heritage, with surrounding development, with natural landforms and native vegetation, and adheres to or complies with development plans, zoning requirements, and other restrictions officially approved by Declarant, the Association or any government or public authority, if any, for the sites in which the structures are proposed to be located;

(d) Ensuring that plans for the landscaping of open spaces provide visually pleasing settings for structures on such Units and on adjoining and nearby Units and blend harmoniously with the natural landscape;

(e) Ensuring that any development, structure, building or landscaping complies with the provisions of this Declaration, including but not limited to, those provisions set forth in Article VII;

(f) Ensuring that building design and construction techniques respond to energy consumption and environmental quality considerations, such as heat loss, air emissions, and run-off water quality;

(g) Ensuring that design of residential structures provides rooms of types and standards generally consistent through Hill Country Harbor; and

(h) Ensuring that placement of structures provides visually pleasing and ample space between such structures and structures on other Units.

10.3 Design Review Board:

(a) The Association shall establish a Design Review Board which shall consist of three members, all of which shall be appointed by the Board of Directors. The regular term of office for each member shall be one year, coinciding with the fiscal year of the Association. Any such member may be removed with or without cause by the Board of Directors at any time by written notice to such appointee. A successor or successors appointed by the Board of Directors to fill such vacancy shall serve the remainder of the term of the former member.

(b) The Board of Directors shall select the chairperson and vice-chairperson from among the members of the Design Review Board. The chairperson or in his or her absence, the vice-chairperson shall be the presiding officer of its meetings. In the absence of both the chairperson and the vice-chairperson from a meeting, the member present shall serve as acting chairperson at such meeting. All business of the Design Review Board shall be conducted at meetings which are open to Members of the Association; all meetings shall be held at the offices of the Association or of Declarant, unless temporarily changed to another location by the members of the Design Review Board. Two members shall constitute a quorum for the transaction of business, and in the absence of a quorum the remaining member shall adjourn the meeting to a later time or date. In the absence of all members any representative of Declarant may adjourn the meeting to a later time or date. The affirmative vote of a majority of the members of the Design Review Board present at any meeting shall constitute the action of the Design Review Board on any matter before it. The Design Review Board shall operate in accordance with such rules of procedure as it may adopt; said rules shall be filed with the Association and maintained in the records of the Association and shall be subject to inspection by Members.

(c) The Design Review Board is hereby authorized to retain the services of one or more consulting architects, landscape architects or urban designers, who may also be members of the Design Review Board and entitled to vote in such capacity, and who need not be licensed to practice in the State of Texas, to advise and assist the Design Review Board in performing the design review functions prescribed in this Article X and in carrying out the provisions of Article VII. Such consultants may be retained to advise the Design Review Board on a single project, on a number of projects, or on a continuing basis. Consultants who are also members of the Design Review Board shall disclose to the Design Review Board their interests in any project or matter before the board promptly after such project comes up for board consideration.

10.4 Design Review Board Approval and Control:

(a) In addition to the requirements set forth in Section 10.3 above, no Owner of a House Unit (other than the Declarant), Lessee, or Guest shall engage in or contract for the activities described in Section 10.3 above on any portion of a House Unit or building or structure thereon, or change the use of any building or structure thereon, unless the Design Review Board has approved the plans and specifications for the project, showing the nature, kind, shape, height, color, materials and location of same, and the construction procedures to be used to ensure compliance with Article VII, including compliance with land use restrictions made applicable to the Property by Article VIII. Alterations or remodeling which are completely within a building or the structure may be undertaken without Design Review Board approval, provided such alterations or remodeling do not change the use of the building or structure. All actions taken by the Design Review Board shall be in accordance with Rules and Regulations established by the Design Review Board which shall be published as set forth in Section 10.5. Such Rules and Regulations may be amended from time to time by action of the Design Review Board that is consistent with and fulfills the purpose of this Declaration. The approval or consent of the Design Review Board on matters properly coming in before it shall not be unreasonably withheld, actions taken shall not be arbitrary or capricious and decisions shall be conclusive and binding on all interested parties, subject only to the right of appeal and review by the Board of Directors as set forth below; and such approval or consent shall not prohibit enforcement of the provisions of this Declaration under Article X. The Design Review Board or its designated representative shall monitor any approved project to the extent required to ensure that the construction or work on such project complies with any and all approved plans and construction procedures. The Design Review Board or its designated representatives may enter upon any Property at any reasonable time or times to inspect the progress, work status, or completion of any project. In addition to the remedies described in Article X, the Design Review Board may withdraw approval of any project thereby stopping all activity at such project, if deviations from the approved plan or approved construction practices are not corrected or reconciled within 24 hours after written notification to the Owner specifying such deviations.

(b) Any material to be submitted or notice to be given to the Design Review Board shall be submitted at the offices of the Declarant or at such other location as the Design Review Board may designate from time to time.

(c) All actions requiring approval of the Association pursuant to the provisions of Article X shall be deemed approved if such approval is obtained in writing from the Design Review Board.

10.5 Design Standards and Construction Procedures: The Design Review Board shall promulgate and publish design guidelines and Regulations (collectively, the "Design Rules and Regulations") that shall state the general design theme of all projects in Hill Country Harbor, specific design requirements, and the general construction procedures that will or will not be allowed in Hill Country Harbor. The Design Review Board shall also promulgate and publish Rules and Regulations that shall set forth the procedures to be followed and material which must be provided by any Member or his or her authorized agents in order to obtain review of proposed construction by the Design Review Board. The Association shall be obligated for the cost of such publications and the Design Review Board shall make such publications available to Members.

10.6 Exterior Maintenance: Pursuant to the provisions of Section 3.7, the Design Review Board may, by the affirmative vote of a majority of the members of the Design Review Board present at any meeting, after 30 days' notice of such failure to the Owner of such Unit, request that the Association provide exterior maintenance and repair upon any Unit.

10.7 Review Fee: The Design Review Board may set a review fee schedule sufficient to cover all or part of the cost of Design Review Board time, consultant's fees, and incidental expenses. Applicants for design review may be required to deposit with the Design Review Board a fee which the Design Review Board deems sufficient to cover the cost of design review from which the actual costs shall be deducted when determined and the balance returned to the applicant following completing of the design review procedure.

10.8 Enforcement of Restrictions: Prior to the completion of construction or action subject to review under Section 10.4, the Design Review Board shall have primary responsibility to enforce the restrictions set forth in Article VII of this Declaration, the Design Rules and Regulations, and restrictions set forth in any supplemental declaration recorded in the records of Palo Pinto County, Texas; provided, however, that such responsibility shall not limit the right of Declarant or the Association to act under Article X. If the Design Review Board does not take action to enforce such restrictions within 15 days after being requested to do so by the Board of Directors, the Association may assume responsibility for enforcing such restrictions in any case in which the Design Review Board declined to act. Subsequent to the completion of construction or action subject to review under Section 10.4 the Association shall have primary responsibility to enforce such restrictions.

10.9 Reconsideration, Review and Appeal: Within seven days following action of the Design Review Board, its decision to approve or disapprove the project design shall be transmitted to the applicant and to the Association, and shall be made available to other members upon their written request. The Board of Directors may confirm, modify or reverse the decision of the Design Review Board within 20 days following the decision. The decision shall become final if no action is taken by the Board of Directors and no written request for reconsideration is made to the Design Review Board by the applicant or any aggrieved party within 20 days

following the decision of the Design Review Board. If no action was taken by the Board of Directors and a request for reconsideration is timely made, the Design Review Board shall reconsider the matter at its next regularly scheduled meeting. The decision rendered upon such reconsideration shall be transmitted to the applicant, any aggrieved party and to the Board of Directors as set forth above, and shall become final if no written appeal to the Board of Directors is made to such decision within seven days following the date of notice of such decision. Not more than 60 days following the filing of an appeal by the applicant or aggrieved party, the Board of Directors shall review the action of the Design Review Board and shall, in writing, confirm, modify or reverse the decision of the Design Review Board. If the Board of Directors deems insufficient information is available to provide the basis for a sound decision, the Board of Directors may postpone final action for not more than 30 additional days. Failure of the Board of Directors to act within 95 days from the date of the filing of the appeal shall be deemed approval by the Board of Directors of the design of the project unless the applicant consents to a time extension. Any decision by the Design Review Board or Board of Directors which results in disapproval of the project design shall specifically describe the purpose, development plan, covenant or provision of the Design Rules and Regulations with which the project does not comply and the manner of noncompliance.

10.10 Lapse of Design Review Approval: Approval of the design of a project shall lapse and become void one year following the date of final approval of the project, unless prior to the expiration of one year any required building permit is issued and construction is commenced and diligently pursued toward completion.

10.11 Assignment of Function: Any function to be performed by the Design Review Board pursuant to Article VII or Article X may be assigned to the Association in whole or in part at any time or from time to time by the Design Review Board in its discretion.

10.12 Liability: Neither Declarant, the Association nor the Design Review Board nor any of their respective officers, directors, employees or agents shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under this Article X nor for any defects in construction pursuant to such plans and specifications. Approval of plans and specifications under this Article X shall not be deemed in lieu of compliance by Owners or Lessees with applicable governmental laws or regulations.

ARTICLE XI. ENFORCEMENT AND REMEDIES

11.1 Enforcement:

(a) Each provision of this Declaration enforceable against the Association or the Common Elements shall be enforceable by Declarant or any Owner by a proceeding for a prohibitive or mandatory injunction.

(b) Each provision of this Declaration enforceable against an Owner or Unit shall be enforceable by Declarant or the Association by a proceeding for a prohibitive or mandatory injunction or by suit or action to recover damages, or in the discretion of the

Association, for so long as any Owner fails to comply with any such provisions, by exclusion of such Owner and/or such Owner's Lessees and Guests from the use of any Common Elements and from the participation in any Function.

11.2 **Remedies:** In addition, if an Owner fails to perform or observe any covenant or condition on such Owner's part to be performed or observed under this Declaration or any other Association Document, the Association shall have the following rights and remedies:

(a) The Association may, but is not obligated to, cure such failure to comply at the Owner's, or other defaulting party's, sole cost and expense. If the Association cures any such failure to comply, such Owner shall pay to the Association the amount of all costs incurred by the Association in connection therewith within 30 days after the Owner receives a written invoice therefor from the Association.

(b) Subject to Chapter 209 of the Texas Property Code, the Association may suspend the Owner's right to vote;

(c) In addition to the fines provided in the Association Documents, and subject to Chapter 209 of the Texas Property Code, the Association may fine the Owner an amount not to exceed \$1,000.00 for each violation. The Association may, in its sole and exclusive discretion, annually adjust for inflation the maximum amount of such fine. Each day any violation continues or is permitted to continue shall constitute a separate offense for purposes of levying such fine. The Owner shall pay any such fine to the Association within 30 days after the Owner receives written notice thereof.

(d) The Association shall have all other rights and remedies available to it under Association Documents, at law or in equity. All rights and remedies of the Association shall be cumulative and the exercise of one right or remedy shall not preclude the exercise of any other right or remedy.

ARTICLE XII. SPECIAL DISCLOSURE MATTERS

Each Owner is hereby advised of the following matters affecting the Property and the use and enjoyment thereof:

The Property contains or is in close proximity to areas with hazards. These hazard areas include Possum Kingdom Lake, swimming pools, marina (including slips, docks, and piers), high cliffs without handrails, areas with stumps, areas with loose rocks and gravel, steep embankments, equestrian stables and facilities, wildlife areas, hiking trails, equestrian trails, man-made streams, ponds and water features, and construction activities (collectively, the "Hazard Areas"). The activities associated with Hazard Areas include, without limitation, boating, water skiing, swimming, hiking, walking on and around hiking trails and man made streams, ponds, and water features, horseback riding, bicycling, and other recreational activities and organized events and competitions relating to such activities. Hazards created by the Hazard Areas may include, but are not limited to, (i) death or personal injury as a result of engaging in

activities within the Hazard Areas, (ii) death, personal injury, or property damage caused by wild or domesticated animals, including exotic animals, cattle, venomous snakes and reptiles, and (iii) and death, personal injury or property damage caused by the general public. EACH OWNER HEREBY ASSUMES THE RISK OF ENGAGING IN ACTIVITIES ON OR ABOUT THE HAZARD AREAS. **ADDITIONALLY, EACH OWNER HEREBY RELEASES THE DECLARANT, THE ASSOCIATION, AND THEIR RESPECTIVE AGENTS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE "RELEASED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, LIABILITIES, DAMAGES, CAUSES OF ACTION AND JUDGMENTS (INCLUDING, WITHOUT LIMITATION, COURT COSTS, ATTORNEYS' FEES AND COSTS OF INVESTIGATION), OF ANY NATURE, KIND OR DESCRIPTION, DIRECTLY OR INDIRECTLY ARISING OUT OF, CAUSED BY OR RESULTING IN WHOLE OR IN PART FROM THE OWNER ENGAGING IN ACTIVITIES ON OR ABOUT THE HAZARD AREAS, REGARDLESS OF WHETHER SUCH CLAIMS, LIABILITIES, DAMAGES, CAUSES OF ACTION OR JUDGMENTS ARE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR OTHER ACT OR OMISSION OF ANY OF THE RELEASED PARTIES.**

Other activities associated with the Property may include, without limitation: (i) vehicular and pedestrian traffic, (ii) construction vehicles and equipment, (iii) tree cutting and clearing, grading and earth-moving, and other construction activities, and (iv) construction, operation and maintenance of roads. Additionally, certain areas of the Property may generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance thereof.

