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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

BRIDGEWATER RANCH

This Declaration, made on the date hereinafter set forth by Cleveland Corporation LLC, a Texas Limited Partnership Company duly authorized to do business in the State of Texas, hereinafter referred to as "Developer".

WITNESSETH:

WHEREAS, Developer is the owner of that certain Tract of land known as BRIDGEWATER RANCH being a Subdivision situated in Wilson County, Texas according to the plat ("Plat") of Bridgewater Ranch, recorded in the office of the County Clerk of Wilson County, Texas, after having been approved as provided by law, and being recorded in Book Volume 11, Page 14, in the records of plats of Wilson County, Texas (hereinafter referred to as the "Properties" or the "Subdivision"); and

WHEREAS, it is the desire of Developer to place certain restrictions, easements, covenants, conditions, stipulations and reservations (herein sometimes referred to as the "Restrictions") upon and against such Property in order to establish a uniform plan for the development, improvement and sale of the Property, and to insure the preservation of such uniform plat for the benefit of both the present and future owners of Lots in said Subdivision;

NOW, THEREFORE, Developer hereby adopts, establishes and imposes upon Bridgewater Ranch, and declares the following reservations, easements, restrictions, covenants, and conditions, applicable thereto, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of said Property, which Restrictions shall run with said Property and title or interest therein, or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1.01 "Association" shall mean and refer to Bridgewater Ranch Owners Association, its successors and assigns. The Association shall be charged with the duty of maintenance of the roads of Bridgewater Ranch and shall maintain a fund for the long term maintenance and upkeep of the roads.

Section 1.02 "Builders" shall mean and refer to persons or entities that purchase Lots and build speculative or custom homes thereon for third party purchasers.

Section 1.03 "Common Area" shall mean the roads of Bridgewater Ranch.

Section 1.04 "Contractor" shall mean and refer to the person or entity with whom an Owner contracts to construct a residential dwelling on such Owner's Lot in the Subdivision.

Section 1.05 "Developer" The term "Developer" shall mean Cleveland Corporation LLC, as well as any other person or entity who is a successor to Cleveland Corporation LLC, or who shall have had their rights or duties as Developer assigned to them.

Section 1.06 "Lot" shall mean and refer to any plot of land identified as a Lot or home site on the plat of the Subdivision.

Section 1.07 "Owner" shall mean and refer to the record owner, (which shall include any purchaser under contract with the Texas Veterans Land Board) whether one or more persons or entities, of fee simple title to any Lot which is a part of the Properties, including (i) contract sellers, but excluding those having such interest merely as security for the performance of an obligation and those who have only an interest in the mineral estate, (ii) Developer (except as otherwise provided herein,) and (iii) Builders.

Section 1.08 "Properties" shall mean and refer to Bridgewater Ranch, as shown by the plat thereof recorded in the Plat Records of Wilson County, Texas, subject to the Reservations set forth herein and/or in the Subdivision Plats, and any additional properties made subject to the terms hereof, pursuant to the provisions set forth herein.

ARTICLE II.
RESERVATIONS, EXCEPTIONS AND DEDICATIONS.

Section 2.01 Recorded Subdivision map of the Property. The plat ("Plat") of the Subdivision dedicates to the Public for use as such, subject to the limitations as set forth therein, the roads, streets and easements shown thereon. The Plat further establishes certain reservations, exceptions and dedications applicable to the Property. All dedications, restrictions and reservations created herein or shown on the Plat, replats or amendments off the Plat of the Subdivision recorded or hereafter recorded shall be construed as being included in each contract, deed, or conveyance executed or to be executed by or on behalf of Developer, conveying said Property or any part thereof whether specifically referred to therein or not.

Section 2.02 Easements. Developer reserves the non-exclusive right to use the utility easements and right-of-ways shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Real Property Records of Wilson County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of water, electric lighting, electric power, telegraph and telephone line or lines, storm surface or underground drainage, cable television, or any other utility the Developer sees fit to install in, across and/or under the Property. All utility easements in the Subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Property. Should any utility company furnishing a service covered by the general easements herein provided request a specific easement by separate recordable document, Developer, without the joinder of any other Owner,

shall have the right to grant such easement on said Property without conflicting with the terms hereof. Any utility company serving the Subdivision shall have the right to enter upon any utility easement for the purpose of installation, repair and maintenance of their respective facilities. Nothing contained herein shall impose any obligation on Developer to construct or maintain any utilities. Neither Developer nor any utility company, political subdivision or other authorized entity using the easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns or any other property of the Owner on the property covered by said easements.

Section 2.03 Title Subject to Easements. It is expressly agreed and understood that the title conveyed by Developer to any of the Lots by contract for deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, water system, electric lighting, electric power, telegraph or telephone purposes and other easements hereafter granted affecting the Lots. The Owners of the respective Lots shall not be deemed to own pipes, wires, conduits or other service lines running through their Lots which are utilized for or service other Lots, but each Owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Lot.

Section 2.04 Utility Easements.

(a) Utility easements have been dedicated in accordance with the Plat.

