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DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR PALLADIO POINT

PALLADIO POINT
AUSTIN, TEXAS

NOVEMBER 10, 1995

REAL PRODUCTIONS
TRAVIS COUNTY, TEXAS

12564 0001

TABLE OF CONTENTS

ARTICLE I	DEFINITIONS	Page 1
Section 1.1	"Architectural Control Committee"	Page 1
Section 1.2	"Architectural Control Committee Rules"	Page 1
Section 1.3	"Association" or "Homeowners Association"	Page 2
Section 1.4	"Common Areas"	Page 2
Section 1.5	"Declarant"	Page 2
Section 1.6	"Declaration"	Page 2
Section 1.7	"Development Plan"	Page 2
Section 1.8	"Drainage Easements"	Page 2
Section 1.9	"Improvements"	Page 2
Section 1.10	"Lot" or "Lots"	Page 2
Section 1.11	"Owner(s)"	Page 2
Section 1.12	"Property"	Page 2
Section 1.13	"Single Family Residential Use"	Page 2
Section 1.14	"Structure"	Page 3
Section 1.15	"Subdivision Map"	Page 3
Section 1.16	"Visible from Neighboring Property"	Page 3
ARTICLE II	POWERS IN DECLARANT	Page 3
ARTICLE III	LAND USE	Page 3
Section 3.1	"Single Family Residential Use"	Page 3
Section 3.2	"Development Plan"	Page 4
Section 3.3	"Time for Construction on Lots"	Page 4
Section 3.4	"Owner's Easements of Enjoyment"	Page 4
Section 3.5	"Use of Common Area"	Page 4
ARTICLE IV	SINGLE FAMILY RESIDENTIAL STRUCTURE REQUIREMENTS AND RESTRICTIONS	Page 4
Section 4.1	"Requirements"	Page 4
Section 4.2	"Trees, Shrubs, and Landscaping"	Page 6
Section 4.3	"Fences, Walls, and Hedges"	Page 6
Section 4.4	"Towers and Antennas"	Page 6
Section 4.5	"Underground Utility Lines"	Page 6
Section 4.6	"Temporary Structures -Occupancy During Construction"	Page 6
Section 4.7	"Out-Buildings"	Page 7
Section 4.8	"Signs"	Page 7
Section 4.9	"Improvements and Alterations"	Page 7
Section 4.10	"Solar Equipment"	Page 7
Section 4.11	"Filling, Cutting, and Slope Control"	Page 7
Section 4.12	"Creek and Tributary Obstructions"	Page 7
Section 4.13	"Drainage"	Page 7
Section 4.14	"Chemical Fertilizers, Pesticides or Herbicides"	Page 8
ARTICLE V	GENERAL RESTRICTIONS	Page 8
Section 5.1	"Animals - Household Pets"	Page 8
Section 5.2	"Maintenance of Lawns and Plantings"	Page 8
Section 5.3	"Clothes Drying Facilities"	Page 8

REAL PROD. 11/11/2005
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12564 0002

Section 5.4	"Hunting / Trapping / Firearms"	Page 8
Section 5.5	"Dumping"	Page 9
Section 5.6	"Waste"	Page 9
Section 5.7	"Mineral Exploration"	Page 9
Section 5.8	"Business Activities"	Page 9
Section 5.9	"Obnoxious Activities"	Page 9
Section 5.10	"Garbage"	Page 9
Section 5.11	"Vehicles and Equipment"	Page 9
Section 5.12	"No Overnight Parking"	Page 9
Section 5.13	"Emergency or Temporary Maintenance Vehicles"	Page 9
Section 5.14	"Motorcycles"	Page 10
Section 5.15	"Continuing Adequacy of Repair or Maintenance"	Page 10
Section 5.16	"Service Yards and Storage Yards"	Page 10
Section 5.17	"Diseases and Insects"	Page 10
ARTICLE VI	ARCHITECTURAL CONTROL COMMITTEE	Page 10
Section 6.1	"Establishment and Composition"	Page 10
Section 6.2	"Voting and Status of Alternate Members"	Page 10
Section 6.3	"Terms of Office"	Page 11
Section 6.4	"Appointment and Removal"	Page 11
Section 6.5	"Resignations"	Page 11
Section 6.6	"Vacancy"	Page 11
Section 6.7	"Transfer of Authority to the Association"	Page 11
Section 6.8	"Address"	Page 11
Section 6.9	"Duties"	Page 11
Section 6.10	"Meetings"	Page 12
Section 6.11	"Action without Formal Meeting"	Page 12
Section 6.12	"Procedure for Submission and Approval of Development Plan"	Page 12
Section 6.13	"Waiver and Estoppel"	Page 12
Section 6.14	"ACC Rules"	Page 13
Section 6.15	"Decisions Conclusive"	Page 13
Section 6.16	"Liability"	Page 13
Section 6.17	"Modifications and Waivers"	Page 13
Section 6.18	"Governmental Agency Approval"	Page 14
Section 6.19	"Fees"	Page 14
ARTICLE VII	PALLADIO POINT HOMEOWNERS ASSOCIATION	Page 14
Section 7.1	"The Association"	Page 14
Section 7.2	"Membership"	Page 14
Section 7.3	"Voting"	Page 14
Section 7.4	"Quorum for Membership Action"	Page 15
Section 7.5	"Board of Directors and Officers"	Page 15
Section 7.6	"Powers and Duties of the Association"	Page 15
Section 7.7	"Personal Liability"	Page 15
Section 7.8	"Assessments"	Page 15
Section 7.9	"Proxies"	Page 16
Section 7.10	"Limitation on Annual Assessment"	Page 16
Section 7.11	"Special Assessments for Capital Improvements and Deficits"	Page 16
Section 7.12	"Uniform Rate of Assessment"	Page 17
Section 7.13	"Common Area Insurance"	Page 17

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TRAVIS COUNTY, TEXAS

12564 0003

Section 7.14	"Collection of Assessments"	Page 17
ARTICLE VIII	GENERAL PROVISIONS	Page 17
Section 8.1	"Cost of Performance"	Page 17
Section 8.2	"Extension of Time for Performance"	Page 17
Section 8.3	"Breach not Ground for Rescission"	Page 18
Section 8.4	"Notice Before Enforcement"	Page 18
Section 8.5	"Enforcement"	Page 18
Section 8.6	"Attachment of Covenants on Resale or Remodel"	Page 18
Section 8.7	"Deviation from Approved Plan"	Page 18
Section 8.8	"Covenants to Run with the Land"	Page 18
Section 8.9	"Modification or Repeal During Initial Term"	Page 19
Section 8.10	"Modificiation or Repeal During Extension Terms"	Page 19
Section 8.11	"Severability"	Page 19
Section 8.12	"Obligations of Grantee or Lessee"	Page 19
Section 8.13	"No Dedication"	Page 19
Section 8.14	"Successors"	Page 19
Section 8.15	"Assignment of Rights and Obligation of Declarant"	Page 19
Section 8.16	"Enforcement by Lien"	Page 20
Section 8.17	"Subordination of Lien to Mortgages"	Page 20
Section 8.18	"Word Meaning"	Page 21
Section 8.19	"Captions and Section Headings"	Page 21
Section 8.20	"Declarant's Exemption"	Page 21
Section 8.21	"Resubdivision"	Page 21
Section 8.22	"Combining of Lots"	Page 21
Section 8.23	"Certificate of Compliance of a Structure or an Improvement"	Page 21
Section 8.24	"Covenant to Pay Assessment and Conditions Creating Lien"	Page 22
Section 8.25	"Owner's Liability for Payment of Assessments"	Page 22
Section 8.26	"Exempt Property"	Page 22
Section 8.27	"All Assessments Pro Rata"	Page 22
Section 8.28	"No Diminution or Abatement"	Page 23
ARTICLE IX	EASEMENTS	Page 23
Section 9.1	"Existing Easements"	Page 23
Section 9.2	"Changes and Additions"	Page 23
Section 9.3	"Installation and Maintenance of Utilities"	Page 23
Section 9.4	"Drainage Easements"	Page 23
Section 9.5	"Conservation Easement"	Page 24
Section 9.6	"Easements for Access by Declarant and / or ACC"	Page 24
Section 9.7	"Surface Areas"	Page 24
Section 9.8	"Compliance with Law"	Page 24
EXHIBIT A		Page 25

