

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
OF
SADDLETREE RANCH PHASE ONE

THE STATE OF TEXAS §
 §
COUNTY OF VICTORIA §

WHEREAS, CHARLES RAY MORRISS FAMILY TRUST, CURTIS LEWIS MORRISS, TRUSTEE, CURTIS LEWIS MORRISS FAMILY TRUST, CHARLES RAY MORRISS, TRUSTEE, CHARLOTTE BRACKEN MORRISS, hereinafter called the Declarant, P.O. Box 1688, Cedar Park, Texas 78630 is the owner of all that certain real property located in Victoria County, Texas, described on Saddletree Ranch Phase One as recorded in Plat in Volume 7, Page 197A, 197B and 197C of the Victoria County Plat Records.

WHEREAS, the Declarant will convey the above described property, subject to certain protective covenants, conditions, restrictions, liens and charges as hereinafter set forth;

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

ARTICLE ONE

GENERAL PROVISIONS

1.01 Definitions - The following words when used in this Declaration (unless the context shall otherwise prohibit) shall have the following meanings:

(a) Association - A corporation organized under the Texas Non-Profit Corporation Act, to be known as Saddletree Ranch Property Owners Association or by such other name as may be designated at the time of its incorporation.

(b) Board - The Board of Directors of the Association as provided in Section 2.05 hereof.

(c) Committee - The Architectural Control Committee designated and constituted as provided in Article Four hereof.

(d) Common Area - There are no common areas in Phase One of Saddletree Ranch.

(e) Declarant - Shall refer to CHARLES RAY MORRISS FAMILY TRUST, CURTIS LEWIS MORRISS, TRUSTEE, CURTIS LEWIS MORRISS FAMILY TRUST, CHARLES RAY MORRISS, TRUSTEE, CHARLOTTE BRACKEN MORRISS, their successors and assigns.

(f) Declaration - This Declaration of Covenants, Conditions and Restrictions, as the same may be amended at any time and from time to time as provided for herein.

(g) Erected - Assembled on the Lot to which the structure becomes permanently affixed from basic Construction materials, but not preconstructed exterior panels, units or parts such as with a Modular, Mobile, Manufactured, preconstructed or prefabricated structure.

(h) Lot - Shall refer to any of the numbered plots of land shown on the recorded map or Plat of the Subdivision.

(i) Manufactured - Partially or wholly constructed off the site upon which the structure will become affixed.

(j) Member - The Owner of each Lot who shall be a Member of the Association as provided in Section 2.30 hereof.

(k) Mobile Home - A structure transportable in one or more sections which is built on a permanent chassis foundation, and when connected to the required utilities, includes the plumbing, heating, air conditioning, and electrical systems contained therein.

(l) Modular Home - A dwelling that is Manufactured in two or more modules at a location other than the home site and which is designed to be used as a residence when the modules are transported to the home site, and the modules are joined together and installed on a permanent foundation system. The structure can include the plumbing, heating, air conditioning and electrical systems.

(m) Owner - Shall refer to the record Owner, whether one or more persons or entities, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

(n) Plat - The recorded Plat in Volume 7, Page 197A, 197B and 197C of the Victoria County Plat Records which shows the separate Lots, as well as Common Areas, proposed roadways, other easement areas, and other features of the Properties.

(o) Property - Property or Properties shall refer to that certain real Property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

(p) Subdivision - Shall mean and refer to Saddletree Ranch-Phase One as recorded in Victoria County, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE TWO

ASSOCIATION

2.01 The Association - The Declarant shall charter a corporation organized under the Texas Non-Profit Corporation Act to be known as Saddletree Ranch Property Owners Association, or by such other name as may be designated at the time of its incorporation. The Association, acting through its Board, shall have the power to enforce the covenants, conditions, restrictions, and all other terms contained in this Declaration, and, subject to the provisions set forth herein, shall also have the following powers:

- (a) To grant variances from the restrictions and obligations set forth herein.
- (b) To enforce the obligations and covenants of any Owner as set forth herein.
- (c) Those powers specified in the By-Laws and Articles of Incorporation of the Association.

Declarant, the Association and the board, shall never be under any obligation to enforce the covenants, conditions, restrictions and other terms of this Declaration, and any failure to so enforce shall never give rise to any liability whatsoever on the part of the Declarant, Declarant's successors or assigns, the Association or the Board.