(b) No building shall be located over, under, upon or across any portion of any utility easement. The Owner of each Lot shall have the right to construct, keep and maintain concrete drives, fences, and similar improvements across any utility easement, and shall be entitled to cross such easements at all times for purposes of gaining access to and from such Lots, provided, however, any concrete drive, fence or similar improvement placed upon such Utility Easement by the Owner shall be constructed, maintained and used at Owner's risk and, as such, the Owner of each Lot subject to said Utility Easements shall be responsible for (i) any and all repairs to the concrete drives, fences and similar improvements which cross or are located upon such Utility Easements and (ii) repairing any damage to said improvements caused by a Utility District or any public utility in the course of installing, operating, maintaining, repairing, or removing its facilities located within the Utility Easements.

(c) In the event that a single owner shall own two or more adjacent Lots used as a single building site, then the 15' Utility Easement along the interior and common Lot lines shall be considered vacated so long as no utilities have been previously installed therein. However, in the event that one such Lot shall thereafter be conveyed to any third party, the interior Utility easements along such interior and common Lot line shall again burden both such Lots.

Section 2.05 General Drainage Easements. The Plat generally dedicates a thirty foot (30') wide drainage easement centered on all natural runoff channels, creeks, or swales, in addition to those drainage easements specifically shown and dedicated on the Plat. Developer, its successors and assigns, reserves the right, but not the obligation, to more specifically identify these natural runoff channels, creeks, and swales to the extent that such identification is necessary or convenient for a Lot Owner. Should a Lot Owner request such identification and Developer, in its sole discretion, employs an engineer or surveyor to assist in the identification process, the Lot Owner shall pay the fees and costs for such expert assistance. The written identification of such natural runoff channels, creeks, or swales may be reduced to a instrument recorded in the Real Property Records of Wilson County, Texas, which shall be in addition to and shall supersede the general Plat reference for that Lot. Any drainage pattern and/or earthen tank embankment established on the property cannot be altered or blocked in any manner whatsoever.

ARTICLE III
USE RESTRICTIONS

Section 3.01 Single Family Residential Construction. No building shall be constructed on any Lot other than one single family residential dwelling with a detached or attached garage or carport. In addition to the primary residence, there may be constructed either (a) one garage apartment as part of the garage or (b) one guest house, so long as such guest house is attached to the primary residence by a common roof (including a roof over an open breeze way). There may be only one garage apartment or one connected guesthouse, but not both. The term "dwelling" does not include single-wide, double wide or multi-section manufactured homes, and said manufactured homes are not permitted within this Subdivision. As used herein, the term "single family residential dwelling" shall be construed to prohibit mobile homes or trailers being placed on said Lots, or the use of said Lots for duplex houses, four-plexes, condominiums, or apartment houses.

All plans and specifications for residential dwellings and other structural improvements must be approved in writing by Developer its successors or assigns, prior to being constructed.

There may also be constructed work shops, barns, and outbuildings so long as they are of good construction, kept in good repair, and are not used for temporary or permanent residential purposes. Any pre-existing outbuildings, barns or similar improvements may continue to remain on the property.

Any single story residential dwellings must have at least a total living areas of at least 2,500 square feet, and a 2-Story residential dwelling must have a total living area of not less than 3,000 square feet, excluding porches, garages and guesthouse and be constructed with new materials, except that used brick, stone, wooden beams, doors and the like may be used for antique effect if such use is appropriate for the structure and does not detract from the appearance of the structure or the Subdivision. All residential

dwellings must be site built and constructed upon a monolithic full concrete slab foundation, more specifically, no concrete pier, beam or similar structure may be used as a foundation. Any barn, outbuilding, structure, or cottage must be of a similar design and finish as the main residence structure.

Each residence shall be 100% brick, rock or stucco masonry construction on exterior walls, and must meet the following standards:

Roofs must be of tile, architectural shingle, or standing seam metal materials.

30' of grass must be planted in front of the house, being located somewhere between the public right of way and the house structure.

Any building, structure or improvement commenced on any Lot shall be completed as to exterior finish and appearance within six (6) months from commencement date. During construction of a residence, an Owner must provide a construction dumpster for container storage of trash and building construction debris, and a portable construction toilet for construction workers. Both dumpster and construction toilet must be removed immediately upon completion of construction. During the construction of a dwelling, a camper or recreation vehicle may be used as a temporary residence for up to six (6) months, so long as said camper or recreation vehicle is hooked up to an approved septic system. The above said period may not be extended without the Express written consent of the Developer, its successors or assigns. It is specifically agreed that Lot Owners shall not excavate, remove or sell the soil, nor cut, sell or remove timber other than as necessary for the construction of residential and associated improvements upon the property and as may be necessary for the reasonable use, upkeep and maintenance of the property.

No residence shall be occupied even on a temporary basis until water service is connected and an approved private sewage disposal system is installed. Each Lot owner must contact the La Vernia U.S. Post Office for mail service at the time of construction.

All attached garages shall be side entrance only and the garage entry shall not face the street (except for corner lots where the garage doors shall face the side street only).

