

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
SONORA BANK CENTRE**

(a Commercial Subdivision in Guadalupe County, Texas)

Declarant:

THE FIRST NATIONAL BANK OF SONORA

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND EASEMENTS SONORA BANK CENTRE**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS SONORA BANK CENTRE ("Declaration") is made by FIRST NATIONAL BANK OF SONORA, TEXAS, D/B/A SONORA BANK (hereinafter referred to as "**Declarant**").

RECITALS

Declarant is the fee simple owner of a tract of land containing 5.52 acres, more or less, platted and more particularly described on that certain Plat of Cap Rock Commercial Subdivision, recorded in Volume 9, Page 676 of the Official Public Records of Guadalupe County, Texas (the "**Property**" or "**Plat**"), said Plat is hereby incorporated herein for all purposes; and

Declarant may sell, lease, license or permit others to possess, use and/or occupy certain portions of the Property from time to time, and Declarant intends that Declarant and all future owners, tenants, licensees, users and occupants of the various portions of the Property and each of their respective successors and assigns shall own, develop, possess, use and enjoy their respective portions of the Property in order to make integrated use of the Property generally as a commercial subdivision; and

Declarant has deemed it is desirable to provide for the creation of a nonprofit organization to which shall be delegated and assigned, subject to the terms and conditions hereof, the power of and responsibility for owning, maintaining, preserving and administering Common Areas (as hereinafter defined) and for maintaining, preserving and administering certain other portions of the Property for the benefit of the owners tenants, licensees, users and occupants and the Property; for performing the functions of Declarant hereunder; for collecting and disbursing any assessments and charges; and for enforcing the terms and provisions of this Declaration, for which all is hereinafter provided; and

Declarant intends by this Declaration to impose mutually beneficial restrictions under a general plan of improvements for the benefit of all owners of the Property and the Association (as hereinafter defined) pursuant to below and made subject to this Declaration in accordance with the provisions hereof, and Declarant desires to provide and to establish a method for the administration, maintenance, preservation, use, and enjoyment of such Property.

NOW, THEREFORE, Declarant hereby declare that the Property is hereby subjected to the provisions of this Declaration, and the Property shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the Property subject to this Declaration, and shall be binding on all persons having any right. title, or interest in all or any portion of such Property, their respective heirs, legal representatives, successors, successors-

in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

ARTICLE 1 DEFINITIONS

The following words, when used in this Declaration, shall have the following meanings:

"Architectural Reviewer" shall mean and refer to a Person or Persons initially appointed by Declarant and, after the Turnover Date, appointed by the Board of Directors of the Association, established for the purpose of overseeing the unified and harmonious development of all Commercial Sites (as defined below) which shall include, without limitation reviewing and approving or rejecting plans and specifications for construction of buildings, structures and other improvements (collectively, **"Improvements,"** as further defined below) upon each Commercial Site, and performing certain other functions as may be determined by Declarant and, after the Turnover Date, by the Association.

"Assessments" shall mean and refer to the Assessments (as hereinafter defined), and any other amounts or sums due by an Owner to the Association pursuant to the provisions of this Declaration.

"Association" shall mean and refer to Sonora Bank Centre Association, Inc., a non-profit, non-stock, membership corporation incorporated under the laws of the State of Texas, its successors and assigns.

"Board of Directors" or "Board" shall mean the governing body of the Association.

"Bylaws" shall mean the duly adopted bylaws of the Association as the same may be amended from time to time.

"Commercial Site" shall mean and refer to Lots 1, 2 and 3 shown on the Plat.

"Common Area" shall mean and refer to any and all real and personal property and easements and other interests therein, together with the facilities and Improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners and Occupants, including without limitation, Lot 901 reflected on the Plat (Detention Facilities), a twenty-four foot (24') shared access easement (but only to the extent of the easement rights and not fee simple ownership), all drainage facilities and Improvements, entryways, traffic or speed limit signage, street lights and any other streets or roadways used for the common enjoyment of the Owners and Occupants.

"Declarant" shall mean and refer to the First National Bank of Sonora, Texas, d/b/a Sonora Bank and its successors and assigns. A person or entity shall be deemed a successor or assign of Declarant only if specifically so designated in a duly recorded written instrument as a successor

or assign of Declarant under this Declaration, and shall be deemed a successor in interest of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in the recorded written instrument. Declarant automatically shall cease to be a Declarant upon the earlier to occur of: (A) the date Declarant elects by notice in writing to terminate its Class B membership, as provided in Article 4, Section 4.1(b)(ii), or (B) the date of conveyance by Declarant of all of its interest in the Property owned by it as of the date of this Declaration to Persons that are not affiliates of Declarant. The date upon which Declarant is no longer Declarant shall hereinafter be referred to as the **"Turnover Date."** Furthermore, any such successor and assign shall expressly accept and assume the rights and obligations of Declarant hereunder in writing.

"Declarant Control Period" means the period of time ending on the date on which Declarant has sold and conveyed all of its land in the Property or on such earlier date that Declarant records a written instrument evidencing its election to terminate its rights under this Declaration, during which period Declarant may appoint and remove the members of the Board and the Architectural Reviewer, disapprove any action, policy or program of the Association which, in the sole judgment of the Declarant, would tend to impair rights of the Declarant, interfere with the development, construction or marketing of any portion of the Property, or diminish the level of services being provided by the Association.

"Detention Facilities" shall mean and refer to the storm water drainage system to be constructed by Declarant on Lot 901 on the Plat.

"Improvement" means all physical enhancements and alterations to the Property, including but not limited to grading, clearing, removal of trees, alteration of drainage flow, and site work, and every structure and all appurtenances of every type and kind, whether temporary or permanent in nature, including, but not limited to, buildings, driveways, parking areas and/or facilities, storage buildings, sidewalks, fences, gates, screening walls, retaining walls, walkways, landscaping, mailboxes, poles, signs, antennas, exterior air conditioning equipment or fixtures, exterior lighting fixtures, and poles, pumps, wells, tanks, pipes, lines, meters, antennas, and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

"Member" shall refer to every Person (as defined herein) owning a Commercial Site entitled to membership in the Association, as provided herein.

"Mortgage" shall mean and refer to a deed of trust, mortgage or other similar security instrument granting, creating, or conveying a lien or security interest upon a Commercial Site or portion of a Commercial Site.

"Occupant" shall mean any person occupying the building Improvements on a Commercial Site within the Property for any period of time, regardless of whether such person is a tenant or the Owner of the Commercial Site.

"Owner" shall mean and refer to the record owner, whether one or more Persons of the fee simple title to a Commercial Site within the Property, including a Person who has entered into a contract to sell his Commercial Site, but excluding a Person having an interest merely as security for the performance of an obligation or a Person owning an interest in the mineral estate.

"Person" shall mean any natural person, corporation, joint venture, partnership, association, trust or other legal entity.

"Private Street" shall refer to any street, driveway, road or access easement shown or reflected on the Plat or later constructed for the common use and enjoyment of the Owners and Occupants, including but not limited to, Access Easement 1 and Access Easement 2 shown and reflected on that certain Declaration of Easements recorded under Document No. 202499029820 of the Official Public Records of Guadalupe County, Texas and any Improvements, curbing, roadways, drainage facilities or signage located on such access easements.

ARTICLE 2 APPLICABILITY

2.1. Dedication. Declarant hereby declares that the Property is and shall be held, transferred, sold, conveyed, given, donated, encumbered, leased, occupied, altered, improved, accepted and used subject to the covenants, restrictions, burdens, conditions, easements, licenses, charges, assessments, privileges, affirmative obligations, and liens (hereinafter sometimes referred to in the singular as "**Covenant**" and collectively as the "**Covenants**" hereinafter set forth, and that the said Covenants shall be construed to be (i) covenants running with the land and (ii) binding upon each and every Owner.

2.2 Reservations. Declarant reserves unto itself, its successors and assigns, and the Association, for the benefit of the Property, the right, from time to time hereafter, to delineate, plat, grant or reserve within portions of the Property such streets, roads, sidewalks, ways and appurtenances thereto for general use by the Owners and lessees of Owners and their sublessees, invitees, employees, agents, contractors and guests, and such easements for drainage and public utilities, as Declarant and/or the Association may deem necessary or desirable for the development of the Property (and from time to time to change the location of the same), if Declarant and/or the Association so elects, and to dedicate the same to a governmental entity for public use or to grant the same to appropriate public utility corporations, free and clear of this Declaration and the Covenants contained herein.

