

RESTATED MASTER DECLARATION
AS AMENDED AND RESTATED ON

SEPTEMBER 1, 2006

WATERFORD ON LAKE TRAVIS

WATERFORD ON LAKE TRAVIS

POLICY STATEMENT

Waterford on Lake Travis was conceived as a subdivision where all property owners would be able to enjoy the finest and most beautiful recreational lake in Texas, either by direct lake access or by breathtaking, unobstructed lake views. It is the intention of the Developer that all of the homes and related Improvements be compatible with one another, and be consistent with and in harmony with the natural beauty of the property. Much care and thought went into the planning and development of this project and we want you to know that same care and thought has gone into the preparation of these restrictions. Great attention to every detail will insure that the initial concept for Waterford on Lake Travis will continue and will benefit all property owners for years to come. Every effort will be made to enhance our quality of life and the enjoyment of our greatest asset - Lake Travis.

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**WATERFORD ON LAKE TRAVIS
RESTATED MASTER DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS
AND PROPERTY OWNERS' ASSOCIATION**

THE STATE OF TEXAS §
 § KNOW ALL BY THESE PRESENTS:
COUNTY OF TRAVIS §

THAT WHEREAS, Kingfisher Cove, Ltd., a Texas Limited Partnership, (“Original Grantor”), was the owner and developer of that certain real property located in Travis County, Texas, as more fully described in Exhibit “A” attached hereto and made a part hereof for all purposes; and

WHEREAS, Kingfisher Cove, Ltd., as original Grantor, has assigned all of its right, title and interest as original Grantor/Declarant hereunder to Waterford on Lake Travis, Ltd. by Assignment of Grantor/Declarant’s Rights dated October 21, 1997 in Volume 13116, Page 0015 of the Real Property Records of Travis County, Texas resulting in Waterford on Lake Travis, Ltd. being the subsequent Grantor hereunder for all purposes; and

WHEREAS, the Original Grantor has conveyed the above described properties, subject to certain protective covenants, conditions, restrictions, liens, and charges hereinafter set forth; and

WHEREAS, subsequently, Waterford on Lake Travis, Ltd. Assigned its rights as Grantor to Waterford on Lake Travis POA II, Inc (“Grantor”), Grantor desires to create and carry out a plan for the improvement, maintenance, development and sale of all of the lots in the Subdivision, Waterford on Lake Travis, and to create and carry out a plan for the maintenance and repair of all common areas, rights-of-way, private roadways, public utility and drainage easements, and for the benefit of the present and future owners of said lots, and hereby adopts and establishes the following declaration, reservations, restrictions, covenants, conditions and easements to apply to the use, improvement, occupancy and conveyance of all lots in the Subdivision, Waterford on Lake Travis, including the roads, avenues, and streets therein; and does hereby establish a Property Owners’ Association to effectuate and carry out its purposes and plan as to Sections 1 and 2 of Waterford on Lake Travis as further described in Exhibit “A,” attached hereto; and

WHEREAS, this Restated Master Declaration is made in amendment and restatement of and completely replaces the following: (i) Master Declaration filed of record on July 19, 1995 in Volume 12482, at Page 0045, Real Property Records of Travis County, Texas; (ii) Master Declaration as amended and restated on June 20, 1996 filed of record on July 1, 1996 in Volume 12719 at Page 0003, of the Real Property Records of Travis County, Texas; (iii) Master Declaration as amended and restated on February 4, 1998 filed of record on February 24, 1998 in Volume 13126 at Page 0001, of the Real Property Records of Travis County, Texas; and (iv) Restated Master Declaration as Amended and Restated on September 1, 2006, provided that this Restated Master Declaration shall not amend, revise and be applicable to Waterford on Lake Travis Sections 2A, 3, 4, 5, 6, and 7 as further described in Exhibit “B,” attached hereto and shall only apply to Sections 1 and 2 described in Exhibit A; and

WHEREAS, Waterford on Lake Travis, Ltd., as prior Grantor, has annexed additional real property into Waterford on Lake Travis and under this Declaration by Execution and recordation

of that one certain Notice of Addition of Land into Waterford on Lake Travis Master Declaration filed of record November 17, 1997 in Volume 3063, Page 163 of the Real Property Records of Travis County, Texas, resulting in the annexation of the real property commonly known as Sections 2 and 3 of Waterford on Lake Travis;

NOW, THEREFORE, Grantor does hereby make and file this Restated Master Declaration and declare that all of the property described herein and made subject hereto as described on Exhibit “A”, whether now included or later annexed pursuant to the provisions hereof, shall be held, sold, conveyed and occupied 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, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof; provided that this Restated Master Declaration shall not amend, revise and be applicable to Waterford on Lake Travis Section 1, Lot 1 Blocks D, E, and G, and Section 2A, 3, 4, 5, 6, and 7 as further described in Exhibit “B,” attached hereto. The provisions of this Declaration shall be deemed to be incorporated in each deed or other instrument by which a lot or other property in Waterford on Lake Travis Sections 1 or 2 is conveyed, whether or not the deed or instrument makes reference hereto.

ARTICLE I DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this Master Declaration shall have the meanings hereinafter specified:

1.01 Architectural Committee “Architectural Committee” (hereinafter sometimes “committee”) shall mean the committee created pursuant to Article VIII hereof.

1.02 Architectural Committee Rules “Architectural Committee Rules and Standards for WOLT Property Association II, Inc.” (hereinafter sometimes “Committee Rules”) shall mean the rules adopted by the Architectural Committee pursuant to Section 8.03 hereof.

1.03 Articles “Articles” shall mean the Articles of Incorporation of WOLT Property Owners Association II, Inc., as filed in the office of the Secretary of State of the State of Texas, and as such Articles may, from time to time, be hereafter amended.

1.04 Assessments “Assessments” shall mean Assessments of WOLT Property Owners Association II, Inc. and includes regular, special and reimbursement Assessments. “Assessment” shall also have the meaning set forth in Section 5.07(A).

1.05 Association. “Association” shall mean WOLT Property Owners Association II, Inc., a Texas nonprofit corporation, its successors or assigns.

1.06 Association Property “Association Property” shall mean all real or personal property now or hereafter owned by or leased to the Association.

1.07 Board “Board” shall mean the Board of Directors of WOLT Property Owners Association II, Inc.

1.08 Bylaws “Bylaws” shall mean the Bylaws of the Association which may be adopted by the Board, and as from time to time amended.

1.09 Common Area “Common Area” or “common areas” shall mean and include (a) the real property in Travis County, Waterford on Lake Travis, Section 1, Lots 87, 88, 89,90, Block A; Lot 24, Block B; Lot 1, Block C; Lot 1, Block F; Lot 23, Block H, as previously designated by the GRANTOR as a common area for the primary benefit of the Owners and occupants, (b) any private street or private right-of-way shown on any applicable Waterford on Lake Travis Sections 1 or 2 plat, filed by Grantor, (c) any other area designated as common area by Grantor the Association on any applicable Waterford on Lake Travis Section 1 or 2 plat, or by any other written instrument duly acknowledged and filed of record in Travis County, Texas. This definition is inapplicable to Waterford on Lake Travis Section 1, Lot 1 Blocks D, E, and G, and Sections 2A, 3, 4, 5, 6, and 7 as further described in Exhibit “B.”

1.10 Declaration “Declaration” (hereafter sometimes referred to as “Declaration”) shall mean this instrument and any future amendments or supplements thereto.

1.11 Grantor “Grantor” shall mean Waterford on Lake Travis POA II, Inc., and any successor or assign to whom Waterford on Lake Travis POA II, Inc., assigns its interest as Grantor.

1.12 Improvement “Improvement” shall mean every structure and all appurtenances thereto of every type and kind, including but not limited to buildings, outbuildings, patios, tennis courts, swimming pools, garages, fences, dog fences, screening walls, retaining walls, stairs, decks, boat docks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.13 Member “Member” shall mean any Person who is a member of the Association pursuant to Section 5.03 hereof.

1.14 Owner “Owner” shall mean the Person or Persons holding a fee simple interest in a residential lot, or the purchaser of fee simple interest in a residential lot in Waterford on Lake Travis Sections 1 or 2 under an executory contract of sale, but shall not include those holding title merely as security for the performance of an obligation.

1.15 Person “Person” shall mean a natural individual or any entity having the legal right to hold title to real property.

1.16 Plans and Specifications “Plans and Specifications” shall mean any and all documents designed to guide or control the construction or erection of any improvement, including but not limited to those indicating size, shape, configuration or materials, site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to such Improvement.

