

**STONE HOUSE ESTATES
DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS**

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WILLIAMSON §

THAT WHEREAS STONE HOUSE DEVELOPEMENT, LTD., a Texas limited partnership, hereinafter called the “Declarant”, is the owner of that certain property described in Exhibit A attached hereto and made a part hereof, all of which said property is sometimes collectively referred to herein as the “Property”; and

WHEREAS, the Declarant has subdivided the Property into residential lots, more particularly described in Exhibit A attached hereto. The Property has been finally subdivided, platted, constructed, and the roads approved.

WHEREAS, the Declarant desires to convey the lots constituting the Property subject to certain protective covenants, conditions, restrictions, rights and charges hereinafter set forth; and

WHEREAS, Declarant desires to create and carry out a uniform plan for the improvement, development and sale of the Property for the health and benefit of the present and future owners of the Property, Declarant hereby adopts and establishes the following declaration of covenants, conditions, restrictions, reservations, easements, rights and charges to apply uniformly to the use, improvement, occupancy and conveyance of all the Property;

NOW, THEREFORE, it is hereby declared that all of the Property shall be held, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, reservations and easements, rights and charges which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and shall be binding on all parties having any right, title, or interest in or to the Property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

**ARTICLE I
DEFINITIONS**

Unless the context otherwise specifies or requires, the following words and phrases when used in this Declaration shall have the meanings hereinafter specified:

1.01 Architectural Committee. “Architectural Committee” shall mean the committee created pursuant to these restrictions to review and approve plans for the construction of all improvements upon the Property.

1.02 Architectural Committee Rules. “Architectural Committee Rules” (hereinafter sometimes “Committee Rules”) shall mean the special rules, if any, adopted by the Architectural Committee.

1.03 Articles. “Articles” shall mean the Articles of Incorporation of Stone House which will be filed in the office of the Secretary of State of the State of Texas, and as from time to time amended.

1.04 Assessments. “Assessments” shall mean assessments of the Association and includes both regular and special assessments.

1.05 Association. “Association” shall mean and refer to Stone House Owners Association, Inc.

1.06 Association Property. “Association Property” shall mean all real or personal property now or hereafter owned by or leased to the Association.

1.07 Beneficiary. “Beneficiary” shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust.

1.08 Board. “Board” shall mean the Board of Directors of the Association.

1.09 Bylaws. “Bylaws” shall mean the Bylaws of the Association which may be adopted by the Board, and as from time to time amended.

1.10 Declarant. “Declarant” shall mean Stone House Development, Ltd., a Texas limited partnership, its duly authorized representatives or their respective successors or assigns; provided that any assignment of the rights of Stone House Development, Ltd. as Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

1.11 Declaration. “Declaration” shall mean this instrument and as it may be amended from time to time.

1.12 Improvement. “Improvement” shall mean every structure and all appurtenances thereto of every type and kind, including but not limited to buildings, outbuildings, storage sheds, patios, tennis courts, swimming pools, garages, storage buildings, fences, screening walls, retaining walls, stairs, decks, landscaping, poles, signs, exterior air conditioning, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.13 Lot. “Lot” or “Lots” shall mean any unit or units of land within the Property.

1.14 Maintenance Fund. “Maintenance Fund” shall mean the fund which may be created by the Association for the receipts and disbursements of the Association.

1.15 Manager. “Manager” shall mean the person, firm or corporation, if any, employed by the Association pursuant to this Declaration and delegated the duties, powers or functions of the Association.

1.16 Member. “Member” shall mean any person who is a member of the Association.

1.17 Mortgage. “Mortgage” shall mean any mortgage or deed of trust covering any portion of the Property given to secure the payment of a debt.

1.18 Owner(s). “Owner(s)” shall mean the person or entity including Declarant, holding a fee simple interest in any portion of the Property, but shall not include the Beneficiary of a Mortgage.

1.19 Person. “Person” shall mean an individual or entity having the legal right to hold title to real property.

1.20 Plans and Specification. “Plans and Specification” shall mean any and all documents designed to guide or control the construction or erection of any improvement, including but not limited to those indicating location, size, shape, configuration, materials, site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to such improvement.

1.21 Record, Recorded, and Recordation. “Record, Recorded, and Recordation” shall mean, with respect to any document, the recordation of such document in the office of the County Clerk of Williamson County, Texas.

1.22 Recreation and Open Space. “Recreation and Open Space” shall mean any portion of the Property, if any, hereafter designated by Declarant as common area thereafter to be held for recreational purposes for the benefit of all Owners; provided, however, that access to any Recreation and Open Space may be limited to persons currently paying assessments, fees and overcharges, or otherwise conditioned or restricted, or made available to non-owners. The Recreation and Open Space may be owned by Declarant, the Association, an unincorporated association in which all Owners shall be entitled to membership or by the Owners in individual interests. Declarant has no obligation to designate any Recreation and Open Space but may, at its sole discretion, elect to do so in the future. As of the date hereof, Declarant has not designated any Recreation and Open Space.

1.23 Subdivision. “Subdivision” shall mean the finally platted and recorded subdivision of the Property.

1.24 Supplemental Declaration. “Supplemental Declaration” shall mean any declaration of covenants, conditions, and restrictions which may be hereafter recorded by Declarant, subject to all of the terms and restrictions of this Declaration and not in conflict herewith.