2.3. Term. THIS DECLARATION AND EVERY COVENANT CONTAINED HEREIN SHALL BE IN EFFECT FOR A PERIOD OF TWENTY (20) YEARS FROM AND AFTER THE DATE HEREOF, AND SHALL AUTOMATICALLY BE CONTINUED THEREAFTER, TO THE EXTENT NOT PROHIBITED BY TEXAS LAW, FOR SUCCESSIVE PERIODS OF FIVE (5) YEARS EACH. After the commencement of such five (5) year periods, this Declaration may be terminated (effective as of the expiration of the then current term of this Declaration) at the election of the then Owners of not less than two-thirds (2/3rds) of the Commercial Sites located

in the Property (excluding any portion thereof which is Common Area), as of the date of such election. Notwithstanding anything herein to the contrary, so long as Declarant remains in existence, this Declaration shall not be terminated without the prior written consent of the Declarant. Any termination permitted hereunder shall be evidenced by an agreement terminating this Declaration and the Covenants contained herein, executed with the same formality as is required for the execution of deeds and recorded in the Official Public Records of Real Property of Guadalupe County, Texas. Notwithstanding the termination of this Declaration, neither the easements, licenses and rights relating to such easements and licenses granted pursuant to this Declaration which run in perpetuity, or which otherwise expressly survive the termination of this Declaration, nor the obligation of Owners to pay charges pursuant thereto, shall terminate upon the termination of this Declaration.

2.4. Purpose. The purpose of this Declaration is to ensure proper use of the Property and each Commercial Site located therein; to aid in the preservation and enhancement of the enjoyment of all Commercial Sites; and to provide for ownership, maintenance, preservation and administration of the Common Area.

ARTICLE 3 USE RESTRICTIONS

3.1. Permitted Uses. The Property shall be developed as a commercial subdivision, and Commercial Sites may be utilized only for commercial purposes, subject, however, to any restrictions established by the Ordinances. "**Ordinances**" shall mean any and all building and zoning ordinances, statutes, laws, rules and/or regulations of the City of New Braunfels, Texas ("**City**"), Guadalupe County, Texas ("**County**"), or the State of Texas, as the same may be applicable to a Commercial Site from time to time.

Such commercial purposes shall include, but not be limited to, retail, flex space, and office use. No Owner may change, or request or apply for a change to, the existing Ordinances unless the Declarant, or after the Turnover Date, the Association, consents to such change, which may be granted or withheld in the Declarant's or the Association's sole and absolute discretion. Notwithstanding anything contained herein to the contrary, no noxious or offensive trade, service, business or activity shall be carried on, and nothing shall be done on any portion of the Property, which may be or become an annoyance or nuisance to the Owners or Occupants of any other portion of the Property by reason of unsightliness or noxious, offensive, unhealthy, or harmful odors, fumes, dust, smoke, waste, glare or excessive light, noise, vibration or any other unreasonable, unwarranted or unlawful use, as determined by Declarant, or, after the Turnover Date, the Association, using its reasonable discretion. No articles, goods, materials, machinery, equipment, vehicles, plants, trash, waste or refuse, or similar items shall be exposed to view from adjacent Commercial Sites, parking areas, streets or pedestrian walkways. Any articles, goods, or materials to be stored other than in an enclosed, covered building shall be screened from view by opaque fencing or wall. Gates, if any, are to be compatible with the architectural character of the fence or wall and shall also be opaque. The determination of whether or not a proposed use is a commercial use that is permitted by this Declaration shall be made by Declarant, or, after the

Turnover Date, the Association, in its sole and absolute discretion. The Declarant, or, after the Turnover Date, the Association, shall have the right, power and authority to waive some or all of the requirements set forth in this Section 3.1, and in Section 3.2 below, or to grant exceptions or variances therefrom, provided that in any such case said waiver, exception or variance shall, in the sole and absolute judgment of the Declarant or, after the Turnover Date, the Association, not (i) materially interfere or conflict with the stated purposes of this Declaration, or (ii) impose any undue burden, hardship or limitation on any other Commercial Site. No such waiver, exception or variance shall be effective unless set forth in writing. Any exceptions or variances shall not release the relevant Owner and any Occupant of any Commercial Site from their duty to comply with all Laws and where there exists a conflict or potential conflict between the uses permitted herein and any Ordinance, the more restrictive criteria shall apply. Neither Declarant nor the Association Parties shall have any liability whatsoever to any Person as a result of the granting of any waiver, exception or variance as permitted hereunder, and each Owner, by its acceptance of a deed for a Commercial Site, for itself, its successors and assigns and any Owner or Person claiming through it, hereby forever releases the Association Parties (as defined in Article 6, Section 6.3) from and against any and all such liability or claimed liability and waives any and all claims that any of them may have against the Association Parties as a result of any of the foregoing.

3.2. Prohibited Uses. No Owner shall use or permit the use of its Commercial Site for any use, activity or operation which is, in the reasonable opinion of Declarant, or, after the Turnover Date, the Association, substantially inconsistent with and/or materially detrimental to the operation of the Property as a whole and/or other complementary developments. In addition to the prohibited uses set forth in this Section, Declarant hereby reserves and grants to the Association the right to create a list of prohibited uses which shall be deemed to be materially detrimental to and inconsistent with the operation of the Property as a whole, which list may be amended, modified and supplemented from time to time. The following uses are specifically prohibited: convenience or "mini-mart" store, adult bookstore or adult novelty store (meaning a store primarily engaged in the sale of sexually oriented materials; adult theater or so-called "gentlemen's club" featuring nude, topless or scantily clad men or women; the operation and use of drilling for and/or removal of oil, gas or other hydrocarbon substances on the Property; residential purposes; recreational vehicle or mobile home courts; junk yards; distillation of bones; dumping, disposal, incineration or reduction of garbage, sewage, offal, dead animals or refuse; fat rendering; stockyard or slaughter of animals; refining of petroleum or its products; smelting of iron, tin, zinc or other ores; raising of pets, livestock or other animals; and/or kennel or dog pound. No sheds, tents or temporary buildings or other temporary structures shall be permitted on the Property, except as may be required or deemed reasonably necessary in connection with the performance of any construction work on a Commercial Site. No overnight sleeping inside vehicles shall be permitted. Unless specifically approved in writing by the Declarant or Association, the placement, transportation, holding, locating, disposal, manufacture, storage or dumping of Hazardous Materials, explosives, flammables and other similar dangerous products and substances is specifically prohibited on the Property. "**Hazardous Materials**" shall mean and refer to (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of

1976 (42 U.S.C. Section 6901 et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) asbestos; (iv) petroleum products and polychlorinated biphenyls; (v) any substance the presence of which on the Property is prohibited by any government requirement; and (vi) any other substance, material waste, contaminant or pollutant which by any government law, statute, ordinance, code, rule or regulation requires special handling in its collection, storage, removal, remediation, transportation, installation, treatment or disposal as a result of an identifiable environmental risk posed by such substance, waste contaminant or pollutant

Notwithstanding anything to the contrary contained herein, no portion of the Property shall be used for any purpose except as specifically permitted hereunder and in the Ordinances, and any and all other uses of the Property are prohibited, unless expressly approved in writing by Declarant or the Association.

3.3. Utilities. All utility lines shall be located, installed and maintained in accordance with the applicable requirements of the City and County. Nothing herein shall be deemed to forbid the erection and use of temporary electric or telephone service incident to the construction of approved Improvements.

3.4. Signage. For purposes of this Declaration, the terms "sign" and "signage" shall mean and refer to any surface, material or device depicting any letters, words, numerals, figures, pictures, drawings, devices, designs, logos, trademarks or tradenames by which anything is made known, and which is visible, to the general public or other Owners or Occupants of Commercial Sites. All signage within the Property must be approved by the Architectural Reviewer in accordance with Article 6. The provisions of this Section shall not be applicable to any signs erected by Declarant, its agents or assigns, or the Association in connection with the development and sale of the Property or portions thereof, nor shall it apply to signs or monuments erected or constructed by Declarant or the Association identifying the Property. Temporary signs advertising a Commercial Site and the Improvements located thereon as being "for sale" or "for lease" may be permitted, subject to the prior written approval of the Association or the Architectural Reviewer as to size, design, content and location. Written exception to the provisions of this Section concerning the design, size, content and location of signs may be granted by the Association or the Architectural Reviewer and/or Declarant in their reasonable discretion.