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR PALLADIO POINT

THE STATE OF TEXAS

KNOWN ALL MEN BY THESE PRESENTS

COUNTY OF TRAVIS

THAT, WHEREAS Jamie L. Dickey (the "Declarant"), is the owner of certain real property located in Travis County, Texas (the "Property"), as defined in Article I, Section 1.12 below, which Declarant proposes to develop and subdivide for residential purposes; and

WHEREAS Palladio Point Homeowners Association, Inc., has been incorporated under the laws of the State of Texas as a non-profit corporation, and has been granted powers of administering and enforcing said covenants, restrictions, charges and liens and disbursing the assessments and charges created in this Declaration; and

WHEREAS, the Declarant desires to convey the Property subject to certain protective covenants, conditions, restrictions, liens, and charges set forth below; and

WHEREAS, the purpose of the Declaration is to preserve so far as possible the natural beauty of the Property; to avoid harsh contrasts between structures and landscape; to guard against the erection of poorly designed or unproportioned structures or use of unsuitable materials; to encourage and secure the erection of attractive improvements which are harmonious with their sites; to encourage freedom of individual expression in the development of the land and the buildings, limited only to these protections which seem to be mutually advantageous; and in general, to enhance the environmental quality and economic value of the Property.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold, used, developed, occupied, built upon, leased and conveyed subject to this Declaration, as amended or modified from time to time, and which shall run with the Property and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof. This Declaration is declared and agreed to be in furtherance of a general plan for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property and every part thereof.

ARTICLE I

DEFINITIONS

Section 1.1 "Architectural Control Committee" shall mean the committee created pursuant to Article VI hereof. Such Architectural Control Committee shall hereinafter sometimes be referred to as the "ACC" or the "Committee".

Section 1.2 "Architectural Control Committee Rules" shall mean such rules as adopted by the ACC pursuant to the authority contained in Article VI hereof.

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TRAVIS COUNTY, TEXAS

12564 0005

Section 1.3 "Association" or "Homeowners Association" shall mean Palladio Point Homeowners Association, Inc., A Texas non-profit corporation, its successors and assigns.

Section 1.4 "Common Areas" shall mean all property owned by the Association for the common use of Owners. The Common Area includes the street and right-of-way, limited access entrance, and security fence along with easements to access these improvements for maintenance purposes.

Section 1.5 "Declarant" shall mean Jamie L. Dickey.

Section 1.6 "Declaration" shall mean the covenants, conditions, and restrictions herein set forth in this entire document, as the same may from time to time be amended.

Section 1.7 "Development Plan" shall mean the plan for development of a Lot which is required to be submitted to the ACC pursuant to section 6.12 hereof.

Section 1.8 "Drainage Easements" shall mean the areas designated on the Plat as drainage easements and shall include any creeks, streams, sedimentation basins or bar ditches therein designated or constructed.

Section 1.9 "Improvements" shall mean the buildings, garages, carports, streets, roads, antennas, driveways, parking areas, wall, hedges, plantings, planted trees and shrubs, lighting and all other structures or landscaping improvements of every kind and type affecting the natural condition of the Property or the drainage or surface waters on, across or from the Property.

Section 1.10 "Lot" or "Lots" shall mean any parcel or parcels of land within the Property shown as a subdivided lot on a Plat intended for Single Family Residential Use.

Section 1.11 "Owner(s)" shall mean and refer to the record holder of fee simple interest in any portion of the Property, whether one or more persons, associations or entities. Owner shall not include the purchaser of a Lot under an executory contract for sale of real property, nor shall it include persons or entities who hold interest in any Lot merely for the security or the performance of an obligation.

Section 1.12 "Property" shall mean and refer to that certain real property described on Exhibit A attached hereto, including the aerial and subsurface rights appurtenant thereto.

Section 1.13 "Single Family Residential Use" shall mean the occupation or use of a Structure as a residence or dwelling unit by a single person, a family or a family-sized unit in conformity with this Declaration and the requirements imposed by applicable zoning laws or any other State, County or Municipal laws, rules, regulations, codes or ordinances.

Section 1.14 "Structure" shall mean anything erected, constructed, placed, laid or installed in, on, or over the Property, the use of which requires a location on or in the ground but not including vegetation, trees, shrubs or plantings.

Section 1.15 "Subdivision Map" or "Subdivision Plat" or "Plat Map" or "Plat" shall mean a recorded map or plat covering any or all of the Property referred to in this Declaration.

Section 1.16 "Visible from Neighboring Property" shall mean that with respect to any given object, that such is or would be visible to a person six (6) feet tall, standing on any part of a neighboring property. A neighboring property shall be any Lot having a common lot line except for the intervention of a street, road, right-of-way or easement.

ARTICLE II

POWERS IN DECLARANT

Until such time as Declarant has sold and conveyed ninety percent (90%) of the total Lots in the Property, as hereinabove defined and described, or the expiration of one hundred twenty (120) months after the date this Declaration is filed of record, whichever occurs first, Declarant shall have the right, but shall not have the duty, to act as the sole administrator for the government and administration of the affairs of the Association; and during such period of temporary administration, Declarant shall have the right to exclusively exercise and perform all of the rights, powers, authority, functions and duties of the Association if Declarant shall elect to exercise or perform all or any of the same. Such rights, powers, functions and duties that Declarant shall be entitled to exercise include, but are not limited to, the right to determine the annual assessment and any other assessments provided for in this Declaration (subject, however, to the limitations thereon set forth in Sections 7.10 and Section 7.11 below), the right to appoint the members of the Architectural Control Committee and to exercise the rights of the Architectural Control Committee which are granted in this Declaration, and to enforce the restrictions imposed by this Declaration upon any Owner violating or attempting to violate these restrictions. Declarant shall give Owners notice at the time such event transferring control occurs; and thereafter, within thirty (30) days from the date of said notice, the Board of Directors of the Association shall assume the duties of administration of the Association.

ARTICLE III

LAND USE

Section 3.1 Single Family Residential Use. All property shall be used, improved and devoted exclusively to Single Family Residential Use. Nothing herein shall prohibit the additional construction of a guest house, pool house, cabana, maid's house, or similar structures on such Lots by the owner (s) for use and enjoyment appurtenant to the residence constructed on such lots. No business or commercial activity to which the general public is invited shall be conducted within the Subdivision. Nothing contained herein shall be deemed to prevent the leasing of all of a Lot to a single person, family or

family-sized unit from time to time by the Owner thereof for lease terms not less than six (6) months, subject to all the provisions of this Declaration.

Section 3.2 Development Plan. Each Owner of a Lot shall be required to submit a detailed Development Plan, pursuant to the rules of the ACC, and such plan must be approved in writing prior to the commencement of construction of any Improvements on such Lot.

Section 3.3 Time for Construction on Lots.

(a) Construction of a Structure or Improvement on a Lot shall be continuous and proceed in an orderly fashion without interruption, and any Structure or Improvement on a Lot shall be completed in a reasonable time, not to exceed eighteen (18) months from the commencement of construction.

(b) The foundation for any Structure or Improvement on a Lot shall be completed as soon as is practically possible after the commencement of construction.

(c) Commencement of construction shall mean the first on-site work for construction, including, but not by way of limitation, clearing of trees, excavation or site preparation for the purpose of constructing a foundation.

Section 3.4 Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to each Lot, subject to this Declaration and subject to timely payment of assessments as described herein and the right of the Association (i) to borrow money and mortgage said Common Areas, (ii) to make reasonable rules and regulations regarding the use of the Common Areas, and (iii) to contract for services with third parties on such terms as the Association deems to be in the best interest of the Association.

Section 3.5 Use of Common Area. The Common Area shall be used for access, utility easement and other purposes directly related to the Single Family Residential Use authorized hereunder.