1.17 Record, Recorded, and Recordation “Record, Recorded, and Recordation” shall mean, with respect to any document, the recordation of such document in the office of the County Clerk of Travis County, Texas.

1.18 Residential Lot “Residential Lot” or “residential lot” shall mean a piece of property in Waterford on Lake Travis, intended for the sale to an Owner and the construction of a single family residence thereon by said Owner, but shall not include any Common Area or Association Property.

1.19 Subdivision “Subdivision” shall mean a parcel of land which has been shown on a final subdivision plat, recorded in the Plat Records of Travis County, Texas and brought within the jurisdiction of this Declaration as herein provided.

1.20 Supplemental Declaration “Supplemental Declaration” shall mean any declaration of covenants, conditions, and restrictions which may be hereafter recorded by Grantor, subject to all of the terms and restrictions of this Declaration, and not in conflict herewith; provided, however, that the Supplemental Declaration may contain provisions which are more restrictive than the provisions of this Declaration.

1.21 Waterford on Lake Travis “Waterford on Lake Travis” shall mean all that real property described on Exhibit “A” attached to and made a part of this Declaration and any additional property added to the development pursuant to the terms of this Declaration.

1.22 Waterford on Lake Travis Maintenance Fund “Waterford on Lake Travis Maintenance Fund” shall mean the fund created for the receipts and disbursements of the Association.

1.23 Waterford on Lake Travis Restrictions “Waterford on Lake Travis Restrictions” shall mean this Declaration together with any and all Supplemental Declarations which may be recorded pursuant to the terms hereof and as this Declaration or said Supplemental Declarations may be amended from time to time, together with the Waterford on Lake Travis Rules and the Articles and Bylaws of the Association from time to time in effect.

1.24 Waterford on Lake Travis Rules “Waterford on Lake Travis Rules” shall mean the rules adopted by the Board pursuant to Section 5.06(c) hereof, and as they may be amended from time to time.

ARTICLE II GENERAL RESTRICTIONS

All real property within Waterford on Lake Travis shall be owned, held, encumbered, leased, used, occupied and enjoyed subject to the following limitations and restrictions:

2.01 Antennas No exterior radio or television antenna or satellite dish shall be erected or maintained in Waterford on Lake Travis Sections 1 or 2 without prior written approval of the Architectural Committee.

2.02 Insurance Rates Nothing shall be done or kept in Waterford on Lake Travis Sections 1 or 2 which would increase the rate of insurance on any residential lot or the Association Property or any Common Area, without the approval of the Board, nor shall anything be done or kept in Waterford on Lake Travis Sections 1 or 2 which would result in the cancellation of insurance on any residence or any part of the Association Property or which would be in violation of any law.

2.03 Subdividing No residential lot or common area in Sections 1 or 2 shall be further divided or subdivided, nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior written approval of the Architectural Committee; provided, however, that nothing herein shall be deemed to require the approval of the Architectural Committee for the transfer or sale of any residential lot, including Improvements thereon, to more than one Person to be held by them as tenants in common or joint tenants, or for the granting of any mortgage or deed of trust. The Architectural Committee, if necessary, will allow the re-plat of Lot 1, Block D, Lot 1, Block E, Lot 1, Block G in Section 1 and subdivide into four single family residential lots.

2.04 Sign No sign of any kind shall be displayed to the public view in Sections 1 or 2 without the approval of the Architectural Committee and the Architectural Committee shall have the right to remove any sign, advertisement, billboard or structure which is placed without approval anywhere in Waterford on Lake Travis Sections 1 or 2, including but not limited to, on any residential lot, whether such residential lot, and in so doing shall not be subject to liability for trespass or other tort in connection therewith or arising from such removal.

2.05 Rubbish and Debris No rubbish or debris of any kind shall be placed or permitted to accumulate upon any property within Waterford on Lake Travis Sections 1 or 2 or along the water line of Lake Travis, and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property or to its occupants. Refuse, garbage and trash shall be kept at all times in a covered, noiseless container and any such container shall be kept within an enclosed structure or appropriately screened from view.

2.06 Noise No exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any property in Waterford on Lake Travis Sections 1 or 2 without the prior written approval of the Board. No noise or other nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property or to its occupants.

2.07 Repair of Buildings All Improvements hereafter constructed upon any land within Waterford on Lake Travis Sections 1 or 2 shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner thereof. The opinion of the Board as to such condition shall be final.

2.08 Improvements and Alterations Any construction, other than repairs pursuant to Section 2.07 above, which in any way alters the exterior appearance of any Improvement, or the removal of any Improvement in Sections 1 or 2 shall be performed only with the prior written approval of the Architectural Committee.

2.09 Violation of Waterford on Lake Travis Rules The violation of these restrictions or the Waterford on Lake Travis Rules by an Owner, his family, guests, lessees or licensees shall authorize the Board to avail itself of any one or more of the following remedies:

- (A) The imposition of a special charge not to exceed Five Hundred Dollars (\$500.00) per violation, or
- (B) The suspension of Owner's rights to use any Association Property for a period not to exceed 30 days per violation, or.
- (C) The right to cure or abate such violation and to charge the expense thereof, if any, to such Owner, or
- (D) The right to seek injunctive or any other relief provided or allowed by law against such violation and to recover from such Owner all costs incurred in such effort.

Before the Board may invoke the remedies provided above, it shall give notice of such alleged violation to Owner in the manner specified in Section 9.03 below, and shall afford the Owner a hearing. If, alter the hearing, a violation is found to exist, the Board's right to proceed with the listed remedies shall become absolute. Each day a violation continues shall be deemed a separate violation.

2.10 Drainage There shall be no interference with the established drainage patterns over any property within Waterford on Lake Travis Sections 1 or 2, unless adequate provision is made for proper drainage and proper approvals are received from the Architectural Committee and any governmental agencies having jurisdiction thereof.

2.11 Hazardous Activities No activities shall be conducted on any property in Sections 1 or 2 and no Improvements constructed on any property which are or might be unsafe or hazardous to any Person or property. Without limiting the generality of the foregoing, no firearms shall be discharged and no open fires shall be lighted or permitted on any property except (a) in a contained barbecue unit while attended and in use for cooking purposes, (b) within a safe and well-designed interior fireplace, or (c) such campfires or picnic fires in common areas designated for such use by the Association as to Association Property. The discharging of fireworks within the subdivision is expressly forbidden unless approved by the Board.

2.12 Temporary Structures No tent, shack, trailer, mobile home or other temporary building, Improvement or structure shall be placed upon any property in Sections 1 or 2, except that temporary structures necessary for storage of tools and equipment, and for office space for architects, builders and foremen during actual construction may be maintained with the prior approval of the Association, such approval to include the nature, size, duration and location of such structure.

2.13 Mining and Drilling
No property in Sections 1 or 2 shall be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing water, oil, gas, or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate, or earth.

2.14 Vehicles

The use of all vehicles, including but not limited to helicopters, gliders, trucks, automobiles, graders, boats, tractors, pickups, mobile homes, trailers, buses, campers, recreational vehicles, bicycles, motorcycles, motor scooters, and wagons shall be subject to Waterford on Lake Travis Rules, which may regulate, prohibit or limit the use thereof within specified parts of Waterford on Lake Travis Sections 1 or 2. In addition to the foregoing, and without limiting the generality thereof, the parking of vehicles of any type or description whatsoever upon the private or public roads or rights-of-way within Waterford on Lake Travis Sections 1 or 2 shall be prohibited.

2.15 Animals No kennel or other facility for raising or boarding dogs or other animals for commercial purposes shall be kept on any residential lot in Sections 1 or 2. The keeping of ordinary household pets such as dogs and cats is allowed; however, no breeding, raising, or boarding of such pets for commercial purposes is permitted in Sections 1 or 2. No poultry may be kept on any residential lot in Sections 1 or 2. Animals shall be kept under control at all times and, when not upon the Owner's premises, shall be restrained by a leash or under the direct control of the Owner. No animal shall be allowed to roam or run at large.