3.5. Outside Waste; Waste Materials. Each Owner shall remove at its expense any rubbish or trash of any character which may accumulate on its Commercial Site. Waste materials, rubbish, trash, and discarded matter of all kinds shall be stored in containers and at locations approved by the Association, the Architectural Reviewer and/or Declarant. All such containers shall be screened from public view and from the view of other Commercial Sites by landscaping or a screening wall approved in writing by the Association or the Architectural Reviewer prior to the placement of any such container. Any screening wall shall be made of material similar to and

compatible with that of the building located on the related Commercial Site. Any such screening shall be an integral part of the building plan and shall be designed so as not to be conspicuous. No incinerators shall be kept, used, or maintained on any portion of the Property. All equipment for the storage or disposal of any of the foregoing materials shall be kept in a clean and sanitary condition. No burning of rubbish or trash (including leaves and grass) shall be permitted at any time.

3.6. Excavations. No excavation work shall be done on, and no sand, gravel or soil shall be removed from, any Commercial Site except in connection with the construction of Improvements located thereon pursuant to plans and specifications approved by the Architectural Reviewer, and then only when proper protection is afforded adjacent Commercial Sites and properties. Upon completion of such construction, all exposed openings shall be back-filled and all disturbed ground shall be graded, leveled, and either paved or landscaped by Owner in accordance with plans and specifications previously approved by the Architectural Reviewer pursuant to the provisions of this Declaration. Nothing contained herein, nor any actions by the Architectural Reviewer, are intended to be, nor shall they be construed to be (i) approval by the Architectural Reviewer of the adequacy, reasonableness, safety or fitness for intended use of submitted plans and specifications, or (ii) any warranty, express or implied, as to the adequacy, quality or fitness for intended use of any proposed grading, leveling, compaction or other related work.

3.7. Landscaping. A detailed landscaping plan for each Commercial Site shall be submitted to the Architectural Reviewer for its approval in accordance with Article 6, Section 6.1 hereof. Landscaping plans shall include information regarding the type of sodding, seeding, trees, hedges and shrubs and information regarding other customary landscape treatment for the entire Commercial Site, including fences, walls and screening. All landscaping shall be undertaken and completed in accordance with such approved plans and specifications, and such plans and specifications may not be altered, amended or revised without submitting the revised landscaping plans to Declarant or the Architectural Reviewer for prior written approval.

3.8. Parking. Each Owner shall construct and install upon its Commercial Site a number of parking spaces (for both automobile and truck traffic) sufficient to comply with all laws, including, without limitation, the Ordinances, and satisfy any and all parking requirements of such Owner and any Occupants and other users of such Commercial Site. No Owner or Occupant of a Commercial Site shall use or permit the use of any portion of the parking areas located or to be located on such Commercial Site for any purposes (including, without limitation, the running of tent sales, carnivals or circuses) other than pedestrian movement and the parking, circulation, loading, unloading and passage of motor vehicles. Except as otherwise provided in this Declaration, no Owner or Occupant of a Commercial Site shall install, place, keep, permit or maintain any fence, barricade, kiosk or any other Improvement or obstruction in, on, across or upon any portion of the parking area, the roadways, walkways, or any other sidewalks located upon the Property, except as determined and/or approved by Declarant or the Architectural Reviewer, except for (i) barricades and obstructions that are necessary or desirable for the orderly

control of traffic flow; (ii) minor comfort or convenience facilities (e.g., mailboxes, benches, and public telephones); (iii) light poles and other items pertaining to the lighting system for the parking areas; (iv) signs approved pursuant to Section 3.4 above and Article 6, Section 6.1 below; (v) maintenance and/or repair undertaken in accordance with this Declaration; and (vi) such other items that Declarant and/or the Architectural Reviewer may approve, provided that the same do not unreasonably interfere with the use of the parking area and walkways for their intended purposes. No parking shall be permitted on any roadways or walkways located upon the Property.

3.9. Drainage. Each Owner shall provide, or cause to be provided, adequate drainage facilities for stormwater management and runoff resulting from its Commercial Site such that the same does not adversely affect any other Commercial Site or property. Prior to construction of any new or additional Improvements on any Commercial Site which could affect storm water drainage on such Commercial Site or from or onto adjacent or surrounding Commercial Sites, the Owner of such Commercial Site shall submit to the Architectural Reviewer for approval an engineer's report comparing before and after conditions and recommending adequate methods of detention and drainage. The change in storm water runoff between then current conditions and estimated conditions after such proposed construction shall be determined by methodology required by the City, the County, the State of Texas and/or other governmental authorities having jurisdiction, as applicable. Such report shall be submitted by such Owner to the Architectural Reviewer for approval at the same time as submission of the plans and specifications for the proposed construction as provided in Article 6, Section 6.1 hereof. No Owner shall interfere with, or cause to be interfered with the Detention Facilities for stormwater management and runoff resulting from its Commercial Site, and shall not adversely affect the drainage of any other Commercial Site or area of the Property.

ARTICLE 4

SONORA BANK CENTRE PROPERTY OWNERS ASSOCIATION INC.

4.1. Association Membership and Voting Rights.

(a) The Association has been or will be formed by Declarant as a Texas non-profit corporation to further the common interests of the Property and the Owners. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such duties and powers, shall have the duties and powers set forth in the Certificate of Formation, Bylaws and this Declaration and, in general, shall have the power, subject to the terms and provisions of this Declaration, to do anything that may be necessary or desirable to further the common interests of the Owners, to maintain, improve and enhance the Common Area in the manner in which the Association is required to maintain, improve and enhance pursuant to the terms of this Declaration, and to improve and enhance the attractiveness, desirability and safety of the Property.

(b) Every Owner shall be a member of the Association and subject to the provisions hereinafter set forth. The Association shall have the following classes of voting membership:

(i) Class A. Every Person that is an Owner, with the exception of Declarant (except as otherwise set forth in subsection [ii] below), shall be a Class A member. A Class A member who owns a Commercial Site(s) shall be entitled to one (1) vote. Where more than one Person is a Class A member by virtue of an ownership interest in the same Commercial Site, the vote for such Commercial Site shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Commercial Site. In the event of disagreement among such Persons and an attempt by two or more of them to cast the vote allocated to such Commercial Site, such Persons shall not be recognized, and the vote of such Commercial Site shall not be counted. A Person's membership rights as a Class A member shall automatically terminate upon such Person's sale or other transfer of its Commercial Site; provided, however, that no termination of the Class A membership shall affect such Person's obligation to pay Assessments (as hereinafter defined and provided for) due and payable for any period prior to the date of such termination.

(ii) Class B. The Class B members will be Declarant and its successors and assigns as provided herein. The Class B member shall be entitled to twice (2x) times the number of votes as cumulatively held by the Class A members. During the Declarant Control Period, the Declarant shall have the exclusive right to appoint the Board and the right to remove and replace members of the Board and the Architectural Reviewer. Declarant, acting alone, may at any time convert the Class B membership to a Class A membership, whereupon Declarant will be entitled to the greater of: (i) one vote, or (ii) one (1) vote for each acre of the Property (and prorated for a fraction of an acre) owned by such Declarant. In order to effectuate such conversion, Declarant need only file a statement in the Official Public Records of Guadalupe County, Texas declaring such Class B membership to be converted to a Class A membership which has been signed and acknowledged by Declarant. The Class B membership will be terminated automatically when no Declarant owns any Lot within the Property.

The Class A and Class B members are sometimes hereinafter individually referred to as a "**Member**" and collectively referred to as "**Members**." The votes of the Members shall be cast under such rules and procedures not inconsistent with this Declaration as may be prescribed in this Declaration or in the Bylaws of the Association, as amended from time to time, or by applicable Law.

4.2. Management. The affairs of the Association shall be managed by the Board of Directors. Subject to the provisions of the immediately succeeding paragraph, the term, election and qualifications of the Board of Directors shall be fixed in the Certificate of Formation and Bylaws. Action by or on behalf of the Association may be taken by the Board of Directors within

their scope of authority without a vote of the Members, except as otherwise specifically provided in this Declaration, the Certificate of Formation, the Bylaws or by Law.

The Board of Directors shall consist of three (3) directors, appointed by Declarant until the Turnover Date. After the Turnover Date, the number of directors shall be fixed in accordance with the Bylaws, and Board of Directors shall be elected by the Members.

(a) The membership rights of any Member, including the right to vote, may be suspended by the Board of Directors pursuant to authority granted herein, or in the Association's Certificate of Formation or Bylaws, as amended from time to time, during the period of time while any Assessment or other obligation remains unpaid or unperformed or for violation of any rule of the Association.

(b) All matters concerning meetings of Members of the Association including the time and manner in which notice of any of said meetings shall be given to said Members and the quorum required for the transaction of business at any of said meetings, shall be as specified in this Declaration or in the Bylaws of the Association, as amended from time to time, or by applicable law.