Section 3.02 Lot Lines / Setbacks. No building of any kind shall be located on any Lot nearer than fifteen (15') feet to the side or rear property line, or nearer than forty-five (45') feet from front property line facing any public road. The Developer shall have the right to grant exceptions to the setback lines shown on the plat and upon recording an instrument describing such exception in the real property records of Wilson County, Texas, setting forth the setbacks in such exception shall supersede and replace and the new setbacks established in the Subdivision plat. "Rear and side Lot lines", respectively, as used in this paragraph, in respect to any two or more contiguous whole Lots owned by the same owner and used as a single building site, shall mean, respectively, the outermost rear Lots lines and side Lot lines considering said contiguous whole Lots as

one Lot. However, in the event that a single owner shall own two or more adjacent Lots, and shall thereafter convey one to any third party, the interior Lot lines between the Lots then owned by separated owners shall be burdened by the setback lines described herein. All dwellings placed on a Lot must be equipped with septic tank or other sewage disposal system meeting all applicable laws, rules, standards, and specifications, and all such dwellings must be served with water and electricity.

Section 3.03 Use of Temporary Structures. No structure of a temporary character, whether trailer, recreational vehicle, camper, basement, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, either temporarily or permanently, except as permitted in section 3.01. However, the Developer reserves the exclusive right to erect, place and maintain such facilities in or upon any portion of the Subdivision as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences and constructing other improvements within the Subdivision. This sentence shall take precedence over any conflicting provisions of these Subdivision restrictions.

Section 3.04 Fences All fences must be constructed with new materials. Fences are allowed from the corner of the front of the house to the rear of the Property. Fences shall be of wrought iron materials with materials to be approved pursuant to Article 15.

Section 3.05 Prohibition of Offensive Activities. Except as provided in Section 3.18, operation of a business on a Lot will not be permitted. This restriction is waived in regard to the customary sales activities required to sell homes in the Subdivision. No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done therein which may be or become an annoyance or nuisance to the neighborhood.

Section 3.06 Minimum Lot Area. The Texas Veterans Land Board may sever a homesite parcel from any Lot owned by them. Otherwise, no Lot shall be subdivided without the consent of the Developer, its successors and assigns, which consent may be granted or withheld at the sole discretion of the Developer, its successors or assigns.

Section 3.07 Water Service and Water Wells. Water is supplied to the subdivision through a water service company licensed by the State of Texas. A hook-up fee will be payable by a property owner for the initial hook up to this system.

No wells are allowed on lots of less than 3.0 acres. A permit is required from Evergreen Underground Water District for a private water well. Site location for any water well must be such that any required sanitary easement is provided for and contained solely on that Lot. It is the intent hereof to prohibit any water well, which might impair or limit in any way whatsoever the use of any other Lot because of the water well and sanitation requirements related to same.

Section 3.08 Storage, Garbage, Refuse, and Prohibited Items. No Lot shall be used or maintained as a dumping ground for rubbish. No Lot shall be used for the open storage of any materials whatsoever, which storage is visible from the road. However,

any new building materials used in the construction of improvements erected upon any Lot may be placed upon such Lot at the time construction is commenced and may be maintained thereon for a reasonable' time, as long as the construction progresses without undue delay, until the completion of the improvements, after which time those materials shall either be removed from the Lot or stored in a suitable enclosure on the Lot. No leaves, brush, timber, debris, or trash of any nature shall be permitted to be placed, disposed of or burned within the road right-of-ways. Each Owner or occupant shall keep the portion of the Property owned by it in a clean, kept, neat and sanitary condition. All Owners or occupants of any portion of the Property are required to maintain their portion of the Property, whether vacant or occupied, so that each Owner's tract does not become overrun or overgrown with tall grass, heavy brush, rubbish or trash. No inoperative or unlicensed automobile shall be placed on any Lot except in an enclosed structure, which meets the requirements of these restrictions. No automobile, truck, trailer or other vehicle shall be abandoned on this property, nor shall there be any dumping or placing of unsightly objects of any kind on the property. No dump trucks, commercial trucks, any trucks with more than two axles, tractor-trailer trucks (commonly referred to as eighteen (18) wheelers) or heavy commercial or construction equipment may be parked on or near any Lot except temporarily as needed for residential construction purposes.

Section 3.09 Unsightly Storage. No unsightly trucks or vehicles shall be stored or kept on any Lot, and no automobile or other vehicle shall be kept on any Lot for the purpose of repairs except in an enclosed garage or in facilities protected from the view of the public and other residents, and such use shall in no way cause a nuisance to the public or other property owners.

Section 3.10 Off-Road Parking. Both prior to and after the occupancy of a dwelling on any Lot, the Owner shall provide appropriate space for off-road parking for his vehicles. No Owner nor his guests or invitees may park vehicles overnight on the public right of way.

Section 3.11 Sewage Treatment. No outside toilet will be permitted except during construction as provided in Section 3.01 above. No sanitary sewage disposal system shall be installed on any Lot until a permit is issued by the regulatory authority having jurisdiction over same.

Section 3.12 Signs. No signs, advertisements, billboards or advertising structure of any kind may be erected or maintained on any Lot except one (1) professionally made sign not more than 18" x 24", advertising an Owner's Lot for sale, rent or during home construction. Developer or an Owner shall have the right to remove any such sign, which is placed on any Lot in violation of these restrictions, and in doing so, shall not be liable, and are hereby expressly relieved from any liability for trespass or other action in connection therewith, or arising from such removal. The Developer shall have the right to erect any size sign for the purpose of identifying and advertising property so long as such sign is maintained in good condition and removed promptly after marketing ends.