Moreover, access to certain common areas shall be restricted from time to time, and substantial construction-related activities relating to the development of the Property or other development within or near Hill Country Harbor may cause considerable noise, dust and other inconveniences to the persons residing, visiting or doing business in Hill Country Harbor. Finally, construction activities by the Declarant or the Association may obstruct the view of Owners of Condominium Units or House Units.

Each Owner, by accepting a deed to a Unit and/or an assignment of a leasehold to a Unit or any interest therein, acknowledges that the impacts, disturbances, hazards and activities described above may occur in and around such Unit and the Property, and each Owner by accepting a deed to a Unit and/or an assignment of a leasehold or any interest therein, for itself and its Lessees, Guests, successors and assigns, hereby forever waives and releases any claims which such Owner may have against the Declarant, the Association and their respective successors and assigns, as a result of, arising out of or in any way relating to the impacts, disturbances, hazards and activities described above.

**ARTICLE XIII.
CASUALTY AND CONDEMNATION**

13.1 Casualty:

(a) In the event of damage or destruction to any part of the Common Elements due to fire or other adversity or disaster, any insurance proceeds shall be collected by and paid to the Association and such insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such damage or destruction are insufficient to repair and reconstruct the damaged or destroyed Common Elements, as applicable, or if there are no insurance proceeds, the Board of Directors shall levy a special assessment pursuant to the Association Documents in the aggregate amount of such deficiency and shall proceed to make such repairs or reconstruction. Notwithstanding the foregoing, the Association shall have no obligation to repair or reconstruct the damaged or destroyed Common Element; if such repair or reconstruction would be prohibited by the BRA Agreement or would be illegal under any state or local statute or ordinance governing health or safety, or if within 60 days after such damage or destruction 80 percent of the votes of the Members of the Association are cast to not rebuild. The special assessment provided for herein shall be a debt of each Owner and a lien on its Unit, and may be enforced and collected in the same manner as any assessment lien provided for in the Association Documents. If 80 percent of the votes of the Members of the Association elect not to rebuild any damage or destruction to the Common Elements in accordance with the terms and provisions set forth above, the Association shall demolish any destroyed or damaged improvements, remove all debris and rubble caused by such demolition and return the damaged or destroyed area to a slightly condition and shall have the right to levy against and collect from the Owners a special assessment for this limited purpose, if necessary.

(b) In the event of damage or destruction of the improvements located on any House Unit or any part thereof (other than any Common Element which is governed by Section 13.1 (a)) due to fire or other adversity or disaster, the Owner of such House Unit shall, at its sole cost and expense, with due diligence, either (i) cause the damaged or destroyed improvements to be repaired and restored to a condition comparable to that prior to the damage or destruction, or (ii) demolish the destroyed or damaged improvements, in which event the damaged or destroyed improvements shall forthwith be demolished and all debris and rubble caused by such demolition shall be removed and the affected House Unit regraded and landscaped. If such repair or restoration or such demolition, debris removal, regrading and landscaping is not commenced within 180 days from the date of such damage or destruction, or if the same is commenced but then abandoned for a period of more than 90 days, the Association may, after notice and an opportunity to be heard, impose a fine of \$1,000.00 per day or such other rate imposed by the Board of Directors, charged against the Owner of the House Unit until such repair or restoration or such demolition, debris removal, regrading and landscaping is commenced or re-commenced, as the case may be. Unless the Owner can prove to the satisfaction of the Board of Directors that such failure is due to circumstances beyond the Owner's control, such fine shall be in addition to any assessment to which such Owner's House Unit is subject and the Association shall have all of the rights pertaining to a special individual assessment specified in the Association Documents for such amount.

13.2 Condemnation:

(a) In the event the Common Elements, or any portion thereof, shall be taken for any public or quasi-public use, under any statute, by right of eminent domain or by purchase in lieu thereof (herein, a "taking"), each Owner will be entitled to notice thereof, but the Association will act as attorney-in-fact for all Owners in the proceedings incident to the taking unless otherwise prohibited by law. The award for such taking will be payable to the Association as trustee for all of the Owners to be disbursed as follows:

(i) If the taking involves a portion of the Common Elements on which improvements have been constructed, then, unless restoration or replacement of such improvements would be illegal under any state or local statute or ordinance governing health or safety or unless within 60 days after such taking 80 percent of the votes of the Members of the Association elect not to restore or replace such improvements, the Association will restore or replace such improvements so taken on the remaining land included in the Common Elements to the extent lands are available therefor, in accordance with plans approved by the Board of Directors, the Design Review Board, and any other governmental or quasi-governmental entity having jurisdiction over the Property. If such improvements are to be restored or replaced, and the award for the taking is insufficient to restore or replace such improvements the Board of Directors shall levy a special assessment in the aggregate amount of such deficiency and shall proceed to restore or replace such improvements.

(ii) If the taking does not involve any improvements, or if there is a decision made not to restore or replace as set forth above, or if there are net funds remaining after any such restoration or replacement of improvements is completed, then the Association may retain such excess proceeds or distribute such excess in proportionate shares on the basis of the annual assessment levied against such House Units for the prior 12-month period.

(b) In the event any House Unit, or any portion thereof (other than any Common Element which is governed by Section 13.2(a)), shall be taken, the condemnation award for such taking shall be paid solely to the Owner of such House Unit. The repair or restoration of any improvements located on such House Unit which are affected by the tacking shall be governed by the terms of Section 13.1(b). If an entire House Unit shall be condemned, the Owner thereof shall automatically cease to be a Member of the Association.

**ARTICLE XIV.
MISCELLANEOUS**

14.1 Duration of Declaration: The covenants, conditions, restrictions, reservations, easements, assessments, charges and liens as set forth in this Declaration shall run with and bind Hill Country Harbor for a period of 20 years from the date of recordation of this Declaration, after which they shall be automatically extended for successive ten-year periods, unless at least one year prior to the expiration of any such ten-year period of extended duration, this Declaration is terminated by a recorded termination agreement that has been authorized by at least 75% of the votes of the Members and executed by the Association.

14.2 **Amendment:** The Declarant, without the joinder of any person, may amend this Declaration to add additional land to this Declaration as set forth in Section 6.10(a) above. The Declarant, at any time, and without the joinder of any person, may amend this Declaration to add and/or describe additional Plats, Condominium Buildings, or Units (whether House Units or Condominium Units), as determined in the sole discretion of Declarant. The Declaration, at any time, and without the joinder of any person, may also amend this Declaration to correct clerical or administrative mistakes or scrivener's errors. Except as set forth in the preceding three sentences, any provision contained in this Declaration may be amended or repealed only by the affirmative vote, consent or agreement of the Declarant (so long as it owns 10% or more of the Property) and the Association. Any such amendment or repeal shall be evidenced by a written instrument or instruments specifying the amendment or the repeal, executed by the Declarant and a duly appointed officer of the Association, and recorded in the Office of the County Clerk and Recorder of Palo Pinto County, Texas. No amendment may remove, revoke or modify any right or privilege of the Declarant without the written consent of the Declarant, as the case may be, or the assignee of such right or privilege.

14.3 **Effect of Provisions of Declaration:** Each provision of this Declaration, and any agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration:

(a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Hill Country Harbor is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument;

(b) shall, by virtue of acceptance of any right, title or interest in any real property within Hill Country Harbor by an Owner or the Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Association, as the case may be and, as a personal covenant, shall be binding on such Owner or the Association and such Owner's or the Association's respective heirs, personal representatives, successors and assigns and as a personal covenant of an Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Association but not to, with or for the benefit of any other Owner and, if a personal covenant of the Association shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner;

(c) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within Hill Country Harbor and, as a real covenant and also as an equitable servitude, shall be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within Hill Country Harbor and for the benefit of any and all other real property within Hill Country Harbor; and

(d) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within Hill Country

Harbor which lien, with respect to any Unit shall be deemed a lien in favor of Declarant and the Association, jointly and severally and, with respect to any real property owned by the Association, shall be deemed a lien in favor of Declarant.

14.4 Interpretation of the Declaration: The Association, by and through its Board of Directors, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the covenants and the provisions hereof.

14.5 Attorneys' Fees: In the event of any dispute under or with respect to this Declaration or any other Association Document, the prevailing party shall be entitled to recover from the non-prevailing party all of its costs and expenses in connection therewith, including but not limited to reasonable attorneys' fees and disbursements.

14.6 Protection of Encumbrancer:

(a) The Association shall furnish to an Owner of a Unit or such Owner's designee or mortgagee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, a statement setting forth the amount of unpaid assessments currently levied against such Owner's Unit. The statement shall be furnished within 30 calendar days after receipt of the request and is binding on the Association, the Board of Directors and every Owner. If no statement is furnished to the Owner, the mortgagee or their designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert the priority of its assessment lien upon the Unit for unpaid assessments which were due as of the date of the request, but shall nevertheless retain such lien.

(b) The Association may report to any Owner's mortgagee any unpaid assessments remaining unpaid for more than 60 days after the same shall have become due. Any mortgagee holding a lien on a Unit may pay any unpaid assessment with respect to such Unit, together with any and all costs and expenses incurred with respect to the assessment lien securing such unpaid assessment, and upon such payment, such mortgagee shall have a lien on the Unit for the amounts paid with the same priority as a lien of the mortgage held by such mortgagee.

14.7 Limited Liability:

(a) No officer or director of the Association, who was appointed by the Declarant, shall be personally liable to the Association or any member for any injury, damage, loss, cost or expenses suffered or incurred by reason of any act, omission of such officer or director, unless a court of competent jurisdiction finds that such officer or director breached a fiduciary duty that such officer or director owed to the Association or a Member.

(b) No officer or director of the Association, who was not appointed by the Declarant and no employee, agent or committee member of the Association shall be personally

liable to the Association or a member for any injury, damage, loss, cost or expense suffered or incurred by reason of any act or omission of such officer, director, employee, agent or committee member, unless a court of competent jurisdiction finds that the act or omission of such officer, director, employee, agent or committee member was wanton and willful.

(c) The Association shall indemnify and hold harmless each present or former officer, director, employee, agent or committee member against any and all claims, suits, proceedings, injuries, damages, losses, costs and expenses, including, but not limited to, attorneys' fees and disbursements, asserted against or incurred by any such present or former officer, director, employee, agent or committee member to the fullest extent permitted by law; provided, however, that in no event shall the Association indemnify or hold harmless any such officer, director, employee, agent or committee member to the extent that he or she is personally liable for an act or omission under Section 14.7(a) or Section 14.7(b) above.

14.8 Use of Trademark: Each Owner by acceptance of a deed and/or leasehold assignment for its Unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed (i) to acknowledge that Hill Country Harbor is the tradename and trademark of the Declarant, and (ii) to covenant that it shall not use the term "Hill Country Harbor" without the prior written consent of Declarant.

14.9 Disclaimer of Representations: Anything to the contrary in this Declaration notwithstanding, and except as otherwise may expressly be set forth on a Plat or other instrument recorded in the Office of the Clerk and Recorder for Palo Pinto County, Texas, Declarant makes no warranties or representations whatsoever that the plan presently envisioned for the complete development of Hill Country Harbor can or will be carried out or that any land now owned or hereafter acquired by Declarant is or will be subjected to this Declaration, or that any such land, whether or not it has been subjected to this Declaration, is or will be committed to or developed for a particular use, or that if such land is once used for a particular use, that such use will continue in effect.