2.02 Additional Powers - The Association, to the extent the Board deems appropriate for Association purposes, shall have the power to own real and personal Property, open bank accounts, contract for legal, accounting and other professional services, retain employees, and to otherwise do that which it believes necessary or prudent to carry out the terms of this Declaration or to conduct its business and affairs.

2.03. Membership - The Owner of each Lot, shall automatically be a Member of the Association.

2.04 Voting Rights - The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot owned in the Property.

Class B. The Class B. Member shall be the Declarant. Class B Member shall be entitled to three (3) votes for each Lot owned in the Property by the Declarant. Notwithstanding any provision contained herein to the contrary, the Class B Membership shall cease and be converted to Class A Membership at such time as:

(1) The Declarant conveys and/or dedicates seventy-five percent (75%) or more of the Lots of the Property to bona fide third parties for their own use and occupancy or to any governmental authority for public uses or

(2) December 31, 2017

whichever shall first occur.

All notice requirements and other matters relating to voting and other matters of the Association shall be set forth in the Association By-Laws.

2.05 Board of Directors - The Association shall have a Board of Directors composed of at least three (3) Members. The By-Laws of the Association shall specify the procedure for nomination and election of Directors, as well as the terms to be served by the respective Board Members.

2.06 Powers of the Board - The Board shall have those powers enumerated in the By-Laws of the Association so as to enable it to provide for maintenance of Common Areas, support of the Committee and reasonable management of Association affairs.

ARTICLE THREE

ASSESSMENTS

3.01 Covenants for Assessments - Declarant, for each Lot owned by it within the Properties, hereby covenants and agrees, and each Owner of any Lot by acceptance of a deed or other instrument of conveyance therefore whether or not it shall deem expressed in any such deed or other instrument of conveyance, shall pay to the Association: (i) regular (as specified by the Association) assessments or charges; and (ii) such special assessments as may be levied and allowable hereunder. The regular and special 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 each Lot against which each such assessment is made and shall be the continuing obligation of the then existing Owner of such Lot at the time when the assessment became due. The personal obligation of

the Owner for delinquent assessments shall become an obligation of Owners Estate upon death or shall pass to his successors in title if the property is transferred.

3.02 Purpose of Assessment - The assessments levied by the Association shall be used exclusively for the purpose of promoting the welfare of the Owners and for carrying out the purposes of the Association as set forth in its Articles of Incorporation and in this Declaration. The principal purpose of the assessment is to maintain and landscape any signs and /or entrances to the property, whether owned by the Association or County and any Common Areas, if any, located on the Property for the general benefit of the Properties.

3.03 Annual Assessment - The initial annual assessment and all subsequent annual assessments for all the Lots will be set by the Board.

(a) The annual assessment may be increased by the Board each year by not more than 10% above the annual assessment for the previous year without a vote of the membership.

(b) The annual assessment may be increased by more than 10% of the previous annual assessment by a vote of two-thirds (2/3rds) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

3.04 Special Assessments - In addition to the assessments authorized herein, the Association may, by vote of its Members, levy in any assessment year or years a special assessment for the purpose of deferring, in whole or in part, the cost of any necessary expense of the Association for carrying out any purposes of the Association as set forth in the Articles of Incorporation, Any such special assessment must be approved by a vote of two-thirds (2/3rds) of each class of Members who are voting in person or by proxy.

3.05 Due Date of Assessments - The first assessment shall become due and payable on a date determined by the Board and shall be considered delinquent if not paid within thirty (30) days of that date. Subsequent installments shall become due in such installments (monthly, quarterly, annually, etc.) as may be provided by the Board and shall be considered delinquent if not paid within thirty (30) days of the date due.