Section 3.13 Driveways. No driveway shall be constructed on any Lot until all required permits from the appropriate regulatory agencies have been obtained. All driveways shall be of a hard surfaced material, finish, and composition for the first thirty-five (35') feet of driveway extending from the main road running in front of the Lots. These may include, but are not necessarily limited to, stone, flagstone, concrete, exposed aggregate concrete, concrete pavers, brick, and asphalt. All driveway entrances shall be at least twelve feet (12') in width. In the event construction of a drive over a drainage area creates a water retention or drainage issue, the Lot owner is solely responsible for the problems created and for remediating the problem.

Section 3.14 Drainage. Natural established drainage patterns of streets, Lots, or roadway ditches will not be impaired by any person or persons. No natural drainage shall be altered, nor shall any drainage ditch, culvert, nor drainage structure of any kind be installed or altered, nor shall any curb nor shall other such impediment to the free flow of water be installed or altered, without prior written consent of the Developer, its successors, heirs or assigns.

Section 3.15 Hunting/Firearms. Discharging of firearms for hunting and/or target practice is expressly prohibited in the subdivision.

Section 3.16 Prohibited Use of Lot as Roadway. No Lot or any part of a Lot shall be used as a street, access road, or public thoroughfare without the prior written consent of the Developer, its successors or assigns. No access through Legacy Ranch, Unit 4 is allowable by adjacent property owners, without the Express written consent of Developer, its assigns, heirs or successors.

Section 3.17 Animals. Provided that such use does not create any condition conflicting with the residential nature of the Subdivision, the following animals may be raised or kept on the property:

1. Household pets, such as cats, dogs and birds.
2. Livestock animals raised for 4-H or FFA school supervised programs, as long as used for a school project.
3. Horses and cattle, provided that a total of no more than one head per acre of area (with the size of Lot rounded either up or down to the nearest even acre) is kept on a Lot. Otherwise, no animals may be raised or maintained on any Lot. Under no circumstances shall any emus, ostriches, or any exotic animals be maintained on any Lot. In no case shall any commercial feedlot operation be allowed, nor the breeding and raising of animals as a commercial operation.
4. No pigs nor hogs may be raised, kept or bred, except for 4-H or FFA and school supervised programs.
5. Dogs must be kept in fenced in area or under leash at all times.

Section 3.18 Home Office/Telecommuting. Use of a Lot for Home Office or Telecommuting is permissible when conducted by a person in his residence. No other business use of a Lot shall be allowed. To be considered as a home office/telecommuting activity, the following applies:

- (a) The activity shall be at the residence of the person conducting the activity and it shall be entirely contained within the personal residence.
- (b) The activity is carried on only by the person(s) who reside(s) at that residence and specifically no outside employees are involved in the business at the residence.
- (c) The activity is incidental and secondary to the use of the property for residential purposes. The amount of space used for the activity shall not exceed 20% of the residential living area square footage.
- (d) The activity does not result in an objectionable noise, nor does it increase traffic volume or require additional parking.
- (e) The activity does not include any window or outdoor displays and does not include any retail sales on the property.
- (f) The residence where the activity is located shall not be used as a point for customer visits, customer pick-up or customer deliveries.
- (g) Outdoor storage of any items related to the activity is prohibited.

ARTICLE IV
PROPERTY OWNERS ASSOCIATION

SECTION 1. General Principles.

(a) The Association shall own all Common Areas in fee simple and assume all maintenance obligations with respect to any Common Areas which may be established. From and after the date on which title to any Common Area vests in the Association, the Association shall purchase and carry a general comprehensive public liability insurance policy for the benefit of the Association and its members, covering occurrences on the Common Areas. The policy limits shall be determined by the Board of Directors of the Association. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of members, Directors and the management company retained by the Association (if any), insuring each against to each other insured as well as third parties. The Association, or any Owner, shall have the right to enforce, as provided in this Declaration, all restrictions, conditions, covenants, reservations, liens and charges now or hereinafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

(b) Invalidation of any one of the covenants or restrictions in this Declaration, by judgment or court order, shall in no way affect any other provision which shall remain in full force and effect.

(c) The restrictions, rights, use easements and privileges of the Owners in and to the Common Area as provided herein shall be deemed to be covenants running with the land of the Property and shall be of perpetual duration.

(d) Wherever in this Declaration the Association or Board is empowered to make "rules" and/or "regulations", notice of such rules and regulations must be given to each Owner as provided in Section 2(f) of this Article. However, the Association may declare a "rule" or "regulation" to have emergency status and then only ten (10) days notice shall be required.

(e) Wherever this Declaration gives the Association a right to an Assessment of any nature, the Association shall have all of the rights and remedies regarding said assessment as set forth here regardless of the matter that created the assessment right.

(f) Wherever this Declaration requires notice to any Owner, the Association and/or any other person or entity, such notice shall be in writing given at least ten (10) days in advance of the effective date of the subject matter of the notice unless stated otherwise in this Declaration. Notice to any Owner or mortgage holder shall be at the last known address of said Owner. It shall be the duty of the Owner to provide the Association with their current mailing address.

(g) Wherever this Declaration provides for interest to be paid by any Owner or other person or entity, the interest rate shall be ten percent (10%) compounded annually.