14.10 Successors and Assigns: Except as otherwise provided herein, this Declaration shall be binding upon and shall inure to the benefit of Declarant, the Association, and each Owner and their respective heirs, personal representatives, successors and assigns.

14.11 Severability: Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.

14.12 Captions: The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

14.13 Construction: When necessary for proper construction, the masculine of any word used in this Declaration shall include the feminine or neuter gender, and the singular the plural, and vice versa.

14.14 **No Waiver:** Failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

14.15 **Notices; Registration by Owner of Mailing Address:** Each Owner shall register its mailing address with the Association, and except for statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by first class mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. An Owner may change its mailing address from time to time by delivering written notice of such change of address to the secretary of the Association. However, if any Owner fails to so notify the Association of a registered address, then any notice or demand may be delivered to such Owner at the address of such Owner's Unit or posted at such Owner's Unit. All notices or demands intended to be served upon the Board of Directors, the Declarant, or the Association shall be sent by certified mail, postage prepaid, to 8214 Westchester Drive, Suite 800, Dallas, Texas 75225, until such address is changed by any such party.

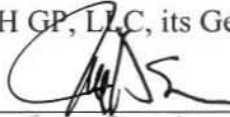
IN WITNESS WHEREOF, Declarant and the parties set forth below have executed this Declaration on the day and year appearing next to their names as set forth below.

DECLARANT:

HILL COUNTRY HARBOR, L.P.,
a Texas limited partnership

BY: HCH GP, LLC, its General Partner

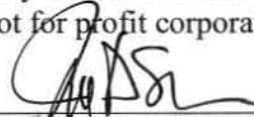
May 22, 2007

By: 
Name: JOHN D. STELZER
Title: PRESIDENT

ASSOCIATION:

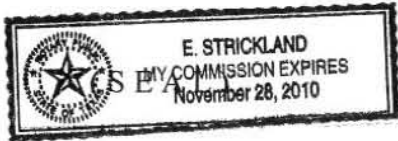
Hill Country Harbor Association, Inc.,
a Texas not for profit corporation

May 22, 2007

By: 
Name: JOHN D. STELZER
Title: SECRETARY

STATE OF TEXAS §
§
COUNTY OF DALLAS §

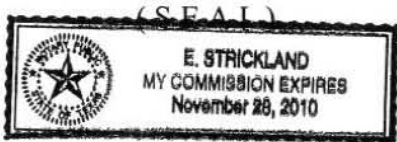
This instrument was acknowledged before me on the 22nd day of May, 2007, by John Stelzer, as President of HCH GP, LLC, a Texas limited liability company, in its capacity as general partner of Hill Country Harbor, L.P., a Texas limited partnership, on behalf of said partnership.



E. Strickland
Notary Public, State of Texas
Print Name: E. Strickland
Date Commission Expires: 11/28/2010

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 22nd day of May, 2007, by JOHN D. STELZER, the SECRETARY of Hill Country Harbor Association, Inc., a Texas not for profit corporation, on behalf of said corporation.



E. Strickland
Notary Public, State of Texas
Print Name: E. Strickland
Date Commission Expires: 11/28/2010

Exhibit "A"

Property
(legal description)

(see five pages attached hereto)

PROPERTY DESCRIPTION

BEING a tract of land situated in the A.J. Smith Survey, Abstract No. 393 and the C.E.P.I & M. Survey, Abstract No. 138, Palo Pinto County and being a portion of a called 264.3 Acre tract of land conveyed to Hill Country Harbor, L.P. by deed recorded in Volume 1328, Page 715, Deed Records of Palo Pinto County and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner at the intersection of the west right-of-way line of Keechi Trail (42' R.O.W.) as shown on the plat of The Ranch as recorded in Volume 8, Page 17, Plat Records of Palo Pinto County, and the north right-of-way line of proposed Scenic Drive (60' proposed R.O.W.);

THENCE S00°57'49"E, leaving the west right-of-way line of said Keechi Trail and the north right-of-way line of said Scenic Drive, a distance of 60.42 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the south right-of-way line of said Scenic Drive;

THENCE S84°10'31"E, along the south right-of-way line of said Scenic Drive, a distance of 104.25 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the left having a radius of 300.84 feet;

THENCE continuing along the south right-of-way line of said Scenic Drive and along said curve to the left, an arc distance of 29.69 feet through a central angle of 05°39'16" and a chord bearing and distance of S87°00'07"E, 29.68 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE S24°25'28"W, leaving the south right-of-way line of said Scenic Drive, a distance of 668.85 feet to a 1/2 inch iron rod found for corner;

THENCE S30°44'05"W, a distance of 1389.75 feet to a 5/8 inch iron rod found for corner;

THENCE S84°56'08"W, a distance of 462.41 feet to a point for corner;

THENCE S37°16'28"W, a distance of 330.45 feet to a point for corner;

THENCE S16°27'10"W, a distance of 95.46 to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N52°52'44"W, a distance of 246.29 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the southeasterly right-of-way line of proposed Cascade Lane (50' R.O.W.), said point also being the beginning of a non-tangent curve to the right having a radius of 150.00 feet;

THENCE along the southeasterly right-of-way line of said proposed Cascade Lane, an arc distance of 13.27 through a central angle of 05°04'14" and a chord bearing and distance of S19°49'04"W, 13.27 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N36°24'38"W, crossing the proposed right-of-way of said Cascade Lane, a distance of 50.00 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the northwesterly right-of-way line of said proposed Cascade Lane;

THENCE N82°39'57"W, leaving the northwesterly proposed right-of-way line of said Cascade Lane, a distance of 175.08 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N06°20'59"W, a distance of 118.72 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N16°02'32"W, a distance of 352.58 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the southerly right-of-way line of proposed Falls Creek Drive (50' R.O.W.);

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195

THENCE S71°47'14"W, along the southerly right-of-way line of proposed Falls Creek Drive, a distance of 34.71 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 125.00 feet;

THENCE along said curve to the right and the southerly right-of-way line of proposed Falls Creek Drive, an arc distance of 128.24 feet through a central angle of 58°46'46" and a chord bearing and distance of N78°49'23"W, 122.69 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N49°26'00"W, continuing along the southerly right-of-way line of proposed Falls Creek Drive, a distance of 137.50 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 275.00 feet;

THENCE continuing along said Falls Creek Drive and said curve to the right, an arc distance of 31.81 feet through a central angle of 06°37'38" and a chord bearing and distance of N46°07'12"W, 31.79 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N42°48'23"W, continuing along said Falls Creek Drive, a distance of 4.29 feet to 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the southeasterly right-of-way line of proposed Harbor Way (60' proposed R.O.W.);

THENCE leaving the southerly right-of-way line of proposed Falls Creek Drive and along the southerly and easterly right-of-way line of said proposed Harbor Way the following:

S47°11'37"W, a distance of 141.73 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 525.00 feet;

Along said curve to the right, an arc distance of 190.46 feet through a central angle of 20°47'11" and a chord bearing and distance of S57°35'12"W, 189.42 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N22°01'12"W, leaving the southeasterly right-of-way line of said proposed Harbor Way, a distance of 60.00 feet 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the northwesterly right-of-way line of said proposed Harbor Way;

THENCE S83°26'21"W, leaving the northwesterly right-of-way line of said proposed Harbor Way, a distance of 345.40 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N36°46'26"W, a distance of 134.52 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE S66°26'51"W, a distance of 175.02 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N00°40'04"W, a distance of 31.60 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

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190

THENCE N71°05'06"W, a distance of 657.40 feet to a 3/8 inch iron rod found for corner;

THENCE N13°33'25"E, a distance of 214.72 feet to a 1/2 inch iron pipe found for corner;

THENCE N87°16'22"E, a distance of 1211.31 feet to a 1/2 inch iron rod found for corner;

THENCE N00°04'00"E, a distance of 426.76 feet to a concrete monument found for corner;

THENCE N76°47'10"W, a distance of 1022.39 feet to a 5/8 inch iron rod found for corner;

THENCE S53°04'52"W, a distance of 271.74 feet to a bolt found for corner;

THENCE N13°34'37"W, a distance of 514.22 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the northerly right-of-way line of aforementioned proposed Scenic Drive;

THENCE along the northerly right-of-way of said Scenic Drive the following calls:

N83°42'50"E, a distance of 63.27 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 125.00 feet;

Along said curve to the right, on arc distance of 108.55 feet through a central angle of 49°45'22" and a chord bearing and distance of S71°24'30"E, 105.17 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

S46°31'49"E, a distance of 19.17 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

N43°28'11"E, a distance of 156.09 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 230.00 feet;

Along said curve to the right, an arc distance of 215.89 feet through a central angle of 53°46'50" and a chord bearing and distance of N70°21'36"E, 208.05 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

S88°44'59"E, a distance of 360.33 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 230.00 feet;

Along said curve to the right, an arc distance of 63.08 feet through a central angle of 15°42'50" and a chord bearing and distance of S74°53'34"E, 62.88 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a reverse curve to the left having a radius of 970.00 feet;

Along said reverse curve to the left, an arc distance of 261.32 feet through a central angle of 15°26'09" and a chord bearing and distance of S74°45'13"E, 260.53 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

S82°28'18"E, a distance of 109.10 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right with a radius of 1600.00 feet;

Along said curve to the right, an arc distance of 180.55 feet through a central angle of 08°27'56" and a chord bearing and distance of S79°14'20"E, 180.45 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

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197

S76°00'22"E, a distance of 99.69 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the westerly right-of-way line of aforementioned Harbor Way, said 5/8 inch iron rod being the intersection of the northerly right-of-way line of said Scenic Drive and the westerly right-of-way line of said Harbor Way;

THENCE N06°06'16"W, along the westerly right-of-way line of said Harbor Way, a distance of 4.03 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

THENCE N83°53'44"E, leaving the westerly right-of-way line of said Harbor Way, a distance of 60.00 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner in the easterly right-of-way line of said Harbor Way to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner, said 5/8 inch iron rod being the intersection of the north right-of-way line of said Scenic Drive and the easterly right-of-way line of said Harbor Way and the beginning of a curve to the right, having a radius of 815.88 feet;

THENCE along the northerly right-of-way line of said Scenic Drive the following:

Along said curve to the right, an arc distance of 195.76 feet through a central angle 13°44'51" and a chord bearing and distance of S88°11'21"E, 195.29 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

S81°18'55"E, a distance of 113.43 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the left having a radius of 470.00 feet;

Along said curve to the left, an arc distance of 151.43 feet through a central angle of 18°27'37" and a chord bearing and distance of N89°27'16"E, 150.78 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

N80°13'28"E, a distance of 297.52 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 380.00 feet;

Along said curve to the right, an arc distance of 164.43 feet through a central angle of 24°47'33" and a chord bearing and distance of S87°22'46"E, 163.15 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

S74°58'59"E, a distance of 79.85 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the left having a radius of 220.00 feet;

Along said curve to the left, an arc distance of 156.02 feet through a central angle of 40°37'39" and a chord bearing and distance of N84°42'11"E, 152.77 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

N64°23'22"E, a distance of 115.48 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 195.26 feet;

Along said curve to the right, an arc distance of 151.78 feet through a central angle of 44°32'16" and a chord bearing and distance of N86°39'08"E, 147.99 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

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Vol
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198

S71°04'44"E, a distance of 112.93 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the left having a radius of 592.16 feet;

Along said curve to the left, an arc distance of 372.46 feet through a central angle of 36°02'17" and a chord bearing and distance of S89°05'52"E, 366.35 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

N72°53'10"E, a distance of 210.03 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the left having a radius of 420.00 feet; Along said curve to the left, an arc distance of 110.21 feet through a central angle of 15°02'03" and a chord bearing and distance of N65°22'09"E, 109.89 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

N57°51'07"E, a distance of 58.48 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner and the beginning of a curve to the right having a radius of 167.96 feet;

Along said curve to the right, an arc distance of 111.32 feet through a central angle of 37°58'23" and a chord bearing and distance of N76°50'19"E, 109.29 feet to a 5/8 inch iron rod, with yellow cap stamped "BDD", set for corner;

S84°10'31"E, a distance of 4.68 feet to the POINT OF BEGINNING and containing 5,040,847 square feet or 115.722 acres of land, more or less.

Exhibit "B"

Adjacent Property
(legal description)

Tracts 1, 2, 3 and 4 as described on the following 11 pages: SAVE AND EXCEPT the property described on Exhibit "A" to this Declaration, which immediately precedes this Exhibit "B".