(c) The Association may employ, retain or contract for the services of a Manager to perform or assist in the performance of the functions of the Association.

4.3. Common Area. Legal title in and to Common Area shall be vested in Declarant until the Association is created; and, at any time thereafter, Declarant may transfer title thereto to the Association, and benefit, use and enjoyment of the Common Area shall be determined and controlled by Declarant until the Turnover Date, at which time such determination and control shall vest in the Association. Declarant shall have the right at any time and from time to time to convey to the Association portions of the Property owned by Declarant, which conveyances shall be by Common Area Deed Without Warranty and subject to all matters of record. Each such portion of the Property, upon conveyance by Declarant to the Association, shall become Common Area. As of the date of recordation of this Declaration, the Common Area shall mean and refer to the Drainage Easement, Access Easement 1 and Access Easement 2 all shown and described on and imposed by that certain Declaration of Easements recorded under Document No. 202499029820 of the Official Public Records of Guadalupe County, Texas.

4.4. Administration

(a) The administration of the Association and Common Area and the maintenance, repair, replacement, and operation thereof, and those acts required of the Association by this Declaration shall be the duty and responsibility of the Association. Such administration shall be governed by this Declaration and the Certificate of Formation and Bylaws, as amended from time to time. The powers and duties of the Association shall be those set forth in said documents, together with those reasonably implied to effect the Association's purposes, and shall be exercised in the

manner provided herein and therein. Notwithstanding the foregoing, the rights and obligations of the Association as set forth herein shall be vested in Declarant until the Turnover Date, at which time such rights and obligations shall devolve to the Association, whereupon Declarant shall be released and relieved of all obligations and responsibility in connection therewith.

(b) The Association shall be authorized to and may, as determined by the Board of Directors thereof in its sole but reasonable discretion, provide the following services:

- (1) At the direction of Declarant or the Architectural Reviewer, take any and all actions necessary to enforce all Covenants and other restrictions affecting the Property and perform any of the functions or services delegated to the Association in any Covenants or restrictions applicable to the Property.
- (2) Maintain and landscape any public rights-of-way and easements (including without limitation, street islands and medians, and sidewalks) within the Property to the extent necessary to supplement the service provided by the local government.
- (3) Provide management services and administrative services, including, but not limited to, legal, auditing, accounting and financial support incident to the services to be provided hereunder.
- (4) Provide liability and hazard insurance covering Improvements and activities on and in the Common Area.
- (5) Maintain the Common Area in good condition and repair, including, without limitation.
- (6) Provide any other services that, in the Declarant's or the Board's reasonable judgment, are appropriate or necessary to further the common interests of the Owners and to improve and enhance the attractiveness, desirability and safety of the Property.

4.5. Limitations of Liability And Indemnification. The Association shall indemnify every board member (whether during the Declarant Control Period or after the turnover Date), officer, trustee and committee member of the Association (including, without limitation, the Board of Directors) and/or the Architectural Reviewer against any and all costs and expenses, including, without limitation, reasonable attorneys' fees, reasonably incurred by or imposed upon such board member, officer, director, or committee member in connection with any action, suit, or other proceeding (including, without limitation, settlement of any suit or proceeding, if approved by the Board of Directors) to which he or she may be a party by reason of being or having been a board member, officer, trustee, or committee member. The Board members, officers, trustees, and committee members shall not be liable for any mistake of judgment, negligence or otherwise, except for their own individual gross negligence, willful misfeasance, malfeasance, misconduct or bad faith. The Board members, officers, trustees and committee

members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such Board members, officers, trustees and committee members may also be Owners and are acting in their capacity as Owners instead of as Board members, officers, trustees or committee members), and the Association shall indemnify and forever hold each such board members, officers, trustees and committee members free and harmless against any and all damage, injury and liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any board member, officer, trustee or committee member, or former board member, officer, trustee or committee member, may be entitled.

ARTICLE 5 COVENANT FOR ASSESSMENTS

5.1. Assessments.

(a) By acceptance of a deed for a Commercial Site, each Owner, as a Member of the Association, shall be deemed to have covenanted and agreed to pay, and shall be required to pay, to the Association: (i) base annual assessments and charges; (ii) special assessments for capital Improvements; and (iii) individual owner assessments, as provided herein and collectively referred to as "**Assessments**," such Assessments to be fixed, established and collected from time to time, all as hereinafter provided. The Assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Commercial Site and the Improvements thereon against which each such Assessment is made. Each such Assessment, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall also be the personal obligation of the Owner(s) that own the applicable Commercial Site. In the case of co-ownership of a Commercial Site, each co-owner shall be jointly and severally liable for the entire amount of any Assessment. Should the Association employ an attorney to collect any Assessment, it shall be entitled to collect, in addition thereto, all costs of collection including without limitation reasonable attorney's fees. No Owner may waive or otherwise exempt itself from liability for any Assessments for any reason including, by way of illustration and not limitation, non-use of the Common Areas or any services provided by the Association or abandonment of a Commercial Site. No diminution or abatement of any Assessment or set-off shall be claimed or allowed for any reason whatsoever, including, by way of illustration and not limitation, any alleged failure of Declarant, the Association, the Architectural Reviewer, or the Board of Directors to (1) take some action, (2) perform some function required to be taken or performed, or (3) provide some service required or permitted to be provided under the terms of this Declaration or for inconvenience or discomfort arising from the making of repairs or Improvements which are the responsibility of Declarant or the Association.

(b) The Assessments levied hereunder shall be used for the purpose of paying all costs and expenses incurred by the Association in connection with providing the services provided to the Owners pursuant to the terms of this Declaration and for the acquisition, Improvement,

maintenance, repair and restoration of the Common Area, including but not limited to, (i) the payment of taxes and insurance attributable to the Common Area, if any, (ii) construction of Improvements thereon, (iii) repairs, replacements and additions thereto, (iv) payment of the cost of an annual audit of the books, records, and accounts of the Association, (v) payment of legal fees, (vi) payment of the salary, fee, administrative costs and other charges of any Manager, (vii) establishment of reserves for future repairs, replacements and Improvements, and (viii) payment of the cost of labor, equipment, materials, management, and supervision necessary to carry out the authorized functions of the Association.

5.2. Base Annual Assessment. The base annual assessments shall be based on and calculated according to the following:

(a) The amount of base annual assessment for a calendar year, which shall be determined by Declarant (if the Turnover Date has not yet occurred) or by the Board of Directors of the Association (if the Turnover Date has occurred), in their reasonable discretion, shall be based upon a budget prepared by Declarant or the Association, as the case may be, for said calendar year, shall be assessed against each Commercial Site, and shall be fixed and calculated by dividing the estimated amount of base annual assessments by three (3), three (3) being the total number of Commercial Sites within the Property) regardless of the size or location of any Commercial Site. The base annual assessment shall apply to all classes of membership; provided, however, that Declarant or the Board of Directors of the Association, as applicable, may set the initial base annual assessment for a portion of a calendar year and prorate accordingly the amount due. Each year the Board shall prepare an estimated annual budget for the calendar year ("**Budget**"). The Budget constitutes only a good faith estimate of the costs and expenses expected to be incurred by Declarant and/or the Association with respect to the performance of their duties and obligations, including without limitation, the maintenance, repair and operation of the Common Areas.

(b) The base annual assessments payable shall be established on a calendar year basis. The Board of Directors (or, before the Turnover Date, the Declarant) shall, on or before January 31st of each calendar year, prepare the Budget setting forth an itemized statement of the anticipated disbursements for the applicable calendar year and shall fix the amount of the base annual assessment payable to the Association against each Commercial Site. The Board of Directors shall send, or cause the Association to send, written notice of the amount of the base annual assessment to every Member subject thereto at least thirty (30) days in advance of the due date. The entire base annual assessment shall become due and payable, in advance, on or before February 15th (said date or any other such date as may be established by the Board of Directors in its sole and absolute discretion sometimes hereinafter referred to as "**due date**") of the calendar year for which such annual assessment is levied and shall be collected by the Association. Failure of the Board of Directors to comply with the terms and provisions of this subsection shall not relieve any Member of paying any Assessment for any calendar year. If such failure for a calendar year shall occur, each Member shall continue to pay, until such time that the Board of Directors establishes the base annual assessment for the applicable calendar year, the base annual assessment in the amount paid

for the prior calendar year. If the base annual assessment established by the Board of Directors is more than the amount paid by the Members as provided in the immediately preceding grammatical sentence, then each Member immediately shall pay to the Association such Member's share of any such deficiency. If the base annual assessment established by the Board of Directors is less than the amount paid by the Members, then each Member shall be credited its excess overpayment to its Assessment account, without interest.