2.16 Private Ways The Association, and each Owner of property in Waterford on Lake Travis Sections 1 or 2, is hereby granted a nonexclusive easement to use the private ways located within Waterford on Lake Travis Sections 1 or 2 for the purposes of walking thereon or traveling thereon by appropriate means. The Association and each property Owner may permit guests and invites to use the private ways within the development for such purposes. The rights and easements herein granted shall be appurtenant to and assignable with the property with respect to which it is granted, except for the rights herein granted to the Association, but shall not otherwise be assignable. Use of private ways shall be subject to Waterford on Lake Travis Rules. The Association may grant free access on private ways to police, fire, and other public officials, to employees of utility companies serving Waterford on Lake Travis Sections 1 or 2, and to such other Persons to whom the Association believes access should be given for the benefit of the residents of Waterford on Lake Travis Sections 1 or 2. The Association may use the private ways for its own purposes and for the purpose of location of utilities thereon. The rights hereby granted shall not be taken or intended to dedicate private ways to the public and the private character of such ways shall be maintained. No dedication of any such ways to the public shall be accomplished except by written instrument, signed by all the Owners of the property being dedicated, and filed of record in the Deed Records of Travis County, Texas, clearly evidencing such intention.

2.17 Unightly Articles No article deemed to be unsightly by the Architectural Committee shall be permitted to remain on any residential lot site in Sections 1 or 2 so as to be visible from adjoining property or public or private streets or from the Lake. Without limiting the generality of the foregoing, trailers, mobile homes, recreational vehicles, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, motorcycles, motor scooters and garden maintenance equipment shall be kept at all times, except when in actual use, in an enclosed structure or secured from view and no repair or maintenance work shall be done on any of the foregoing, or on any automobile (other than minor emergency repairs), except in an enclosed garage or other structure; service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view, no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any property except within an enclosed

structure or appropriately screened from view, and liquid propane gas, oil and other exterior tanks shall be kept within an enclosed structure or permanently screened from view.

2.18 Prohibition of Trade and Offensive Activities No activity, whether for profit or not, shall be carried on any residential lot which is not related to single family residential purposes. No noxious or offensive activity of any sort shall be permitted nor shall anything be done on any residential lot in Sections 1 or 2 which may be or become an annoyance to the other Owners.

ARTICLE III RESIDENTIAL RESTRICTIONS

3.01 Residential Areas All Residential Lots in Sections 1 and 2 shall be improved and used solely for single-family residential use.

3.02 Improvements and Use No single-family residential lots in Sections 1 or 2 shall be improved or used except by a dwelling or structure designated to accommodate no more than a single family, plus a garage, boat dock, fencing and such other Improvements as are necessary or customarily incident to a single-family residence.

3.03 Rentals Nothing in this Declaration shall prevent the rental of property within a residential area by the Owner thereof for residential purposes, on either a short-term or long-term basis.

3.04 Minimum Yards

- (1) Except as shown on any plat filed of record in areas specified or designated for attached single-family dwellings, no building shall be located on any lot nearer to the front street line or nearer to the street side line than the minimum building setback lines shown on the recorded plat. Subject to lots being consolidated into a single building site, no building shall be located nearer than seven and one-half (7 1/2) feet or 10 feet as defined in Section V.C.5 of the Architectural Committee Rules to an interior side lot line. Under no circumstances shall the Architectural Committee Rules be amended to permit a building to be located nearer than seven and one-half (7 1/2) feet to an interior side lot line. For the purpose of this covenant, eaves, steps and unroofed terraces shall not be considered as part of a building, provided, however, that this shall not be construed to permit any portion of the construction on a lot to encroach upon another lot. Variations from these requirements as to building location may be granted by the Architectural Committee, if the above requirements are not feasible, considering the terrain of the lot
- (2) The exterior walls of single units constructed next to any public or private rights-of-way must be a minimum distance from the right-of-way, as defined in the Architectural Committee Rules.
- (3) Measurements for yards will be made from the outer extremity of a dwelling that is located or to be located on the residential lot or site. All

measurements shall be made from the closest point on any building or structure excluding overhangs, gables, or other portions of the building or structure being affected by such measurements.

3.05 Paths Paths, walkways, steps and handrails will be constructed by Grantor in some areas and by residential lot Owners in other areas in compliance with the path plan adopted by Grantor and approved by the Architectural Committee, as set out in Section V, C, 10 of the Architectural Committee Rules.

3.06 Fencing All fences must receive approval of the Architectural Committee before installations. Type, height, and locations must be submitted in writing or in a drawing for approval, as set out in Section V, K of the Architectural Committee Rules.

3.07 Pools All pools must receive approval of the Architectural Committee before installation. Plan and location must be submitted in writing or in a drawing for approval, as defined in Section V, J of the Architectural Committee Rules.

3.08 Landscaping All landscaping must receive approval of the Architectural Committee before installation, as defined in Section V, I, of the Architectural Committee Rules.

3.09 Conservation Easements Conservation Easements are to be established through portions of Lots 25 through 47, Block A, Section 1, Lot 1, Block B, Section 1, and Lots 2 through 22, Block B, Section 2. These easements are to be left in their natural condition with no cleaning, clearing of brush or otherwise interfering with existing growth. Maintenance of these easements will be by the Waterford on Lake Travis Maintenance Fund. These easements may be used by the Association for construction of hike and bike trails.

3.10 Temporary Construction Easements The Owner of a residential lot upon which a dwelling unit or wall, fence, walkway or landscaping is to be constructed upon or within five feet (5') of, an adjacent residential lot is hereby granted a temporary construction easement upon the next adjacent five feet (5') of such adjacent residential lot for the purpose of carrying on reasonable and necessary construction activities in connection with the construction of such dwelling unit; provided, however, that (a) no such easement shall be effective for a period of more than six (6) months from the beginning of construction of said dwelling unit, and (b) the rights hereby granted shall not authorize the destruction or removal of any Improvements, including landscaping or natural vegetation, located upon such adjacent residential lot The Owner utilizing such temporary obstruction easement shall restore the area thereof to its previous condition and shall be responsible for all clean-up made necessary by such use. Notwithstanding the foregoing, no such easement shall exist once a dwelling unit, or other vertical construction, is placed upon the easement area of the adjacent residential lot

3.11 Repair Easements Each Owner of a constructed dwelling unit whose exterior wall, fence, walkway or landscaping is within five feet (5') of the next adjacent residential lot shall have a perpetual easement on the next adjacent five feet (5) of said adjacent residential lot for the purpose of temporarily utilizing ladders and such other equipment as may be required to repair the exterior wall or dwelling unit of such Owner. Such easement shall be of a temporary nature and shall exist only for such reasonable period of time as is required to make such repairs or perform necessary maintenance. The Owner of any adjacent residential lot subject to this

temporary repair easement shall avoid any action which shall in any way prevent or prohibit any Owner from making any necessary repairs or performing maintenance upon an Owner's dwelling unit. Notwithstanding the foregoing, no such easement shall exist once a dwelling unit, or other vertical construction, is placed upon the easement area of the adjacent residential lot

3.12 Lot Clearing No trees shall be cut on any residential lot and no residential lot shall be cleared of underbrush except in accordance with the Architectural Committee Rules. See Section VI and VII, D, 2, B, of the Architectural Committee Rules.

3.13 Pad Site Location MUCH CONSIDERATION WILL BE GIVEN TO THE RELATIONSHIP OF THE PAD SITE WITH THE PAD SITES OF THE ADJACENT RESIDENTIAL LOTS, IMPROVED OR PROPOSED, REGARDING EACH PAD SITE'S VIEW OF THE CENTER OF LAKE TRAVIS. (No building shall be located on any lot which (by reason of high walls or fences, excessive height, specially peaked roof design, etc.) unreasonably will obscure the view of Lake Travis from a dwelling located or reasonably to be located upon an abutting lot (and for this purpose "abutting lot" includes a lot separated only by a street). The decision of the Architectural Committee in this matter shall be final.) See Architectural Committee Rules, Section V, C, 3.

3.14 Boat Docks

- (A) Private boat docks will not be allowed to be constructed in connection with the following residential lots: Lots 23 through 44, Block A, Section 1, and Lots 72 through 85, Block A, Section 2, Lot 1, Block B, Section 1, Lots 2 through 22, Block B, Section 2. All other residential lots will be allowed to construct private boat docks into Lake Travis.
- (B) All private boat docks will be built according to the "Waterford on Lake Travis Boat Dock Criteria" which is set out in the Architectural Committee Rules.
- (C) Plans of all boat docks must be approved by the Architectural Committee, as defined in Section V. L of the Architectural Committee Rules.

**ARTICLE IV
RECREATIONAL USES**

4.01 Intentionally Deleted

4.02 Intentionally Deleted

4.03 Hike and Bike Trails Grantor intends to develop, operate and maintain hike and bike trails. The operation, maintenance and construction of such trails shall not be deemed, in any manner whatsoever, to be in conflict with any of the residential restrictions or other conditions, covenants or limitations contained in this Declaration, or in any supplements or amendments filed hereto.