ARTICLE IV

SINGLE FAMILY RESIDENTIAL STRUCTURE REQUIREMENTS AND RESTRICTIONS

Section 4.1 Requirements. All Structures shall be subject to the following requirements, and each enumerated item must be included in the Development Plan submitted and approved in writing by the ACC prior to the commencement of construction. Once approved, no Structure or Improvement may vary from the Development Plan without further written approval of the ACC.

(a) Set Backs: All City setback requirements will be observed. The ACC shall have the right to impose setback requirements from all Lot lines, to preserve lines of sight of neighboring properties.

(b) Minimum Floor Areas: All single Family Residential Structures shall have a floor area of not less than 2800 square feet, exclusive of porches (open or closed), patios, garages, carports, balconies, or decks.

(c) Masonry Requirements: Residences located on all Lots shall have a minimum of eighty-five percent (85%) of their exterior walls of stone or masonry construction. In computing these percentages (1) all gables shall be excluded from the total area of exterior walls; (2) all windows and door openings shall be excluded from the total area of the exterior walls; and (3) stone and masonry used on fireplaces, chimneys and walls of an attached garage may be included in the computation as stone or masonry used.

(d) Height Limitations: The ACC shall have the right to impose limitations on the height of any Structure or Improvement to preserve lines of sight and views enjoyed by neighboring Lots.

(e) Exterior Color Schemes: The ACC shall have the right to impose limitations of the exterior color and materials to be used in all Structures.

(f) Roofing Materials: No reflective roofing materials are permitted on any Improvement. The Architectural Committee shall approve in writing all roofing materials to be used on any Improvement constructed on the Property.

(g) Garages and Driveways: The ACC shall have the right to impose limitations on driveway design, including materials, aprons, location and points of contact with dedicated roads, streets or private driveways in the Subdivision. All garages shall comply with all other restrictions, covenants, conditions and limitations on usage herein provided for other Improvements in the Subdivision. All garages shall be suitable for not less than two automobiles. All garages shall consist of enclosed structures and no carports shall be permitted on any Lot. A garage shall not be situated in such manner on a Lot as to cause the garage door opening to be substantially visible from a street or roadway. The ACC shall have absolute authority over the entrance location and siting of all garages. The location of all driveway cuts shall be subject to approval by the committee. All driveways shall be constructed of asphalt or concrete and shall be subject to written approval by the Committee. All driveways shall be a minimum width of ten (10) feet and, if an asphalt surface is used, a ribbon concrete curb will be required for the purpose of protecting the edges of the asphalt from chipping and washing away.

(h) Tanks: The ACC shall have the right to approve the location of any tank used or proposed in connection with a Structure, including tanks for storage of fuel, water, oil or LPG and including swimming pool filter tanks. No elevated tanks of any kind shall be erected, placed or permitted on any Lot. All tanks shall be screened so as not to be visible from Neighboring Property.

(i) Exterior Lighting: Residences located on all lots shall have a light fixture installed on either side of all driveways located on each lot. The fixture shall be located three (3) feet from face of curb and two (2) feet from each side of driveway. The fixture shall be Lithonia Round Bollard, KBR6 70M CYA QUAD H30, 30" high, Dark Bronze finish, 6" diameter. The ACC shall have

the right to approve an equal fixture. For all other lighting, the ACC shall have the right to approve the location, number, size, intensity and design of all proposed exterior lighting, and such proposal shall be submitted as part of the Development Plan. No lighting for tennis courts shall be permitted without the prior approval of the ACC.

Section 4.2 Trees, Shrubs, and Landscaping. Removal of any tree two (2) caliper inches in diameter or greater requires written approval of the ACC. The ACC shall have the right to approve the removal and / or addition of trees, shrubs, hedges, ground cover and all other landscaping. No tree, shrub or planting of any kind on any Lot or Common Area shall be allowed to overhang or otherwise encroach upon pedestrian way from ground level to a height of seven (7) feet without the prior approval of the ACC.

Section 4.3 Fences, Walls and Hedges. Each Owner with a domestic pet(s) allowed pursuant to Section 5.1 hereof shall be required to erect and maintain a fenced enclosure, or other ACC approved method, for the keeping and maintaining of such pet(s). Said enclosure shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof and shall be screened so that it is not Visible from Neighboring Property. Any proposed fence, wall, hedge or other similar Structure or Improvement must be included in the Development Plan with respect to location, height and type of material and must be approved in writing by ACC.

Section 4.4 Towers and Antennas. No visible antenna, satellite dish or other service for the transmission or reception of television signals, radio signals or any other form of electromagnetic radiation shall be erected, used or maintained on any Lot, whether attached to a building or Structure or otherwise, without prior approval of the ACC. No radio signals, television signals, or any other form of electromagnetic radiation shall originate from any Lot which may unreasonably interfere with the reception of any television or radio signal on any other Lot.

Section 4.5 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 any other type of line or wire shall be erected, placed or maintained anywhere in or upon the Property within the Subdivision unless the same shall be contained in conduit or cables installed and maintained underground or concealed in, under or on buildings or other Structures as approved in writing by the ACC; 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 Structures which have been previously approved in writing by the ACC. 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 included in the Development Plan and approved by the ACC.

Section 4.6 Temporary Structures - Occupancy During Construction. No trailer, basement of any incomplete building, tent, shack, garage or barn and no temporary building of any kind shall be used at any time for a residence on the Property within the Subdivision either on a temporary or permanent basis.

Section 4.7 Out - Buildings. Any proposed out-buildings must be included in the Development Plan and approved in writing by the ACC.

Section 4.8 Signs. No sign or billboard, including, but not limited to, commercial and similar signs, which are Visible from Neighboring Property or from streets or access roads shall be erected or maintained on any Lot or parcel of property within the Subdivision, except the following types of signs, each of which must be approved in writing by the ACC:

(a) such signs which may be required by legal proceedings;

(b) not more than two (2) residential identification signs (street number and/or names of Owners) for maximum total face area of 144 square inches;

(c) during the time of construction of any building or other Improvement, one job identification sign not larger than three (3) feet by four (4) feet having a face area not larger than twelve (12) square feet;

(d) such signs, the nature, number and location of which have been approved in advance by the Declarant or the ACC for developers or builders; and

(e) one standard "for sale" sign for sale or resale of property not larger than two (2) feet by three (3) feet having a surface area not larger than six (6) square feet.

Section 4.9 Improvements and Alterations. No Structures, Improvements, alterations, repairs, excavations or other work which in any way alters the exterior appearance of any Lot or any other improvements located thereon from its natural or improved state existing on the date such Property was first conveyed in fee to the current Owner, shall be made or done without the prior written approval of the ACC.

Section 4.10 Solar Equipment. Request for approval of installation of any type of solar equipment shall be included in the Development Plan and approved in writing by the ACC.

Section 4.11 Filling, Cutting, and Slope Control. The ACC shall carefully review all proposed Improvements which will be placed on Lots with slopes exceeding twenty percent (20%), and all cutting of the terrain on such Lots shall be kept at a minimum. The ACC may require "pier and beam" type foundations for the Improvements on such Lots in lieu of standard "slab on grade" foundations if in its sole discretion, the ACC so elects.

Section 4.12 Creek and Tributary Obstructions. No obstructions of any type, including, but not limited to, fences, dams, and concrete walkways, shall be placed in, on, or across the bed of any creek adjoining or running through any Lot in the Subdivision without written approval of the ACC. "Creek bed" as used herein in relation to obstruction, means that portion of the creek where water would flow in times of normal rainfall.

Section 4.13 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 and

approved by the ACC. All drainage structures under private driveways shall have a new drainage opening area of sufficient size to permit the free flow of water without backwater. All drainage structures shall be subject to the approval of the ACC.

Section 4.14 Chemical Fertilizers, Pesticides or Herbicides. No commercial fertilizers, pesticides or herbicides other than those approved by the ACC shall be used on any of the Property. This provision in no way limits the use of those products which are readily available for consumer use and approved by an agency, such as the Food and Drug Administration, for the purpose intended.