(c) In the event that the base annual assessment is insufficient to pay the costs of operating the Association and/or operating, maintaining, repairing, improving and/or restoring the Common Areas for any calendar year, Declarant or the Association, as the case may be, shall have the right to levy an additional base annual assessment to cover any such deficiency which will be allocated among and charged to all Members and Commercial Sites in the same manner as the normal base annual assessment for the applicable year.

5.3. Special Assessment. In addition to the base annual assessments authorized hereinabove, Declarant and/or the Association may levy in any calendar year special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, or the unexpected maintenance, repair and/or replacement, of Common Area and capital Improvements thereon, if any, including the necessary fixtures, facilities, equipment and personal property related thereto, provided that from and after the Turnover Date, any such assessment shall have been approved by not less than a majority of the votes cast at a duly called meeting of the Association, written notice of which shall be sent to all Members of the Association at least thirty (30) days in advance setting forth the purpose of the meeting, and provided further that special assessments shall not be used to pay for, or to reimburse Declarant for the cost of, capital Improvements contemplated and provided for in Declarant's development plans for its Commercial Sites. The amount of such special assessment to be paid by each Member of the Association shall be fixed and equal to the total amount of the special assessment multiplied by a fraction, the numerator of which shall be the base annual assessment payable by such Member for the calendar year during which such special assessment is approved, and the denominator of which shall be the total base annual assessment for all Members of the Association for the calendar year during which such special assessment is approved. Special assessments levied pursuant to this subsection shall be due and payable by the Members in such manner and at such times as determined by Declarant (prior to the Turnover Date) or by the Board of Directors in its sole and absolute discretion, and may be payable, in the Board of Directors' sole and absolute discretion, in installments extending beyond the calendar or fiscal year in which such special assessment is approved and levied. If, at the time the annual Budget for base annual assessments for any calendar year during the term of this Declaration is being prepared, the Declarant (prior to the Turnover Date) or the Board of Directors of the Association (after the Turnover Date) knows of the amount of any special assessment, then such special assessment shall be included in such annual Budget.

5.4. Individual Owner Assessment. In the event that the need for maintenance, repair or replacement of the Common Areas, or any part thereof, other than that relating to ordinary wear

and tear, is caused through or by (i) the negligent or willful act or omission of any Owner, its tenants, contractors or other Occupants, or (ii) use of such Common Areas by any Owner, its tenants, contractors or other Occupants in excess of and beyond normal and customary use of such Common Areas, then the expenses, costs and fees incurred by Declarant or the Association for such maintenance, repair or replacement shall be a personal obligation of both the applicable Owner and if any such tenant, Occupant or contractor is at fault, the relevant tenant, contractor and/or other Occupant. If not repaid to the Association within fifteen (15) days after Declarant and/or the Association gives notice to the Owner of the total amount due, or of amounts due from time to time, then the sums due shall become an assessment against the Owner's Commercial Site and Declarant and the Association shall have the rights and remedies afforded to them under Section 5.5. with respect to Assessments.

5.5. Assessment Lien Remedies for Non-payment of Assessments. If any Assessment or other amount under this Declaration is not paid on or before the tenth (10th) day after the due date with respect thereto, then such Assessment and/or other amount shall become delinquent, and shall, until paid in full, together with such interest thereon from the due date (without taking into consideration the aforementioned ten [10] day cure period) and the cost of collection thereof, be a charge and continuing lien on the applicable Commercial Site, and all Improvements thereon, against which each such Assessment or other amount is made. In addition to the lien rights afforded to the Association hereunder, the personal obligation of the then Member to pay such Assessment and other amounts shall remain its personal obligation and shall further pass as a personal obligation to its successors in title whether or not expressly assumed by such successors.

If an Assessment or other amount due under this Declaration is not paid within ninety (90) days after the due date with respect thereto (without taking into consideration the ten [10] day cure period set forth above), the Association may: (1) conduct a non-judicial foreclosure sale of the Unit, in accordance with TEX. PROP. CODE §51.002, or (2) bring an action at law against the Owner personally obligated to pay the Assessments, and/or in an appropriate judicial proceeding, foreclose the lien created in favor of the Association. By the provisions of this Section, and in connection therewith, the Association may avail itself of any and all rights and remedies available to a foreclosing mortgagee under applicable law or statutory means of foreclosure, and collect in said action or through said proceeding the delinquent Assessments, together with the maximum per annum interest rate permitted by law thereon, the late charge permitted to be charged in the following paragraph and the costs of collection, the costs of preparation and filing of any lien, and reasonable attorneys' fees of any such action or proceeding. The lien provided for under this Section shall secure the payment of the Assessments, the maximum per annum interest rate permitted by Law, the late charge and the aforesaid costs and reasonable attorneys' fees.

In addition to the other remedies and rights afforded to Declarant and the Association in the event an Assessment (or any installment thereof) or other amount due under this Declaration becomes delinquent, the Association, in its sole discretion may, if not paid in full on or before the tenth (10th) day after such Assessment or other amount is due, (3) assess a late charge of not more than five percent (5%) of the delinquent amount, (4) file a statement of lien in the Official Public

Records of Real Property of Guadalupe County, Texas, (5) suspend the rights of the Owner and the Owner's Occupants to use the Common Areas during any period of delinquency (except for those Common Areas that are essential for ingress and egress to and from the applicable Commercial Site), and (6) suspend the rights of the Owner and the Owner's Occupants to exercise any voting rights otherwise permitted under this Declaration.

No Owner may waive or otherwise avoid liability for Assessments due as provided for herein by non-use of the Common Areas and facilities or abandonment or transfer of its Commercial Site. Each Owner, by his acceptance of a deed or other conveyance to a Commercial Site (i) grants to the Association a power of sale in connection with the Association's lien; (ii) vests in the Association, or its agents, the right and power to bring action against such Owner personally for the collection of such charges as a debt and to foreclose the aforesaid lien in any appropriate proceeding at law or in equity; and (iii) hereby waives any and all rights of redemption or reinstatement from foreclosure and from sale under any order or decree of foreclosure of any lien created pursuant to this Declaration, for itself and on behalf of: (1) any trust estate of which the relevant Commercial Site is a part and of all beneficially interested Persons; (2) each and every Person acquiring any interest in the relevant Commercial Site or title to the relevant Commercial Site subsequent to the date of this Declaration; and (3) all other Persons to the extent permitted by the provisions of the laws of the State of Texas. The remedies herein provided shall not be exclusive and the Association may enforce any other remedies to collect delinquent assessments as may be provided in this Declaration, by law and/or in equity. By written resolution, the Board may appoint, from time to time, an officer, agent, trustee, or attorney to exercise the Association's power of sale.

5.6. Lien Priority. The liens and permanent charges of all Assessments (annual, special, or otherwise) provided for herein shall be subordinate to the lien of any deed of trust or mortgage (collectively, "**Mortgage**") placed on a Commercial Site if, and only if, all Assessments and charges with respect to such Commercial Site authorized herein and having a due date on or prior to the date such Mortgage is filed for record have been paid in full. The liens and permanent charges hereby subordinated are only such liens and charges as relate to Assessments and charges authorized hereunder having a due date subsequent to the date such Mortgage is filed for record and prior to the satisfaction, cancellation or foreclosure of such Mortgage or the sale or transfer of the Commercial Site pursuant to a sale under power contained in such Mortgage. Such subordination shall not relieve the Owner of the mortgaged Commercial Site of its personal obligation to pay any and all Assessments and charges coming due at a time when it is the Owner of such Commercial Site; and shall not relieve such Commercial Site from the liens and permanent charges provided for herein (except to the extent a subordinated lien and permanent charge are extinguished as a result of subordination as against a mortgagee or such mortgagee's assignee or transferee by foreclosure or by sale or transfer in any proceeding in lieu of foreclosure or by sale under power). No sale or transfer of such Commercial Site to the mortgagee, or to any other Person, pursuant to a decree of foreclosure, or pursuant to any other proceeding in lieu of foreclosure, or pursuant to a sale under power shall relieve any existing or previous Owner of such Commercial Site of any personal obligation, or relieve such Commercial Site, or the then

Owner of such Commercial Site, from liability for any Assessments or charges authorized hereunder coming due after such sale or transfer. Notwithstanding the foregoing, the Board of Directors may at any time, either before or after any Mortgage or Mortgages are placed on such Commercial Site, waive, relinquish, or quitclaim, in whole or in part, the right of the Association to Assessments and other charges collectible by the Association hereunder with respect to such Commercial Site coming due during the period while such Commercial Site is or may be held by the prior mortgagee or mortgagees which have become an Owner as the result of a sale or transfer pursuant to a decree of foreclosure, sale under power, or any other proceeding in lieu of foreclosure.