1.25 Stone House Restrictions. “Stone House Restrictions” shall mean this Declaration together with any and all Supplemental Declarations, as the same may be amended from time to time, together with the Association Rules, Committee Rules, and the Articles and Bylaws of the Association from time to time in effect.

1.26 Association Rules. “Association Rules” shall mean the rules adopted by the Board as they may be amended from time to time.

ARTICLE II DEVELOPMENT OF THE PROPERTY

2.01 Development by Declarant. Declarant may divide or subdivide the Property into several areas, develop some of the Property and, at Declarant’s option, dedicate some of the Property as Recreation and Open Space. As the Property is developed or dedicated, Declarant may record one or more Supplemental Declarations and designate the use, classification, and such additional or different covenants, conditions, and restrictions as Declarant may deem appropriate for a particular area. Any Supplemental Declaration may provide its own procedure for the amendment of any provisions thereof. All lands, improvements and uses in such area so developed shall be subject to both this Declaration and the Supplemental Declaration, if any, for that area.

ARTICLE III GENERAL RESTRICTIONS

All of the Property shall be owned, held, encumbered, leased, used, occupied and enjoyed subject to the following limitations and restrictions set forth below. As used herein, where the phrases “approved” or “approval” are used, the same shall mean prior written approval of the Architectural Committee.

3.01 Antennas. No exterior radio, television or data antenna, aerial or satellite dish shall be erected or maintained without the prior written approval of the Architectural Committee. When allowed, the same shall be designed to be at the rear of any residence and screened from view from any other Lot.

3.02 Insurance Rates. Nothing shall be done or kept on the Property which would increase the rate of insurance or cause the cancellation of insurance on any Lot or the Association Property without the prior written approval of the Board.

3.03 Subdividing. No Lot shall be further divided or subdivided, nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior written approval of the Architectural Committee; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot and convey an easement or other interest less than the whole, all without the approval of the Architectural Committee. Owners acknowledge and agree that as of the date of these Restrictions, the Declarant has received final subdivision approval for the Property.

3.04 Signs. No sign of any kind shall be displayed to the public view without the prior written approval of the Architectural Committee, except for signs which are part of Declarant's overall marketing plan for the Property or one standard "for sale" sign not to exceed 2 feet by 3 feet in size.

3.05 Rubbish and Debris. No rubbish, junk, debris, scrap building materials, machinery or inoperative vehicles of any kind shall be placed or permitted to accumulate upon the Property nor any unsightly open air storage of personal property and no odors shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property or to its occupants. Refuse, garbage and trash shall be kept at all times in standard residential covered containers and any such container shall be kept within an enclosed structure or appropriately screened from view.

3.06 Noise. No exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any of the Property. No noise or other nuisance including barking dogs, loud music and the like shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to any other portion of the Property or to its occupants.

3.07 Construction of Improvements. No Improvements shall hereafter be constructed upon any of the Property without the prior written approval of the Architectural Committee, which may require for prior review detailed Plans and Specifications.

3.08 Repair of Buildings. All Improvements upon any of the Property shall at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner thereof. The opinion of the Architectural Committee as to condition and repair shall be final.

3.09 Weeds. No Lot shall be kept in other than a neat and attractive manner. No grass, weeds and/or other overgrown vegetation shall be kept in the front 75 feet of any lot except in a mowed or otherwise controlled condition.

3.10 Alteration or Removal of Improvements. No construction, other than normal maintenance, which in any way alters the exterior appearance of any Improvement, or the removal of any Improvement shall be performed without the prior written approval of the Architectural Committee.

3.11 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 Architectural Committee.

3.12 Hazardous Activities. No activities shall be conducted on the Property and no Improvements constructed on the Property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms, explosives or fireworks shall be discharged upon the Property at any time, including holidays. No open fires shall be lighted or permitted except (a) in a contained barbecue unit (while attended and in use for cooking purposes), or (b) within a safe and well-designed interior fireplace, or (c) exterior fireplace/pits. Controlled burns as given permission by Williamson County only.

3.13 Temporary Structures. No tent, shack or other temporary building, improvement or structure shall be placed upon the Property without the prior written approval of the Architectural Committee; provided, however, that temporary structures necessary for storage of tools and equipment, and for office space for architects, builders and foremen during actual construction may be maintained with the proper approval of Declarant, such approval to include the nature, size, duration and location of such structure.

3.14 Mining and Drilling. No portion of the Property shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth. The Owners shall have the right to drill, maintain, and operate a water well (at a County-approved location only) on their Lot provided that the water therefrom is used only on that Lot unless otherwise approved by the Architectural Committee.