ARTICLE V

GENERAL RESTRICTIONS

Section 5.1 Animals - Household Pets. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, horses, cattle, sheep, goats, or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept, maintained or cared for on the Property. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance, and no domestic pets will be allowed on the Property other than the Lot of its Owner unless confined to a leash or under voice control. Upon written request of any Owner, the ACC shall conclusively determine at its sole discretion, in accordance with its rules, whether an animal is a domestic household pet, whether an animal is making an unreasonable amount of noise, whether an animal is being allowed to run at large or whether animal is a nuisance. The decision of the ACC in such matters shall be final, conclusive and shall be enforced as other restrictions contained herein. No animal may be stabled, maintained, kept, cared for or boarded for hire or remuneration on the Property and no kennels or breeding operation will be allowed. No animal shall be allowed to run at large and all animals shall be kept within an enclosed area which must be clean, sanitary and reasonably free of refuse, insects and waste at all times.

Section 5.2 Maintenance of Lawns and Plantings. Each Owner shall keep all shrubs, trees, grass and plantings of every kind on his Lot, including setback areas, utility easements, drainage easements, rights-of-way or other public or private Property on which such Owner's Property abuts, properly cultivated, pruned, free of trash, and other unsightly material. Declarant, the Association and the ACC shall have the right at any reasonable time to enter upon any Lot to replace, maintain and cultivate shrubs, trees, grass or other plantings located thereon, at cost to Owner.

Section 5.3 Clothes Drying Facilities. Outside clothes lines or other facilities for drying clothes or airing clothes shall not be erected, placed or maintained on any Lot unless they are concealed in such a manner so as not to be Visible from Neighboring Property or from streets or from access roads.

Section 5.4 Hunting / Trapping / Firearms. Hunting, trapping and discharge of firearms are expressly prohibited within the Subdivision.

Section 5.5 Dumping. Dumping of ashes, trash, rubbish, sawdust, garbage, land fill, chemical waste, solid waste and any type of refuse and other unsightly or offensive material is expressly prohibited within the Subdivision.

Section 5.6 Waste. The commission of waste is expressly prohibited within the Subdivision.

Section 5.7 Mineral Exploration. No mining, quarrying, tunneling, excavation or drilling for exploration or removal of any minerals including oil, gas, gravel, rocks, earth or earth substances of any kind shall be permitted within the Subdivision.

Section 5.8 Business Activities. No business or commercial activity to which the general public is invited shall be conducted within the Subdivision.

Section 5.9 Obnoxious Activities. No nuisance, obnoxious or offensive activities shall be carried on any Lot, nor shall any rubbish or debris of any kind be placed or permitted to accumulate on or adjacent to any of the Property within the Subdivision, and no odors shall be permitted to arise therefrom, so as to render any such Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior horns, whistles, bells or any other devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such Property which are audible from neighboring Property.

Section 5.10 Garbage. No garbage or trash shall be placed or kept on any Lot except in covered containers of standard type ("garbage cans"). In no event shall such containers be maintained so as to be Visible from Neighboring Property, except for one 12-hour period twice a week. All rubbish, trash, and garbage shall be removed from Lots and shall not be kept or maintained on any Lot. No garbage or trash shall be permitted to be buried on any Lot at any time.

Section 5.11 Vehicles and Equipment. No bus, truck larger than 3/4 ton pickup, semi-trailer, tractor, machinery or equipment shall be kept, placed (except during the course of making deliveries for the purpose of loading or unloading), maintained, constructed, reconstructed, or repaired on the Property. No motor vehicle or trailer of any type shall be constructed, reconstructed or repaired on the Property in such a manner as will be Visible from Neighboring Property. Motor homes, recreational house trailers, horse trailers, truck campers, boats, boat trailers, and recreational vehicles of any sort or type which are intended to be kept on the Property by the Owner must be placed in such a manner that they will not be Visible from Neighboring Property or from streets or access roads. No motorized vehicle or any kind may be operated in any manner which is dangerous, noisy or which otherwise creates a nuisance.

Section 5.12 No Overnight Parking. No vehicle of any kind shall be allowed to park overnight on the Common Area street within the Subdivision.

Section 5.13 Emergency or Temporary Maintenance Vehicles. The provisions of this Declaration shall not prevent any emergency vehicle

repairs or operation of an emergency vehicle, ambulance or similar vehicle within the Subdivision. The provisions of this Declaration shall also not prevent the operation or temporary use of construction trailers, vans, or other trucks, machinery/equipment, construction shelters or facilities maintained during and used exclusively in connection with the construction of any Improvement approved in writing by the ACC.

Section 5.14 Motorcycles. The use of motorcycles shall be limited to those which have been approved and are legal for street use. Such use shall be limited to the public streets. No off-road use of any motorcycles shall be permitted and all motorcycles operated within the Subdivision shall have mufflers installed in good condition which limits the exhaust noise to no more than 80 decibels, ten (10) feet from the end of the exhaust pipe.

Section 5.15 Continuing Adequacy of Repair or Maintenance. No building or Structure upon the Property within the Subdivision shall be permitted to fall into disrepair, and each such building and Structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. Such duty to repair shall include the maintenance of any exterior Structures and finish which was included in the Development Plan approved by the ACC.

Section 5.16 Service Yards and Storage Yards. Any service yard, storage yard, wood pile or storage pile shall be located so as not to be Visible from Neighboring Property or streets or access roads. Any Structure of a permanent nature is to be built with regard to these items and must be included in the Development Plan and approved in writing by the ACC.

Section 5.17 Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot or Common Area which shall include, breed or harbor plant diseases or noxious insects.

ARTICLE VI

ARCHITECTURAL CONTROL COMMITTEE

Section 6.1 Establishment and Composition. There is hereby established an Architectural Control Committee (ACC), which shall consist of three (3) regular members and two (2) alternate members. The initial regular members are: 1. Jamie L. Dickey, 2. Ralph Bailey, and 3. Scott Sanderson ; the initial alternate member is: 1. Chuck Kaufman . Members of the ACC shall serve without salary or pay and none of the members shall be required to be an architect or to meet any other particular qualifications for membership.

Section 6.2 Voting and Status of Alternate Members. Except as otherwise provided herein, a vote or written consent of a majority of the regular members of the ACC at a meeting or otherwise shall constitute the act of the Committee. Except as hereinafter provided, alternate members shall not be entitled to vote. In the event of absence or disability of one (1) or more regular members, the remaining member or members, even though less than a quorum, may designate an alternate member to act or substitute for the absent or disabled regular member for the duration of such absence or disability. The alternate member so designated shall be entitled to vote

in place of the regular member for whom he so substitutes. Notwithstanding the foregoing provisions, the ACC is not authorized to act unless at least two (2) regular members are present, or in the event action is taken without a meeting, unless at least two (2) regular members consent in writing thereto. Any regular or alternate member that misses more than three (3) meetings shall be removed.

Section 6.3 Terms of Office. Unless the initial members of the ACC have resigned or have been removed, their terms of office shall be for two (2) years after the date this Declaration is recorded, provided that the members shall serve until appointment of their respective successors. Thereafter, the term of each ACC member appointed shall be for a period of four (4) years and thereafter until the appointment of a successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned or whose terms have expired may be reappointed.

Section 6.4 Appointment and Removal. Except as provided below, the right to appoint and remove all regular members and alternate members of the ACC at any time, with or without cause, shall be, and hereby is, vested solely in the Declarant. At such time as Declarant no longer owns any portion of the Property or at such time that Declarant records a waiver of the right herein retained, whichever event occurs first, then the Association shall appoint all regular and alternate members of the ACC in accordance with the Bylaws or the Association.

Section 6.5 Resignations. Any regular member or alternate member of the ACC may resign at any time from the Committee by giving written notice thereof to the Declarant or the Association as the situation requires.

Section 6.6 Vacancy. Vacancies on the ACC, however caused, shall be, except as provided in Section 6.4 of this Article, filled by the Declarant. A vacancy shall be deemed to exist in the case of death, resignation or removal of any regular or alternate member.