3.06 Effect of Non-Payment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. Interest, costs including the fees and charges of filing the notice of lien and reasonable attorney's fees incurred by any such action shall be added to the amount of such assessment or charge. Each such Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to Chapter 51 of the Texas Property Code, and such Owner hereby

expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all Lot Owners. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot. The lien for assessments herein provided may be foreclosed, without prejudice and subject to all liens for taxes or special assessments levied by any city, county and state governments or any political subdivision or special district thereof, and liens securing amounts due or to become due under any mortgage, vendor's lien or deed of trust filed for record prior to the date payment of such assessment becomes due; by the holder thereof in the same manner as either a vendor's lien, or as is provided for foreclosure of a contractual deed of trust lien on real property under Section 51.002 of the Texas Property Code, or by judicial foreclosure. In the event of foreclosure under said Section 51.002, the Association shall be entitled to designate a trustee by instrument recorded in the Office of the County Clerk of Victoria County, Texas, and upon such recording, such trustee shall, at the request of the Association, give notice of sale as required by said Section 51.002 and sell such Lot, or interest therein, to the highest bidder for cash at the Courthouse door of Victoria County, Texas, at public auction and at the time provided in said statute, it being understood that the recitations contained in the trustee's deed shall be conclusively presumed true and correct. In addition Association may withhold any overdue assessments from the Owners Mineral Interests described in Article Seven hereof.

ARTICLE FOUR

ARCHITECTURAL CONTROL

4.01 Architectural Control Committee - The Association shall have an Architectural Control Committee (the "Committee") which shall consist of no fewer than three (3) members who shall be natural persons, and who shall be appointed by the Board. For a period of ten (10) years from the date of execution of this Declaration or such time as Declarant's Class B voting rights are in force (2.04), whichever is shortest, the appointment of the members of the Committee must be approved by Declarant. After such date, the Board shall have the exclusive right and power at any time and from time to time to create and fill vacancies on the Committee. The Declarant and/or Board's discretion in such matters shall be unreviewable.

4.02 Approval of Plans and Specifications - No building or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to, or change or alteration therein, be made, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to, and approved in writing by, the Committee as to harmony of external design and location in relation to surrounding structures and topography. No exterior fences, walls or hedges may be erected, placed or altered on any Lot until the plans and specifications showing the construction of such walls, fences or hedges are submitted to the Committee and approved as to design, materials and height.

4.03 Failure of Committee to Act - In the event that any plans and specifications are submitted to the Committee as provided herein, and such Committee shall fail either to approve or reject such plans and specifications for a period of twenty-one (21) days following such submission, approval by the Committee shall not be required, and full compliance with this Article shall be deemed to have been had.

4.04 Rules and Regulations - The Committee shall promulgate such rules and regulations as it, in its sole discretion, deems proper to govern the submission of plans and specifications, including a requirement of design submission in phases, as well as format and content. A copy of such rules and regulations shall be made available to all Owners upon request. Such rules and regulations may be amended at any time and from time to time as the Committee may see fit, provided, however, that once final approval has been given, no subsequent change in rules or regulations shall affect such approval.

4.05 Limitation of Liability - Neither the Declarant, the Association, the Committee, nor any of the members thereof shall be liable in damages or otherwise to anyone submitting plans and specifications for approval, or to any other person or entity affected by the Declaration by reason of mistake of judgment, negligence (gross or otherwise), or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications.

ARTICLE FIVE

PROPERTY RIGHTS

No common areas are allowed for in Phase One of Saddletree Ranch.

ARTICLE SIX

USE RESTRICTIONS

The purpose of these restrictions, conditions and covenants of Articles Six and Seven is to protect the value and the desirability of the real property in this subdivision and to provide for an orderly and legal method of administering the lot Owners mineral interest in the property.

All lot Owners in this subdivision are members of Saddletree Ranch Property Owners Association. See responsibilities under the section on Property Owners Association.

Use Restrictions:

6.01 All lots in this subdivision shall be restricted in use to single family private residences exclusively. All commercial or business use is hereby restricted except for the following cases:

a. Trade, business, or profession that generates less than three trips per day by visitors and has no more than two non-household employees may be conducted in the subdivision;

b. Model homes used for marketing homes within the subdivision;

c. Sales office used for marketing lots in the subdivision. Said sales office shall be removed or incorporated into a building associated with a single family residence by the time 75% of the lots in all phases of the development have been sold.

6.02 All plans and specifications for proposed construction of lot improvements must be submitted in writing to the Architectural Control Committee as provided for in the Article Four Architectural Control 4.02.

6.03 All residences must have a minimum of 50% of the exterior walls of the residence constructed of brick or stone. The calculation shall exclude the doors, windows, and gables, but will include any stone or brick used in fireplace chimneys.