3.15 Unightly Articles; Vehicles. No article deemed to be unsightly by the Architectural Committee shall be permitted to remain on any Lot so as to be visible from adjoining Property or public or private thoroughfares. Without limiting the generality of the foregoing, trailers, graders, equipment, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters, and garden maintenance equipment shall be kept at all times, except when in actual use, in an approved enclosed storage structure or garage and no repair or maintenance work shall be done on any of the foregoing, or on any automobile or pickup (other than minor emergency repairs), except in an enclosed garage or other structure. No more than eight (8) such items total may be kept on any Lot for periods in excess of 48 hours. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse of trash shall be kept, stored or allowed to accumulate on any portion of the Property except within an approved enclosed

structure or, with prior approval, appropriately and fully screened from view. No liquid propane gas, heating oil or other heating fluids shall be kept on any Lot, except in below-ground approved tanks. No gasoline, kerosene, diesel or other fluids or chemicals shall be stored on any Lot. No vehicle, boat or any of the other above mentioned items shall be parked on any street or road in Stone House. No vehicles or equipment exceeding one ton capacity shall be kept or stored on any Lot. Water storage tanks (or equipment other than the well head) shall be located in the garage of a dwelling or in approved storage building. The location of rain water collection tanks must be approved by the ACC following the submission of a site plan showing the size and location of the planned collection storage tanks.

3.16 Animals. No kennel or other facility for raising or boarding dogs or other animals for commercial purposes shall be kept on any Lot. The keeping of ordinary household pets not to exceed three in number such as dogs and cats is allowed; however, no breeding, raising, or boarding of such pets for commercial purposes is permitted on such sites. No poultry, fowl, livestock or other animals may be kept on any Lot. All pets (except cats) shall be kept fenced or restrained on the Owner's Lot and shall not be allowed to roam loose. No Pit Bull dogs or other similar vicious dog shall be allowed kept on any Lot. No dog kennel shall be erected or placed on any Lot without prior approval. Temporary FFA or 4-H project animals (except swine or full-grown cattle) may be permitted in a fully-screened area upon prior written approval of the Architectural Committee. A maximum of three horses may be kept on any lot. Horse manure shall be properly collected and disposed of on a bi-weekly basis.

3.17 Mobile Homes, Travel Trailers and Recreational Vehicles. No mobile homes, manufactured homes or modular homes shall be parked or placed on any Lot at any time. No travel trailers, campers, recreational vehicles, buses or boats of any type shall be parked on or near any Lot so as to be visible from adjoining property or public or private thoroughfares for more than forty-eight hours and may not be kept for longer periods upon any Lot except in an approved storage garage.

3.18 Fences. The Architectural Committee may, in its discretion, prohibit the construction of any proposed fence, or specify the materials of which any proposed fence must be constructed, or require that any proposed fence be screened by vegetation or otherwise so as not to be visible from other portions of the Property. No solid wood privacy fence shall be placed on any lot. No fences other than wood, split rail, rock, brick or other approved materials, shall be permitted except to the rear of a residence, where the Architectural Committee may allow wire or other fencing.

3.19 Mailboxes. No mailbox shall be constructed.

3.20 Driveways. No driveway from the fronting street or road to the dwelling on any Lot shall be constructed except with a proper county approved apron and drainage way. No driveway shall be constructed except in an approved location or from any material except concrete, brick, black asphalt, two-course penetration tar and gravel, or other approved all-weather surface. No gravel, dirt or caliche driveways shall be permitted.

3.21 Storage Structures. Not more than two out building or storage building of similar design, quality, construction and appearance as the main dwelling and not to exceed 28 feet in height or 2400 square feet of floor area may be constructed on any Lot without approval. No such structure may be placed on any Lot except in the most rear one-third (1/3) of any Lot, that being the portion farthest away from any roadway not closer than 50 feet to any side lot line. The Architectural Committee shall have the discretion to approve variations from these requirements such as size, location or metal structures, if the structure is faced in masonry and otherwise appears similar to the main dwelling.

3.22 Garages. No dwelling shall be constructed without an attached or semi-attached standard automobile garage for at least two standard cars or pickups. No garage shall face any roadway adjacent to the subject Lot, but shall only be a rear-entry or side-entry garage with an approved driveway to its opening. No garage shall be built without standard closeable garage doors and no open car ports shall be permitted. No garage conversion to living area shall be permitted unless a new attached or semi-attached garage is first constructed which is 75% masonry. Existing detached garage located on lot 12 shall be exempt from the “attached or semi-attached” and side entry restriction by virtue of it’s existence prior to the adoption of these restrictions.

3.23 Water Supply and Sewage Disposal. No water well may be drilled or equipped unless it is located in an approved location and meets all requirements of Williamson County. No sewage storage or processing system shall be constructed or used unless it is located in an approved location and meets all requirements of Williamson County.

3.24 Swimming Pools. No above ground pools shall be constructed on any lot. All swimming pools shall be below ground type construction. Hot tubs and spa type pools not to exceed 100 square feet of water area shall be allowed to be placed or constructed above ground.

3.24 Utility Easements. There shall be deemed reserved and dedicated for public utility purposes in a deed from Declarant, a 20-foot public utility easement along the rear of every lot or both rear lines of every lot on a corner; and a 10-foot public utility easement along the lateral side lines of every non-corner lot.

3.25 Other Easements. An easement shall be granted on Lot 1 and Lot 29 for the existing development entry walls, subdivision signage and its maintenance. The limited use easement shall provide for a clear view of stone entry walls and the signage from the right of way on County Road 200.