ARTICLE 6

CONSTRUCTION OF IMPROVEMENTS

6.1. Plan Approval Required. As provided below, no construction, reconstruction, remodeling, renovation, modification, alteration, excavation, razing, expansion or other construction-like or construction related work of any kind or nature whatsoever commence upon any portion of a Commercial Site unless and until plans and specifications therefor shall have been submitted to and approved by the Architectural Reviewer. Any approval or disapproval by the Architectural Reviewer shall be based on, among other things, adequacy of site dimensions; compatibility and harmony of external design with neighboring structures; effect of location and use of Improvements on neighboring sites, Improvements, operations, and uses; relation of topography, grade and finished ground elevation of the Commercial Site being improved to that of neighboring Commercial Sites; proper facing of main elevation with respect to nearby streets; and conformity and compliance of the plans and specifications with the terms, provisions, purpose and general plan and intent of this Declaration. The Architectural Reviewer shall have the right to disapprove any such plans and specifications, or any specific aspects thereof, to the extent that the Architectural Reviewer deems them unsuitable, undesirable, or inappropriate for any reason within the scope of the authority of the Architectural Reviewer.

The Architectural Reviewer may, in reviewing such plans and specifications consider any information that it deems proper; including, without limitation, any permits, environmental impact statements or percolation tests that may be required by the Architectural Reviewer or any other entity; and harmony of external design and location in relation to surrounding structures, topography, vegetation, and finished grade elevation. The Architectural Reviewer may postpone its review of any plans and specifications submitted for approval pending receipt of any information or material which the Architectural Reviewer, in its sole discretion, may require. Site plans must be approved by the Architectural Reviewer prior to the clearing of any Lot, or the construction of any Improvements. The Architectural Reviewer may refuse to approve plans and specifications for proposed Improvements, or for the re-subdivision or consolidation of any Lot on any grounds that, in the sole and absolute discretion of the Architectural Reviewer, are deemed sufficient, including, but not limited to, purely aesthetic grounds.

As a prerequisite of approval of such plans and specifications, the Architectural Reviewer shall have the power to require the Owner who has submitted such plans and specifications to grant any reasonable utility and/or drainage easements as may be required for the Property for the enjoyment and benefit of the Owners and users of Commercial Sites within the Property. If such consent is not granted, the Architectural Reviewer, in its sole and absolute discretion, shall have the right to cease its review of, and disapprove of, such plans and specifications, all of which shall be final and non-appealable.

6.2. Construction. All Improvements located upon each Commercial Site shall be constructed or installed in accordance with the plans and specifications approved by the Architectural Reviewer. No Improvements shall be altered, and no approved plans and specifications shall be modified in any material respect pertaining to the exterior appearance or design of the subject Improvements (or any other aspect of the same which is reflected in the plans and specifications previously approved by the Architectural Reviewer) unless such alterations or modifications are approved, in writing, by the Architectural Reviewer.

When performing construction, each Owner shall use the area on its Commercial Site designated by the Architectural Reviewer as a construction staging area (i.e., for material and equipment storage sites, construction shacks and temporary Improvements incidental to construction). Each Owner shall keep all construction equipment, vehicles and material in the designated construction staging area, and shall keep such staging area secured at all times with an adequate chain link fence or other barricade or protection device around the area as may be reasonably required by the Architectural Reviewer. In the event that any loose dust, dirt, trash or debris resulting from or attributable to any construction on any Commercial Site accumulates on any other portion of the Property, then the Owner of the subject Commercial Site shall be responsible for removing the same. Each Owner shall also be responsible for restoring to its original condition any portion of the Property that may be damaged as a result of any construction on its Commercial Site.

6.3. Non-liability. Neither the Architectural Reviewer, Declarant, the Association, nor their respective members, partners, beneficiaries, successors or assigns, nor any officer, shareholder, director, agent, partner, employee, or representative of any such Person (collectively, the "**Association Parties**") shall have any liability whatsoever to any Person (i) as a result of the review of any plans and specifications as provided herein, or with respect to any defects, omissions, inconsistencies, or shortcomings contained in such plans and specifications or in any Improvements constructed or made in accordance with any such plans and specifications or located upon any Commercial Site; or (ii) in connection with the performance of the duties or rights of the Architectural Reviewer as provided in or permitted under this Declaration. Every Owner that submits plans and specifications to Declarant or the Architectural Reviewer for approval as herein provided, for itself, its successors and assigns and any Owner or Person claiming through it, by such submission hereby forever releases the Association Parties from and against any and all such liability or claimed liability and waives any and all claims that any of them may have against the Association Parties as a result of any of the foregoing. Approval

of any plans and specifications by the Architectural Reviewer does not eliminate the need to obtain all approvals required from any public or governmental agency or authority having jurisdiction over the proposed Improvements. Where there exists a potential conflict between the criteria set forth herein and any code or legal requirement, the more restrictive criteria shall apply.

ARTICLE 7

EASEMENTS AND LICENSES

7.1. Additional Easement Areas. Declarant hereby reserves unto itself, its successors and assigns, and grants and conveys to the Association, for the benefit of the Property, a perpetual, alienable and releasable easement and right on, over and under each Commercial Site and on Lot 901 reflected on the Plat be for the purpose of providing access for fire control and for the construction, installation, maintenance, and repair of lines, wires, poles, pipes, and related necessary or appropriate facilities for telephone, gas, sewer, water, electricity, and other public or private utility service, together with a temporary nonexclusive easement over and across such portions of each Commercial Site adjacent to the aforesaid easement areas as may be reasonably necessary or appropriate for initial construction and installation of such utilities, provided that with respect to such easement which abuts a street right-of-way, such easement areas may additionally be used for the purposes of landscaping, the installation and maintenance of street lights, traffic speed limits and directional signage and permanent building identification signage. This reservation of right and easement expressly includes the right to cut and remove any trees, bushes or shrubbery, to excavate, remove, and relocate any soil, to remove and replace driveways, curbing and paved areas and to take any other similar action reasonably necessary for reasonable construction, installation, maintenance, and repair of such utilities; provided, however, that the area in which such action occurs shall be restored to good condition.

7.2. Common Area Easement. Declarant hereby creates, grants and reserves for itself perpetual nonexclusive easements, for the benefit of every Owner, the Property and each Commercial Site and all portions thereof, in, on and over all portions of the Common Areas for the purpose of the use and enjoyment of such Common Areas for the purposes for which the same are created and designed. The easements granted pursuant to this Section shall be appurtenant to and shall pass with the title to every Commercial Site, subject to the provisions of this Declaration, including, but not limited to, the easements set forth in this Declaration and all conditions, restrictions, easements, rights-of-way, covenants, equitable servitudes and other encumbrances granted or reserved by Declarant. Any Owner may, subject to this Declaration, the Certificate of Formation and the Bylaws, its right of enjoyment in the Common Areas to its Occupants and tenants. No such delegation shall relieve any Owner of its obligations under this Declaration.

7.3. Services Easement. A general easement is hereby granted to all police, sheriff, security, fire protection, ambulance, and all other similar emergency agencies or persons and to

all trash collection personnel to enter upon all streets and property in the Property in the proper performance of their duties.

7.4. Sign Easement. Declarant grants, creates, declares and reserves for itself, and grants and conveys to the Association, for the benefit of the Property, a non-exclusive easement in, on, over and across the Common Area and on Lot 901 shown on the Plat and the Additional Easement Areas reserved in Article 7.1 hereof for the purpose of constructing, installing, maintaining and replacing directional signs, traffic control signs, identification signs pertaining to the Property and the Occupants of the Property. With respect to identification signs pertaining to Occupants of the Property, such signs may only be located on the Additional Easement Areas located on the Commercial Site of the Owner or Occupant to be identified. Signs and materials which are designed or intended to: (i) promote the orderly traffic flow on and within the Property; (ii) implement and enforce rules and regulations adopted from time to time by Declarant or the Association to effectuate the purposes of this Declaration; or (iii) implement and display advertising and/or other design themes and information that Declarant and/or the Association may adopt from time to time for the Property, may be located in the Common Area or the Additional Easement Areas. The specific design, content and locations of such signs and other materials within the Additional Easement Areas shall be determined by Declarant prior to the Turnover Date, and thereafter the Board, in their sole and absolute discretion. No Owner, Occupant or other Person shall install or permit the installation of any signage, other than by Declarant, in the Common Areas, without the express consent of the Board.