TRACT 1

DESCRIPTION, of a 264.3 acre tract of land situated in the A.J. Smith Survey, Abstract No. 393, Palo Pinto County, Texas; said tract being all of a tract of land described as "Tract 1" and part of "Tract 7" in a Deed to Hill Country Harbor Village, L.P. recorded in Volume 983, Page 159 of the Deed Records of Palo Pinto County, Texas; said 264.3 acre tract being more particularly described as follows:

BEGINNING, at a point, said point being on the east right-of-way line of Park Road 36 (a variable width right-of-way) with the north line of said A.J. Smith Survey; said point being the most northerly corner of said Tract 1;

THENCE, South 59 degrees, 53 minutes, 05 seconds East, with the most northerly line of said Tract 1, a distance of 451.76 feet to a point for corner; said point being the most northerly northwest corner of a tract of land designated as "Common Area", The Ranch on Possum Kingdom, an addition to Palo Pinto County according to the plat thereof recorded in Volume 7, Page 90 of the Plat Records of Palo Pinto County, Texas;

THENCE, with the westerly line of said addition, the following four (4) calls:

South 02 degrees, 31 minutes, 58 seconds West, a distance of 1349.95 feet to a point for corner;

South 42 degrees, 45 minutes, 36 seconds East, a distance of 885.27 feet to a point for corner;

South 14 degrees, 02 minutes, 46 seconds East, a distance of 908.03 feet to a point for corner;

South 89 degrees, 30 minutes, 22 seconds West, a distance of 38.66 feet to a point for corner on the north right-of-way line of Keechi Trail (a 60-foot wide right-of-way); said point being the beginning of a tangent curve to the left;

THENCE, along the said north line of Keechi Trail, the following three (3) calls:

In a southwesterly direction along said curve to the left, having a central angle of 37 degrees, 36 minutes, 21 seconds, a radius of 150.00 feet, a chord bearing and distance of South 70 degrees, 42 minutes, 11 seconds West, 96.69 feet, an arc distance of 98.45 feet to a point for the end of said curve;

South 51 degrees, 54 minutes, 01 seconds West, a distance of 118.91 feet to a point for corner; said point being the beginning of a non-tangent curve to the left;

In a southwesterly along said curve to the left, having a central angle of 146 degrees, 31 minutes, 06 seconds, a radius of 50.00 feet, a chord bearing and distance of South 43 degrees, 48 minutes, 23 seconds West, 95.76 feet, an arc distance of 127.86 feet to a point for corner; on the north line of Lot M17, of The Ranch on Possum Kingdom, an addition to Palo Pinto County, Texas according to the plat thereof recorded in Volume 8, Page 39, Slide 555 of said Plat Records;

THENCE, with the north, west and south lines of said Block Minutes, the following nineteen (19) calls:

South 74 degrees, 47 minutes, 48 seconds West, a distance of 121.48 feet to a point for corner; said point being the beginning of a non-tangent curve to the right;

In a southeasterly direction along said curve to the right, having a central angle of 09 degrees, 25 minutes, 06 seconds , a radius of 1370.00 feet, a chord bearing and distance of South 10 degrees, 48 minutes, 49 seconds East, 224.95 feet, an arc distance of 225.20 feet to a point for the end of said curve;

South 06 degrees, 06 minutes, 16 seconds East, a distance of 193.62 feet to a point for corner; said point being the beginning of a non-tangent curve to the right;

In a southeasterly direction along said curve to the right, having a central angle of 13 degrees, 44 minutes, 51 seconds , a radius of 815.88 feet, a chord bearing and distance of South 88 degrees, 11 minutes, 21 seconds East, 195.29 feet, an arc distance of 195.76 feet to a point for the end of said curve;

South 81 degrees, 18 minutes, 55 seconds East, a distance of 113.43 feet to a point for corner; said point being the beginning of a tangent curve to the left;

In a northeasterly direction along said curve to the left, having a central angle of 18 degrees, 27 minutes, 37 seconds , a radius of 470.00 feet, a chord bearing and distance of North 89 degrees, 27 minutes, 16 seconds East, 150.78 feet, an arc distance of 151.43 feet to a point for the end of said curve;

North 80 degrees, 13 minutes, 28 seconds East, a distance of 297.52 feet to a point for corner; said point being the beginning of a tangent curve to the right;

In a southeasterly direction, along said curve to the right, having a central angle of 24 degrees, 47 minutes, 33 seconds , a radius of 380.00 feet, a chord bearing and distance of South 87 degrees, 22 minutes, 46 seconds East, 163.15 feet, an arc distance of 164.43 feet to a point for the end of said curve;

South 74 degrees, 58 minutes, 59 seconds East, a distance of 79.87 feet to a point for corner; said point being the beginning of a tangent curve to the left;

In a northeasterly direction along said curve to the left, having a central angle of 40 degrees, 37 minutes, 39 seconds , a radius of 220.00 feet, a chord bearing and distance of North 84 degrees, 42 minutes, 11 seconds East, 152.75 feet, an arc distance of 156.00 feet to a point for the end of said curve;

North 64 degrees, 23 minutes, 22 seconds East, a distance of 115.51 feet to a point for corner; said point being the beginning of a tangent curve to the right;

In a northeasterly direction along said curve to the right, having a central angle of 44 degrees, 31 minutes, 55 seconds , a radius of 195.26 feet, a chord bearing

and distance of North 86 degrees, 39 minutes, 19 seconds East, 147.97 feet, an arc distance of 151.76 feet to a point for the end of said curve;

South 71 degrees, 04 minutes, 44 seconds East, a distance of 112.93 feet to a point for corner; said point being the beginning of a tangent curve to the left;

In a southeasterly direction along said curve to the left, having a central angle of 36 degrees, 02 minutes, 06 seconds , a radius of 592.16 feet, a chord bearing and distance of South 89 degrees, 05 minutes, 47 seconds East, 366.32 feet, an arc distance of 372.43 feet to a point for the end of said curve;

North 72 degrees, 53 minutes, 10 seconds East, a distance of 210.03 feet to a point for corner; said point being the beginning of a tangent curve to the left;

In a northeasterly direction along said curve to the left, having a central angle of 15 degrees, 02 minutes, 03 seconds , a radius of 420.00 feet, a chord bearing and distance of North 65 degrees, 22 minutes, 08 seconds East, 109.89 feet, an arc distance of 110.21 feet to a point for the end of said curve;

North 57 degrees, 51 minutes, 07 seconds East, a distance of 58.48 feet to a point for corner; said point being the beginning of a tangent curve to the right;

In a northeasterly direction, along said curve to the right, having a central angle of 37 degrees, 58 minutes, 22 seconds , a radius of 167.96 feet, a chord bearing and distance of North 76 degrees, 50 minutes, 18 seconds East, 109.29 feet, an arc distance of 111.32 feet to a point for the end of said curve;

South 84 degrees, 10 minutes, 31 seconds East, a distance of 116.07 feet to a point for corner;

North 87 degrees, 37 minutes, 54 seconds East, a distance of 52.39 feet to a point for corner; said point being the most easterly corner of said Tract 7;

THENCE, South 24 degrees, 25 minutes, 28 seconds West, along the west line of said Common Area, a distance of 738.49 feet to a point for corner;

THENCE, South 30 degrees, 44 minutes, 05 seconds West, along the west line of said Common Area, a distance of 1389.75 feet to a point for corner on the north line of Lot K1 of said first referenced The Ranch on Possum Kingdom;

THENCE, with the north and west lines of said Lot K1, the following four (4) calls:

South 84 degrees, 56 minutes, 08 seconds West, a distance of 462.41 feet to a point for corner;

South 37 degrees, 16 minutes, 28 seconds West, a distance of 330.45 feet to a point for corner; said point being the most southerly corner of said Lot K1;

South 16 degrees, 27 minutes, 10 seconds West, a distance of 483.76 feet to a point for corner;

South 23 degrees, 45 minutes, 00 seconds East, a distance of 173.23 feet to a point for corner;

THENCE, South 12 degrees, 28 minutes, 17 seconds West, with the west line of said Common Area, a distance of 130.78 feet to a point for corner on the north right-of-way line of Harbor Bend Road (a 60-foot wide right-of-way);

THENCE, with the said north line of Harbor Bend Road the following four (4) calls:

North 61 degrees, 30 minutes, 00 seconds West, a distance of 90.00 feet to a point for corner;

North 85 degrees, 00 minutes, 00 seconds West, a distance of 165.00 feet to a point for corner;

North 57 degrees, 58 minutes, 37 seconds West, a distance of 246.11 feet to a point for corner;

North 49 degrees, 00 minutes, 00 seconds West, a distance of 485.00 feet to a point for corner; said point being the most northerly corner of the terminus of said Harbor Bend Road;

THENCE, South 51 degrees, 54 minutes, 10 seconds West, departing along said terminus, a distance of 60.00 feet to a point for on the north line of a tract of land described in a Special Warranty Deed to D. Craig Walker and Donese South Walker recorded in Volume 1300, Page 78 of said Deed Records;

THENCE, with the northeast and northwest lines of said Walker tract, the following seven (7) calls:

North 38 degrees, 05 minutes, 50 seconds West, a distance of 221.02 feet to a point for corner; said point being the beginning of a tangent curve to the right;

In a northwesterly direction along said curve to the right, having a central angle of 22 degrees, 05 minutes, 33 seconds, a radius of 460.00 feet, a chord bearing and distance of North 27 degrees, 03 minutes, 03 seconds West, 176.27 feet, an arc distance of 177.37 feet to a point for the end of said curve;

North 16 degrees, 00 minutes, 16 seconds West, a distance of 14.78 feet to a point for corner;

South 78 degrees, 00 minutes, 00 seconds West, a distance of 37.08 feet to a point for corner; said point being the beginning of a tangent curve to the left;

In a southwesterly direction along said curve to the right, having a central angle of 40 degrees, 00 minutes, 00 seconds, a radius of 290.00 feet, a chord bearing and distance of South 58 degrees, 00 minutes, 00 seconds West, 198.37 feet, an arc distance of 202.46 feet to a point for the end of said curve;

South 38 degrees, 00 minutes, 00 seconds West, a distance of 120.00 feet to a point for corner; said point being the beginning of a tangent curve to the right;

In a southwesterly direction along said curve to the right having a central angle of 71 degrees, 53 minutes, 20 seconds, a radius of 281.11 feet, a chord bearing and distance of South 73 degrees, 56 minutes, 40 seconds West, 330.02 feet, an arc distance of 352.71 feet to a point for the end of said curve;

South 35 degrees, 02 minutes, 00 seconds West, a distance of 186.31 feet to a point for corner on the east line of Brazos River Authority Area 1-B;

THENCE, along said east line, the following twelve (12) calls:

North 57 degrees, 16 minutes, 29 seconds West, a distance of 910.38 feet to a point for corner;

North 14 degrees, 04 minutes, 11 seconds East, a distance of 337.03 feet to a point for corner;

South 78 degrees, 50 minutes, 03 seconds East, a distance of 875.08 feet to a point for corner;

North 00 degrees, 40 minutes, 06 seconds West, a distance of 295.78 feet to a point for corner;

North 71 degrees, 05 minutes, 08 seconds West, a distance of 657.40 feet to a point for corner;

North 13 degrees, 33 minutes, 19 seconds East, a distance of 214.72 feet to a point for corner;

North 87 degrees, 16 minutes, 20 seconds East, a distance of 1211.30 feet to a point for corner;

North 00 degrees, 03 minutes, 59 seconds East, a distance of 426.76 feet to a point for corner;

North 76 degrees, 47 minutes, 09 seconds West, a distance of 1022.38 feet to a point for corner;

South 53 degrees, 04 minutes, 46 seconds West, a distance of 271.73 feet to a point for corner;

North 13 degrees, 34 minutes, 38 seconds West, a distance of 1754.94 feet to a point for corner;

South 89 degrees, 27 minutes, 39 seconds West, a distance of 449.99 feet to a point for corner;

THENCE, North 00 degrees, 37 minutes, 43 seconds West, a distance of 945.27 feet to a point for corner on the south right-of-way line of said Park Road 36;

THENCE, along the south and east lines of said Park Road 36, the following five (5) calls:

South 81 degrees, 11 minutes, 19 seconds East, a distance of 1057.55 feet to a point for corner;

North 73 degrees, 31 minutes, 41 seconds East, a distance of 364.06 feet to a point for corner;

North 71 degrees, 24 minutes, 13 seconds East, a distance of 65.66 feet to a point for corner;

North 61 degrees, 41 minutes, 44 seconds East, a distance of 10.05 feet to a point for corner;

North 02 degrees, 31 minutes, 05 seconds East, a distance of 1565.13 feet to the POINT OF BEGINNING;

CONTAINING, 264.3 acres of land, more or less.