4.04 Parks and Common Areas Grantor intends to develop, operate and maintain parks and common areas. The operation, maintenance and construction of parks and common areas shall not be deemed, in any manner whatsoever, to be in conflict with any of the residential restrictions or other conditions, covenants or limitations contained in this Declaration, or in any supplements or amendments filed hereto.

4.05 Intentionally Deleted

4.06 Recreational Membership

- (A) Each Owner of a residential lot in Sections 1 or 2 (other than ownership, title or interest held as security for the performance of an obligation) shall become a member of the Association.
- (B) An Owner shall maintain his membership in good standing at all times during his ownership of property in Waterford on Lake Travis Sections 1 or 2, and shall (1) pay when due all Assessments charged and (2) abide by any and all rules, regulations and bylaws adopted by it.
- (C) Each Owner in Sections 1 or 2 shall have a right and easement of enjoyment and shall be entitled to use the above mentioned recreational facilities, which recreational facilities shall either be Common Areas or Association Property or both, in the sole discretion of GRANTOR, subject to the provisions of this Declaration.

**ARTICLE V
WOLT PROPERTY OWNERS ASSOCIATION**

5.01 Organization The WOLT Property Owners Association II, Inc. shall be a nonprofit Texas corporation created for the purposes, charged with the duties, and vested with the powers prescribed by law or set forth in its Articles and Bylaws and in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

5.02 Board of Directors The Association shall act through a Board of Directors, which shall manage the affairs of the Association as specified in the Articles and the Bylaws, and as specified in this Declaration.

5.03 Membership Only the Owners defined in Section 5.04(A) below shall be members of the Association provided, however, that no Person shall be a member by reason of ownership of lands used for public school or governmental or quasi-governmental purposes, or by reason of ownership of any park, public land, road, easement, right-of-way, mineral interest, mortgage or deed of trust. Each Owner as defined in the preceding sentence shall automatically be a member of the Association without the necessity of any further action on his part, and Association membership shall be appurtenant to and shall run with the property interest ownership which qualifies the Owner thereof for membership. Membership may not be severed from, or in any way transferred, pledged, mortgaged, or alienated except together with the title to the property interest, ownership of which qualifies the Owner thereof for membership, and then only to the

transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void.

5.04 Voting Rights

- (A) Entitlement The right to cast votes, and the number of votes which may be cast, for election of members to the Board of Directors of the Association and on all other matters to be voted on by the members shall be calculated as follows:

The Owner in Section 1 or 2 of each platted (whether preliminarily or finally platted) residential lot shall have one vote for each such residential lot.

- (B) Intentionally Deleted
- (C) Cumulative Voting The cumulative system of voting shall not be allowed.
- (D) Proxies At any meeting of members, the member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

5.05 Meetings There shall be an annual meeting of the members of the Association on the first Saturday in December of each year. Said annual meeting, or any special meeting, may be held at a reasonable place and time convenient for the Members, as determined by the Board. The Board or Owners having one-fifth (1/5) of the total votes outstanding, computed as provided in Section 5.04 above, may designate the time, place and purpose of the meeting by written notice thereof delivered not less than ten (10) or mailed not less than fifteen (15), days prior to the date fixed for said meeting, to all members if given by the Board and to all other members if given by said members. All notices of meetings shall be addressed to each member as his or her address appears on the books of the Association.

- (A) Quorum
The presence at any meeting, in person or by proxy, of members entitled to vote at least a majority of the total votes then outstanding shall constitute a quorum. In the event a quorum is not present, the meeting shall be adjourned to a time not less than forty-eight (48) hours nor more than thirty (30) days from the date of the time set for the original meeting and there reconvened and at which adjourned meeting the quorum requirement shall be waived. Action may be taken by a vote of a majority of the votes present at such adjourned meeting. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member in question.
- (B) Presiding Officer The Chairman of the Board of Directors, or in his absence the Vice Chairman, shall call meetings of members to order and act as chairman of such meetings. In the absence of both officers, any member entitled to vote may call the meeting to order, and a chairman of the meeting shall be elected. The Secretary of the Association, or in his

absence the Assistant Secretary shall act as Secretary of such meetings and in the absence of both officers, a secretary shall be selected in the manner aforesaid for selecting a chairman of the meeting.

- (C) Vote Necessary Except as provided otherwise in Sections 6.03 and 9.02 of this Declaration, any action may be taken at any legally convened meeting of the members at which a quorum is present upon the affirmative vote of the members having a majority of the total votes present at such meeting in Person.

5.06 Duties of the Association Subject to and in accordance with Waterford on Lake Travis Restrictions, the Association shall have and perform each of the following duties for the benefit of the members of the Association.

- (A) Association Property

- (1) Ownership and Control

To accept, own, improve, operate and maintain all private street rights of-ways, all 35 foot access easements, culverts, bridges, public utility and drainage easements and all common areas in Sections 1 or 2 which may be conveyed or leased to it by Grantor, together with all Improvements of whatever kind and for whatever purpose which may be located in said areas; and to accept, own, operate and maintain all other property in Sections 1 or 2, real and Personal, conveyed or leased to the Association by Grantor.

- (2) Dissolution

To pay over or convey, upon dissolution of the Association, the assets of the Association to one or more exempt organizations of the kind described in Section 501(c) of the Internal Revenue Code of 1954, as amended from time to time.

- (3) Repair and Maintenance

To maintain in good repair and condition all lands, Improvements, and other Association property owned by or leased to the Association including private street easements and 35 foot access easements.

- (4) Taxes

To pay all real and Personal property taxes and other taxes and Assessments levied upon or with respect to any property owned by or leased to the Association, to the extent that such taxes and Assessments are not levied directly upon the members. The

Association shall have all rights granted by law to contest the legality and the amount of such taxes and Assessments.

(B) Insurance

To obtain and maintain in effect policies of insurance adequate, in the opinion of the Board, in kind and amount. Without limiting the generality of the preceding sentence, such policies of insurance shall include:

- (1) Fire and extended coverage insurance on all Improvements owned by or leased to the Association, the amount of such insurance to be not less than ninety percent (90%) of their aggregate full insurable value, meaning actual replacement cost exclusive of the costs of excavations, foundations and footings. Such insurance shall insure the Association and mortgagees, as their interest may appear. As to each such policy which will not be thereby voided or impaired, the Association hereby waives and releases all claims against the Board, and the officers, agents and employees of each, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by said Persons, but such waiver shall not extend to acts of gross neglect or willful misconduct. If the foregoing exculpatory clause is held to be invalid, then the liability of the insurance company shall be primary, and the liability of the Board, and the officers, agents, and employees of the Board shall be secondary.
- (2) Bodily injury liability insurance, with limits not less than Five Hundred Thousand and No/100 Dollars (\$500,000) per Person and One Million and No/100 Dollars (\$1,000,000) per occurrence and property damage liability insurance of not less than Fifty Thousand and No/100 Dollars (\$50,000) per occurrence, insuring against liability for death, bodily injury or property damage arising from activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The liability insurance policies referred to above shall name as separately protected insureds the Association, the Board and each of its members, and the Manager, and such policies may also name some or all of the respective officers, employees and agents of the foregoing.
- (3) Worker's Compensation insurance to the extent necessary to comply with applicable laws.
- (4) A fidelity bond in the penal amount of not less than Twenty-five Thousand and No/100 Dollars (\$25,000) naming each member of the Board and such other Persons designated by the Board as principals and the Association as Obligees.

(5) Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or expedient to carry out the Association functions.

(C) Waterford on Lake Travis Rules

To make, establish and promulgate, and in its discretion to amend or repeal and re-enact, such Waterford on Lake Travis Rules, not in conflict with this Declaration, as it deems proper covering any and all aspects of its functions, including the use and occupancy of Association Property. Without limiting the generality of the foregoing sentence, such rules may set dues and fees, prescribe the regulations governing the operation and use of Association Property, and permit and enforce speed and traffic controls, use of vehicle, and parking and safety restrictions, all in private ways and common areas within Waterford on Lake Travis Sections 1 and 2. Each member shall be entitled to examine such rules at any time during normal working hours at the principal office of the Association.

(D) Architectural Committee

To appoint and remove members of the Architectural Committee as provided in Section 8.02 hereof, and to insure that at all times there is available a duly constituted and appointed Architectural Committee. The Board may incorporate such Committee as a Texas nonprofit corporation.