6.04 All single story residences must have a minimum of 1500 sq.ft. of living area, exclusive of open porches and/or garages, enclosed within the main structure. Two story residences must have a minimum of 1800 sq.ft. of living area.

6.05 The residence must be substantially complete within nine (9) months of having started construction. No residence may be lived in until it is substantially complete and served by a septic system approved by the Victoria County Health Department or other appropriate regulatory agency. Each residence must be connected to a potable water supply. For the purpose of this restriction, substantially complete shall be defined as: all exterior construction shall be complete including any exterior finishes on walls; all interior walls must be constructed; all electrical service and fixture installed; all plumbing installed; and no construction materials for the residence stored on the lot.

6.06 All residences must be constructed on the site. No modular homes, mobile homes, manufactured homes, or moved in homes will be allowed. No temporary buildings of any kind are allowed. The main residence must be built or under construction before any associated buildings may be built, except for a well house, barn or stable. No temporary living quarters may be placed on the lot, except when the main residence has been destroyed by fire or storm.

6.07 No storage of construction materials shall be permitted except during the time when actual construction is under way. During construction, the storage of construction materials must be kept in an orderly manner. No rubbish or trash shall be allowed to accumulate in an unsightly manner.

6.08 Each residence must have a minimum of a two car garage attached or detached from the residence. No carports with open sides shall be allowed. Said garage must be in harmony with

the architecture of the residence. Each residence may have associated buildings, such as barns, well houses, tack-rooms, and stalls of permanent construction on the lot so long as they conform with the architecture of the residence.

6.09 Each lot Owner may have farm animals for their personal use. The number of large farm animals shall not exceed the number of acres in the lot. No hogs, emus, ostriches, rheas, quinea, or pea fowls are allowed. No kennels or breeding of small animals for commercial purposes shall be allowed. All animals, including pets, must be confined to owners property and shall not be allowed to roam free.

6.10 No lot shall be used for a storage yard for any commerical or business purpose. No construction equipment, machinery, or dual wheeled commerical trucks shall be parked on the lots except during actual construction of the improvements on the lot.

6.11 All trailers, recreational vehicles, boats, and unused autos must be stored out of view of the street. All vehicles except for those belonging to visitors must be parked behind the front building setback line. No parking will be allowed on the streets.

6.12 All residences, associated buildings, and fences must be kept in a good state of repair, and must be painted or otherwise restored when necessary to preserve the attractiveness of the subdivision.

6.13 No lot shall be used for any unenclosed storage of any nature. No trash, garbage, rubbish, debris or junk shall be permitted except in sanitary containers kept out of view from the street.

6.14 No noxious or offensive activity shall be carried on or maintained on any lot, nor shall anything be done thereon which may be or become a nuisance within the subdivision.

6.15 No signs may be erected in public view except for one sign of no more than 5 sq.ft. advertising the property for sale. The developer's advertising sign is exempt from this restriction.

ARTICLE SEVEN

OIL, GAS AND MINERAL EXPLORATION AND DEVELOPMENT

7.01 All lot Owners in this subdivision shall have a share in proportion to their acreage owned of a 50% mineral interest in the 426.666 acres as described in the Partition Deed between Annie Bell Bracken Morriss and Charlotte Bracken Morriss recorded in Volume 541, Page 133 of the Deed Records in Victoria County, Texas.

7.02 The executive rights to administrate this mineral interest of the lot Owners shall be the responsibility of the Property Owners Association. The Board of Directors of the Property Owners Association and the Owners of the remaining 50% mineral interest shall share equally in the executive rights of the mineral interest.

7.03 All lots in this subdivision, except for those designated on a filed plat, are restricted from having development of oil, gas, and other mineral excavations and/or drilling. No storage or processing facilities for the development of oil, gas, and other minerals shall be erected on the lots except for the lots designated in the filed plat. Geologic and geophysical surveys activity shall be allowed on all lots with 100% of the surface damages being paid to the lot Owner. Any damages to property improvements by geologic and geophysical surveys activity shall be the liability of the company responsible for the geologic and geophysical surveys activity.

7.04 No oil or gas well shall be drilled or associated excavations made within 500 feet of any residence. All residences must be constructed 500 feet from the designated drilling area as shown on a recorded plat.