ARTICLE IV
RESIDENTIAL RESTRICTIONS

4.01 Residential Use. All Lots shall be improved and used solely for single family residential use in one single structure for one family plus reasonable domestic staff, inclusive of a garage, fencing and such other improvements as are necessary or customarily incident to residential use. No Improvement may be constructed on any Lot which would unreasonably obstruct the view from other portions of the Property, and the positioning of all Improvements upon Lots within the Property is hereby expressly made subject to Architectural Committee review. The Architectural Committee may, but shall not be required to prevent or allow the construction of a proposed Improvement based upon the effect it will have upon the view from any particular Lot. Rather, the Committee may consider the effect the Improvement will have on the Property as a whole, it being expressly understood that neither the Architectural Committee nor the 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 such Owner's Lot or Lots. Limited home businesses shall be allowed, but no business shall be conducted on any Lot which employs more than one person other than the Owner of a Lot, or has over two (2) customer visits in any day, or displays any sign or other evidence of its existence or requires the use of equipment, vehicles or materials that are not stored in an approved storage structure.

4.02 Building Height and Location. No Improvement greater than twenty-eight (28) feet in height may be constructed on any Lot without the prior written approval of the Architectural Committee. No dwelling may be built closer than 100 feet to any road, inclusive of the garage. River lots may have 80' front set back.

4.03 Building Materials; Dwelling Size. No residence may have over 25% Hardi. No single family dwellings shall be built except of good recognized standard, site-built new construction quality, and may not be constructed of less than seventy-five percent (75%) masonry or other material specifically approved in writing by the Architectural Committee. No single family dwellings shall be built containing less than 2,500 square feet of enclosed heated and cooled living space, exclusive of porches (open or covered), decks, garages and carports; provided, however, that the Architectural Committee may reduce this requirement for particular Lots to not less than 2,200 square feet based upon the quality of construction and design of a proposed Improvement. Any such request for a reduction in the minimum square footage requirement below 2,500 square feet shall be in writing and shall state the specific reasons therefore. No split-level 1½ story or two story residences shall have less than 1,500 square feet of living space on the ground floor or main living area level. No roofs shall be constructed without at least a minimum pitch of 6/12 and no roof other than wood shingles, tiles, or composition roofing shingles, having a minimum weight of 210 pounds per square and a Class C (or better) fire rating shall be allowed without approval. Metal roofing in Galvalume or painted color is permitted. Corrugated style metal roofing or siding is not permitted.

4.04 Construction in Place. No dwelling shall be constructed on the Property except when built in place on the Lot and no use of prefabricated materials shall be allowed without the prior written approval of the Architectural Committee. All construction of a dwelling shall be completed within nine (9) months after commencement of work or placing of materials on a Lot, whichever first occurs. No dwelling may be occupied until it is completed in accordance with approved plans and specifications. Not more than one dwelling unit may be constructed on any Lot, except the Architectural Committee may allow one guest dwelling or garage apartment adjacent to, behind and attached by roof line to the main dwelling. Such guest dwelling shall not be counted toward the minimum 2,500 square feet of living area. No construction or improvement of dwellings or outbuildings shall be allowed unless it complies with all Williamson County, Southern Building Code and National Electric Code requirements.

4.05 Set-back Requirements. No dwelling may be built closer than 100 feet to any road, inclusive of the garage. River lots may have 80' front set back. No building shall be located nearer than fifty (50) feet to any interior side Lot lines. No building shall be located nearer than twenty-five (25) feet from any rear Lot line. For purposes of these covenants, eaves, steps and open porches shall not be considered as part of the building; provided, however, that this shall not be construed to allow any such structure to encroach upon another Lot. Side yard set backs on pie-shaped lots may not be closer than twenty-five (25) feet from lot line. Special written requests for exceptions to front, side and rear set-back requirements for lots 19, 22 and lot 25 shall be subject to the approval of the Architectural Control Committee.

4.06 Rentals. Nothing in this Declaration shall prevent the rental of any Lot and the Improvements thereon by the Owner thereof for residential purposes.

ARTICLE V
STONE HOUSE OWNERS ASSOCIATION

5.01 Organization. The Association shall be a nonprofit corporation created for the purposes, charged with the duties, and vested with the powers prescribed by law or set forth in its Articles and Bylaws or in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. The initial organization of the Association may be delayed up to five (5) years by the Declarant until it deems that such organization is desirable. Until such time, the Declarant or its designees shall exercise all Power and Authority of the Association or the Board or the Architectural Committee, except the levying of dues and assessments. Prior to such organization, Declarant shall pay all costs of performing the duties of the Association. The portion of this Article 5 regarding Membership, Voting Rights, Assessments, Rules and Bylaws and Records shall be suspended until the Association is organized.

5.02 Membership. Any Person or entity upon becoming an Owner shall automatically become a member of the Association. Membership shall be appurtenant to and shall run with the property interest which qualifies the Owner thereof for membership, and membership may not be

severed from, or in any way transferred, pledged, mortgaged, or alienated except together with the title to the property interest.