(E) Enforcement

To enforce, in its own behalf and on behalf of all Owners, the covenants, conditions, and restrictions set forth in this Declaration, under an irrevocable agency (hereby granted) coupled with an interest, as beneficiary of said covenants, conditions, and restrictions, and as assignee of GRANTOR, and to perform all other acts, whether or not anywhere expressly authorized herein, as may be reasonably necessary to enforce any of the provisions of the Waterford on Lake Travis Restrictions, the Waterford on Lake Travis Rules, or the Architectural Committee Rules. The Board shall be authorized to institute litigation, settle claims, enforce liens and take such action as, it may deem necessary or expedient to enforce the provisions of the Declaration, and/or any rules, restrictions or regulations promulgated by the Board.

(F) Intentionally Deleted

(G) Operating Statements and/or Audit

To provide an annual operating statement by an independent Certified Public Accountant of the accounts of the Association and to make such operating statement available for inspection and review by Association members during normal business hours at the principal office of the Master Association. Any member may at any time and at his own expense

cause an audit or inspection to be made of the books and records of the Association by a Certified Public Accountant provided that such audit or inspection is made during normal business hours and without unnecessary interference with the operations of the Association.

(H) Other

To carry out all duties of the Association as set forth in Waterford on Lake Travis Restrictions, Waterford on Lake Travis Rules, or the Articles or bylaws of the Association.

5.07 Powers and Authority of the Association The Association shall have the powers of a Texas nonprofit corporation, subject only to such limitations upon the exercise of such power as are expressly set forth in this Declaration. It shall further have the power to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers granted to it by the laws of Texas or by this Declaration. Without in any way limiting the generality of the two preceding sentences, the Association shall have the power and authority at all times:

(A) Assessments

To levy Assessments as provided in Article VII, below. An “Assessment” is defined as that sum which must be levied in the manner and against the property set forth in Article VII hereof in order to raise the total amount for which the levy in question is being made.

(B) Right of Entry and Enforcement

To enter onto any residential lot or common area, for the purpose of enforcing, by peaceful means, Waterford on Lake Travis Restrictions, or Waterford on Lake Travis Rules, or for the purpose of maintaining or repairing any area, Improvement or other facility to conform to the restrictions herein established. The Association shall also have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Restrictions or Rules of Waterford on Lake Travis.

(C) Manager

To retain and pay for the services of a Person or firm (the “Manager”) to manage and operate the Association, including its property, to the extent deemed advisable by the Board. Additional Personnel may be employed directly by the Association or may be furnished by the Manager. To the extent permitted by law, the Association and the Board may delegate any of their duties, powers and functions to the Manager. The Owners hereby release the Association and the members of the Board from liability for

any omission or improper exercise by the Manager of any such duty, power or function so delegated.

(D) Legal and Accounting Services

To retain and pay for legal and accounting services necessary or proper in the operation of the Association, the operation and management of its property, the enforcement of the Waterford on Lake Travis Rules or the Waterford on Lake Travis Restrictions, or in the performance of any other duty, right, power, or authority of the Association.

(E) Utility Services

To pay for water, sewer, garbage removal, landscaping, gardening, and all other utilities, services and maintenance for the property of the Association.

(F) Other Areas

To maintain and repair easements, roads, roadways (private or otherwise), rights-of-way, parks, parkways, median strips, paths, trails, ponds, lakes, utility easements and drainage easements, and other areas of Waterford on Lake Travis Section 1 or 2 owned by or leased to the Association.

(G) Recreational Facilities

To own and operate any and all types of facilities for both active and passive recreation.

(H) Other Services and Properties

To obtain and pay for any other property and services, including but not limited to fire protection, security, street lighting and emergency medical services, and to pay any other taxes or Assessments which the Association or the Board is required to secure or to pay for, pursuant to applicable law, the terms of Waterford on Lake Travis Restrictions, this Declaration, or the Articles or Bylaws of the Association.

(I) Construction on Association Property

To construct new Improvements or additions to Association Properties and/or Common Areas, subject to the approval of the Architectural Committee as in this Declaration required.

(J) Contracts

To enter into contracts with Persons on such terms and provisions as the Board shall determine.

(K) Permits

To obtain and hold any and all types of permits and licenses, and to operate any type of commercial enterprise.

(L) Ownership of Property

To acquire and own and to dispose of all manner of real and personal property, whether by grant, lease, gift, or otherwise.

(M) Subsidiaries

To create a subsidiary or other association to perform the rights, powers, duties, obligations, or functions which might prevent the obtaining of a tax exemption, if it shall ever be ruled or held that an exemption under the Internal Revenue Code is unavailable to the Association by the Declaration; or alternatively, the Association may retain the rights, powers, duties, obligations, or functions which prevent the obtaining of the tax exemption and transfer some or all of its rights, powers, duties, obligations, and functions to such subsidiary or other association.

(N) Exterior Maintenance

To enter on any residential lot, whether improved or unimproved, and to repair, maintain, clean up and restore such residential lot and/or the exterior of any building or other Improvements erected thereon, in the event any Owner of any residential lot or Improvement within Waterford on Lake Travis Sections 1 or 2 shall fail to maintain the premises and the Improvements situated thereon in a manner satisfactory to the Association. No such entry, repair, maintenance, or other action shall be taken pursuant to this paragraph until approval has been gained by a two-thirds (2/3) vote of the Board of the Association. Any costs or expenses incurred in connection with such exterior maintenance or cleanup of any residential lot shall be added to and become a part of the Assessment to which such residential lot is subject. The Board shall be authorized to add all such costs to the next regular billing of Assessments for such residential lot.

(O) Diseased Trees

To enter upon any part of Waterford on Lake Travis Sections 1 or 2 at any time to inspect for, prevent and control diseased trees and other plant life and insect infestation of trees and other plant life. If any diseased or insect-infested trees or other plant life are found, the Association may spray, remove diseased trees and other plant life, and take such other remedial measures as it deems expedient. The cost thereof applicable to privately owned property may be levied by the Association as a specific Assessment against such property pursuant to section 7.10 hereof.

(P) Easements

To locate, dedicate, create, construct, erect and maintain or cause to be located, dedicated, created, constructed, erected and maintained in and on the areas indicated on the plat for Sections 1 and 2 as "easement" or on such other areas as may be deemed by the Association to be necessary or desirable, including, but not limited to, the following:

(Q) Utility Easements

Sewer and other pipe-lines, conduits, wires and any public utility function beneath the surface of the grounds, or above the surface with the approval of the Architectural Committee, with the right of access to the same at any time for the purposes of repair and maintenance.

- (1) Street light poles or standards may be served by underground cable, and elsewhere throughout Waterford on Lake Travis, Sections 1 and 2 all supply lines shall be located underground. Service pedestals and transformers, as sources of supply at secondary voltages, may also be located in said easement ways.
- (2) Underground service cable to all houses which may be located on all residential lots in said addition may be run from the most convenient service pedestal or transformer to the point of usage determined by the location and each said residential lot, provided that upon the installation of such a service cable to a particular house, the supplier of electric service shall thereafter be deemed to have a definite, permanent, effective and exclusive right-of-way easement on said residential lot, covering a five-foot (5") strip extending two and one-half feet (2.5') on each side of such service cable, extending from the service pedestal or transformer to the service entrance on said house.
- (3) The supplier of electric service, through its proper agents and employees shall at all times have right of access to all such easement ways shown on any plat for the purpose of installing, maintaining, removing or replacing any portion of said underground electric facilities so installed by it.
- (4) The Owner of each residential lot shall be responsible for the protection of the underground electric facilities located on his property and shall prevent the alteration of grade or any construction activity which may interfere with said electric facilities. The utility company will be responsible for ordinary maintenance of underground electric facilities, but the Owner will pay for damage or relocation of such facilities caused or necessitated by acts of the Owner or his agents or contractors.

- (5) The foregoing covenants concerning underground electric facilities shall be enforceable by the supplier of electric service, and the Owner of each residential lot agrees to be bound hereby.
- (R) Access Easements As on recorded plat - 35 foot easement, with a 20 foot road, to be used for access to adjoining residential lots. Parking of trailers, trucks, motor homes, automobiles or any type of motor vehicles is totally forbidden. Cleaning and maintenance of these easements will be the responsibility of the WOLT Property Owners Association II, Inc., as described in Article 5.06 (A) (1) and (3) hereof.
- (S) Conservation Easements As on recorded plat - Lot owners with part of their residential lot in the Conservation Easements must leave that part of their residential Lot in its natural condition. This Easement area cannot be cleared, brushed, trimmed, clipped, or cut. Cleaning and maintenance of these easements will be the responsibility of the Association, as described in Article 5.06 (A) (1) and (3) hereof.