TRACT 2

DESCRIPTION, of a 35.06 acre tract of land situated in the A.J. Smith Survey, Abstract No. 393, Palo Pinto County, Texas; and being part of a tract of land described in a Deed recorded in Volume 860, Page 400 of the Deed Records of Palo Pinto County, Texas; said 35.06 acre tract being more particularly described as follows:

BEGINNING, at a point at the intersection of the west right-of-way line of Park Road 36 (a variable width right-of-way) with the north line of said A.J. Smith Survey;

THENCE, with said west and north right-of-way lines, the following seven (7) calls:

South 02 degrees, 24 minutes, 59 seconds West, a distance of 1283.70 feet to a point for corner;

South 17 degrees, 30 minutes, 11 seconds West, a distance of 177.83 feet to a point for corner;

South 38 degrees, 50 minutes, 46 seconds West, a distance of 123.94 feet to a point for corner;

South 56 degrees, 52 minutes, 39 seconds West, a distance of 111.49 feet to a point for corner;

South 71 degrees, 08 minutes, 37 seconds West, a distance of 64.03 feet to a point for corner;

South 77 degrees, 41 minutes, 27 seconds West, a distance of 145.75 feet to a point for corner;

North 81 degrees, 01 minutes, 28 seconds West, a distance of 335.10 feet to a point for corner; said point being the southeast corner of a tract of land described in a Deed to Keith Hanssen and Valori Hanssen recorded in Volume 958, Page 102 of said Deed Records;

THENCE, North 18 degrees, 04 minutes, 43 seconds West, departing the said north line of Park Road No. 36, a distance of 385.49 feet to a point for corner on the south line of Brazos River Authority Area 1-A, Lot 4;

THENCE, with the east line of said Brazos River Authority Area 1-A, the following three (3) calls:

North 85 degrees, 23 minutes, 14 seconds East, a distance of 464.26 feet to a point for corner;

North 59 degrees, 42 minutes, 52 seconds West, a distance of 555.93 feet to a point for corner;

North 05 degrees, 17 minutes, 30 seconds East, a distance of 1407.37 feet to a point for corner; said point being the northeast corner of Brazos River Authority Area 1-A, Lot 15;

THENCE, South 59 degrees, 50 minutes, 14 seconds East, a distance of 948.23 feet to the POINT OF BEGINNING;

CONTAINING, 35.06 acres of land, more or less.

TRACT 3

BEING a tract of land situated in the A.J. Smith Survey, Abstract No. 393 and being a portion of a called 7.488 tract of land conveyed to Craig Walker, as evidenced in a deed recorded in Volume 1300, Page 78, Deed Records of Palo Pinto County, Texas and being more particularly described as follows:

BEGINNING at a 5/8" "BDD" capped iron rod set for corner in the southwesterly right of way of Harbor Way (60' R.O.W.), said corner bears N38°05'50"W, 125.12 feet from the most northerly, east corner of said called 7.488 tract Craig Walker tract;

THENCE S57°08'28"W, departing said southwesterly right of way of Harbor Way, a distance of 691.25 feet to a 5/8" "BDD" capped iron rod set for corner on the southwesterly line of said 7.488 acre tract;

THENCE N57°16'29"W, along the southwesterly line of said 7.488 acre tract, a distance of 315.20 feet to a 5/8" "BDD" capped iron rod set for corner;

THENCE N35°02'00"E, along the northwesterly line of said 7.488 acre tract, a distance of 186.32 feet to a 5/8" "BDD" capped iron rod set for corner, same being at the beginning of a curve to the left having a central angle of 71°53'21", a radius of 281.11 feet, and a chord which bears N73°56'41"E - 330.02 feet;

THENCE continuing along the northwesterly line of said 7.488 acre tract and along said curve to the left, an arc distance of 352.71 feet to a 5/8" "BDD" capped iron rod set for the point of tangency of said curve;

THENCE N38°00'00"E, continuing along the northwesterly line of said 7.488 acre tract, a distance of 120.00 feet to a 5/8" "BDD" capped iron rod set for corner, same being at the beginning of a curve to the right having a central angle of 40°00'00", a radius of 290.00 feet, and a chord which bears N58°00'00"E - 198.37 feet;

THENCE continuing along the northwesterly line of said 7.488 acre tract and along said curve to the right, an arc distance of 202.46 feet to a 5/8" "BDD" capped iron rod set for the point of tangency of said curve;

THENCE N78°00'00"E, continuing along the northwesterly line of said 7.488 acre tract, a distance of 37.08 feet to a 5/8" "BDD" capped iron rod set for corner in the aforementioned southwesterly right of way of Harbor Way;

THENCE S16°00'16"E, along said southwesterly right of way of Harbor Way, a distance of 14.78 feet to a 5/8" "BDD" capped iron rod set for corner on said southwesterly right of way of Harbor Way, same being at the beginning of a curve to the left having a central angle of 22°05'34", a radius of 460.00 feet, and a chord which bears S27°03'03"E - 176.28 feet;

THENCE continuing along the southwesterly right of way line of Harbor Way and along said curve to the left, an arc distance of 177.37 feet to a 1/2" capped iron rod found for corner;

THENCE S38°05'50"E, continuing along said southwesterly right of way of Harbor Way, a distance of 95.79 feet to the POINT OF BEGINNING and containing 221,349 square feet or 5.082 acres of land, more or less.

Tract 4

41.12 Acre Tract Description

A tract of land in Palo Pinto County, Texas, containing 41.12 acres, being part of the A.J. Smith Survey, Abstract No 393, the C.E.P.I. & M. Company Survey, Abstract No 138, and the C.E.P.I. & M. Company Survey, Abstract No 139, and being within a 1742.911 acre tract described in a Special Warranty Deed recorded in Volume 860, Page 400 of the Deed Records of Palo Pinto County, Texas, said 41.12 acre tract being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found in the west line of Section 1 as depicted on a plat of Section 1 of The Ranch on Possum Kingdom recorded in Volume 7, Pages 90-98 of the Plat Records of Palo Pinto County, Texas from which a concrete monument found marking the northeast corner of the A.J. Smith Survey, Abstract No. 393 bears North 22 degrees 38 minutes 20 seconds East for a distance of 1694.06 feet, said iron rod is in the east line of a called 264.3 acre tract described in a Special Warranty Deed recorded in Volume 1328, Page 715 of the Official Public Records of Palo Pinto County, Texas;

THENCE with the west line of said Section 1, North 86 degrees 26 minutes 38 seconds East for a distance of 2395.92 feet to a 1/2 inch iron rod set for corner,

THENCE with the west line of said Section 1, South 15 degrees 32 minutes 52 seconds East for a distance of 635.63 feet to a 1/2 inch iron rod found for corner;

THENCE with the west line of said Section 1, South 33 degrees 06 minutes 35 seconds East for a distance of 289.19 feet to a 1/2 inch iron rod found for corner;

THENCE with the west line of said Section 1, South 54 degrees 00 minutes 10 seconds West for a distance of 526.41 feet to a 1/2 inch iron rod found for corner;

THENCE with the west line of said Section 1, South 24 degrees 25 minutes 28 seconds West for a distance of 2.07 feet to a 1/2 inch iron rod found marking the northeast corner of a 0.206 acre access easement described in Volume 1136, Page 644 of the Official Public Records of Palo Pinto County, Texas, said iron rod also marks the easternmost northeast corner of aforesaid 264.3 acre tract;

THENCE with the north line of said 0.206 acre access easement and also with a north line of said 264.3 acre tract, along a curve to the right having a radius of 240.84 feet and an arc length of 51.58 feet, being subtended by a chord of South 89 degrees 41 minutes 20 seconds West for a distance of 51.49 feet to a 1/2 inch iron rod found for corner;

THENCE continuing with the north line of said 0.206 acre access easement and also with a north line of said 264.3 acre tract, North 84 degrees 10 minutes 31 seconds West for a distance of 69.24 feet to a 1/2 inch iron rod found at the point where the east R.O.W. line of Keechi Trail intersects the north R.O.W. line of Scenic Drive as depicted in a plat of Block M, The Ranch on Possum Kingdom recorded in Volume 8, Page 39 of the Plat Records of Palo Pinto County, Texas;

THENCE with the east R.O.W. line of Keechi Trail, North 00 degrees 57 minutes 49 seconds East for a distance of 157.93 feet to a 1/2 inch iron rod found for corner;

THENCE with the east R.O.W. line of Keechi Trail, along a curve to the left having a radius of 137.00 feet and an arc length of 254.81 feet, being subtended by a chord of North 52 degrees 19 minutes 11 seconds West for a distance of 219.64 feet to a 1/2 inch iron rod found for corner;

THENCE with the north R.O.W. line of Keechi Trail, along a curve to the right having a radius of 146.00 feet and an arc length of 197.91 feet, being subtended by a chord of North 66 degrees 46 minutes 11 seconds West for a distance of 183.10 feet to a 1/2 inch iron rod found for corner;

THENCE with the north R.O.W. line of Keechi Trail, North 27 degrees 56 minutes 11 seconds West for a distance of 124.00 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, along a curve to the left having a radius of 137.00 feet and an arc length of 140.60 feet, being subtended by a chord of North 57 degrees 20 minutes 11 seconds West for a distance of 134.51 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, North 86 degrees 44 minutes 11 seconds West for a distance of 274.00 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, along a curve to the left having a radius of 292.00 feet and an arc length of 140.28 feet, being subtended by a chord of South 79 degrees 30 minutes 04 seconds West for a distance of 138.93 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, along a curve to the right having a radius of 2498.24 feet and an arc length of 245.35 feet, being subtended by a chord of South 68 degrees 33 minutes 08 seconds West for a distance of 245.25 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, South 71 degrees 21 minutes 56 seconds West for a distance of 16.08 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, along a curve to the left having a radius of 402.00 feet and an arc length of 212.47 feet, being subtended by a chord of South 56 degrees 13 minutes 27 seconds West for a distance of 210.00 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, South 41 degrees 04 minutes 59 seconds West for a distance of 68.59 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, along a curve to the right having a radius of 88.00 feet and an arc length of 138.23 feet, being subtended by a chord of South 86 degrees 04 minutes 59 seconds West for a distance of 124.45 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, North 48 degrees 55 minutes 01 seconds West for a distance of 111.00 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, along a curve to the left having a radius of 382.00 feet and an arc length of 277.20 feet, being subtended by a chord of North 69 degrees 42 minutes 19 seconds West for a distance of 271.16 feet to a 1/2 inch iron rod set for corner;

THENCE with the north R.O.W. line of Keechi Trail, South 89 degrees 30 minutes 22 seconds West for a distance of 181.22 feet to a 1/2 inch iron rod found in the east line of the aforesaid 264.3 acre tract;

THENCE with the east line of said 264.3 acre tract, North 14 degrees 02 minutes 46 seconds West for a distance of 597.93 feet to the point of beginning.

Exhibit "C"

House Units

The following lots as set forth in the final plat of Hill Country Harbor, Phase I, Addition, as filed in Volume 9, Page 67 (Slide 633) of the Real Property Records of Palo Pinto County, Texas:

- Lots 6 through 21, Lots 23 through 27, Block A.
- Lots 1 through 56, Block B.

Exhibit "D"

Legal description of land on which Equestrian
Center, Gazebo and Outdoor Arena are located.