5.03 Voting Rights. The right to cast votes, and the number of votes which may be cast, for election of members to the Board of Directors of the Association and on all other matters to be voted on by the Members shall be calculated as follows:

- (A) The Owner (including Declarant) of each Lot within the Property shall have one vote for each Lot so owned.
- (B) In addition to the votes to which it is entitled by reason of Subparagraph (A) of this Section, for every one vote Declarant shall have four (4) votes until the votes described in Subparagraph (A) of this Section and which are owned by persons or entities other than Declarant total, in the aggregate, ninety percent (90%) of the total number of votes. Thereafter, Declarant shall have only the votes, if any, to which it is entitled under said Subparagraph (A) of this Section.

5.04 Duties of the Association. Subject to and in accordance with these restrictions, the Association acting through the Board shall have and perform each of the following duties:

- (A) Association Property.
 - (1) Ownership and Control. To accept, own, operate and maintain all Recreation and Open Space which may be conveyed or leased to it, together with all improvements of whatever kind and for whatever purpose which may be located in said areas; and to accept, own, operate and maintain all other property, real and personal, conveyed or leased to the Association.
 - (2) Repair and Maintenance. To maintain in good repair and condition all lands, improvements, and other Association Property owned by or leased to the Association.
 - (3) Taxes. To pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any property owned by or leased to the Association, to the extent that such taxes and assessments are not levied directly upon the Members. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.
- (B) Insurance. To obtain and maintain in effect policies of insurance which, in the Board, are reasonably necessary or appropriate to carry out the Association functions.

- (C) Association Rules and Bylaws. To make, establish and promulgate, and in its discretion to amend or repeal and re-enact, such Association Rules and Association Bylaws, not in conflict with this Declaration, as it deems proper covering any and all aspects of its functions, including the use and occupancy of Association Property. Without limiting the generality of the foregoing, such rules may set dues and fees and prescribe the regulations governing the operation of Association Property.
- (D) Financing. To execute Mortgages, both construction and permanent, for construction of facilities, including improvements on property owned by or leased to the Association, and to accept lands in Recreation and Open Spaces whether or not improved, from Declarant subject to such Mortgages or by assuming such Mortgages. The debt secured by such Mortgage or other security instrument may be retired from and secured by the revenues generated by dues, use fees, assessments of the Members, or otherwise, or any combination thereof, as may be deemed appropriate by Declarant or the Association, as the case may be, but subject to the limitations imposed by this Declaration.
- (E) Records. To keep books and records of the Association's affairs.
- (F) Other. To carry out and enforce all duties of the Association set forth in the Stone House Restrictions.

5.05 Powers and Authority of the Association. The Association shall have the powers of a Texas nonprofit corporation, subject only to such limitations upon the exercise of such power as are expressly set forth in this Declaration. It shall further have the power to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers granted to it by the laws of Texas or by this Declaration. Without in any way limiting the generality of the two preceding sentences, the Association and the Board, acting on behalf of the Association, shall have the power and authority at all times as follows:

- (A) Assessments. To levy assessments as provided in Article VIII below. An assessment is defined as that sum which must be levied in the manner and against the property set forth in Article VIII hereof in order to raise the total amount for which the levy in question is being made.
- (B) Right of Entry and Enforcement. To enter at any time in an emergency or in a non-emergency, after twenty-four (24) hours written notice, without being liable to any Owner, upon any Lots in the Property or onto any Recreation and Open Space for the purpose of enforcing the Stone House Restrictions for the purpose of maintaining or repairing any area, Improvement or other facility to conform to the Stone House Restrictions, and the expense incurred by the Association in connection with the entry upon any Lots in the Property and the maintenance and repair work conducted thereon shall be a personal obligation of the Owner of the

Lots entered upon, shall be a lien upon the Lots entered upon and improvements thereon, and shall be enforced in the same manner and to the same extent as provided in Article VIII hereof for regular and special assessments. The Association shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Stone House Restrictions. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Stone House Restrictions; provided, however, that the Board shall never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, its successors or assigns.

- (C) Conveyances. To grant and convey to any person or entity the real property and/or other interest therein, including fee title, leasehold estates, easements, rights-of-way, or Mortgages out of, in, on, over, or under any Association Property for the purpose of constructing, erecting, operating or maintaining thereon, therein or thereunder:
- (1) Parks, parkways, campgrounds, boat docks, boat slips, boat launching ramps, or other recreational facilities or structures;
 - (2) Roads, streets, walks, driveways, parking lots, trails, and paths;
 - (3) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;
 - (4) Sewers, water systems, storm water drainage systems, sprinkler systems, and pipelines; and
 - (5) Any similar improvements or facilities.

Nothing above contained, however, shall be construed to permit the use or occupancy of any improvement or other facility in a way which would violate applicable use and occupancy restrictions imposed thereon by other provisions of this Declaration.

- (D) Manager. To retain and pay for the services of a person or firm (the “Manager”) to manage and operate the Association, including its property, to the extent deemed advisable by the Board.
- (E) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association.