The 125 foot Conservation Easement on Lot 1, Block B, Section 1 and Lots 2 through 22, Block B, Section 2 may be increased or decreased by the Architectural Committee.

- (T) Landscape Easements As on recorded Plat - may be developed by Grantor as hike and bike trails, water falls, water ponds, and other uses normally associated with parks.
- (U) Lake Easement Grantor hereby acknowledges, and each Owner of a residential Lot which abuts Lake Travis hereby acknowledges, that the property lines of each such Waterfront residential Lot extend out into Lake Travis, and Grantor and each such Owner hereby grant a non-exclusive easement to the public for its use, subject to the Owner's use, and acknowledge all previously created and presently existing easements for the benefit of the public for its use in and to all portions of Lake Travis which cross over and are located on any residential Lot. However, this easement grant shall not extend to nor be deemed to include any part of any residential Lot which Lake Travis does not cover, nor shall any construction of any Improvements in Lake Travis be allowed by this easement.

5.08 Indemnification

- (A) Third Party Actions The Association may indemnify any Person who was or is a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director, officer, employee, servant or agent of the Association, against expenses (including attorneys fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by him

in connection with such action, suit or proceeding if it is found and determined by the Board, or court, that he (1) acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association, or (2) with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by settlement, or upon a plea of *Nolo Contendere* or its equivalent, shall not of itself create a presumption that the Person did not act in good faith or in a manner which he reasonably believed to be in, or not opposed to the best interests of the Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

- (B) Derivative Action The Association may indemnify any Person who was or is a party to any threatened, pending or completed action, suit or proceeding brought by or in the right of the Association by reason of the fact that such party is or was a director, officer, employee, servant or agent of the Association, against expenses (including attorneys' fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by him in connection with the defense or settlement of such action, proceeding or suit if it is found or determined that he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association. No indemnification shall be made in respect of any claim, issue or matter as to which such Person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless (and only to the extent) the court in which such action, proceeding or suit was brought shall determine that, despite the adjudication of liability and in view of all the circumstances of the case, such Person is fairly and reasonably entitled to indemnity.
- (C) Determination An indemnification which the Association has elected to provide under Paragraph (A) or (B) of this Section (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the officer, director, employee, servant or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Paragraph (A) or (B) of this Section. Such determination shall be made (a) by the Board by a majority vote of directors who were not parties to such action, suit or proceeding; or (b) if obtainable, by independent legal counsel in a written opinion, provided, however, that if a director, officer, employee, servant or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraph (A) or (B) of this Section, or in defense of any claim, issue or matter therein, then to the extent that the Association has elected to provide indemnification, he shall automatically be indemnified against expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by him in connection therewith without the

necessity of any such determination that he has met the applicable standard of conduct set forth in Paragraph (A) or (B) of this Section.

- (D) Payment in Advance Expenses incurred in defending a civil or criminal action, suit or proceeding may, in the discretion of the Board, be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board as provided in Paragraph (C) of this Section upon receipt of an undertaking by or on behalf of the director, officer, employee, servant or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Section.
- (E) Insurance The Board may purchase and maintain insurance on behalf of any Person who is or was a director, officer, employee, servant or agent of the Association, against any liability assessed against him or incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability hereunder or otherwise.
- (F) Other Coverage The indemnification provided by this Section shall not be deemed exclusive of any other rights to which anyone seeking indemnification may be entitled under this Declaration, Texas law, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and may continue as to a Person who has ceased to be a director, officer, employee, servant or agent and may inure to the benefit of the heirs and Personal representatives of such a Person.

ARTICLE III ASSOCIATION PROPERTY

6.01 Use Each Owner of a residential lot in Waterford on Lake Travis Sections 1 or 2, the members of his family who reside with him, and each lessee of a residential lot or dwelling unit in Waterford on Lake Travis Sections 1 or 2 and the members of his family who reside with him shall have a right and easement of enjoyment and shall be entitled to use the Association Property subject to:

- (A) The provisions of Waterford on Lake Travis Restrictions, and each Person who uses any property of the Association, in using the same, shall be deemed to have agreed to comply therewith,
- (B) The right of the Association to charge reasonable dues and use fees;
- (C) The right of the Association to suspend the rights to the use of any property of the Association by any member or lessee and their respective families, guests and invitees for any period during which any Assessment against the member's property remains past due and unpaid; and, after Notice and Hearing by the Board, the right of the Association to invoke any remedy set

forth above in Section 2.09 for any other infraction of Waterford on Lake Travis Restrictions or Waterford on Lake Travis Rules;

- (D) The right of the Association to require that security deposits be made and kept with the Association to secure all sums, and to guarantee performance of all duties, due and owing or to become due and owing to the Association;
- (E) Such rights to use Association Property as may have been granted by the Association or prior owners of property of the Association to others;
- (F) The right of the Association to dedicate or transfer all or any part of the Association Property to any public agency, authority or utility and
- (G) Such covenants, conditions, and restrictions as may have been imposed by the Association or prior owners on property of the Association.

6.02 Damages Each member and lessee described above in Section 6.01 shall be liable to the Association for any damage to property of the Association which may be sustained by reason of the negligent or intentional misconduct of such Person or of his owner or lessee thereof to use Association Property, and if owned or leased jointly or in common, the liability of all such joint or common Owners or lessees shall be joint and several. The amount of such damage may be assessed against such Person's real and Personal property on or within Waterford on Lake Travis Sections 1 or 2, including the leasehold estate of any lessee, and may be collected as provided in Article VII below for the collection of Assessments.

6.03 Damage and Destruction In the case of destruction of or damage to Association Property by fire or other casualty:

- (A) Reconstruction-Minor If the cost of repairing or rebuilding does not exceed the sum of One Hundred Thousand and No/100 Dollars (\$100,000) and the amount of the available insurance proceeds, such insurance proceeds shall be paid to the Association, which shall contract to repair or rebuild the Association property so damaged. Should the insurance proceeds be insufficient to pay all of the costs of repairing or rebuilding the damage, the Association may levy a special Assessment to make good any deficiency.
- (B) Reconstruction-Major If the cost of repairing or rebuilding exceeds the aggregate of One hundred Thousand and No/100 Dollars (\$100,000) plus the available insurance proceeds then:
 - (1) The insurance proceeds shall be paid to the Board, to be held in separate trust for the benefit of the members, as their respective interests shall appear. The Association may, on behalf of the members, enter into an agreement with a bank or other corporate trustee upon such terms as the Board may approve consistent herewith, for the purpose of receiving, holding or disbursing such proceeds.

(2) The Association shall obtain firm bids from two (2) or more responsible contractors to repair or rebuild any or all portions of the damaged property and shall call a special meeting of the members to consider such bids. At such special meeting, the members may, by a three-fourths (3/4) majority of the votes cast at such meeting elect to reject such bids and not rebuild. Failure to reject such bids shall be deemed acceptance of such bid as may be selected by the Board. If a bid is accepted, the Association may levy special Assessments on the members to make up any deficiency between the total insurance proceeds and the contract price of repairing or rebuilding the Association Property and such Assessments and all insurance proceeds shall be paid to the Board to be used for such repairing or rebuilding. Such Assessments may be made due on such dates as the Association may designate. The Association may borrow money to pay the aforesaid deficiency and may secure such borrowing by an assignment of its right to collect such Assessments, by a pledge of or mortgage on any Personal property owned by the Association or held by it in trust for the members, or on any other real property owned by the Association. If the members elect not to rebuild, the proceeds, after payment for demolition of damaged structures and clean-up of the premises, shall be retained by the Association for use in performing its functions under this Declaration.

(C) Decision Not to Reconstruct If the Board determines not to rebuild any property so destroyed or damaged, or to build facilities substantially different from those which were destroyed or damaged, it shall call a special meeting of the members to consider such decision. If the members, by three-fourths (3/4) of the votes cast at such meeting, elect to ratify such decision, the Board shall act accordingly; but if the members do not by such percentage elect to ratify such decision, the Board shall proceed to repair or rebuild the damaged or destroyed facility pursuant to Paragraph (A) or (B), as the case may be of this Section.

6.04 Transfer of Common Areas to Association Grantor has transferred and conveyed to the Association all Common Areas within Waterford on Lake Travis Sections 1 and 2. Common Areas shall be for the use and enjoyment of the Owners, subject to the provisions of this Declaration.