(h) Any "Use Restriction" set forth in this Declaration and/or any rules or regulations made by the Association or its appointed Committees shall apply to the Owner and to the Owner's family, guests, tenants, invitees, employees and agents.

(i) The By-Laws of the Association shall provide that the Association shall maintain the private roads in the Subdivision.

(j) The By-Laws of the Association shall provide that if any of the entrances to the Subdivision are gated, then each such gate must be equipped with both an automatic gate opener which automatically opens the gate when an emergency vehicle approaches with its siren and emergency lights on, and a lock box that provides keys to the gate for emergency personnel. The By-Laws of the Association shall provide that the Association shall provide and maintain the automatic gate sensors (if any) and the lock box (if any).

SECTION 2. Owner's Easements of Enjoyment.

Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

(a) The right of the Association, to make, publish and enforce reasonable Rules and Regulations for the use of the Common Area;

(b) The right of the Association to suspend the voting rights and right to use the Common Area of any Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published Rules and Regulations;

(c) The right of the Association to grant or dedicate any part of the Common Area to any public agency, authority, or utility for any service to the Property of any part thereof, any grant or dedication made by Developer prior to this Declaration or within the Development Phase;

(d) The right of the Association to borrow money for the purpose of improving the Common Area or to enable the Association to accomplish any action required or allowed by this Declaration and in aid thereof, to mortgage the Common Area. The rights of any such Mortgagee shall be subordinate to the rights of the Owners hereunder;

(e) The right of the Association to assess the Lots and the Owners thereof for the expenses required by the Association to accomplish any action required or allowed by this Declaration as more fully set forth in Article IV of this Declaration;

(f) The right of the Association to enforce any "Use Restriction" set forth in Article III or any deed restrictions or restrictions created by the plat of the Association Property or any use restriction created by local, state or federal law by judicial process; and

(g) The right of the Association to enter into a management contract with a commercial provider to assist the Association with its duties and responsibilities provided that any such Lot shall be terminable at will by the Association for cause and terminable without cause on not less than sixty (60) days written notice.

SECTION 3. Members.

Every Owner of a Lot or any part of a Lot which is subject to any assessment set forth in this Declaration shall be a "Member" of the Association. Membership shall be

appurtenant to and may not be separated from ownership of any Lot or any part of a Lot which is subject to any assessment set forth in this Declaration.

SECTION 4. Voting Rights.

Each Member, if current on all assessments, shall be entitled to one (1) vote for each Lot owned. When more than one person or entity holds an interest in any Lot, all such persons and/or entities shall be Members and the vote of said Lot shall be exercised as they determine, but in no event shall said vote be split on any issue and in no event shall any Lot have more than one vote.

SECTION 5. Covenants for Assessments; Creation of the Lien and Personal Obligation of Assessments.

Each Owner of any Lot, by acceptance of a deed thereto, whether or not it be expressed in said deed, is deemed to covenant to agree to pay to the Association: (1) Annual Assessments or charges; (2) Special Assessments to be established and collected as herein provided; and (3) any other assessment provided for by this Declaration. The Annual and Special Assessments, together with interest, costs and reasonable attorney s fees shall be a charge on the Lot and shall be secured by a continuing lien on the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney s fees, shall also be the personal obligation of the Owner(s) of such Lot at the time the assessment came due. If an Owner conveys a Lot and assessments against the Lot are unpaid, the Owner shall pay the past due assessments at the time of sale.

SECTION 6. Purpose of Assessments.

(a) The assessments levied by the Association shall be used for the improvement, operation, administration, management, preservation and maintenance of the Common Area, the compliance with any federal, state or municipal rule, statute or ordinance affecting the common area or any part thereof, the payment of all expenses and obligations lawfully incurred by the Association in connection with the Common Area or services to the Lots or to enable the Association to accomplish any other acts required or allowed by this Declaration. The Common Area is the roadways of Bridgewater Ranch.

(b) The Association shall maintain an adequate reserve fund for the repair and replacement of the Common Area and shall prepare an annual budget for the regular maintenance of the Common Area, taxes, insurance and other expenses of the Association.

SECTION 7. Basis for the Assessments.

(a) Unless affected by some compensation plan approved by the Declarant or the Board of Directors of the Association, each Lot which has been conveyed to an Owner shall be assessed at the same rate for the Annual Assessment and/or any Special Assessments. The Assessment as of the date of this Declaration is \$125.00 per Quarter, due on the date of closing of the purchase of the Lot and on the first day of January, April, July, and October for each succeeding period. Notwithstanding the above, no assessments will be due for the period prior to December 31, 2012.

SECTION 8. Annual Assessment.

(a) The Association shall prepare a Budget for the ensuing year no later than the 30th day of October each year. Said Budget shall include funds needed for a reserve fund and the Association may budget for contingencies. The Annual Assessment shall be based on the Budget requirements.

(b) The Annual Assessment may be increased each year by not more than 15% (such percentage increase may be cumulative from year to year) above the previous assessment without a vote of the Members unless such increase is necessary for compliance with any Water Pollution Abatement Plan affecting the Property. The Annual Assessment may be increased in excess of 15% over the previous assessment after an affirmative vote of fifty-one (51%) of the Owners who vote on the issue which vote shall be taken at a meeting called as provided in Section 6 below.