(see one page attached hereto)

Tract 1 - 14.189 Acres

A tract of land in Palo Pinto County, Texas, containing 14.189 acres, being part of the C.E.P.I. & M. Company Survey, Abstract No. 138, and the C.E.P.I. & M. Company Survey, Abstract No. 139, and being within a 1742.911 acre tract described in a Special Warranty Deed recorded in Volume 860, Page 400, of the Deed Records of Palo Pinto County, and being more particularly described as follows:

Beginning at a 1/2 inch iron rod found in the north R.O.W. line of Scenic Drive and the east R.O.W. line of Keechi Trail;

Thence with the east R.O.W. line of Keechi Trail, North 00 degrees 57 minutes 49 seconds East for a distance of 157.93 feet to a 1/2 inch iron rod found for corner;

Thence with the east R.O.W. line of Keechi Trail, along a curve to the left having a radius of 137.00 feet and an arc length of 254.81 feet, being subtended by a chord of North 52 degrees 19 minutes 11 seconds West for a distance of 219.64 feet to a 1/2 inch iron rod found for corner;

Thence with the east R.O.W. line of Keechi Trail, along a curve to the right having a radius of 146.00 feet and an arc length of 197.91 feet, being subtended by a chord of North 66 degrees 46 minutes 11 seconds West for a distance of 183.10 feet to a 1/2 inch iron rod found for corner;

Thence with the east R.O.W. line of Keechi Trail, North 27 degrees 56 minutes 11 seconds West for a distance of 124.00 feet to a 1/2 inch iron rod found for corner;

Thence with the east R.O.W. line of Keechi Trail, along a curve to the left having a radius of 137.00 feet and an arc length of 53.63 feet, being subtended by a chord of North 39 degrees 09 minutes 03 seconds West for a distance of 53.29 feet to a 1/2 inch iron rod found for corner;

Thence North 04 degrees 38 minutes 36 seconds West for a distance of 337.79 feet to an unmarked corner;

Thence North 56 degrees 21 minutes 21 seconds East for a distance of 174.85 feet to an unmarked corner;

Thence North 78 degrees 30 minutes 59 seconds East for a distance of 110.68 feet to an unmarked corner;

Thence South 83 degrees 07 minutes 15 seconds East for a distance of 201.71 feet to a 1/2 inch iron rod set for corner;

Thence North 78 degrees 34 minutes 25 seconds East for a distance of 70.09 feet to a 1/2 inch iron rod set for corner;

Thence North 60 degrees 29 minutes 57 seconds East for a distance of 85.17 feet to a 1/2 inch iron rod set for corner;

Thence South 16 degrees 49 minutes 34 seconds East for a distance of 148.32 feet to a 1/2 inch iron rod set for corner;

Thence North 73 degrees 51 minutes 32 seconds East for a distance of 115.91 feet to a 1/2 inch iron rod set for corner;

Thence South 15 degrees 32 minutes 52 seconds East for a distance of 1136.37 feet to a 1/2 inch iron rod found for corner;

Thence South 33 degrees 06 minutes 35 seconds East for a distance of 289.19 feet to a 1/2 inch iron rod found for corner;

Thence South 54 degrees 00 minutes 10 seconds West for a distance of 526.41 feet to a 1/2 inch iron rod found for corner;

Thence South 24 degrees 25 minutes 28 seconds West for a distance of 2.07 feet to a 1/2 inch iron rod found for corner;

Thence along a curve to the right having a radius of 240.84 feet and an arc length of 51.58 feet, being subtended by a chord of South 89 degrees 41 minutes 20 seconds West for a distance of 51.49 feet to an unmarked corner;

Thence North 84 degrees 10 minutes 31 seconds West for a distance of 69.24 feet to the point of beginning.

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00004502 OR 1440 215

FILED FOR RECORD IN
Palo Pinto County
Bobbie Smith
COUNTY CLERK

ON: May 22, 2007 AT 04:17P

as
Recording

Document Number: 00004502
Total Fees : 320.00

Receipt Number - 76909
By:
Jana Cates, Deputy

John Stelzer
8214 Westchester DR. Ste 800
Dallas 75225

AMENDMENT TO AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
HILL COUNTRY HARBOR

This Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Amendment") is made this 16th day of July, 2007, by Hill Country Harbor, L.P., a Texas limited partnership (the "Declarant") and Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation (the "Association").

RECITALS

A. On May 22, 2007, Declarant filed that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Amended Declaration"), in Volume 1440, Page 138, of the Real Property Records of Palo Pinto County, Texas.

B. Declarant wishes to amend the Amended Declaration in certain respects.

NOW, THEREFORE, in consideration of the premises, the Declarant hereby amends the Amended Declaration as follows:

1. The definition of "Common Elements" on page 6 of the Amended Declaration is amended to exclude the "Fitness Pavilion/Spa" from the definition of Common Elements. The Fitness Pavilion/Spa shall not be a Common Element.

2. Declarant hereby grants to each Owner an irrevocable license to use and enjoy the equestrian center, gazebo, riding arena and spa/fitness center, subject to such restrictions and charges for the use of such facilities as Declarant may determine from time to time, provided that the Owners' rights to use and enjoy such facilities shall not be less than the rights granted by the Declarant to the public to use such facilities.

3. The parties hereto ratify all of the terms and conditions of the Amended Declaration.

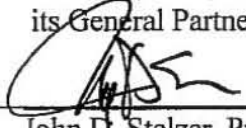
IN WITNESS WHEREOF, Declarant and the Association have executed this Amendment on the day and year appearing next to their names as set forth below.

DECLARANT:

HILL COUNTRY HARBOR, L.P.,
a Texas limited partnership

BY: HCH GP, LLC,
its General Partner

July 16, 2007

By: 
John D. Stelzer, President

ASSOCIATION:

HILL COUNTRY HARBOR OWNERS ASSOCIATION,
INC., a Texas nonprofit corporation

July 16, 2007

By: 
Name: JOHN D. STELZER
Title: VICE PRESIDENT

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 16th day of July, 2007, by John D. Stelzer, as President of HCH GP, LLC, a Texas limited liability company, in its capacity as general partner of Hill Country Harbor, L.P., a Texas limited partnership.

(SEAL)



Vicki Bryant
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 16th day of July, 2007, by JOHN D. STELZER, the VICE PRESIDENT of Hill Country Harbor Owners Association, Inc., a Texas non-profit corporation, on behalf of said corporation.

(SEAL)



Vicki Bryant
Notary Public, State of Texas

Doc 00006600 Bk OR

Vol 1452

Page 70

FILED FOR RECORD IN
Frio Pinto County
Bobbie Smith
COUNTY CLERK

DN: JUL 17, 2007 AT 08:46A

as
Recordings

Document Number: 00006600
Total Fees : 24.00

Receipt Number - 78349
By
Janette Green, Deputy

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SECOND AMENDMENT TO AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
HILL COUNTRY HARBOR

This Second Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Amendment") is made this 8th day of August, 2007, by Hill Country Harbor, L.P., a Texas limited partnership (the "Declarant") and Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation (the "Association").

RECITALS

A. On May 22, 2007, Declarant filed that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Amended Declaration"), in Volume 1440, Page 138, of the Real Property Records of Palo Pinto County, Texas, which was amended by that certain Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor, filed on or about July 17, 2007, in Volume 1452, Page 67, of the Real Property Records of Palo Pinto County, Texas.

B. Declarant wishes to amend the Amended Declaration in certain respects.

NOW, THEREFORE, in consideration of the premises, the Declarant hereby amends the Amended Declaration as follows:

1. Subject to the approval of the Design Review Board and the provisions of Article VII of the Declaration, each Owner of Units 48 through 55, in Block B, shall have the right to erect a horse stall on its Unit, and such Owner may board not more than two horses in such stall only during the day (dawn to dusk).

IN WITNESS WHEREOF, Declarant and the Association have executed this Amendment on the day and year appearing next to their names as set forth below.

DECLARANT:

HILL COUNTRY HARBOR, L.P.,
a Texas limited partnership

BY: HCH GP, LLC,
its General Partner


August 8, 2007

By: 
John D. Stelzer, President

ASSOCIATION:

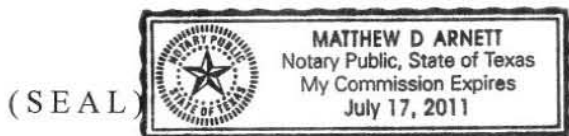
HILL COUNTRY HARBOR OWNERS ASSOCIATION,
INC., a Texas nonprofit corporation

August 8, 2007

By: 
Name: JOHN D. STELZER
Title: SECRETARY

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 8th day of August, 2007, by John D. Stelzer, as President of HCH GP, LLC, a Texas limited liability company, in its capacity as general partner of Hill Country Harbor, L.P., a Texas limited partnership.

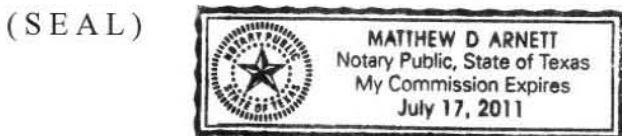





Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 8th day of August, 2007, by John D. Stelzer, the SECRETARY of Hill Country Harbor Owners Association, Inc., a Texas non-profit corporation, on behalf of said corporation.





Notary Public, State of Texas

Document No. 2009-00003823

Book: OR Volume: 1624 Page: 371

***** DO NOT REMOVE ***** THIS PAGE IS PART OF THE INSTRUMENT *****

Parties: HILL COUNTRY HARBOR
to
PUBLIC

FILED AND RECORDED
REAL RECORDS

On: 06/10/2009 at 08:48 AM

Document Number: 2009-00003823
Receipt No. 11355
Amount: \$ 40.00

By: neysa
Bobbie Smith, County Clerk
Palo Pinto County, Texas
8 Pages



STATE OF TEXAS
COUNTY OF PALO PINTO

I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded under the Document Number stamped hereon of the Official Public Records of Palo Pinto County.

Bobbie Smith, County Clerk

Record and Return To:



EAGLE TITLE
404 N FM 2353

GRAFORD, TX 76449

THIRD AMENDMENT
TO
AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HILL COUNTRY HARBOR

This Third Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Third Amendment") is made by Hill Country Harbor, LP, a Texas limited partnership (the "Declarant"), and Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation (the "Association").

RECITALS

A. On May 22, 2007, that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Declaration"), was recorded in Volume 1440, Page 138, of the Real Property Records of Palo Pinto County, Texas. The Declaration was amended by that certain (i) Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor recorded in Volume 1452, Page 67 of the Real Property Records of Palo Pinto County, Texas, and (ii) Second Amendment to Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the Declaration, as amended, is referred to herein as the "Amended Declaration").

B. The parties to this instrument desire to amend the Amended Declaration in certain respects as provided for in the fourth and fifth sentences of Section 14.2 of the Amended Declaration.

C. Capitalized terms not defined herein shall have the same meaning as set forth in the Amended Declaration.

NOW, THEREFORE, in consideration of the premises, the Declarant and Association hereby amend the Amended Declaration in the following respects:

1. Section 8.24 of the Amended Declaration is hereby deleted and is replaced and superseded by the following new Section 8.24:

8.24 Ponds, Streams, and Water Features: Ponds within the Property may be used for fishing, swimming, and non-motorized boating. Streams within the Property may be used for fishing. All activities taken on any pond, stream, water feature, waterfall, spillway, or low water crossing within or without the Property are taken at the sole risk of the participant, and neither the Declarant nor the Association shall be responsible or liable for any loss, damage, or injury to any person or property arising out of the use of any pond, stream, water feature, waterfall, spillway, or low water crossing

within or without the Property. This paragraph shall not restrict the Association's right to use any water for the Common Elements.

2. Each owner of a lot or tract of land described on Exhibit "A" attached hereto (each such owner is referred to herein as a "Social Member") and the Social Member's immediate family members and guests (limited to two guests per visit) shall have the right to use the amenities of the Association (the "Amenities") which are Common Elements, including, but not limited to, the resort pool, ponds, streams and hike/bike trails; provided, however, such right to use the Amenities is conditioned upon the following: (i) the Social Member must pay in advance to the Association the annual assessment otherwise payable by the owner of a Unit (such amount must be paid annually in advance), and (ii) the Social Member and his family members and guests must abide by all rules and regulations promulgated by the Association. The Social Members shall not be Members (as defined in the Amended Declaration) of the Association and shall have no voting rights in the Association.

3. Declarant agrees that each owner of a Unit adjacent to Fawn Lake (i.e. Lots 57 through 72, Block B, Hill Country Harbor, Phase 1, Addition, as shown by the replat thereof recorded in Volume 9, Page 117 of the Plat Records of Palo Pinto County, Texas) is entitled to have one floating dock on Fawn Lake. Such dock must not exceed sixty (60) square feet in area, must be anchored to the shoreline and may not be anchored by piers driven into the lake. Prior to construction of any such dock, the owner must submit plans and specifications to and obtain the written approval of the Design Review Board. The dock must be constructed in conformance with the approved plans and specifications.

4. The list of House Units, which is attached to the Amended Declaration as Exhibit "C", is hereby replaced and superseded by new Exhibit "C" attached hereto.

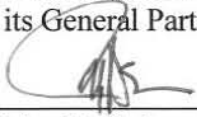
IN WITNESS WHEREOF, Declarant has executed this Third Amendment on the day and year appearing next to its name as set forth below.