- (F) Association Property Services. To pay for water, sewer, garbage removal, landscaping, gardening, and all other utilities, services and maintenance of the Association Property.
- (G) Other Areas. To maintain and repair easements, access easements, roads, roadways, parking lots, rights-of-way, parks, parkways, median strips, sidewalks, paths, trails, ponds, lakes, and other areas of the Property, as appropriate.
- (H) Recreational Facilities. To own, operate, maintain and repair any and all types of facilities for both active and passive recreation, including without limitation boat docks, boat slips, and boat launching ramps.
- (I) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments which the Association or the Board is required to secure or to pay for pursuant to applicable law or the terms of the Stone House Ranch Restrictions.
- (J) Construction on Association Property. To construct new improvements or additions to Association Property, subject to the approval of the Architectural Committee.
- (K) Contracts, Property Ownership. To enter into contracts with Declarant and with other persons on such terms and provisions as the Board shall determine, and to acquire and own and to dispose of all manner of real and personal property, whether by grant, lease, gift, or otherwise.

ARTICLE VI
ASSOCIATION PROPERTY

6.01 Use. Each Owner, the members of his family who reside with him, and each lessee of a Lot who resides on the Lot and the members of his family who reside with him on the Lot shall be entitled to use the Association Property subject to:

- (A) The provisions of the Stone House Restrictions, and each person who uses any property of the Association, in using the same, shall be deemed to have agreed to comply therewith;
- (B) The right of the Association to impose dues and use fees;
- (C) The right of the Association to suspend the rights to the use of any property of the Association by any Member or lessee and their respective families, guests and invitees for any period during which any assessment against the Member's property remains past due and unpaid;

- (D) The right of the Association, upon demand, to require that a security deposit be made and kept with the Association to secure all sums, and to guarantee performance of all duties, due to owing or to become due and owing to the Association;
- (E) Such covenants, conditions, and restrictions as may have been imposed by the Association to prior owners on property of the Association.

6.02 Damages. Each Member and lessee described above shall be liable to the Association for any damage to property of the Association which may be sustained by reason of the negligent or intentional misconduct of such person or of his family, guests or invitees. If the property, the ownership or leasing of which entitles the Owner or lessee thereof to use Association Property, is owned or leased jointly or in common, the liability of all such joint or common Owners or lessees shall be joint and several.

6.03 Damage and Destruction. In case of destruction of or damage to Association Property by fire or other casualty, the available insurance proceeds shall be paid to the Association, which shall contract to repair or rebuild the Association Property so damaged. Should the insurance proceeds be insufficient to pay all of the costs of repairing or rebuilding the damage, the Association may levy a special assessment to make good any deficiency. If the Board determines not to rebuild any property so destroyed or damaged, or to build facilities substantially different from those which were destroyed or damaged, it shall call a special meeting of the Members to consider such decision. If the Members, by three-fourths (3/4) of the votes cast at such meeting, elect to ratify such decision, the Board shall act accordingly; but if the Members do not by such percentage elect to ratify such decision, the Board shall proceed to repair or rebuild the damaged or destroyed facility with payment therefore to be made as set forth in this Section.

ARTICLE VII ARCHITECTURAL COMMITTEE

7.01 Membership of Committee. The Architectural Committee shall consist of not more than three (3) voting members, ("Voting Members") and such additional nonvoting members serving in an advisory capacity ("Advisory Members") as the Board deems appropriate. The following is hereby designated as the initial Voting Member of the Committee: Stone House Development Genpar, LLC.

7.02 Action by Committee. Items presented to the Architectural Committee shall be decided by a majority vote of the Voting Members.

7.03 Advisory Members. The Voting Members may from time to time designate Advisory members.

7.04 Term. Each member of the Architectural Committee shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein.

7.05 Declarant's Rights of Appointment. Declarant, its successors or assigns shall have the right to appoint and remove all members of the Committee. Declarant may delegate this right to the Board by written instrument. Thereafter, the Board shall have the right to appoint and remove all members of the Committee.

7.06 Adoption of Rules. The Architectural Committee may adopt such procedural and substantive rules, not at conflict with this Declaration, as it may deem necessary or proper for the performance of its duties.

7.07 Review of Proposed Construction. Whenever in this Declaration or in any Supplemental Declaration the approval of the Architectural Committee is required, it shall have the right to consider all of the Plans and Specifications for the Improvement or proposal in question and all other facts which, in its sole discretion, are relevant. Except as provided in Sections 9.06 and 9.07 below, prior to commencement of any construction of any Improvement on the Property or any portion thereof, the Plans, Specifications, Construction Request Form and General Contractor designated to perform improvement, therefore shall be submitted to the Architectural Committee, and construction thereof may not commence unless and until the Architectural Committee has approved such Plans and Specifications and Contractor in writing. The Architectural Committee shall consider and act upon any and all Plans, Specifications and Contractor Approval Applications submitted for its approval pursuant to this Declaration, and perform such other duties assigned to it by this Declaration or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with Plans and Specifications approved by the Architectural Committee. The Architectural Committee shall review Plans, Specifications and Contractor Approval Applications submitted for its review and such other information as it deems proper, including information it may require relating to the question whether any proposed Improvement upon a Lot would unreasonably obstruct the view from other portions of the Property. Until receipt by the Architectural Committee of any information or document deemed necessary by the Architectural Committee, it may postpone review of any Plans and Specifications submitted for approval.

No residence or improvement shall be allowed upon any Lot without the prior approval of the contractor proposed to perform the work. The Builder Approval Application shall be submitted to the Architectural Committee for review and approval prior to the start of any approved construction or improvements. Approval of contractor applications will not be unreasonably withheld. Builder or Contractor approval applications are available from the Architectural Committee.