(c) The Board of Directors shall fix the Annual Assessment as stated above and send written notice of any change in the Annual Assessment to each Owner subject thereto at their last known address at least thirty (30) days prior to the effective change. The Association shall, upon demand, furnish a Certificate signed by an officer or manager of the Association, setting forth whether the Assessments on a specific Lot has been paid. The Association may charge a reasonable fee for the preparation of said Certificate. The holder of any validly recorded purchase money mortgage indebtedness on a Lot shall be furnished with notice of any delinquency in the payment of assessments relating to said Lot unpaid for a period of sixty (60) days, providing said mortgage holder has notified the Association of its desire to be so notified and provides the Association with a current address.

SECTION 9. Special Assessments.

In addition to the Annual Assessment, the Association may levy a Special Assessment applicable only to that fiscal year. Such Special Assessment may be levied for expenses that are over and above the Annual Assessment. However, no Special Assessment for any purpose shall become effective until after an affirmative vote of fifty-one percent (51%) of the Owners who vote on the issue, which vote shall be taken at a meeting called as provided in Section 6 below.

SECTION 10. Notice and Quorum for any Action Under Section 4 and 5 Above.

(a) Any action under Section 8 and 9 above that requires a vote of the Owners shall be taken at a meeting called for that purpose upon:

- (1) Written notice to each Owner entitled to vote at his last known address; and
- (2) Notice given no less than thirty (30) but no more than sixty (60) days prior to the date set for the meeting.

(b) Quorum for all meetings of the Association shall require thirty percent (30%) of the Owners entitled to vote, either in person or by proxy. If no quorum is present at a duly called meeting, the meeting shall be reset and an additional written notice shall be sent to each Owner entitled to vote at his last known address no less than fifteen (15) days prior to the reset meeting. If no quorum is present at the reset meeting, the meeting shall proceed with those Owners who attend the reset meeting in person or by proxy.

(c) Any vote under Section 4 and 5 above shall require a fifty-one percent (51%) affirmative vote of those at the meeting and those Owners represented by proxy unless otherwise set forth.

SECTION 11. Effect of Non-Payment of Assessment: Remedies of the Association.

Any assessment not paid when due shall be delinquent. Any assessment not paid within fifteen (15) days of the date shall bear a late fee of \$25.00 or such amount as may within legal limits be set by the Board of Directors. The Association may bring an action at law against the Owner personally obligated to pay delinquent assessments, or foreclose the lien against said Owner's Lot. Such lien may be enforced by appropriate judicial proceedings or non-judicial proceeding pursuant to the Texas Property Code and shall additionally secure payment of any expenses incurred with its enforcement, including, but not limited to court costs, interest, late fees, and reasonable attorney's fees. Each Owner hereby grants the Association a power of sale in connection with said lien and authority to designate a Trustee in writing from time to time, to post or cause to be posted the required notice, and to conduct the foreclosure sale in connection with said lien.

Further, each Owner hereby vests in the Association, the right and power to bring all actions against the Owner personally for the collection of assessments as a debt without waiving the foreclosing of the lien securing assessments. No sale or transfer of any Lot shall release the Owner from liability for unpaid assessments.

SECTION 12. Subordination of Lien to Mortgage.

A lien securing payment of the assessments provided for herein shall be subordinate to the lien of any validly recorded purchase money mortgage indebtedness. Owners may create a second mortgage provided that the second mortgage shall always be subordinate to all the terms, conditions, covenants, restrictions, obligations, lien for common expenses and other payments created by this Declaration.

SECTION 13. Insurance.

(a) Should the Association erect any structure, building or improvement on the Common Area that is insurable, the Association shall obtain and maintain in effect blanket property insurance to insure the property and Association against risks of loss or damage by fire and other hazards as covered under extended coverage provisions, and said insurance may include coverage against vandalism.

(b) The Association shall obtain comprehensive public liability insurance, in such limits as it shall deem desirable, insuring the Association, its Board of Directors, agents and employees, and each Owner, from and against liability in connection with the Common Area, if any.

SECTION 14. Taxes.

Each Owner shall render for taxation his own Lot, improvements and property thereon, and shall at his own cost and expense pay all taxes, levied or assessed, against or upon his own Lot, improvements and property thereon. The Association shall render for taxation and shall pay all taxes levied or assessed against or upon the Common Area and the improvements and property thereon.

SECTION 15. Architectural Control Committee.

A. There is hereby created an Architectural Control Committee (the "Committee") shall be composed of three individuals designated from time to time by the Bridgewater Ranch Owners Association hereinafter called the "ACC"), which shall be comprised of three members only and shall initially be composed of Paul Cleveland, Chanda Chapman Ammann, and Jeanine Schoenert, to serve until their successors are named. A majority of the ACC may act for the ACC and no notice of any of its meetings shall be required. In the event a vacancy on the ACC shall arise, the remaining member or members of the ACC may fill such vacancy by appointment, and if they fail to do so, within thirty days, then Developer may do so. In the event any vacancy on the ACC shall not be filled within sixty days, then the Board of Directors.