DECLARANT:

HILL COUNTRY HARBOR, LP,
a Texas limited partnership

BY: HCH GP, LLC,
its General Partner

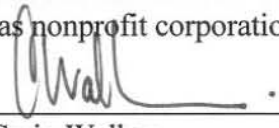
May 20, 2009

By: 
John D. Stelzer, President

ASSOCIATION:

HILL COUNTRY HARBOR OWNERS ASSOCIATION,
INC., a Texas nonprofit corporation

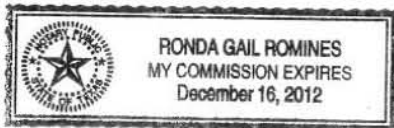
May 20, 2009

By: 
Name: D. Craig Walker
Title: President

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

This instrument was acknowledged before me on the 20th day of May, 2009, by John D. Stelzer, as President of HCH GP, LLC, a Texas limited liability company, in its capacity as the general partner of Hill Country Harbor, LP, a Texas limited partnership.

(SEAL)

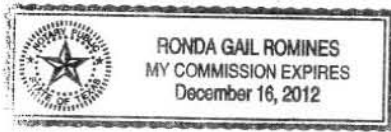



Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

This instrument was acknowledged before me on the 20th day of May, 2009, by D. Craig Walker, the President of Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation.

(SEAL)



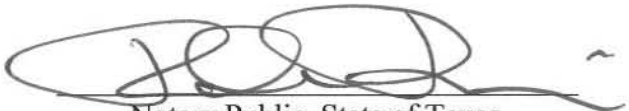

Notary Public, State of Texas

Exhibit "A"

1. Lots M1 through M17, Block M, The Ranch on Possum Kingdom, as shown on the replat thereof recorded in Volume 8, Page 39, of the Plat Records of Palo Pinto County, Texas.
2. Lots L1 through L17, Block L, The Ranch on Possum Kingdom, as shown on the plat thereof recorded in Volume 7, Pages 90-98, of the Plat Records of Palo Pinto County, Texas.
3. Tract of land described in Exhibit "A-1" attached hereto.

Exhibit "A-1"

BEING 2.365 acres out of the C.E.P.I. & M. Company Survey, Abstract No. 139, Palo Pinto County, Texas. Said 2.365 acres being part of a 41.12 acre tract described in Volume 1351, Page 884, Official Public Records of said county. Said 2.365 acres being described in metes and bounds as follows:

BEGINNING at ½ inch iron rod found for the most easterly northeast corner of a 14.189 acre tract described in Volume 1136, Page 636, Official Public Records of said county;

THENCE S 73°51'32" W 115.91 feet to a 3/8 inch iron rod set for corner;

THENCE N 16°49'34" W 148.32 feet to a 3/8 inch iron rod set for corner;

THENCE S 68°39'05" W 153.35 feet to a 3/8 inch iron rod set for angle point;

THENCE N 83°07'15" W 201.71 feet to a 3/8 inch iron rod set for angle point;

THENCE S 78°30'59" W 60.64 feet to a 3/8 inch iron rod set for corner;

THENCE North 170.36 feet to a 3/8 inch iron rod set for corner in the north line of said 41.12 acre tract;

THENCE N 86°26'38" E 483.62 feet with the north line of said 41.12 acre tract to a 3/8 inch iron rod set for the northeast corner of said 41.12 acre tract;

THENCE S 15°32'45" E 276.48 feet with the east line of said 41.12 acre tract to the point of beginning containing 2.365 acres more or less.

Exhibit "C"

List of House Units

1. Lots 7 through 16, Block A, as set forth in the final plat of Hill Country Harbor, Phase IA, Addition, as filed in Volume 9, Page 116 (Slide 682) of the Plat Records of Palo Pinto County, Texas.
2. Lots 1R through 23R, Block A, as set forth in the replat of Hill Country Harbor, Phase IA, Addition, as filed in Volume 9, Page 152 of the Plat Records of Palo Pinto County, Texas.
3. Lots 40 and 41, Block B, as set forth in the final plat of Hill Country Harbor, Phase IB, Addition, as filed in Volume 9, Page 115 (Slide 681) of the Plat Records of Palo Pinto County, Texas.
4. Lots 1R through 39R, Lots 42R through 56R and Lots 57-72, Block B, as set forth in "Being a Replat of Hill Country Harbor, Phase I, Addition, Block B", as filed in Volume 9, Page 117 (Slide 683) of the Plat Records of Palo Pinto County, Texas.

Document No. 2009-00004166

Book: OR Volume: 1628 Page: 205

***** DO NOT REMOVE ***** THIS PAGE IS PART OF THE INSTRUMENT *****

Parties: HILL COUNTRY HARBOR
to
PUBLIC

FILED AND RECORDED
REAL RECORDS

On: 06/25/2009 at 03:13 PM

Document Number: 2009-00004166
Receipt No. 11657
Amount: \$ 24.00

By: neysa
Bobbie Smith, County Clerk
Palo Pinto County, Texas
4 Pages



STATE OF TEXAS
COUNTY OF PALO PINTO

I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded under the Document Number stamped hereon of the Official Public Records of Palo Pinto County.

Bobbie Smith, County Clerk

A handwritten signature in cursive script that reads "Bobbie Smith".

Record and Return To:



EAGLE TITLE
404 N FM 2353

GRAFORD, TX 76449

FOURTH AMENDMENT
TO
AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HILL COUNTRY HARBOR

This Fourth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Fourth Amendment") is made by Hill Country Harbor, LP, a Texas limited partnership (the "Declarant").

RECITALS

A. On May 22, 2007, that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Declaration"), was recorded in Volume 1440, Page 138, of the Real Property Records of Palo Pinto County, Texas. The Declaration was amended by that certain (i) Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor recorded in Volume 1452, Page 67 of the Real Property Records of Palo Pinto County, Texas, (ii) Second Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor, and (iii) Third Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Third Amendment"), recorded in Volume 1624, Page 371 of the Real Property Records of Palo Pinto County, Texas (the Declaration, as amended, is referred to herein as the "Amended Declaration").

B. The Third Amendment had a clerical mistake. Specifically, in item 2 on Exhibit C, the reference to Lot "1R" should have been "Lot 19R". Also, the third sentence of Section 14.2 of the Declaration contains a typographical error. The Declarant desires to amend the Amended Declaration to correct these mistakes as provided for in the third sentence of Section 14.2 of the Declaration.

C. Capitalized terms not defined herein shall have the same meaning as set forth in the Amended Declaration.

NOW, THEREFORE, in consideration of the premises, the Declarant hereby amends the Amended Declaration as follows:

1. The third sentence of Section 14.2 of the Declaration is deleted and is replaced and superseded by the following sentence: "The Declarant, at any time, and without the joinder of any person, may also amend this Declaration to correct clerical and administrative mistakes or scrivener's errors."

2. The list of House Units attached to the Third Amendment as Exhibit "C" is hereby replaced and superseded by new Exhibit "C" attached hereto.

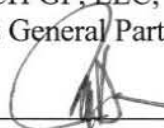
IN WITNESS WHEREOF, Declarant has executed this Fourth Amendment on the day and year appearing next to its name as set forth below.

DECLARANT:

HILL COUNTRY HARBOR, LP,
a Texas limited partnership

BY: HCH GP, LLC,
its General Partner

June 23, 2009

By: 

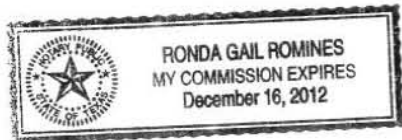
John D. Stelzer, President

8002-002/Fourth Amendment to Amended and Restated Hill Country Declaration (6.23.09)v1.doc

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

This instrument was acknowledged before me on the 23 day of June, 2009, by John D. Stelzer, as President of HCH GP, LLC, a Texas limited liability company, in its capacity as the general partner of Hill Country Harbor, LP, a Texas limited partnership.

(SEAL)





Notary Public, State of Texas

Exhibit "C"

List of House Units

1. Lots 7 through 16, Block A, as set forth in the final plat of Hill Country Harbor, Phase IA, Addition, as filed in Volume 9, Page 116 (Slide 682) of the Plat Records of Palo Pinto County, Texas.
2. Lots 19R through 23R, Block A, as set forth in the replat of Hill Country Harbor, Phase IA, Addition, as filed in Volume 9, Page 152 of the Plat Records of Palo Pinto County, Texas.
3. Lots 40 and 41, Block B, as set forth in the final plat of Hill Country Harbor, Phase IB, Addition, as filed in Volume 9, Page 115 (Slide 681) of the Plat Records of Palo Pinto County, Texas.
4. Lots 1R through 39R, Lots 42R through 56R and Lots 57-72, Block B, as set forth in "Being a Replat of Hill Country Harbor, Phase I, Addition, Block B", as filed in Volume 9, Page 117 (Slide 683) of the Plat Records of Palo Pinto County, Texas.

Document No. 2010-00003400

Book: OR Volume: 1708 Page: 235

***** DO NOT REMOVE ***** THIS PAGE IS PART OF THE INSTRUMENT *****

Parties: HILL COUNTRY HARBOR
to
HILL COUNTRY HARBOR OWNERS ASSOCIATION

FILED AND RECORDED
REAL RECORDS

On: 06/15/2010 at 09:47 AM

Document Number: 2010-00003400

Receipt No. 18303

Amount: \$ 28.00

By: judith
Bobbie Smith, County Clerk
Palo Pinto County, Texas

5 Pages



STATE OF TEXAS
COUNTY OF PALO PINTO

I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded under the Document Number stamped hereon of the Official Public Records of Palo Pinto County.

Bobbie Smith, County Clerk

A handwritten signature in cursive script that reads "Bobbie Smith".

Record and Return To:



EAGLE TITLE
404 N FM 2353

GRAFORD, TX 76449

FIFTH AMENDMENT
TO
AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HILL COUNTRY HARBOR

This Fifth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Fifth Amendment") is made by Hill Country Harbor, LP, a Texas limited partnership (the "Declarant"), and Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation (the "Association").

RECITALS

A. On May 22, 2007, that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Declaration"), was recorded in Volume 1440, Page 138, of the Real Property Records of Palo Pinto County, Texas. The Declaration was amended by that certain (i) Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor recorded in Volume 1452, Page 67 of the Real Property Records of Palo Pinto County, Texas, (ii) Second Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor, and (iii) Third Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Third Amendment"), recorded in Volume 1624, Page 371 of the Real Property Records of Palo Pinto County, Texas, and Fourth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Fourth Amendment"), recorded in Volume 1628, Page 205 of the Real Property Records of Palo Pinto County, Texas (the Declaration, as amended, is referred to herein as the "Amended Declaration").

B. With this Fifth Amendment, the Declarant adds 51 House Units to the Amended Declaration. These additional 51 House Units are referred to herein as the "Villas" (and any such individual House Unit is referred to herein as a "Villa"). The Villas are different from prior House Units in that the Villas will share a roof, supporting structural supports for a roof and foundation with other Villas. The Villas will be subject to the Declaration but the Villas will also have a separate declaration and homeowners association.

C. Capitalized terms not defined herein shall have the same meaning as set forth in the Amended Declaration.

D. The parties to this instrument desire to amend the Amended Declaration in certain respects as provided for in the second and fourth sentences of Section 14.2 of the Amended Declaration.

NOW, THEREFORE, in consideration of the premises, the Declarant hereby amends the Amended Declaration as follows:

1. The list of House Units is attached hereto as Exhibit "C". The lots listed as item 5 on Exhibit "C" are referred to as "Villas Lots", or individually as a "Villa Lot".

2. All property shown on the plat referred to in item 5 of Exhibit "C", including lots, streets and common areas, is hereby added to the Property and shall become part of and within Hill Country Harbor.

3. The term "Plat" as set forth in the Amended Declaration, means all plats of record pertaining to the Property which are recorded in the plat records of Palo Pinto County, Texas, including all plats referred to on Exhibit "C" attached hereto, as such plats are amended, supplemented or modified from time to time.

4. Notwithstanding anything to the contrary in Article VII of the Amended Declaration, the Board of Directors of the Hill Country Harbor Villa Owners Association, Inc. shall enjoy and exercise all rights, duties and powers of the Design Review Board with respect to the Villas Lots.


IN WITNESS WHEREOF, Declarant has executed this Fifth Amendment on the day and year appearing next to its name as set forth below.