No Improvement shall be allowed upon any Lot which would unreasonably obstruct the view from any other portion of the Property and no Improvement shall be allowed on any Lot which is of such size or architectural design or involves the use of such landscaping, color schemes, exterior finishes and materials and similar features as to be incompatible with residential development in the Property. The Architectural Committee shall have the authority to disapprove any proposed Improvement based upon the restrictions set forth in the preceding sentence and the decision of the Architectural Committee shall be final and binding so long as it is made in good faith. The Architectural Committee shall not be responsible for reviewing any proposed Improvement, nor shall its approval of any Plans or Specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes.

7.08 Actions of the Committee. The Architectural Committee may, by resolution, unanimously adopted in writing, designate one or two of its members or an agent acting on its behalf to take any action or perform any duties for and on behalf of the Architectural Committee. In the absence of such designations, the vote of a majority of all of the members of the Architectural Committee taken without a meeting, shall constitute an act of the Architectural Committee.

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

7.10 Work in Progress. The Architectural Committee, at its option, may inspect all work in progress to insure compliance with approved Plans and Specifications.

7.11 Nonliability of Committee Members. Neither the Architectural Committee, nor any member thereof, nor the Board nor any member thereof, shall be liable to the Association or to any Owner or to any other person for any loss, damage or injury arising out of their being in any way connected with the performance of the Architectural Committee's or the Board's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Architectural Committee or its member or the Board or its member, as the case may be. Neither the Architectural Committee nor the members thereof shall be liable to any Owner due to the construction of any Improvement within the Property or the creation thereby of an obstruction to the view from such Owner's Lot or Lots.

7.12 Address. Plans and Specifications shall be submitted to the Architectural Committee in care of Stone House Development Genpar, LLC., Stone House Owners Association, Inc., 10601 W. Highway 29, Liberty Hill, Texas 78642 or such other address as may be designated from time to time.

ARTICLE VIII
FUNDS AND ASSESSMENTS

8.01 Assessments.

- (A) The Association may from time to time levy Assessments against each Lot in the Property whether or not improved. The level of Assessments shall be equal and uniform between all Lots. No Assessments hereunder shall be levied against Declarant or Declarant's Lots.
- (B) Where the obligation to pay an Assessment first arises after the commencement of the year or other period for which the Assessment was levied, the Assessment shall be prorated as of the date when said obligation first arose in proportion to the amount of the Assessment year or other period remaining after said date.
- (C) Each unpaid Assessment together with such interest thereon and costs of collection thereof as hereinafter provided, shall be the personal obligation of the Owner of the property against which the Assessment fell due, and shall become a vendor's lien against each such Lot and all improvements thereon. The Association may enforce payment of such Assessments in accordance with the provisions of this Article.

8.02 Maintenance Fund. The Board may establish a fund (the "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 related to the areas and improvements owned by or leased to the Association, or subject to these Restrictions for maintenance or operation by the Association or otherwise for purposes authorized by this Declaration, as it may from time to time be amended.

8.03 Regular Annual Assessments. Prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under the Stone House Ranch Restrictions, including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund. Assessments sufficient to pay such estimated net expenses shall then be levied as herein provided, and the level of Assessments set by the Board shall be final and binding so long as it is made in good faith. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time, and from time to time, levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable to the Association at the Beginning of the fiscal year or during the fiscal year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

8.04 Special Assessments. In addition to the regular annual Assessments provided for above, the Board may levy special Assessments whenever in the Board's opinion such special Assessments are necessary to enable the Board to carry out the mandatory functions of the Association under the Stone House Ranch Restrictions. The amount of any special Assessments shall be at the sole discretion of the Board.

8.05 Special Charges. In addition to the regular and special Assessments, the Board may levy such special charges as it deems appropriate for the use by individual Members or guests of Members of any Association facilities. All special charges shall constitute a lien on the Lots assessed and such liens shall be enforced in the same manner and to the same extent as provided in this Article for regular and special Assessments.

8.06 Owner's Personal Obligation for Payment of Assessments. The regular and special Assessments provided for herein shall be the personal and individual debt of the Owner of the property covered by such Assessments. No Owner may exempt himself from liability for such Assessments. In the event of default in the payment of any such Assessment, the Owner of the property shall be obligated to pay interest at the rate of eight (8%) per annum but not to exceed the highest rate allowed by applicable usury laws then in effect on the amount of the Assessment from the due date thereof, together with all costs and expenses of collection, including reasonable attorneys' fees.