ARTICLE IV FUNDS AND ASSESSMENTS

7.01 Lien and Personal Obligation of Assessments Each Owner of any residential lot in Sections 1 or 2, by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) yearly Assessments or charges, (b) special Assessments for capital Improvement, and (c) reimbursement Assessments, all of such Assessments to be established and collected as hereinafter provided. In addition to the foregoing, and where applicable, each such Owner is further deemed to covenant and agree to

pay to the Association any Assessment benefiting a specific area owned by such Owner as provided in Section 7.10 below. The yearly, special and reimbursement Assessments, together with interest, costs and reasonable attorneys' fees, shall to the full extent permitted by law, be a charge of the land and the payment thereof shall be secured by a continuing lien upon the property against which each such Assessment is made. Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the Personal obligation of the Person who was the Owner of such property at the time when the Assessment fell due, notwithstanding any subsequent transfer of title to such residential Lot.

7.02 Purpose of Assessments The Assessments levied by the Association shall be used to maintain, preserve and operate the Association Property for the benefit of the members, and to promote the recreation, health, safety and welfare of the members and invitees of the members, and to carry out the powers, duties and functions of the Association as set forth in Article V of this Declaration. Such purposes shall also include, but not be limited to, providing utility services to the Association Property, paying *ad valorem* taxes thereon, maintaining amenities and/or recreational facilities for the benefit of the Owners, and maintaining and preserving said property as well as for the creation of reasonable reserves for future maintenance, preservation, operation and/or capital Improvements or expansion of said property, and doing any other thing necessary or desirable in the opinion of the Board to keep and maintain Waterford on Lake Travis Sections 1 or 2, in good and neat order, or which the Board considers of general benefit to the Owners or occupants of Waterford on Lake Travis Sections 1 or 2, so long as said judgment is exercised in good faith.

After notice and a hearing, a reimbursement Assessment may be levied against any Owner and such Owner's Residential Lot for failure of the Owner or the Owner's family, guests or tenants to comply with this Declaration, the Articles of the Association, the Bylaws, the Architectural Committee Rules or the Rules, resulting in the expenditure of funds or the determination that funds will be expended by the Association to cause such compliance. The amount of a reimbursement Assessment shall be due and payable within ten (10) days after notice of the reimbursement Assessment and amount has been given to the Owner thereof by the Board.

7.03 Property Subject to Assessment The Association shall levy:

- (1) One Assessment against each platted residential lot, regardless of whether or not the platted residential lot is improved.

7.04 Exempt Property All properties dedicated to and accepted by a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas shall be exempt from the Assessments created herein. However, no land or Improvements devoted to dwelling use shall be exempt from said Assessments.

7.05 Assessment Prorated Where the obligation to pay an Assessment first arises after the commencement of the year or other period for which the Assessment was levied, the Assessment shall be prorated as of the date when said obligation first arose, in proportion to the amount of the Assessment year or other period remaining after said date.

7.06 Personal Liability Each Owner shall be Personally liable for an Assessment and the same shall become a lien against each lot and all Improvements thereon. The Association may enforce payment of such Assessments in accordance with the provisions of this Article.

7.07 Waterford on Lake Travis Maintenance Fund The Board shall establish a fund, "Waterford on Lake Travis Maintenance Fund", into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association under this Declaration. The funds of the Association must be used solely for purposes related to the areas and Improvements owned by or leased to the Association, or subject to the Waterford on Lake Travis Restrictions for maintenance or operation by the Association or otherwise for purposes authorized by this Declaration, and as it may from time to time be amended. To the extent compatible with current operating needs, excess funds of the Association shall be maintained in interest-bearing accounts or securities.

7.08 Regular Annual Assessments Prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under the Waterford on Lake Travis Restrictions for Sections 1 and 2, including a reasonable provision for contingencies and appropriate replacement reserves. Except in the case of special Assessments as provided for herein, uniform and equal Assessments sufficient to pay such estimated expenses shall then be levied. If the sums collated prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time, and from time to time, levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable to the Association during the fiscal year in annual installments on or before the first day of each fiscal year or in such other manner as the Board, in its sole and absolute discretion, may designate.

7.09 Special Assessments In addition to the regular annual Assessments provided for above in Section 7.08, the Board may levy in any Assessment year special Assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of reconstruction, repair or replacement of a capital Improvement upon any common area, including fixtures and Personal property related thereto.

7.10 Assessment Benefiting Specific Areas The Association shall also have authority to levy Assessments against specific local areas and Improvements which Assessments shall be expended for the benefit of the properties so assessed. The Assessments levied under this Section shall be levied in proportion to the benefits conferred or to be conferred, as determined by the Board, and, therefore, the amount levied against each parcel of land or Improvement need not be equal. Any such Assessment shall constitute a lien on the properties so assessed and such liens shall be enforced in the same manner and to the same extent as provided in this Article.

7.11 Commencement and Collection of Yearly Assessments The annual Assessment for 2004 is hereby established by Grantor in the sum of Six Hundred Dollars (\$600.00) per residential lot, and shall be due and payable on January 1, 2004. Thereafter, the Board shall fix the amount of the yearly Assessments against each lot at least thirty (30) days in advance of each January 1st, and shall fix the date such amounts shall become due. Notice of Assessments shall be sent to every Owner subject thereto. The Association shall, on demand and for a reasonable charge, furnish a certificate signed by an officer of the Association, setting forth whether the Assessment against a specific residential lot has been paid, and shall, on or before the 31st day of

January cause to be recorded in the office of the County Clerk of Travis County, Texas, a list of delinquent Assessments as of that date.

7.12 Nonpayment; Liens, Remedies of the Association Any Assessment not paid within thirty (30) days after the due date shall be deemed past due and in default. Past due Assessments shall bear interest at a rate set by the Board. No diminution of Assessment or setoff shall be claimed or allowed by any alleged failure of the Board or Association to take any action required to be taken by the Board or Association or for the inconvenience arising from the making of repairs or Improvements which are the responsibility of the Association, or from any action taken to comply with any applicable law, ordinance or regulation of any governmental authority, or for any other reason. No Owner shall be exempt from payment of Assessments because of non-use of any of the property or facilities in connection with which the Assessment has been made. The amount of any such Assessment, whether regular or special, assessed against any property plus interest on such Assessment at such lawful rate as the Board may designate from time to time, and the costs of collecting the same, including reasonable attorneys' fees, shall be a charge on the land and shall be secured by a continuing vendor's lien upon such residential lot and the Improvements thereon. Such lien shall be prior to any declaration of homestead. The Association may either (a) bring an action at law against the Owner Personally obligated to pay the same, or (b) foreclose said lien against the residential lot, or (c) both. No Owner may waive or otherwise escape liability for any Assessment by nonuse of Association Property, or any other common area or by the abandonment of any residential lot.

Each Owner, by such Owner's acceptance of a deed to a Residential 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 Assessments as a debt and to enforce such lien by any method available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association either judicially or non-judicially by power of sale. All Owners expressly grant to the Association a power of sale in connection with the non-judicial foreclosure of such lien and the right to appoint a trustee or successor trustee to post or cause to be posted any required notices and to exercise such power of sale and conduct any non-judicial foreclosure sale. Non-judicial foreclosure shall be conducted by notice and posting of sale in accordance with the then applicable laws of the State of Texas. The Association shall have the right to bid on such residential lot in connection with any such non-judicial or judicial foreclosure. The lien provided for herein shall be in favor of the Association, for the benefit of all of the Owners. No provision in this Article VII setting forth a specific remedy with respect to enforcement of Assessments shall be construed to limit or waive any other remedy provided in this Declaration or by law.

In addition to the remedies specified in the preceding paragraph, the Board may, upon ten (10) days prior written notice thereof to such non-paying Owner, in addition to all other rights and remedies available, restrict the rights of such non-paying Owner to use the Association Property and/or Common Area in such manner as the Board deems appropriate, suspend the voting rights of such non-paying Owner for so long as such default exists, and/or impose such reasonable fines as the Board determines are appropriate and reasonable. Such fines shall be deemed a reimbursement expense.

A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by such lien shall be conclusive upon the Association as to the amount of

such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request and for a reasonable charge.

7.13 Mortgage Protection Notwithstanding any other provision of the Waterford on Lake Travis Restrictions, no lien created under this Article VII or under any other article of this Declaration, nor any lien arising by reason of any breach of the Waterford on Lake Travis Restrictions, nor the enforcement of any provision of this Declaration or of any Supplemental Declaration shall defeat or render invalid the rights of the beneficiary under any recorded mortgage or deed of trust of first and senior priority now or hereafter made in good faith and for value. However, after the foreclosure of any such first (or second) mortgage or deed of trust or alter conveyance in lieu of foreclosure, such residential lot shall remain subject to the Waterford on Lake Travis Restrictions and shall thereafter be liable for all regular and special Assessments levied by the Association.