ARTICLE 8 INSURANCE

Each Owner and/or Occupant of a Commercial Site shall at all times maintain or cause to be maintained commercial general liability insurance, all-risk, fire and casualty insurance and such other insurance policies as Declarant, prior to the Turnover Date, and thereafter the Association, may reasonably require from time to time. Said insurance shall be in form, substance and amount, and covering such risks, and issued by such insurance companies, and naming Association Parties as additional insureds or loss payees, and containing such standard mortgagee clauses, as Declarant, prior to the Turnover Date, and thereafter the Association, in their discretion shall reasonably require from time to time. The types and amounts of insurance coverages to be procured and maintained pursuant to this Article shall be commercially reasonable. The all-risk fire and casualty insurance to be carried by each Owner and/or an Occupant shall have limits no less than the full replacement value of the Improvements and personal property on the applicable Commercial Site. The commercial general liability insurance to be maintained hereunder shall have a limit of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate, or such greater amount as reasonably may be required by Declarant or the Association from time to time, and shall include Broad Form Contractual Liability insurance coverage with at least the following endorsements: (1) deleting any employee exclusion on personal injury coverage; (2) naming Declarant, the Architectural Reviewer, the Association, the Board or Directors and any other Person(s) designated from time to time by Declarant, the

Architectural Reviewer or the Association as additional insureds; (3) providing for blanket contractual liability coverage; (4) broad form property damage coverage; (5) deleting any liquor liability exclusion; (6) providing for employer's automobile non-ownership liability; and (7) providing that the policies cannot be cancelled, terminated or modified without at least thirty (30) days' prior written notice to each named additional insured(s). All such insurance shall be primary and noncontributory, shall contain a waiver of subrogation endorsement, shall provide that an act or omission of one of the insureds or named insureds which would otherwise void or reduce coverage shall not void or reduce coverages to the insured or other additional named insureds, as the case may be, and shall afford coverage for all claims based on acts, omissions, injury and damage which occurred or arise (or the onset of which occurred or arose) in whole or in part during the policy period.

Prior to the commencement of any construction or other work on its Commercial Site and prior to commencing occupancy of any existing buildings or other Improvements, and as a condition to the continued occupancy of its building and other Improvements, each Owner shall furnish to Declarant and/or the Association paid certificates of the insurance required to be maintained pursuant to this Declaration. Thereafter, a certificate evidencing the above shall be furnished from time to time as required by Declarant, prior to the Turnover Date, or thereafter by the Association or the Board of Directors.

ARTICLE 9

DECLARANT'S RIGHTS

9.1. Reservations. Declarant shall have and hereby reserves for itself and for the benefit of its successors and assigns owning or developing all or any portion of the Property the right to the reasonable use of the Common Areas and of services offered by the Association in connection with the development, construction, promotion, marketing, sales, resales and leasing of any and all portion of the Property.

No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development, construction, promotion, marketing, sale, resale and leasing of any and all portion the Property. Nothing in this Section shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration. Until the Turnover Date, all rights of the Association, as contemplated herein, shall rest solely with Declarant.

Declarant agrees for the benefit of the Owners that, except where this Declaration provides that any decision may be made in Declarant's, the Architectural Reviewer's, the Association's or the Board of Director's sole and absolute discretion (or words of a similar meaning), such party shall not exercise or refuse to exercise any of its rights, powers, duties or obligations under this Declaration in a manner that would arbitrarily, capriciously and unreasonably interfere with the ownership, occupancy, use, enjoyment or access to any Commercial Site.

9.2. Assignability of Declarant's Rights and Duties. Declarant may assign all of its rights, powers, reservations, obligations and duties, if any, hereunder to any person or entity whatsoever to which Declarant simultaneously conveys its interest in all or substantially all of the Property owned by Declarant as of the date of such assignment and conveyance. By the acceptance of the aforesaid conveyance, the grantee therein shall be conclusively deemed to have accepted such assignment and shall thereafter have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein and, thereupon, Declarant shall be released and relieved thereof. Declarant may at any time and from time to time assign any or all of its rights, powers, reservations, and obligations and duties, if any, hereunder to the Association, whereupon the Association shall accept such assignment and shall thereafter have such rights and powers and be subject to such obligations and duties as are so assigned by Declarant to the Association, and Declarant shall be released and relieved thereof. Notwithstanding anything contained herein to the contrary, from and after the date of termination of the Class B Membership in the Association for any reason whatsoever, the Association shall have all of the rights, powers, privileges, and prerogatives herein granted or reserved to Declarant, and the Association shall further be liable for, and shall be obligated to perform and discharge, all duties, responsibilities, functions, obligations, and liabilities which Declarant is herein obligated or required to perform or discharge or for which Declarant is herein otherwise in any manner whatsoever made liable, and thereupon, Declarant shall be released and relieved thereof.

9.3. Additional Land. Declarant, from time to time and at any time before it has conveyed all of its right, title and interest in and to the Property, shall have the right to render other land that is adjoining or adjacent to the Property or to any street right-of-way adjacent to the Property or to any other property then subject to this Declaration subject and subservient to this Declaration in all respects by executing and recording a supplement to this Declaration containing a description of the land to be added; a statement that Declarant is the record owner in fee simple of such land, or in lieu thereof, a statement that all other persons, firms or corporations having an interest in such land have joined in such supplement; a statement of the additional restrictions or burdens to which such land shall be subjected, if any, and a statement of any waivers, exceptions to and/or variances from the Covenants, terms, provisions and/or conditions contained herein, if any; and a statement of the restrictions, burdens or provisions of this Declaration which shall be applicable to such land in modified form, if any, following the execution, delivery and recording of such supplement, but subject to its terms, such land and the then and future tenants, mortgagees and other Occupants of all or any part thereof shall in all respects be fully subject to this Declaration and all rights, privileges, obligations, duties, liabilities, responsibilities, burdens and restrictions contained herein, except those which are specifically excluded by such supplement.

ARTICLE 10

ENFORCEMENT AND AMENDMENT

10.1. Enforcement. The Declarant, prior to the Turnover Date, and thereafter the Association shall have the power and authority, in the name of the Association, and on behalf of itself and the Owners, or in the name of and on behalf of any Owner who consents in writing thereto, to commence, maintain, or defend legal actions to enforce or construe this Declaration or to restrain and enjoin any breach or threatened breach of the Declaration. The Declarant and Association shall have the right to file and defend a suit for injunctive relief, damages, and/or other relief on behalf of the Association and/or the Owners who consent in writing to the same. Relief recoverable includes, without limitation, removal or modification of any Improvement constructed or modified in violation of this Declaration. The Association is also authorized to settle claims, enforce liens, and take all other action that it deems necessary or reasonable and expedient to enforce this Declaration and/or to carry out the duties of the Association as set forth in this Declaration or the Bylaws. If an Owner or other person with standing complains of a violation of this Declaration and the Association determines that the alleged violation is of such doubtful character and/or of such limited scope or impact as not to warrant the expenditure of Association resources, the Association may decline to undertake action to enforce such violation and leave enforcement to the complaining party.

10.2. Rules and Regulations. The Board shall be entitled to adopt and implement reasonable Rules governing the appearance and use of Lots and in establishing policies for enforcement of the Declaration and Bylaws; provided, however, that such Rules shall not restrict, prohibit, or unreasonably interfere with the then-existing use of a Commercial Site to the extent such use is otherwise permissible under this Declaration and all applicable laws and in effect with respect to the applicable Commercial Site prior to the adoption and implementation of the Rules.

10.3. Amendment.

(a) Until the Turnover Date, Declarant may, in its sole and absolute discretion, unilaterally amend this Declaration at any time and from time to time; provided, however that no such amendment may: (i) unreasonably impair or deprive any Owner of a Commercial Site acquired prior to the date of such amendment of the ownership, occupancy, use, enjoyment or access to such Owner's Commercial Site, (ii) directly and materially derogate or diminish the rights and benefits afforded by this Declaration to any particular Commercial Site, or (iii) directly and materially increase the burdens imposed by this Declaration upon any particular Commercial Site. Subject to the foregoing, any such amendment may impose Covenants, conditions, restrictions and easements upon the Property in addition to those set forth herein, including, without limitation, restrictions on use and covenants to pay additional charges with respect to the maintenance and improvement of the Property.