8.07 Assessment Lien and Foreclosure. All sums assessed in the manner provided in this Article but unpaid, shall together with interest as provided in Section 8.06 hereof and the cost of collection, including attorney's fees as herein provided, thereupon become a continuing lien and charge on the property covered by such Assessment, which shall bind such property in the hands of the Owner, and such Owner's heirs, devisees, personal representatives, successors or assigns. The aforesaid lien shall be superior to all other liens and charges against the said property, except only for tax liens and all sums unpaid on a first mortgage lien or first deed of trust lien of record, securing in either instance sums borrowed for the improvement or purchase of the property in question. The Association shall have the power to subordinate the aforesaid Assessment lien to any other lien. Such power shall be entirely discretionary with the Board and such subordination may be signed by an officer of the Association. To evidence the aforesaid Assessment lien, the Association may prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the property covered by such lien and a description of the property. Such notice shall be signed by one of the officers of the Association and shall be recorded in the office of the County Clerk of Williamson County, Texas. Such lien for payment of Assessments shall attach with the priority above set forth from the date that such payment becomes delinquent and may be enforced by the foreclosure of the defaulting Owner's property by the Association in like manner as a mortgage on real property subsequent to the recording of a notice of Assessment lien as provided above, or the Association may institute suit against the Owner personally obligated to pay the Assessment and/or for foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or not judicial, the Owner shall be required to pay the costs, expenses, and reasonable attorney's

fees incurred. The Association shall have the power to bid on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request on any mortgagee holding a prior lien on any part of the Property, the Association shall report to said mortgagee any unpaid Assessments remaining unpaid for longer than thirty (30) days after the same are due.

8.08 Recreation and Open Space. All Recreation and Open Space shall be exempt from the payment of any assessments levied by the Association, regular or special.

ARTICLE IX MISCELLANEOUS

9.01 Term. This Declaration, including all of the covenants, conditions, and restrictions hereof, shall run until December 31, 2030, unless amended as herein provided. After December 31, 2030, this Declaration, including all such covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by the Owners of at least three-fourths (3/4) of the Property then subject to this Declaration.

9.02 Amendment.

- (A) By Declarant. This Declaration may be amended by the Declarant so long as Declarant holds a majority of the votes of the Association. No amendment by Declarant shall be effective until there has been recorded in the Official Public Records, Williamson County, Texas, an instrument executed and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the President and Secretary of the Board certifying that the Declarant had the requisite number of votes.
- (B) By Owners. In addition to the method in Section 9.02 (A) this Declaration may be amended by the recording in the Official Public Records, Williamson County of an instrument executed and acknowledged by the President and Secretary of the Association, setting forth the amendment and certifying that such amendment has been approved by Owners entitled to cast at least eighty percent (80%) of the number of votes entitled to be cast pursuant to Section 5.03.

9.03 Utility Easements. The Declarant reserves the right to locate, construct, erect and maintain or cause to be located, constructed, erected and maintained in and on any areas conveyed to the Association or reserved as Recreation and Open Space, sewer and other pipe-lines, conduits, wires and any public utility function beneath or above the surface of the ground, with the right of access to the same at any time for the purposes of repair and maintenance.

9.04 Environmental. ALL OF THE PROPERTY COVERED BY THESE RESTRICTIONS IS LOCATED IN AN ENVIRONMENTALLY SENSITIVE AREA AND IS SUBJECT TO NUMEROUS RESTRICTIONS AND LIMITATIONS IN ADDITION TO THOSE SET OUT IN THESE RESTRICTIONS.

9.05 Notices. Any notice permitted or required to be given by this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third (3) day (other than Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person to the Association for the purpose of service of notices, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing given by such person to the Association.

9.06 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of the Property and of promoting and effectuating the fundamental concepts of the Property set forth in the Recitals and Declaration of this Declaration. This Declaration shall be construed and governed under the laws of the State of Texas.

9.07 Exemption of Declarant. Notwithstanding anything in this Declaration to the contrary, neither Declarant nor any of Declarant's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural Committee. Without in any way limiting the generality of the preceding sentence, this Declaration shall not prevent or limit the right of Declarant to excavate and grade, to construct and alter drainage patterns and facilities, to construct any and all other types of improvements, sales and leasing offices and similar facilities, and to post signs incidental to construction, sales and leasing anywhere within the Property.

9.08 Assignment of Declarant. Notwithstanding anything in this Declaration to the contrary, Declarant may assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any other person or entity and may permit the participation, in whole or in part, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder.

9.09 Enforcement and Nonwaiver.

(A) Right of Enforcement. Except as otherwise provided herein, any Owner at his own expense, Declarant, and/or the Board shall have the right to enforce all of the provisions of the Stone House Restrictions. Such right of enforcement shall include both damages for, and injunctive relief against, the breach of any such provision.

- (B) Nonwaiver. The failure to enforce any provision of the Stone House Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said restrictions.
- (C) Liens. The Association shall have the right, when appropriate in its judgment, to claim or impose a lien upon any Lot or Improvement constructed thereon in order to enforce any right or effect compliance with this Declaration.

9.10 Construction.

- (A) Restrictions Severable. The provisions of the Stone House Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof.
- (B) Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the masculine, feminine and neuter.
- (C) Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise effect that which is set forth in any of the paragraphs, sections or articles hereof.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of this the _____ day of _____, 2007.

Stone House Development, Ltd.,
a Texas limited partnership

By: Stone House Development Genpar, LLC
its General Partner

By: _____
David S. Morgan, Manager

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this the ____ day of _____, 2007, by DAVID S. MORGAN, manager of Stone House Development Genpar, LLC, General

Partner of STONE HOUSE DEVELOPMENT, Ltd., a Texas limited partnership, on behalf of said LLC.

Notary Public, State of Texas

(INK STAMPED NAME OF NOTARY)