

from the finish grade elevation. All signs must be approved by the Architectural Control Committee, in writing, prior to installation. Factors to be considered by the Committee may include, but shall not be limited to the following criteria:

- a. Identification of the name and business of the occupant.
- b. The size and shape when compared to the building or buildings on the Tracts.
- c. Color of sign
- d. Do not block or detract from adjacent Tracts
- e. Preserve the quality and atmosphere of the area.
- f. Compliance with Hays County regulations, if any.

Neon signs and signs of a flashing or moving character shall not be permitted.

The Architectural Control Committee shall have the right to limit the number of signs and the size of any sign installed on any Tract.

Section 4.18 Mineral Development. No commercial oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Tract. No derrick or other structures designed for the use of boring for oil or natural gas shall be erected, maintained or permitted upon any Tract.

Section 4.19 Drainage. Natural established drainage patters of streets, tracts or roadway ditches will not be impaired by any person or persons. Driveway culverts must be installed and will be of sufficient size to afford property drainage of ditches without backing water up into such ditch or diverting flow. Drainage culvert installation is subject to the inspection and approval of the Architectural Control Committee and to County requirements.

Section 4.20 Re-subdivision. Except as otherwise permitted in these restrictions, the tract shall be re-subdivided or split. Developer reserves the right to re-subdivide the tract, so long as such tract is owned by Developer, into smaller lots, so long as such resulting lots are no less than ten (10) acres in size. Two or more Lots may be combined into one Lot for building purposes and the interior common boundary line shall be extinguished by filing a recordable document of record, joined by the Developer or Architectural Control committee, or its duly authorized representative, declaring the same to be extinguished. Thereafter, all setback lines shall refer to the exterior property lines. Combined Lots shall nevertheless be considered as separate lots for assessment purposes, unless otherwise determined by the Architectural Control Committee. Public utility and drainage easements are exempt from this provision.

ARTICLE V
ARCHITECTURAL CONTROL COMMITTEE

Section 5.01 Basic Control.

- (a) No building or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced or changes made in the design or exterior appearance thereof or any addition or exterior alteration made thereto after original by construction, or demolition or destruction by voluntary action made thereto after originally constructed, on any tract in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Committee of the construction plans and specification for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument.
- (b) Each application made to the Committee, or to the Developer, shall be accompanied

by two sets of plans and specifications for all proposed construction (initial or alteration) to be done on such Tract including plot plans showing location on the tract.

Section 5.02 Architectural Control Committee.

- (a) The authority to grant or withhold architectural control approval as referred to above is initially vested in the Developer; provided, however, the authority of the Developer shall cease and terminate upon the appointment of the Architectural Control Committee of the Association (sometimes herein referred to as the "Committee"), in which event such authority shall be vested in and exercised by the Committee (as provided in (b) below), hereinafter referred to, except as to plans and specifications and plot plans theretofore submitted to the Developer which shall continue to exercise such authority over all such plans, specifications and plot plans. Notwithstanding, after the Control Transfer Date, both the Developer and the Architectural Control Committee shall have the right to grant a variance from the building set-back line restrictions. Either party may grant this variance as it determines in its sole discretion is needed, without the consent of the other. The term "Committee", as used in this Declaration, shall mean or refer to the Developer or to the BRIDLEWOOD RANCHES Architectural Control Committee composed of members of the Association, as applicable.
- (b) On or after such time as Developer has conveyed 1660.00 acres (from time to time hereafter referred to as the "Control Transfer Date") the Developer shall cause an instrument transferring control to the Association to be placed of Record in the Official Public Records of Hays County, Texas (the effective Control Transfer Date shall be the date of its recording). There upon, the Developer shall appoint a Committee of three (3) members to be known as the BRIDLEWOOD RANCHES Architectural Control Committee who shall serve until the next succeeding annual meeting following the Control Transfer Date from and after the Control Transfer Date, each member of the Committee must be an Owner of a Tract in the Property. Additionally, the Developer shall have the right to discontinue the exercise of the Architectural Control privileges and arrange for the transfer to the Association at any time prior to the Control Transfer Date by filing a statement and instrument to such effect in the Official Public Records of Hay County, Texas.

Section 5.03 Effect of Inaction. Approval or disapproval as to architectural control matters as set forth in the preceding provisions of this Declaration shall be in writing. In the event that the authority exercising the prerogative of approval or disapproval (whether the Developer or the Committee) fails to approve or disapprove in writing any plans and specifications and plot plans received by it in compliance with the preceding provisions within thirty (30) days following such submissions, such plans and specifications and plot plan shall be deemed approved and the construction of any such building and other improvements may be commenced and proceeded with in compliance with all such plans and specifications and plot plan and all of the other terms and provisions hereof.

Section 5.04 Effect of Approval. The granting of the aforesaid approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Committee that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan; and such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan, but, nevertheless, fail to comply with the provisions hereof. Further, no person exercising any prerogative of approval of disapproval shall incur any

liability by reasons of the good faith exercise thereof.

Section 5.05 Variance. The Committee may, on a case by case basis, authorize variances from compliance with any of the provisions of either (i) the Restrictions or (ii) minimum acceptable construction standards or regulations as promulgated from time to time by the Developer or the Committee. Notwithstanding, after the Control Transfer Date, both the Developer and the Committee shall have the right to grant a variance from the Building set-back line restrictions. Either party may grant this variance as it determines, in its sole discretion is needed, without the consent of the other. Such variances must be evidenced in writing and shall become effective when signed by the Developer or by at least a majority of the members of the Committee. If any such variances are granted, no violation of the provisions of this Declaration shall be deemed to have occurred with respect to the matter for which the variance is granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of these Restrictions for any purpose except as to the particular Tract and particular provisions hereof covered by the variance, nor shall the granting of any variance affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Tract concerned.

ARTICLE VI
BRIDLEWOOD RANCHES PROPERTY OWNERS ASSOCIATION

Section 6.01 Membership. Every person or entity who is a record owner of any Tract which is subject to the Maintenance charge and other assessments provided herein, and Declarant shall be a "Member" of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. No owner shall have more than one membership for each Tract owned by such Member. Memberships shall be appurtenant to and may not be separated from the ownership of the Tracts, regardless of the number of persons who may own a Tract (such as husband and wife, or joint tenants, etc.) there shall be but one membership for each Tract. Ownership of the Tracts shall be the sole qualification for membership.

Section 6.02 Voting Rights. Each Member shall have one (1) vote for each full five (5) acres owned by that member. For example, a Member who owns a Tract containing 19 acres shall have three (3) votes. A Member owning a Tract containing 20 acres shall have four (4) votes.

Section 6.03 Non-Profit Corporation. BRIDLEWOOD RANCHES PROPERTY OWNERS ASSOCIATION, a non-profit corporation, has been (or will be) organized and it shall be governed by the Articles of Incorporation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 6.04 Bylaws. The Association has adopted or may adopt whatever Bylaws it may choose to govern the organization or operation of the Subdivision and the use and enjoyment of the Tracts, provided that the same are not in conflict with the terms and provisions hereof.

ARTICLE VII
MAINTENANCE FUND

Section 7.01 Maintenance Fund Obligation. Each Owner of a tract by acceptance of a deed therefore, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agrees to pay to the Association a monthly maintenance charge (the "Maintenance Charge"), and any other assessments or charges hereby levied. The Maintenance Charge and any other assessments or charges hereby levied, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Tracts and shall be a continuing lien upon the Tract against which each such Maintenance Charge and other charges and assessments are made.