ARTICLE EIGHT

MISCELLANEOUS PROVISIONS

8.01 Enforcement - The Declarant, the Board or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions and reservations now or hereafter imposed by the provisions of this Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Reasonable attorneys fees shall be allowed to any prevailing party in any action in any court of competent jurisdiction to enforce any of the provisions contained in this Declaration.

8.02 Severability - Invalidations of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, and all other provisions shall remain in full force and effect.

8.03 Duration and Amendment - The covenants, conditions and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of, and be enforceable by, the Declarant, the Board or the Owner of any Lot subject to this Declaration, and their respective legal representatives, heirs, successors and assigns, and unless amended as provided herein, shall be effective for a term of twenty (20) years from the date this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years. The covenants, conditions and restrictions of this Declaration may be amended by the Declarant until incorporation of the Association, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Members of each voting class, but Article Six of this Declaration shall remain subject to the right of the Association to grant waivers and variances

therefrom. Declarant shall have the right to amend this Declaration without the approval of Class A Members in order to comply with FHA or VA requirements. No amendment shall be effective until recorded in the Deed Records of Victoria County, Texas, nor until the approval of any governmental regulatory body which is required shall have been obtained.

8.04 Staged Developments - Additional land within the 426.666 described in Volume 541, Page 133 of the Deed Records of Victoria County, Texas and any property adjacent thereto may be annexed by the Declarant without the consent of Members within twenty (20) years of the date of this instrument by filing a supplemental amendment to this Declaration in the Deed Records of Victoria County, Texas, thereby annexing such property into the jurisdiction of the Association.

Executed by the said Declarant, this 2nd day of August, 1997

Curt Lewis Morris, Trustee
CHARLES RAY MORRISS FAMILY TRUST,
CURTIS LEWIS MORRISS, TRUSTEE, DECLARANT

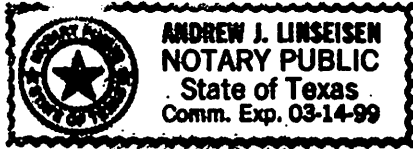
Charles Ray Morris, Trustee
CURTIS LEWIS MORRISS FAMILY TRUST,
CHARLES RAY MORRISS, TRUSTEE, DECLARANT

Charlotte Bracken Morris
CHARLOTTE BRACKEN MORRISS, DECLARANT

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COUNTY OF TRAVIS }

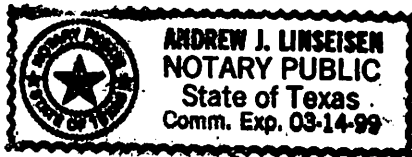
This instrument was acknowledged before me on this the 22 day of September, 1997, by
CHARLES RAY MORRISS FAMILY TRUST, CURTIS LEWIS MORRISS, TRUSTEE, DECLARANT.



C/L
Notary Public, State of Texas

THE STATE OF TEXAS }
COUNTY OF TRAVIS }

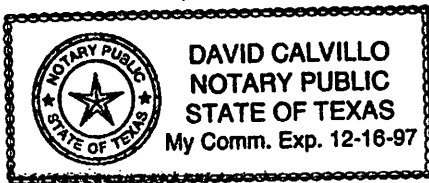
This instrument was acknowledged before me on this the 22 day of September, 1997, by
CURTIS LEWIS MORRISS FAMILY TRUST, CHARLES RAY MORRISS, TRUSTEE, DECLARANT.



C/L
Notary Public, State of Texas

THE STATE OF TEXAS }
COUNTY OF TRAVIS }

This instrument was acknowledged before me on this the 2nd day of Aug., 1997, by
CHARLOTTE BRACKEN MORRISS, DECLARANT.



David Calvillo
Notary Public, State of Texas

FILED
97 OCT 21 PM 4:35

Val D. Hunsat
COUNTY CLERK
VICTORIA COUNTY, TEXAS
By: Josie Sampson, Deputy

STATE OF TEXAS COUNTY OF VICTORIA
I hereby certify that this instrument was filed on
the date and time stamped hereon by me and was
duly recorded in the volume and page of the official
records of Victoria County, Texas as stamped hereon
by me.

OCT 21 1997



Val D. Hunsat
COUNTY CLERK, Victoria County, Texas