B. All plans for any of the Association may fill such vacancy by appointment provided, however, that in the event that Developer still owns any Lots subject to the jurisdiction and assessments of the Association, the Board shall first give Developer written notice of

such vacancy and thirty days within which to make such appointment. Subject to the terms hereinafter set forth, Developer shall have the right to remove or add members to the ACC and fill vacancies in the committee membership and Developer may assign such rights to the Association. The sale of the last Lot owned by Developer within the Properties shall be deemed to be an assignment to the Association of Developer's powers with respect to ACC membership ACC members shall not be entitled to Compensation for their services rendered in such capacity.

No building, fence, wall, outbuilding, driveway, flatwork, swimming pool or other structure or improvement to be erected on or moved upon or to any lot, the exterior construction material, exterior color treatments, the roofs, and any later changes or additions to the exterior of the building on any lot after initial approval thereof shall be subject to and shall require the approval in writing of the Committee before any work is commenced. Construction may not be started before receipt of a Letter of Approval from the Committee, a copy of which must be signed by the Builder, or Owner, and returned to the Committee for retention, see, however, Section E.

C. Any remodeling, reconstruction, alterations or additions to the interior of any existing residence shall not require the written approval of the Committee, but shall comply with all restrictions and covenants.

D. The plans submitted to the Committee shall be retained by the Committee. Said plans should be delivered to any Bridgewater Ranch Board member, or any member of the Architectural Control Committee, at least twenty (20) business days prior to the beginning of construction. All plans must include the following:

1. An accurately drawn and dimensional plot plan showing all building set — backs, easements, drives, and walks, and the area of grass planting.
2. Foundation plan, floor plan shall be erected, altered, added onto, placed or repaired on any lot in the Subdivision until the complete Plans including site plans, floor plans depicting room sizes and layouts, exterior elevations of buildings above finished grade as they will actually appear after all back filling and landscaping is complete. (The back filling sketch may be drawn by a builder.)
3. Adequate description of colors to be used for masonry and trim.

Only upon the submission of all reasonably requested plans in the manner set forth above shall the Committee be deemed to have received the plans for the purpose of Section 3E hereof.

E. The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee, or its designated representatives, fails to approve or

disapprove submitted, any other plans or information deemed necessary by the ACC for the performance of its function ("Required Plans"), are submitted and approved in writing by the ACC as to the conformity and harmony of exterior design with existing structures in the Subdivision, the location with respect to topography, existing trees, and finished elevation, and apparent conformity with the requirements of this Declaration. The ACC shall have the power to employ professional consultants to assist it in discharging its duties and may create and impose reasonable fees for processing of applications, including charges for reimbursing the ACC for expenses incurred in doing so.

F. Within thirty days after the Owner has submitted to the ACC the Required Plans and written notice that the Owner desires to obtain ACC approval, the ACC shall notify Owner in writing whether the Required Plans are approved or disapproved. If plans and specifications which have been submitted to it, within ten (10) business days after receipt of the same, then such plans and specifications are not sufficiently complete or are otherwise inadequate, the ACC may reject them as being inadequate or may approve or disapprove them in part, conditionally or unconditionally, and reject the balance. In the event the plans submitted by the Owner have not been approved or disapproved within thirty days after being submitted, the plans so submitted will be deemed to have been approved by the Committee and the related covenants herein shall be deemed to have been fully complied with.

but a deemed approval shall not penult a violation of any of the terms of this Declaration nor extend to any deviation from or alteration to the plans actually submitted nor to any matter requiring a written.

G. The ACC shall have the express authority to perform fact finding functions hereunder and shall have the power to construe and interpret any covenant herein that may be vague, indefinite, uncertain or compatible of more than one interpretation. The goal of the ACC, is to encourage the construction of dwellings and other improvements of good architectural design, quality and proper size compatible with Developer's conceptual plan fur the subdivision. Dwelling and other improvements should be planned and designed with particular attention to the design and aesthetic appearance of the exterior and the use of such materials. which. in the: sole judgment. of the ACC, create an attractive and harmonious blend with existing. arid proposed dwellings in the immediate area and the natural surroundings. The ACC may disapprove the construction or design of a dwelling or other improvement on purely aesthetic grounds where in its sole judgment, such disapproval is required to protect the continuity of design or values of the neighborhood and of other homeowners or to preserve the serenity and natural beauty of any surroundings. Members of the ACC and their representatives shall not be liable to any person subject to or possessing or claiming the benefits of these restrictive covenants for any damage or injury to property or for damage or loss arising out of their acts hereunder. The ACC's evaluation of Required Plans is solely to determine

compliance with the terms of this Declaration and the aesthetics of the proposed improvements and the ACC disclaims any responsibility to determine compliance with any applicable building code or other standard for construction.