Section 6.7 Transfer of Authority to the Association. The duties, rights, powers and authority of the ACC constituted hereby may be assigned at any time, at the sole election of a majority of the regular members of the ACC, to the Homeowners Association, and from and after the date of such assignment, and the acceptance thereof by the Association, the Association shall have full right, authority and powers, and shall be obligated to perform the functions of the ACC as provided herein (and in the Bylaws of the Association).

Section 6.8 Address. The address of the ACC shall be 7631 Rockpoint Drive, Austin Texas 78731, or such other place as may from time to time be designated by the ACC by written instrument recorded in the Real Estate Records of Travis County, Texas; and the last instrument so recorded shall be deemed the Committee's proper address.

Section 6.9 Duties.

(a) General. It shall be the duty of the ACC to receive, consider and act upon all proposals, plans, complaints, requests for determination, Development Plans or other matters submitted pursuant to the terms of this

Declaration, and to carry out all other duties imposed on it by this Declaration.

(b) Consultant. The ACC may, but need not, hire specialized consultants and incur expenses up to \$500.00 to aid it in reviewing plans and their incidents. The cost of such specialized consultants and expenses shall be considered to be a cost of the Development Plan of the Owner, payment of such costs shall be considered as a filing requirement of the Development Plan, and such Plan will not be considered unless and until such costs are paid.

Section 6.10 Meetings. The ACC shall meet from time to time as necessary to perform its duties hereunder. Subject to provisions of Section 6.2 above, and except as otherwise provided herein, the vote or written consent of a majority of the regular members at a meeting or otherwise, shall constitute the act of the Committee. The Committee shall keep and maintain written records of all actions taken by it at such meetings or otherwise.

Section 6.11 Action without Formal Meeting. The ACC, in accordance with Section 6.2 and 6.10 hereof, may take action without formal meeting by unanimously consenting in writing on any matter which they might consider at a formal meeting. Such unanimous written consent shall constitute the act of Committee. For the purpose hereof, unanimous written consent shall mean a writing by the (3) regular members of the ACC except as the provisions of Section 6.2 may apply.

Section 6.12 Procedure for Submission and Approval of Development Plan.

(a) Submission and Approval of a Development Plan shall be in accordance with the Rules promulgated by the ACC, as authorized by Section 6.14 hereof.

(b) If the ACC fails to approve or disapprove any material or Development Plan submitted to it hereunder within thirty (30) days after the date shown on the submittal receipt or to give notice of its actions as above required, it shall be conclusively presumed that the Committee has approved such materials as submitted. If the Committee requests additional or amended materials or an amended Development Plan during the initial thirty (30) day period, or approves on condition that certain additional or amended materials be submitted, such period shall automatically be extended to fifteen (15) days following the date upon which such additional or amended materials are required to be delivered to and received by and receipted for by the Committee. Additional fifteen (15) day extensions shall occur if further additional or amended materials are requested or required during any subsequent extension period. If the additional or amended materials are not received on or before the required date, then the Development Plan shall be automatically disapproved.

Section 6.13 Waiver and Estoppel. The approval of the ACC of any Development Plan, specifications or drawings or any materials accompanying it for matters requiring approval of the ACC shall not be deemed to constitute a waiver of, or create any right of estoppel against,

the Committee's right to withhold approval of any similar Development Plan, drawing, specification or matter subsequently submitted for approval.

Section 6.14 ACC Rules. The ACC shall have the authority to adopt, amend, add to, replace and rescind, from time to time, procedural or substantive rules to make more definite and certain, and to carry out the purpose of and intent of the provisions of this Declaration. Any conflict between such rule and any provision of this Declaration shall be resolved in favor of the provision of this Declaration. A copy of such rules, as in effect from time to time, shall be provided to any Owner requesting the same in writing.

Section 6.15 Decisions Conclusive. All decisions of the ACC shall be final and conclusive, and no Owner or any other person, association or entity shall have any recourse against the ACC, or any member thereof, for its or such member's approval or refusal to approve all or any portion of a Development Plan or of any materials submitted therewith, or for any other decision rendered under the authority of this Declaration.

Section 6.16 Liability. Neither the ACC nor any member thereof shall be liable to any Owner, or any other person, association or entity, for any damage, loss or prejudice suffered or claimed an account of: (i) the approval or disapproval of any Development Plan or any materials submitted therewith, whether or not defective; (ii) the construction or performance or any work, whether or not pursuant to an approved Development Plan or any materials submitted therewith; (iii) the development of the Property; (iv) the structural capacity of safety features of the proposed Improvement or Structure; (v) whether or not the location of the proposed Improvement or Structure on the building site is free from possible hazards from flooding, or from any other possible hazards whether caused by conditions occurring either upon or off the Property; (vi) soil erosion causing sliding conditions; (vii) compliance with governmental laws, ordinances and regulations; (viii) any decision made or action taken or omitted to be taken under the authority of this Declaration; or (ix) the execution and filing of any estoppel certificate, whether or not the facts therein are correct; provided that the facts were based on such information as may be possessed by him. Without in any way limiting the generality of any of the foregoing provisions of this section, the ACC, or any member thereof, may, but is not required, to consult with or determine the view of any other Owner with respect to any Development Plan, or any materials submitted to the ACC.

Section 6.17 Modifications and Waivers. The ACC, upon such terms and conditions, and upon the payment of such fees or expenses and for such procedures, as it may prescribe, may, but is not required to, adopt, review and approve or disapprove, in whole or in part, with or without conditions, applications for the modification or waiver of any requirement of Article IV of this Declaration, or of the ACC Rules, applicable to any Improvement or use of, in, or abutting any Lot. Such applications shall contain such information as the ACC may prescribe, and shall affirmatively show that the application of such requirements, under the circumstances, creates unnecessary and undue hardship, and that its modification or waiver will not be detrimental (aesthetically, economically, or otherwise) to the Owner of any other Lot. The Committee may decide the matter upon the application and any materials or written statements accompanying it, or

may allow oral presentations in support of, or in opposition to the application prior to the decision, at its discretion. The Committee shall render a decision in writing, which decision need not contain any reasons, findings, or conclusions for the decision and shall forward one copy to the applicant, and retain one copy in its records. Without limiting the general application of such section, the provisions of Section 6.15 and Section 6.16 of this Article shall apply to the actions and the decisions of the Committee and its members under this section.

Section 6.18 Governmental Agency Approval. Nothing in this Declaration shall relieve or be interpreted as purporting to relieve any Owner from also securing such approval(s), certificate(s) or permit(s) of any governmental agency or entity with jurisdiction as may be required by law as condition to the commencement, construction, maintenance, addition, change or alteration to or of any Improvement, and the Committee may require that a copy of such approval(s), certificate(s) or permit(s) be provided to the Committee as a final condition of approval of a Development Plan, or as additional insurance to the Committee that the Improvements and uses of an approved Development Plan meet governmental requirements, or for both such purposes.

Section 6.19 Fees. The ACC shall have the right to require a submission fee for each proposed Development Plan.

ARTICLE VII

PALLADIO POINT HOMEOWNERS ASSOCIATION

Section 7.1 The Association. The Declarant shall cause the formation and incorporation of the Association as a non-profit corporation organized and existing under the Texas Non-Profit Corporation Act, charged with the duties and invested with the powers prescribed by law and set forth in the Articles of Incorporation, Bylaws, and this Declaration, including the maintenance of all Common Areas. Neither the Articles of Incorporation nor the Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 7.2 Membership. Each Owner (whether one or more persons or entities) of a Lot shall, upon and by virtue of becoming such Owner, automatically become a member of the Association and shall remain a member thereof until his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to and shall automatically follow the legal ownership of each Lot and may not be separated from such ownership. Whenever the legal ownership of any Lot passes from one person to another, by whatever means, it shall not be necessary that any instrument provide for transfer of membership in the Association, and no certificate of membership will be issued.

