

accordance with this Declaration, without the consent of any other Owner or the Association. If such property is conveyed to the Association, the Association shall have the duty to maintain such property.

Section 8.04 Annexation of Additional Areas. Developer may cause additional real property to be annexed into the BRIDLEWOOD RANCHES SUBDIVISION, by causing a written Annexation Declaration confirming the annexation thereof, to be recorded in the Official Public Records of Hays County, Texas. No consent shall be required of the Association or any member thereof, each Owner being deemed to have appointed Developer as his agent and attorney-in-fact to effect this Annexation, which power hereby granted to Developer is and shall be a power coupled with an interest. Thereafter, the Association shall be the Association for the entirety of the Development, including the annexed property, the same as if the additional property was included in the first instance.

Section 8.05 Withdrawal of Property. The Developer reserves the right to amend these Restrictions for the purpose of removing any portion of the Property from the coverage of these Restrictions and to cancel these restrictions as to such Property. Such amendment shall not require the consent of any owner other than the Owner of the property to be withdrawn or the property on which the restrictions are canceled.

ARTICLE IX
DUTIES AND POWERS OF THE PROPERTY OWNERS ASSOCIATION

Section 9.01 General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the members and to improve and enhance the attractiveness, desirability and safety of the Property. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration.

Section 9.02 Duty to Accept the Property and Facilities Transferred by Developer. The Association shall accept title to any Property, including any improvements thereon and personal property transferred to the Association by Developer, and equipment related thereto, together with the responsibility to perform any and all administrative functions and recreation functions associated therewith (collectively herein referred to as "Functions"), provided that such Property and Functions are not inconsistent with the terms of this Declaration. Property interest transferred to the Association by Developer may include fee simple title, easements, leasehold interests and licenses to use such Property. Any Property or interest in Property transferred to the Association by Developer shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens and mortgages (other than the lien for Property taxes and assessments not then due and payable), but shall be subject to the terms of any declaration of covenants, conditions and restrictions annexing such Property to the Common Area, and all easements, covenants, conditions, restrictions and equitable servitude or other encumbrances set forth in the transfer. Except as otherwise specifically approved by resolution of the Board of Directors, no Property or interest in Property transferred to the Association by the Developer shall impose upon the Association any obligation to make monetary payments to Developer or any affiliate of Developer including, but not limited to, any purchase price, rent, charge or fee.

Section 9.03 Other Insurance Bonds. The Association shall obtain such insurance as may be required by law, including worker's compensation insurance, and shall have the power to obtain such other insurance and such fidelity, indemnity or other bonds as the Association shall deem necessary

or desirable.

Section 9.04 Duty to Prepare Budgets. The Association shall prepare budgets for the Association.

Section 9.05 Duty to Levy and Collect the Maintenance Charge. The Association shall levy, collect and enforce the Maintenance Charge and other charges and assessments as elsewhere provided in this Declaration.

Section 9.06 Duty to Provide Annual Review. The Association shall provide for an annual unaudited independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying the same.

Section 9.07 Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Committee as elsewhere provided in Article V of this Declaration.

Section 9.08 Power to Acquire Property and Construct Improvements. The Association may acquire Property or an interest in Property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on the Property and may demolish existing improvements.

Section 9.09. Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce rules and regulations ("Rules and Regulations"), fines, levies and enforcement provisions as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, and the use of any property, facilities or improvements owned or operated by the Association.

Section 9.10 Power to Enforce Restrictions and Rules and Regulations. The Association (and any Owner with respect only to the remedies described in (ii) below) shall have the power to enforce the provisions of this Declaration and the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Member and each guest of a member. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of Rules and Regulations of the Association by any one or more of the following means: (i) By entry upon any Property, excluding main residence, within the Property after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without notice (written or oral) to the Owner in such manner to avoid any unreasonable or unnecessary interference with the lawful possession, use or enjoyment of the improvements situated thereon by the Owner or any other person), without liability by the Association to the Owner thereof, for the purpose of enforcement of this Declaration or the Rules and Regulations; (ii) By commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the Rules and Regulations; (iii) By suspension, after notice and hearing, of the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or such Member's guest of a provision of this Declaration or such Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (v) By levying and collecting, after notice and hearing, an assessment against any Member for breach of this Declaration or such Rules and Regulations by such Member or such Member's guest which assessment reimbursed the Association for the costs incurred by the Association in connection with such breach; (vi) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any Member or Member's guest for breach of this Declaration or such Rules and Regulations by such Member or such Member's guest; and (vii) By taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Members, plus attorney's fees incurred by the Association with respect to exercising such remedy.

Before the Board may invoke the remedies provided above, it shall give registered notice of such alleged violation to Owner, and shall afford the Owner a hearing. If, after the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation. Failure of the Association, the Developer, or of any Owner to take any action upon any breach or default with respect to any of the foregoing violations shall not be deemed a waiver of their right to take enforcement action thereafter or upon a subsequent breach or default.

ARTICLE X
GENERAL PROVISIONS

Section 10.01 Term. The provisions hereof shall run with the Property and shall be binding upon all Owners and all persons claiming under them for a period of forty (40) years from the date this Declaration is recorded, after which time said Declaration shall be automatically extended for successive periods of ten (10) years each, unless an instrument, signed by the Members having not less than two-thirds (2/3rds) of the votes (including the Developer) has been recorded agreeing to amend or change, in whole or in part, this Declaration.

Section 10.02 Amendments. This Declaration may be amended or changed, in whole or in part, at any time by the written agreement or by signed ballots voting for such amendment, of the Members having not less than not less than two-thirds (2/3rds) of all of the votes (including Developer) of the Subdivision. There shall be one vote per every five (5) full acres owned within the subdivision. If the Declaration is amended by a written instrument signed by those Owners entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Owners of the Association, such amendment must be approved by said Owners within three hundred sixty-five (365) days of the date the first Owner executes such amendment. The date an Owner's signature is acknowledged shall constitute prima facia evidence of the date of execution of said amendment by such Owner. Those Members (Owners, including the Developer) entitled to cast not less than two-thirds (2/3rds) of all of the votes of the Members of the Association may also vote to amend this Declaration, in person, or by proxy, at a meeting of the Members (Owners, including the Declarant) duly called for such purpose, written notice of which shall be given to all Owners at least ten (10) days and not more than sixty (60) days in advance and shall set forth the purpose of such meeting. Notwithstanding any provision contained in the Bylaws to the Contrary, a quorum, for purposes of such meeting, shall consist of not less than the Members entitled to cast not less than seventy percent (70%) of the votes. Any such amendment shall become effective when an instrument is filed for record in the Official Public Records of Hays County, Texas, accompanied by a certificate, signed by a majority of the Board of Directors, stating that the required number of votes have been cast in favor of said amendment at the meeting called for such purpose. Copies of the written ballots pertaining to such amendment shall be retained by the Association for a period of not less than three (3) years after the date filing of the amendment or termination.

Section 10.03 Amendment by the Developer. The Developer shall have and reserves the right at any time and from time to time prior to the Control Transfer Date, without the joinder or consent of any Owner or other party, to amend this Declaration by an instrument in writing duly signed, acknowledged, and filed for record so long as the Developer owns at least one Tract of land and provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration.

Section 10.04 Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partially unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.