(b) From and after the Turnover Date, the Association may unilaterally amend this Declaration if such amendment is: (i) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, regulation or judicial order or other law, (ii)

necessary to enable any reputable title insurance company to issue title insurance coverage on the Commercial Sites, or (ii) necessary to correct errors or inconsistencies; provided, however, any such amendment shall not materially adversely affect the title to any Commercial Site unless the Owner thereof has consented to such amendment, which consent shall not be unreasonably withheld, delayed or conditioned, and shall be deemed granted if not expressly withheld (with specific reasons therefor) in a writing received by Declarant within ten (10) days after delivery of a request for such consent. Any notice requesting an Owner's consent to an amendment as required pursuant to this subsection (a) shall contain the following statement which shall be displayed prominently in such notice and in bold, capital letters: **"FAILURE TO RESPOND TO THIS REQUEST FOR CONSENT WITHIN TEN (10) DAYS AFTER DELIVERY OF THIS REQUEST FOR CONSENT SHALL RESULT IN AND BE DEEMED YOUR CONSENT TO THE AMENDMENT PROPOSED HEREIN."** Any amendment shall be effective immediately upon the filing thereof in the Office of the Official Public Records of Real Property of Guadalupe County, Texas, regardless of whether actual notice thereof has been given to any Person having an interest in the Property or any portion thereof.

(c) At such time as the Class B membership no longer exists, and subject to the amendments permitted pursuant to the immediately preceding subsection (a), this Declaration may be amended by an affirmative vote of the then Owners having not less than two-thirds (2/3rds) of the total number of votes held by the Owners, as of the date such vote is taken; provided, however, that: (i) no amendment shall in any manner materially adversely affect any obligations with respect to any Owner without the consent of such Owner; and (ii) no amendment shall adversely affect the rights of a holder of any Mortgage without such holder's consent. No amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

ARTICLE 11

GENERAL PROVISIONS

11.1. Notice of Sale or Transfer of Title. In the event that an Owner sells or otherwise transfers title to a Commercial Site, such Owner shall give to Declarant, prior to the Turnover Date and thereafter to the Association, written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Association, the transferor shall continue to be jointly and severally responsible for all obligations of the Owner of the Commercial Site hereunder, including payment of Assessments, notwithstanding the transfer of title to the Commercial Site.

11.2. Registration By Owners Of Mailing Addresses And Notices. Each Owner shall register its mailing address with the Association from time to time. If an Owner fails to register its mailing address, the Association and Declarant may continue to use the address on file for notices to the prior Owner and notices sent to such address(es) on file shall be binding on such Owner and Member who has failed to register. Any notices required to be sent under the

provisions of this Declaration shall be sent by personal delivery or by courier guarantying next business day delivery or by United States mail, by registered or certified mail, return receipt requested, postage prepaid and shall be deemed to have been received upon the earlier of actual receipt or the date on which delivery is first refused by the recipient thereof; in each case addressed as follows:

If to Declarant:	First National Bank Of Sonora, Texas, D/B/A Sonora Bank Attn: Robert A. Malone 102 E. Main St. Sonora, TX 76950
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or to such alternative or additional addresses as Declarant may direct by written notice from time to time.

11.3. Construction and Interpretation. Every Person that now or hereafter acquires any right, title, estate, or interest in or to any Commercial Site is and shall conclusively be deemed to have consented and agreed to every Covenant, term, provision and condition contained herein, whether or not any reference to this Declaration is contained in the instrument by which such Person acquires its interest in said Commercial Site. It is specifically provided and agreed that the customary rule requiring documents to be construed most strictly against the party preparing such documents shall not apply to this Declaration. The provisions of this Declaration shall be liberally interpreted to effectuate the purposes of creating a uniform plan for the development and operation of the Property, and of promoting and effectuating the purpose and intent of the fundamental concepts set forth in this Declaration.

11.4. Conflict Between Documents. In case of conflict between this Declaration and the Certificate of Formation or the Bylaws, this Declaration will control.

11.5. Paragraph Headings. Paragraph headings are inserted for convenience only and are not intended to be a part of this Declaration or in any way to define, limit or describe the scope or intent of the particular paragraph to which they refer.

11.6. Effect of Invalidation. If any provision of this Declaration is held to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof, and for the purposes hereof all Covenants as contained herein shall be deemed to be severable each from the other without qualification.

11.7. Applicable Law. This Declaration shall be governed by, and construed and interpreted in accordance with, the laws of the State of Texas, without giving effect to choice of laws principles.

11.8. Not a Public Dedication. Nothing herein contained shall be deemed to be a grant, gift or dedication of any portion of the Property to the general public or for the general public or for any public proposes whatsoever, it being the intention of this Declaration that this Declaration shall be strictly limited to and for the parties described herein.

11.9. Compliance With Law. Each Owner shall at all times comply with all Laws and all applicable regulations of the local fire insurance rating organization having jurisdiction or any other organization or board exercising a similar function with respect to the construction, maintenance, operation and use of such Owner's Commercial Site and the Improvements thereon.

11.10 Rule Against Perpetuities. If and to the extent that any of the Covenants herein would otherwise be unlawful or void for violation of (a) the rule against perpetuities, (b) the rule restricting restraints on alienation, or (c) any other applicable statute or common law rule analogous or similar thereto or otherwise imposing limitations upon the time for which such Covenants may be valid, then the provision concerned shall continue and endure only until the expiration of a period of twenty-one (21) years after the death of the last to survive of the class of Persons consisting of all of the lawful descendants of the current President of the United States of America, Joseph R. Biden, Jr., living at the date of this Declaration.

11.11. Waiver. No failure on the part of Declarant, the Association, the Architectural Reviewer or the Board of Directors to give notice of default or to exercise or to delay in exercising any right or remedy hereunder shall operate as a waiver, except to the extent otherwise expressly provided in this Declaration. No waiver by the Association shall be effective unless it is in writing, signed by the president or vice president of the Board on behalf of the Association.

11.12. No Partnership, Joint Venture Or Principal-Agent Relationship. Neither anything contained in this Declaration nor any acts of Declarant performed pursuant to this Declaration shall be deemed or construed to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between Declarant and any Owners and Occupants of Commercial Sites.


11.13. Litigation Expenses. If Declarant, the Association or any Owner shall bring an action or proceeding (including, without limitation, any cross-complaint, counterclaim or third party claim) against any other Owner, the Declarant or the Association, as the case may be, by reason of the breach or alleged violation of any Covenant, term, provision or obligation of this Declaration, or for the enforcement of any provision of this Declaration, or otherwise arising out of this Declaration, the Prevailing Person (as hereinafter defined) in such action or proceeding shall be entitled to receive from the other Owner (or the Declarant or the Association, as the case may be) its costs and expenses of suit including, without limitation, reasonable attorneys' fees and disbursements, which shall be payable whether or not such action is prosecuted to judgment. "**Prevailing Person**" shall mean a Person who, in an adversarial proceeding is awarded damages or other relief substantially equal to the relief sought by such Person, or who successfully defends

such proceeding, or who dismisses an action for recovery under this Declaration in exchange for payment of the sums allegedly due, performance of Covenants allegedly breached or consideration substantially equal to the relief sought in the action. No Owner shall have the right to enforce a specific term, provision, Covenant and/or condition contained in the Declaration against any other Owner if such other Owner shall have, pursuant to the terms of this Declaration, obtained from the Declarant, the Association, the Architectural Reviewer or the Board of Directors a variance or waiver of any of such specific term, provision, Covenant and/or condition.

11.14. Entire Agreement. This Declaration contains the entire agreement with respect to the subject matter of this Declaration as of the date hereof. Any prior correspondence, memoranda or agreements concerning the subject matter hereof are superseded in total by and integrated into this Declaration. The provisions of this Declaration shall be construed liberally as a whole according to their common meaning and not strictly for or against any Person.

Executed to be effective the 4th day of December, 2024 (the "Effective Date").

FIRST NATIONAL BANK OF SONORA, TEXAS
D/B/A SONORA BANK

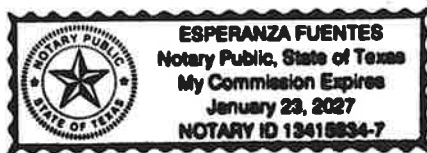
By: 
Name: Robert A Malone
Title: Executive Chairman, President & CEO

THE STATE OF TEXAS

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COUNTY OF Sutton

This instrument was acknowledged before me on this 4th day of Dec, 2024 by Robert A. Malone, as Exec. Chairman, Pres. CEO of First National Bank of Sonora, Texas d/b/a Sonora Bank for and on behalf of said bank.




NOTARY PUBLIC, STATE OF TEXAS