H. The ACC shall have the right, but not the obligation, to grant variances and waivers relative to deviations and infractions of the Declaration or to correct or avoid hardships to Owners Upon submission of a written request for same, the ACC may, from time to time in its sole discretion, permit an Owner to construct, erect or install a dwelling or other improvement which is in variance from the covenants, restrictions or architectural standards which are provided in this Declaration. In any case, however, the dwelling or other improvement with such variances must, in the ACC's sole discretion, blend effectively with the general architectural style and design of the neighborhood and must not detrimentally affect the integrity of the subdivision or be incompatible with the native surroundings All requests for variances shall be in writing, shall be specifically indicated to be a request for variance, and shall indicate with specificity the particular standard sought to be varied and the nature of the variance requested. All requests for variances shall be deemed to be disapproved if the ACC has not expressly and in writing approved such request within thirty days of the submission of such request. No member of the ACC shall be liable to any owner for any claims, causes of action or damages arising out of the grant of any variance to an owner. No individual member of the ACC shall have any personal liability to any Owner or any other person for the acts or omissions of the ACC. Each request for a variance submitted hereunder shall be reviewed independently of similar requests and the grant of a variance to any other Owner shall not constitute a waiver of the ACC's right to deny a variance to another Owner. The decisions or ACC with respect to variances shall be final and binding upon the applicant.

ARTICLE V GENERAL PROVISIONS

Section 5.01 Covenants Running With The Land. All of the restrictions, covenants, and easements, herein provided for and adopted apply to each and every Lot, and shall be covenants running with the land. The Owner of any Lot in the Subdivision shall have the right to either prevent a breach of any such Restriction or covenant, or enforce the performance thereof, by suit in law or equity, by way of injunction or damages, filed in any Court of competent jurisdiction. Nothing herein shall be construed as compelling the Developer to enforce any of these provisions, nor shall the failure of the Developer to enforce any of these provisions be deemed to be a waiver of the right of enforcement or prohibition. The Developer shall have no liability or responsibility at law or in equity on account of enforcement of, or on account of the failure to enforce these restrictions.

Section 5.02 Developer's Authority. The Developer, however, shall have the right to make use of any Lots then owned by Developer for Developer's purposes, including, but not limited to, sales offices, parking areas, storage and maintenance facilities, and storage and maintenance of equipment.

Developer reserves the right to construct and develop additional dedicated county roads over and across any Lot owned by the Developer, along with any re-platting as may be required. Each Lot owner hereby consents, without protest, to non-notification and without notice publication, as stated in the Wilson County Subdivision Regulations, under Re-plat Revisions Procedures, Section 10.01(b), and further allows Commissioner's Court to permit the re-plat under the provisions of Section 10.01(c)(2). The Developer expressly retains the right to acquire and subdivide adjacent properties and connect the Subdivision road(s) to same in order to provide ingress and egress thereto in establishing continuing development of such future development.

Section 5.03 Partial Invalidity. Invalidation of any covenant or restriction (by Court Judgment or otherwise) shall not affect, in any way, the validity of all other covenants and restrictions, all of which shall remain in full force and effect. Acquiescence in any violation shall not be deemed a waiver of the right to enforce against the violator or others, the conditions so violated or any other conditions. The Developer and/or their designees may, on any Lot and/or Lots then owned by them, construct, maintain, use and allow to be used by others a sales office and storage facilities and Article III shall not apply thereto.

Section 5.04 Term and Amendments. The covenants, conditions, and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of, and be enforceable by the Owner of any Lot, and their respective legal representatives, heirs, successors and assigns, and, unless amended as provided herein, shall be effective for a term of thirty (30) years from this date, after which time said covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years. Subject to Section 5.02 paragraph hereto, the covenants, conditions and restrictions may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners; during any succeeding ten (10) year periods, the covenants, conditions, and restrictions may be amended by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. No amendment shall be effective until recorded in the Deed Records of Wilson County, Texas, nor until the approval of any governmental regulatory body, which is required, shall have been obtained. Notwithstanding the foregoing, Developer shall have the right to file an amendment to this Declaration, without the necessity of joinder by any other Owner of Lots, or any interest therein, for the limited purposes of correcting a clerical error, clarifying an ambiguity, or removing any contradiction in the terms hereof.

Section 5.0.4 Incorporation of By-Laws. Pursuant to Texas Property Code, the By-laws of the Bridgewater Ranch Owners Association are appended to these Covenants.

EXECUTED this 19 day of July, 2012

Cleveland Corporation LLC,

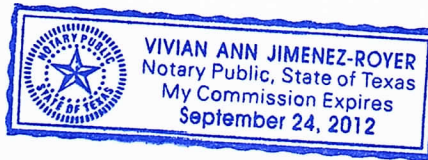
by [Signature]
Paul H. Cleveland, its manager

STATE OF TEXAS

COUNTY OF WILSON

This instrument was acknowledged before me on July 19, 2012 by Paul H. Cleveland, Manager Cleveland Corporation LLC on behalf of said entity.

[Signature]
Notary Public



F+ AFTER RECORDING, RETURN TO:
Paul Cleveland
Cleveland Corporation LLC
7395 FM 775
La Vernia TX 78121

Filed for Record in:
Wilson County
by Honorable Eva Martinez
County Clerk
On: Jul 23, 2012 at 10:26A
As a Recording

Document Number: 00015190
Total Fees: 92.00

Receipt Number - 138889
By:
Judy Flemin

PORTIONS OF THIS DOCUMENT MAY NOT BE LEGIBLE/REPRODUCIBLE WHEN RECEIVED FOR RECORDING

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS
COUNTY OF WILSON

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me and was duly RECORDED in Official Public Records the Volume: 1872 and Page: 220 of the named records of: Wilson County as stamped hereon by me.

Jul 23, 2012



[Signature]
COUNTY CLERK
WILSON COUNTY, TEXAS