DECLARANT:

HILL COUNTRY HARBOR, LP,
a Texas limited partnership

BY: HCH GP, LLC,
its General Partner

June 14, 2010

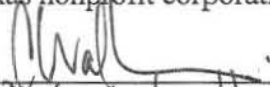
By: 

John D. Stelzer, President

ASSOCIATION:

HILL COUNTRY HARBOR OWNERS ASSOCIATION,
INC., a Texas nonprofit corporation

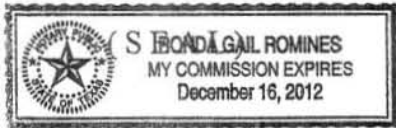
June 14, 2010

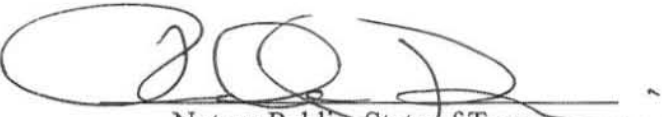
By: 

Name: D. Craig Walker
Title: President

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

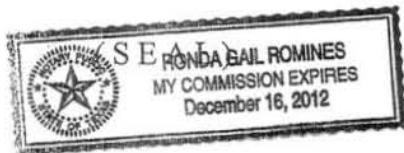
This instrument was acknowledged before me on the 14 day of June, 2010, by D. Craig Walker, the president of Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation.




Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

This instrument was acknowledged before me on the 14 day of June, 2010, by John D. Stelzer, as President of HCH GP, LLC, a Texas limited liability company, in its capacity as the general partner of Hill Country Harbor, LP, a Texas limited partnership.





Notary Public, State of Texas

Exhibit "C"

List of House Units

1. Lots 7 through 16, Block A, as set forth in the final plat of Hill Country Harbor, Phase IA, Addition, as filed in Volume 9, Page 116 (Slide 682) of the Plat Records of Palo Pinto County, Texas.
2. Lots 19R through 23R, Block A, as set forth in the replat of Hill Country Harbor, Phase IA, Addition, as filed in Volume 9, Page 152 of the Plat Records of Palo Pinto County, Texas.
3. Lots 40 and 41, Block B, as set forth in the final plat of Hill Country Harbor, Phase IB, Addition, as filed in Volume 9, Page 115 (Slide 681) of the Plat Records of Palo Pinto County, Texas.
4. Lots 1R through 39R, Lots 42R through 56R and Lots 57-72, Block B, as set forth in "Being a Replat of Hill Country Harbor, Phase I, Addition, Block B", as filed in Volume 9, Page 117 (Slide 683) of the Plat Records of Palo Pinto County, Texas.
5. Lots 1 through 9, Block A, Lots 1 through 20, Block B, and Lots 1 through 7, Block C, Lots 31 through 35, Block C, all as set forth on "Final Plat Hill Country Harbor - Phase 2A, as filed in Volume 9, Page 189 (Slide 755) of the Plat Records of Palo Pinto County, Texas.

Document No. 2011-00002229

Book: OR Volume: 1824 Page: 492

***** DO NOT REMOVE ***** THIS PAGE IS PART OF THE INSTRUMENT *****

Parties: HILL COUNTRY HARBOR

to

HILL COUNTRY HARBOR OWNERS ASSOCIATION INC

FILED AND RECORDED
REAL RECORDS

On: 03/01/2011 at 03:04 PM

Document Number: 2011-00002229

Receipt No. 23851

Amount: \$ 24.00

By: debora

Janette K. Green, County Clerk
Palo Pinto County, Texas

4 Pages



STATE OF TEXAS
COUNTY OF PALO PINTO

I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded under the Document Number stamped hereon of the Official Public Records of Palo Pinto County.

Janette K. Green, County Clerk

Record and Return To:



EAGLE TITLE
404 N FM 2353

GRAFORD, TX 76449

SIXTH AMENDMENT
TO
AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HILL COUNTRY HARBOR

This Sixth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Sixth Amendment") is made by Hill Country Harbor, LP, a Texas limited partnership (the "Declarant"), and Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation (the "Association").

RECITALS

A. On May 22, 2007, that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Declaration"), was recorded in Volume 1440, Page 138, of the Real Property Records of Palo Pinto County, Texas. The Declaration was amended by that certain (i) Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor recorded in Volume 1452, Page 67 of the Real Property Records of Palo Pinto County, Texas, (ii) Second Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor, and (iii) Third Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Third Amendment"), recorded in Volume 1624, Page 371 of the Real Property Records of Palo Pinto County, Texas, (iv) Fourth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Fourth Amendment"), recorded in Volume 1628, Page 205 of the Real Property Records of Palo Pinto County, Texas, and (v) Fifth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Fifth Amendment"), recorded in Volume 1708, Page 235 of the Real Property Records of Palo Pinto County, Texas (the Declaration, as amended, is referred to herein as the "Amended Declaration").

B. With this Sixth Amendment, the Declarant makes provisions for three lots that have been replatted into two lots. More specifically, the Declarant desires to provide for how assessments and vote will be computed on the two lots that were previously three lots.

C. Capitalized terms not defined herein shall have the same meaning as set forth in the Amended Declaration.

D. The parties to this instrument desire to amend the Amended Declaration in certain respects as provided for in the fourth sentence of Section 14.2 of the Amended Declaration.

NOW, THEREFORE, in consideration of the premises, the Declarant hereby amends the Amended Declaration as follows:

1. Lots 4R, 5R and 6R, Block B, as set forth in that certain plat titled "Being a Replat of Hill Country Harbor, Phase I, Addition, Block B", as filed in Volume 9, Page 117 (Slide 683) of the Plat Records of Palo Pinto County, Texas, were replatted into Lots 4-5R and 5-6R, as set forth in that certain Replat of Hill Country Harbor, Phase I, Lots 4-5R & 5-6R Block "B", as filed in Volume 9, Page 207 (Slide 773) of the Plat Records of Palo Pinto County, Texas. Accordingly, effective as of February 14, 2011, Lot 4-5R is a single House Unit and Lot 5-6R is a single House Unit, and the Owner of House Unit Lot 4-5R and the Owner of House Unit Lot 5-6R shall each be liable for 150% of the annual assessment and special assessment per House Unit. Notwithstanding the foregoing, the Owner of House Unit Lot 4-5R and the Owner of House Unit Lot 5-6R shall each be entitled to 1.5 votes for each such House Unit.

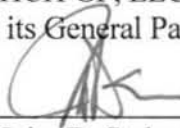
IN WITNESS WHEREOF, Declarant has executed this Sixth Amendment on the day and year appearing next to its name as set forth below.

DECLARANT:

HILL COUNTRY HARBOR, LP,
a Texas limited partnership

BY: HCH GP, LLC,
its General Partner

February 24, 2011

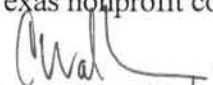
By: 

John D. Stelzer, President

ASSOCIATION:

HILL COUNTRY HARBOR OWNERS ASSOCIATION,
INC., a Texas nonprofit corporation

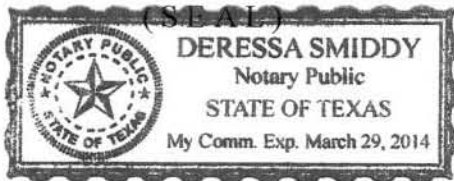
February 24, 2011

By: 

Name: D. Craig Walker
Title: President

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

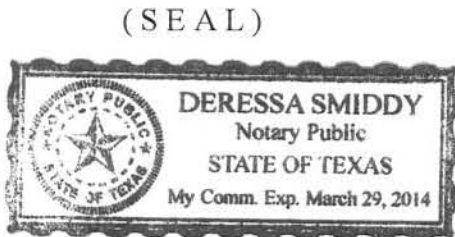
This instrument was acknowledged before me on the 24 day of February, 2011, by D. Craig Walker, the President of Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation, on behalf of said corporation.



Deressa Smiddy
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

This instrument was acknowledged before me on the 24th day of February, 2011, by John D. Stelzer, as President of HCH GP, LLC, a Texas limited liability company, in its capacity as the general partner of Hill Country Harbor, LP, a Texas limited partnership, on behalf of said limited partnership.



Deressa Smiddy
Notary Public, State of Texas

Document No. 2011-00006770

Book: OR Volume: 1875 Page: 274

***** DO NOT REMOVE ***** THIS PAGE IS PART OF THE INSTRUMENT *****

Parties: HILL COUNTRY HARBOR

to

HILL COUNTRY HARBOR OWNERS ASSOCIATION INC

FILED AND RECORDED
REAL RECORDS

On: 08/22/2011 at 09:32 AM

Document Number: 2011-00006770

Receipt No. 27425

Amount: \$ 24.00

By: debora

Janette K. Green, County Clerk
Palo Pinto County, Texas

4 Pages



STATE OF TEXAS
COUNTY OF PALO PINTO

I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded under the Document Number stamped hereon of the Official Public Records of Palo Pinto County.

Janette K. Green, County Clerk

Record and Return To:



EAGLE TITLE
404 N FM 2353

GRAFORD, TX 76449

SEVENTH AMENDMENT
TO
AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
HILL COUNTRY HARBOR

This Seventh Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Seventh Amendment") is made by Hill Country Harbor, LP, a Texas limited partnership (the "Declarant"), and Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation (the "Association").

RECITALS

A. On May 22, 2007, that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Declaration"), was recorded in Volume 1440, Page 138, of the Real Property Records of Palo Pinto County, Texas. The Declaration was amended by that certain (i) Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor recorded in Volume 1452, Page 67 of the Real Property Records of Palo Pinto County, Texas, (ii) Second Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor, and (iii) Third Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Third Amendment"), recorded in Volume 1624, Page 371 of the Real Property Records of Palo Pinto County, Texas, (iv) Fourth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Fourth Amendment"), recorded in Volume 1628, Page 205 of the Real Property Records of Palo Pinto County, Texas, (v) Fifth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Fifth Amendment"), recorded in Volume 1708, Page 235 of the Real Property Records of Palo Pinto County, Texas, and (vi) Sixth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Hill Country Harbor (the "Sixth Amendment"), recorded in Volume 1824, Page 492 of the Real Property Records of Palo Pinto County, Texas (the Declaration, as amended, is referred to herein as the "Amended Declaration").

B. The parties to this instrument desire to amend the Amended Declaration in certain respects as provided for in the fourth and fifth sentences of Section 14.2 of the Amended Declaration.

C. Capitalized terms not defined herein shall have the same meaning as set forth in the Amended Declaration.

NOW, THEREFORE, in consideration of the premises, the Declarant and Association hereby amend the Amended Declaration as follows:

1. The Owner of Lots J4R and J5R, which lots are described in that certain replat recorded in Volume 9 Page 230, Slide 797, of the Plat Records of Palo Pinto County, Texas, and the Owner of Lot K1, which lot is described in that certain plat recorded in Volume 7, Pages 90-98, of the Plat Records of Palo Pinto County, Texas, are eligible to become "Social Members" (as that term is described in the Third Amendment), pursuant to the terms and conditions set forth in the Third Amendment.

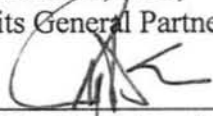
IN WITNESS WHEREOF, Declarant and the Association have executed this Seventh Amendment on the day and year appearing next to their names as set forth below.

DECLARANT:

HILL COUNTRY HARBOR, LP,
a Texas limited partnership

BY: HCH GP, LLC,
its General Partner

August 18, 2011


By: 

John D. Stelzer, President

ASSOCIATION:

HILL COUNTRY HARBOR OWNERS ASSOCIATION,
INC., a Texas nonprofit corporation

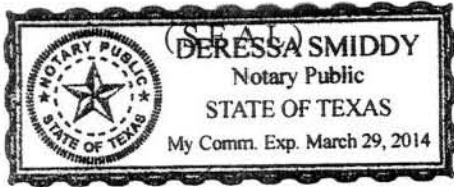
August 18, 2011

By: 

Name: John D. Stelzer
Title: Secretary

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

This instrument was acknowledged before me on the 18th day of August, 2011, by John D. Stelzer, the Secretary of Hill Country Harbor Owners Association, Inc., a Texas nonprofit corporation, on behalf of said corporation.

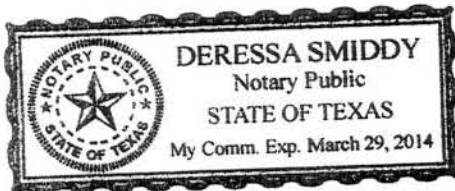


Deressa Smiddy
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF PALO PINTO §

This instrument was acknowledged before me on the 18th day of August, 2011, by John D. Stelzer, as President of HCH GP, LLC, a Texas limited liability company, in its capacity as the general partner of Hill Country Harbor, LP, a Texas limited partnership, on behalf of said limited partnership.

(SEAL)



Deressa Smiddy
Notary Public, State of Texas