Section 7.3 Voting. All Owners of Lots shall be entitled to one (1) vote for each Lot owned. If more than one person holds an interest in any Lot, all such persons shall be members of the Association. The vote(s) for such multiple-owned Lot shall be exercised as the Owners among themselves determine, but in no event shall more than one (1) vote be cast with respect

to any Lot. Notwithstanding the foregoing, no member shall have a right to vote if such owner is in violation of this Declaration or any rule promulgated pursuant hereto, including failure to pay assessments when due. The vote of a majority (fifty-one percent (51%) or more) of the Owners of Lots present or represented by proxy at a meeting at which a quorum is present or represented by proxy shall be controlling on all matters to be decided by the Association.

Section 7.4 Quorum for Membership Action. With respect to any annual or special "general" membership meeting of the Association, at the first call of such meeting, the presence at the meeting in person or by proxy of fifty percent (50%) of the total votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such a meeting, the meeting may be adjourned to a new date not more than seven (7) days from the current date and the required quorum at such meeting shall be one-half (1/2) the required quorum at the immediately preceding meeting. This procedure shall be continued until a quorum has been obtained; provided, however, that such reduced quorum shall not be applicable at a subsequent meeting held more than sixty (60) days following the originally scheduled meeting.

Section 7.5 Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers as the Directors may elect or appoint, in accordance with the Articles of Incorporation and the Bylaws as same may be amended from time to time.

Section 7.6 Powers and Duties of the Association. The Association shall have such rights, powers and duties as set forth in the Articles of Incorporation and Bylaws as the same may be amended from time to time.

Section 7.7 Personal Liability. No member of the Board of Directors or any Committee of the Association, or any of the Officers of the Association, shall be personally liable to any Owner or any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board of Directors or any other representative or employees of the Association; provided, however, that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

Section 7.8 Assessments. The Association shall have the right to make assessments in accordance with this Declaration and subject to the provisions of Sections 7.10 and 7.11 hereof.

(a) The assessments levied by the Association shall be limited to those reasonably necessary for the performance of the duties and functions of the Association, provided that the Association shall have the right to assess for maintenance and repair of any Improvements or Structures, including but not limited to, maintenance and repair of landscaping, gates, fences, security equipment, streets, and lighting.

(b) The primary duties of the Association, for which the Association is authorized to make assessments, shall include: (i) care and maintenance of the Common Area; (ii) removal of restrictions or obstructions to the flow of drainage easements; (iii) maintenance of the auxiliary street lighting (if

any); (iv) landscaping and maintenance of the limited access entryway; (v) maintenance of fence; and (vi) insuring all property of the Association, including the Common Areas; and

(c) The Board shall establish a maintenance fund into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association under this Declaration. The funds of the Association must be used solely for purposes authorized by this Declaration, as it may from time to time be amended.

Section 7.9 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease on conveyance by the member of his Lot, or on receipt of notice by the Secretary of the death or judicially declared incompetence of such member. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy.

Section 7.10 Limitation on Annual Assessment. Until January 1st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$300.00 per Lot.

(a) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each Year not more than ten percent (10%) above the maximum assessment for the previous year without an affirmative vote of the membership as hereinafter provided.

(b) From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten percent (10%) by a vote of two-thirds (2/3) of Lot Owners voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum annual assessment as provided above. The failure of the Association to fix the annual assessment as provided above for any year shall not be deemed a waiver or a release of any Owner from the obligation to pay the annual assessment, but the annual assessment fixed for the preceding year shall continue until a new assessment is fixed.

(d) Out of such maximum annual assessment, the Association shall create a reasonable reserve for replacement of the facilities and improvements of the Common Area.

Section 7.11 Special Assessments for Capital Improvements and Deficits. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, any deficit created by any excess of expenditures of the Association over receipts for the previous year, for the cost of any construction, reconstruction repair or replacement of a Structure or Improvement constructed by Declarant or the Association for the benefit of all owners, including fixtures

and personal property related thereto. The amount of any special assessments shall be at the reasonable direction of the (i) Declarant and (ii) two-thirds (2/3) of the votes of Lot Owners, other than Declarant, voting in person or by proxy at a meeting duly called for such purpose.

Section 7.12 Uniform Rate of Assessment. Both annual and special assessments to all Lot Owners shall be fixed at a uniform rate for all Lots and shall be collected on an annual basis. The assessment per lot shall be uniform for all Owners other than Declarant, such assessments on Lots not yet sold by Declarant shall be fixed at fifty (50) percent of the assessment rate for other Lots. However, the above rates as to Declarant shall apply only for ordinary improvements and maintenance of the Common Area. If the Association decides to make any additional capital improvements or to acquire any additional fixtures or personal property, as distinguished from replacement or repair of existing improvements upon any Common Area, the Declarant shall not, as to any Lot remaining unsold by Declarant, bear or be responsible for or obligated for the payment of any part of any assessment made for any such purpose.

Section 7.13 Common Area Insurance. The Association shall maintain fire and extended coverage insurance on all of the insurable Structures and Improvements, if any, upon any portion of the Common Area or the Conservation Areas designated on the Plat in the amount equal to at least eighty percent (80%) of the insurable value of all such Structures and Improvements, unless higher coverage is required by the holder of any lien against such Structures or Improvements. The Association shall maintain public liability insurance upon such areas in an amount deemed appropriate by the Association.

Section 7.14 Collection of Assessments. The annual assessments referred to above shall be due within thirty (30) days from the date the amount of such annual assessment is set by the Board of Directors. Said assessment shall be subject to the provisions of Section 8.16 and other enforcement provisions hereof.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.1 Cost of Performance. Cost and expense in performing any obligation or responsibility in this Declaration shall be borne by the person, association, or entity charged with such performance or responsibility and shall be subject to the provisions of Section 8.16.

Section 8.2 Extension of Time for Performance. If the performance of any act or obligation by this Declaration is prevented or hindered by act of God, war, labor disputes or other cause or causes beyond the control of the person, association or entity responsible for such performance, then the time for performance of such act or obligation will be extended for the period that such performance was prevented or delayed by such cause; provided, however, this provision shall not apply to the payment of any fees or assessments.

Section 8.3 Breach not Ground for Rescission. No breach or continuing breach of the restrictions, covenants, conditions, duties, or obligations imposed, allowed or granted by this Declaration shall be grounds for cancellation, termination or rescission of this Declaration or of any provision thereof.

Section 8.4 Notice Before Enforcement. Except where damage or injury to persons or Property is imminent as a result of the performance, or a failure to perform, or the defective performance of any obligation imposed or restricted by this Declaration or where animals are involved, no proceeding for the enforcement of the restrictions, covenants, conditions, rights and duties imposed, allowed or granted by this Declaration shall be commenced until ten (10) days after written notice of wrongful performance, defective performance or failure of performance, is given to the person, association, or entity responsible for such performance and such wrongful or defective performance, or failure to perform has not been cured within such time. Such notice shall be deemed to be given if deposited in the U.S. Mail, mailed postage prepaid, certified, return receipt requested and said ten (10) days shall commence with the date of posting thereof.

Section 8.5 Enforcement. Declarant, ACC, the Association or any Owner shall have the right to enforce, by proceeding at law or in equity, and in connection therewith to sue for damages or for injunction or both, all restrictions, covenants, conditions, rights and duties imposed, allowed or granted by the provisions of this Declaration. In any such proceeding, the prevailing parties shall be entitled to recover costs and expenses, including reasonable attorney's fees, and such costs and expenses shall be subject to the provisions of Section 8.16. Failure by Declarant, the ACC, the Association or any Owner to enforce any restriction, covenant, condition, duty or right herein contained shall in no event be deemed a waiver of their respective right to do so at a later time of their respective right to enforce such restriction, covenant, condition, duty or right against any other Owner for the same or similar violation.

Section 8.6 Attachment of Covenants on Resale or Remodel. This Declaration shall continue to apply following the lease or resale of the Property or any Lot, and any remodeling or other alteration of any Improvement shall be subject hereto and must be approved by the ACC through the Development Plan process.

Section 8.7 Deviation from Approved Plan. All Development Plans approved in writing by the ACC must be complied with and any deviation, change or alteration not in compliance with said Plan must be further approved in writing by the ACC. Any violation of this provision shall be subject to enforcement in accordance with the provisions of this Declaration.

Section 8.8 Covenants to Run with the Land. The restrictions, easements, covenants, conditions, rights and duties of this Declaration shall run with and bind the land within the Property as defined herein, and shall inure to the benefit of the Owner of any Lot therein, their respective legal representatives, heirs, successors and assigns for a term of twenty-five (25) year from the date this Declaration is recorded in the Real Property Records of Travis County, Texas, after which time such restrictions, easements, covenants, conditions, rights and duties shall automatically be extended for

successive periods of ten (10) years each, unless modified or repealed in accordance with Section 8.9 or Section 8.10 hereof.

Section 8.9 Modification or Repeal During Initial Term. Any of the provisions of this Declaration may be amended or repealed during the initial twenty-five (25) year term by a recorded written instrument, executed and acknowledged by the Declarant and the Owners of not less than two-thirds (2/3) of the Lots and, by the Declarant alone during the first ten (10) years following the recording of this Declaration, unless the Declarant has sold or conveyed ninety percent (90%) of the Lots. Notwithstanding the foregoing, Sections 3.1, 7.10, 7.11, 7.12, 8.9, 8.10 and 8.21 of the Declaration may be amended only by a recorded written instrument, executed and acknowledged by one hundred percent (100%) of the Owners.

Section 8.10 Modification or Repeal During Extension Terms. Any of the provisions of this Declaration may be amended or repealed during any extension term (ten (10) years) by recorded written instrument executed and acknowledged by the Owners of not less than two-thirds (2/3) of the Lots. Notwithstanding the foregoing, Sections 3.1, 7.10, 7.11, 7.12, 8.9, 8.10, and 8.21 of this Declaration may be amended only by a recorded written instrument, executed and acknowledged by one hundred percent (100%) of the Owners.

Section 8.11 Severability. Invalidation of any of the provisions hereof by a final judgment or decree of any court shall in no way affect or impair the validity of any other provision hereof.

Section 8.12 Obligations of Grantee or Lessee. The terms of this Declaration in effect on the date of any lease or recording of a sheriff's deed, trustee's deed, deed in lieu of foreclosure, or other deed shall be enforceable against any lessee or grantee under any such deed, (and any such lessee shall be jointly and severally liable with his lessor) for any continuing performance, failure of performance or defective performance of an act or obligation restricted or imposed hereunder.

Section 8.13 No Dedication. Nothing contained in this Declaration shall be deemed or interpreted to intend a gift or dedication of any portion of the Property to the general public or for any public purpose whatsoever, such intent being hereby expressly disavowed.

Section 8.14 Successors. Deed of conveyance of any Lot may contain the provision, restrictions, covenants and conditions contained herein by reference to this Declaration; however, whether or not such reference is made in any or all said deeds, by becoming an Owner as herein defined of any of the Property, each such Owner, for itself or himself, his heirs, personal representatives, successors, transferees and assigns, binds itself or himself, and such heirs, personal representatives, successors, transferees and assigns, to all the provisions restrictions, covenants and conditions now or hereafter imposed by or under the authority of this Declaration and any amendments thereof.

Section 8.15 Assignment of Rights and Obligation of Declarant. The rights of Declarant hereunder are fully assignable, in whole or in part, to one or more persons, associations or entities and any and all obligations and

duties of Declarant are fully delegable and assignable, in whole or in part, to one or more persons, associations or entities.

Section 8.16 Enforcement by Lien. There is, to the full extent permitted by law, hereby created a claim of lien, with power of sale, on each and every Lot within the Subdivision to secure payment of any and all monies charged or levied against any Lot Owner for failure to comply with the restrictions, covenants, rights and duties imposed, allowed, or granted by the provisions of this Declaration. Such lien shall arise upon the failure of the Lot Owner to pay any monies charged or levied pursuant to the Declaration within thirty (30) days of the date on which the Lot Owner receives written notice of the charge. Each such default or violation shall constitute a separate basis for a demand or claim of lien or a lien, but any number of such defaults may be included within a single demand or claim of lien. The Declarant, the ACC or the Association may elect to file such a claim of lien on behalf of the Declarant, the ACC or the Association against the Lot of defaulting Owner. Such a claim of lien shall be executed and acknowledged by Declarant, regular member of the ACC or officer of the Association, and shall contain substantially the following information:

- (a) the name of the delinquent Owner;
- (b) the legal description and street address of the Lot against which the claim of lien is made; and
- (c) the total amount claimed to be due and owing for the unpaid amount, interest thereon, collection cost and reasonable attorney's fees (with any proper offset allowed). Upon recordation of a duly executed original or copy of such claim of lien, and mailing of a copy thereof to said Owner, the lien claimed therein shall immediately attach and become effective in favor of the Declarant, the ACC or the Association as a lien upon the Lot against which the charge was levied. Such a lien shall have priority over all liens of claims created subsequent to the recordation of the claim of lien thereof, except only tax liens for real property taxes on any Lot, assessments on any Lot in favor of any municipal or governmental assessing unit, and the liens which are specifically described in Section 8.17 hereafter. Any such lien may be enforced and foreclosed by appropriate action in a court or in a manner provided by law for foreclosure of a mortgage or trust deed as set forth by the laws of the State of Texas, as the same may be changed or amended from time to time, including foreclosure sale and deficiency decree. The lien provided for herein shall be in favor of the Declarant and/or the ACC or the Association and shall be for the benefit of all other Lot Owners. The Declarant and/or the ACC or the Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Lot. In the event such foreclosure is by action in a court, reasonable attorney's fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner, by becoming an Owner of a Lot in the Subdivision, hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner.

Section 8.17 Subordination of Lien to Mortgages. The lien as provided for in Section 8.16 above, shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect said lien; however, the sale or transfer of any Lot pursuant to a mortgage foreclosure or any

proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer; provided, however, that such foreclosure or proceeding in lieu thereof shall not extinguish or in any way affect the personal liability of the then record Owner of any such Lot. No sale or transfer shall relieve such Lot from liability for any charges thereafter becoming due or from the lien thereof.

Section 8.18 Word Meaning. The words such as "herein," "hereafter," "hereof," "hereunder," and "hereinabove" refer to this Declaration as a whole and not merely to a section or paragraph or article in which such words appear unless the context otherwise requires. Singular shall include the plural, and the masculine gender shall include the feminine and neuter the vice versa unless the context otherwise requires.

Section 8.19 Captions and Section Headings. The captions and headings of various articles, sections, paragraphs or subparagraphs of this Declaration are for convenience only, and not to be considered as defining or limiting in any way the intent of the provisions hereof or thereof.

Section 8.20 Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection and maintenance by Declarant to Structures, Improvements or signs necessary or convenient to the development, sale, operation or other disposition of the Property within the Subdivision.

Section 8.21 Resubdivision. No Lot within the Subdivision shall be further subdivided or separated into smaller Lots or parcels by any Owner, other than Declarant as provided below. Except as otherwise expressly provided herein, no portion of any such Lot, or any easement or any other interest (other than a security interest or a rental or lease) therein, shall be conveyed or transferred by any Owner, other than Declarant with respect to any Lot or Lots owned by Declarant. Declarant reserves the right to change Lot lines on Lots owned by Declarant and resubdivide the portions of the Property owned by Declarant at any time and from time to time; provided, that the total number of Lots will not increase. Each Owner hereby makes, constitutes and appoints Declarant, with full power of substitution, as his or its lawful attorney-in-fact, with power to execute, acknowledge, file and record with any governmental authority any appropriate documents for the purpose of effecting the resubdivision of any Lot or portion thereof, in accordance with the terms of this Declaration. The foregoing power (i) is coupled with an interest, (ii) is irrevocable, (iii) shall survive the dissolution of or resignation of Declarant, (iv) may be exercised for each Owner individually or by listing all of the Owners and executing any instrument with a single signature as attorney-in-fact for all of them, and (v) shall be binding upon all assignees and successors of each Owner.

Section 8.22 Combining of Lots. An owner of two or more contiguous Lots may, with prior written approval of the ACC, combine said Lots into one Lot. Such combination shall be at the sole expense of said Owner. After combination, the resulting Lot shall be treated as one Lot for all purposes of this Declaration, including voting rights within the Association and resubdivision.

Section 8.23 Certificate of Compliance of a Structure or an Improvement. Upon completion of a Structure or Improvement approved

by the ACC and upon written request by the Owner of the Lot, the ACC shall issue a Certificate of Compliance in a form suitable for recordation. The Certificate shall identify the Lot and the Structure or Improvement, the use or uses to be conducted thereon, and the plans and specifications on file with the ACC, pursuant to which the Structure was erected or Improvement was made and, shall specify that the Structure or Improvement complies with the approved plans and specifications. The Certificate shall not be construed to certify the acceptability, sufficiency or approval by the ACC of the actual construction of the Structure or Improvement or of the workmanship or materials thereof. The Owner is hereby notified and shall again be so notified upon issuance of the Certificate, that the Certificate in no way warrants, except as set forth above, the sufficiency, acceptability or approval by the ACC of the construction, workmanship materials or equipment of the Structure or Improvement. Preparation and recordation of such a Certificate shall be at the expense of the Owner of the improved Lot.

Section 8.24 Covenant to Pay Assessment and Conditions Creating Lien. Each Owner of any Lot, his heirs, executors, successors, administrators and assigns, by acceptance of a deed therefor, or by entering into a contract of purchase therefor, whether or not it shall be expressed in any such deed, contract of purchase, or other conveyance, hereby covenants and agrees:

(a) That he will pay to the Association the assessment charges, if applicable, assessed by the Association in each year and

(b) That the assessment, together with the continuing obligation to pay all future assessments, assessed in all future years, shall be and remain a charge against and a continuing lien upon the assessable Property.

Section 8.25 Owner's Liability for Payment of Assessments. In addition to taking subject to the charge and lien imposed by Section 8.16 hereof, each Owner of each Lot by the acceptance of a deed therefor or by entering into a contract of purchaser therefor, whether or not it shall be so expressed in such deed or contract for purchase as part of the consideration of said deed, shall be deemed to have covenanted, bargained and agreed to be personally liable for the payment of each assessment, which is assessed by the Association during any year in which Owner holds title to said Lot.

Section 8.26 Exempt Property. The following property subject to this Declaration shall be exempt from the assessments, charges and liens created herein:

(a) All property dedicated and accepted by any local governmental authority and devoted to public use; and

(b) All Common Area as defined in Section 1.4 hereof.

Section 8.27 All Assessments Pro Rata. The assessment made against any Lot shall in no case be higher or lower than the assessment against any other Lot, except for any Special assessments allowed pursuant to Section 7.11 of this Declaration which are properly attributable, in the judgment of the Board of Directors of the Association, to less than all the Lots.

Section 8.28 No Diminution or Abatement. No diminution or abatement of assessments shall be allowed or claimed for inconveniences or discomfort arising from the making of repairs or improvements to the Common Area or Lots or from any action taken to comply with any law, ordinance or order of a governmental authority.

ARTICLE IX

EASEMENTS

Section 9.1 Existing Easements. The Subdivision Plat has dedicated for use as such, subject to the limitations set forth therein, certain streets, rights-of-way and easements shown thereon, and such Subdivision Plat establishes dedications, limitations, reservations and restrictions applicable to the Property. All dedications, limitations, restrictions and reservations shown on the Subdivision Plat and all grants and rights made by Declarant's predecessors in title, 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.

Section 9.2 Changes and Additions. Declarant reserves the right, without the necessity or the joinder of any Owner or other person or entity, 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 or entity, along and on either or both sides of any Lot line, which such easement shall have a maximum width of 5 feet on each side of such Lot line.

Section 9.3 Installation and Maintenance of Utilities. There is hereby created an easement upon, across, over and under all of the Property for ingress and egress in connection with installing, replacing, repairing, and maintaining all utilities, including, but not limited to, water, gas, telephones, electricity and appurtenances thereto. 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 and under the Property, within the public utility easements from time to time existing and from service lines situated within such easements, to the point of service on any Structure. Notwithstanding anything 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 ACC. The utility companies furnishing service shall have the right to remove all trees situated within the utility easements shown on the Subdivision Plat, and to trim overhanging trees and shrubs located on portions of the Properties abutting such easements.

Section 9.4 Drainage Easements. Each owner covenants to provide Drainage Easements for drainage and water flow across such Owner's Lot, as contours of land and the arrangements of the Declarant's Improvements, and Improvements approved by the ACC thereon, require. Each Owner further covenants not to disturb or remove any trees within the Drainage

Easements as defined in the Declaration and shown on the Plat, except as approved in writing by the ACC. Each Owner further covenants to leave Conservation and Drainage Easements (as shown on the Plat) in their natural state, with the exception of construction of nature trails, seating areas, landscaping features and drainage facilities. There shall be no development, Improvements or Structures, temporary or permanent, in any Drainage Easement, except as approved in writing by the ACC.

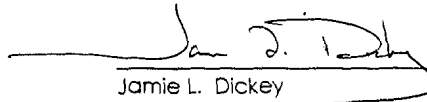
Section 9.5 Conservation Easement. There shall be no construction of any kind allowed in the dedicated Conservation Easement.

Section 9.6 Easements for Access by Declarant and/or ACC. The Declarant, the ACC and the Association shall have the right and permanent easement to enter upon any and all Lots in the Subdivision for the purpose of maintenance, repair, removal of drainage obstructions and for the inspections as to compliance of these covenants. The Declarant, the ACC and the Association shall have the right to enter any Lot for the purpose of correcting any violation of any covenant herein.

Section 9.7 Surface Areas. The surface of easement areas for underground utility services may be used for planting shrubbery, trees, lawns or flowers. However, neither the Declarant nor any supplier of any utility service using any easement area shall be liable to any Owner or to the Association for any damage done by them or either of them, or their respective agents, employees, servants, or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation or repair of any facility in any such easement area.

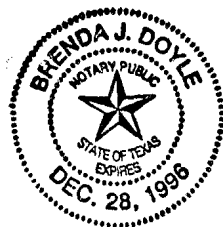
Section 9.8 Compliance with Law. This Declaration is hereby made expressly subject to, and shall not relieve any obligations imposed by, applicable city, county, state and federal laws, regulations and ordinances.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration as of the 14 day of November, 1995


Jamie L. Dickey

STATE OF TEXAS
COUNTY OF TRAVIS

This instrument was acknowledged before me this 14th day of November, 1995, by Jamie L. Dickey.



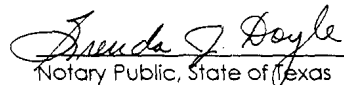

Notary Public, State of Texas

EXHIBIT A

Lots One (1) through Ten (10), inclusive, Palladio Point, an addition to the City of Austin, Travis County, Texas, according to the map or plat thereof recorded in Volume 92, Pages 57 and 58, Plat Records of Travis County, Texas.

STATE OF TEXAS COUNTY OF TRAVIS
I hereby certify that this instrument was FILED on
the date and at the time stamped hereon by me, and
was duly RECORDED, in the Volume and Page of the
named RECORDS of Travis County, Texas, on

FILED

NOV 14 1995

95 NOV 14 AM 10:00

DANA DEBEAUVOIR
COUNTY CLERK
TRAVIS COUNTY, TEXAS



Dana Debeauvoir
COUNTY CLERK
TRAVIS COUNTY, TEXAS

Return:

JAMIE L. DICKEY

7631 ROCKPOINT DR.

Aus. Tx 78731

25
RECORDS SECTION
TRAVIS COUNTY, TEXAS
11/14/95 10:00 AM

REAL ESTATE
TRAVIS COUNTY, TEXAS

12564 0029