7.14 Effect of Amendments on Mortgages No amendment of Section 7.13 of this Declaration shall affect the rights of any beneficiary whose mortgage or deed of trust has the first and senior priority (or second priority) as in Section 7.13 provided and who does not join in the amendment thereof, provided that such mortgage or deed of trust is recorded in the mortgage records of the Travis County, Texas, courthouse prior to the recordation of such amendment, provided however, that after foreclosure, or conveyance in lieu of foreclosure the property which was subject to such mortgage or deed of trust shall be subject to such amendment.

7.15 Subordination The lien for Assessments provided for herein shall be subordinated to the lien of any first mortgage. Sale or transfer of any property subject to unpaid Assessments shall not affect the Assessment lien. However, the sale or transfer of any property subject to Assessment pursuant to mortgage foreclosure, or any proceeding in lieu thereof, shall extinguish the lien as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such property subject to Assessment from liability for any Assessments thereafter becoming due or from the lien thereof.

7.16 Reimbursement Assessment as Remedy The Board, after notice to an Owner of the proposed action and after giving the Owner an opportunity to be heard in response, shall have the right to levy a reimbursement Assessment against an Owner for costs, including reasonable attorney's fees, incurred or determined as the cost, in bringing the Owner, the Owner's Residential Lot or Improvements thereon into compliance with this Declaration, the Architectural Committee Rules, the Articles of the Association, the Bylaws or the Rules.

ARTICLE V ARCHITECTURAL COMMITTEE

8.01 Number of Members The Architectural Committee shall be the Architectural and Environmental Control Committee. It shall consist always of either three (3) or five (5) members. The initial members of the Committee shall be appointed by the Board.

The Board may reduce the number of members of the Committee to three (3) and increase it to five (5) as often as it wishes. Each member of the Committee shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee may be removed at any time without cause.

8.02 Appointment of Members The Board shall have the right to appoint and remove all members of the Committee. The Board shall have the right to appoint and remove all members of the Committee without Grantor's consent.

8.03 Adoption of Rules The Architectural Committee may adopt such procedural and substantive rules, not in conflict with this Declaration, as it may deem necessary or proper for the performance of its duties.

8.04 Powers and Duties of Architectural Committee The Architectural Committee shall have all powers and duties conferred or imposed upon it by this Declaration and all inherent powers necessary or proper in the performance of its duties, asset forth in this Declaration or its rules. In addition thereto, and without limiting the generality of the foregoing, the Architectural Committee shall have the following specific powers and duties:

- (A) To approve all plans and specifications for any Improvements in Waterford on Lake Travis Sections 1 or 2;
- (B) To review and inspect all construction or proposed construction in Waterford on Lake Travis Sections 1 or 2;
- (C) To set such height elevations and setback requirements as it deems necessary or proper whether or not such limitations are contained on the face of any applicable plat;
- (D) To prescribe for any given section or area of development certain building or architectural restrictions, methods of development, limitations on types of building materials, placement of structures, colors, or other similar restrictions or limitations as it may see fit;
- (E) To control the spacing or orientation of all dwelling units, buildings, garages, accessory buildings or structures of any type whatsoever, with relation to the front and side yard orientation thereof;
- (F) To prescribe design or construction criteria for boat docks, steps to Lake Travis, sidewalks, driveways, fences, walls, landscaping, or other Improvements;
- (G) To specify types, colors, quality of roofing materials to be applicable to any given area or street;
- (H) To prescribe and charge fees for its services.

8.05 Review of Proposed Construction Whenever in the Architectural Committee Rules the approval of the Architectural Committee is required, it shall have the right to consider all of the Plans and Specifications for the Improvement or proposal in question and all other facts which, in its sole discretion, are relevant. Except as provided in Sections 8.12, 9.07 and 9.08 below, prior to commencement of any construction of any Improvement in Waterford on Lake

Travis Sections 1 or 2, the Plans and Specifications thereof shall be submitted to the Architectural Committee, and construction thereof may not commence unless and until the Committee has approved such Plans and Specifications in writing. The Committee shall consider and act upon any and all Plans and Specifications submitted for its approval pursuant to this Declaration, and perform such other duties assigned to it by this Declaration or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with Plans and Specifications approved by the Committee.

The Committee may review and approve or disapprove all Plans and Specifications submitted to it for any proposed Improvements, including the construction, alteration or addition thereof or thereto, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the surrounding area and Waterford on Lake Travis Sections 1 and 2 generally. The Committee shall take into consideration the aesthetic aspects of architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing any proposed Improvement, nor shall its approval of any Plans or Specifications be deemed approval thereof, from the standpoint of structural safety, engineering soundness, or conformance with building or other codes.

8.06 Meetings of the Committee The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may, by resolution, unanimously adopted in writing, designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8.10. In the absence of such designation, the vote of a majority of all of the members of the Committee taken without a meeting, shall constitute an act of the Committee.

8.07 No Waiver of Future Approvals The approval or consent of the Committee to any Plans or Specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans and Specifications, or other matter whatever, subsequently or additionally submitted for approval or consent by the same or a different Person.

8.08 Inspection of Work

(A) Completed Work Inspection of completed work and correction of defects therein shall proceed as follows:

- (1) Upon the completion of any Improvement for which approved Plans and Specifications are required under this Declaration, the Owner shall give written notice of completion to the Committee.
- (2) With such reasonable time as the Committee may set in its rules but not to exceed fifteen (15) days thereafter, the Committee or its duly authorized representative may inspect such Improvement. If the Committee finds that such work was not done in strict compliance with all approved Plans and Specifications, it shall notify the Owner in writing of such noncompliance within five (5)

days, specifying in reasonable detail the particulars of noncompliance, and shall require the Owner to remedy the same.

- (3) If upon the expiration of thirty (30) days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Committee shall notify the Board in writing of such failure. Upon notice to the Owner, given as provided in Section 9.04, the Board shall conduct a hearing at which it shall determine whether there is noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board's ruling within such period, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance, and the Owner shall reimburse the Association upon demand for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy an Assessment against such Owner and Improvement in question and the land upon which the same is situated for reimbursement and the same shall constitute a lien upon such land and Improvement and be enforced as in this Declaration provided.
- (4) If for any reason after receipt of said written notice of completion from the Owner, no inspection is made or any noncompliance is not found within the period provided above in Subparagraph (2) of this Section 8.08(A) the Improvements shall be deemed to be in accordance with said approved Plans and Specifications.

(B) Work in Progress

- (1) The Committee may inspect all work in progress and give notice of noncompliance as provided above in Subparagraph (2) of this Section.
- (2) If the Owner denies that such noncompliance exists, the procedures set out in Subparagraph (3) of this Section shall be followed, except that no work shall be done, pending resolution of the dispute, which would hamper correction of the noncompliance if the Board should ultimately find that noncompliance exists.

8.09 Liability Limitation The Architectural Committee's approval of plans shall not be deemed to be a representation or warranty, express or implied, of any nature. None of the following: the Committee, any member thereof, the Association, or the Board, assumes any liability or responsibility in connection with approval of plans or for any defect in the Improvements constructed from such plans, nor shall any of such Persons or entities be liable for any injury, loss or damage arising out of or in any way relating to the performance of the duties of the Architectural Committee, except to the extent caused by willful misconduct or gross

negligence. In reviewing any matter, the Architectural Committee shall not be responsible for reviewing, nor shall its approval of any Improvements be deemed approval of, the quality of the Improvements or safety, integrity, or otherwise, of the Improvements, or conformance with applicable laws, regulations and codes. Additionally, none of such Persons or entities shall be liable for any obligations, whether in the nature of debt or tort relating to acts or omissions of the Association, or for a debt or tort of another of such individuals or entities, whether such other individuals or entities were acting on behalf of the Association, the Board, the Architectural Committee or otherwise. None of the following: the Committee, any member thereof, the Association, or the Board shall have any obligation or liability for failure to inspect any Improvements or for failure to repair or maintain such Improvements.

8.10 Variance The Committee may grant variances from compliance with any of the architectural provisions of this Declaration or any Supplemental Declaration, or of any plat, including restrictions upon height, bulk, size, shape, floor area, land area, placement of structures, set-backs, building envelopes, colors, materials, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental consideration may, in its sole and absolute discretion, warrant Such variances must be evidenced in writing and must be signed at least by a majority of all members of the Committee. If a variance is granted, no violation of the covenants, conditions or restrictions contained in this Declaration or any Supplemental Declaration, or any plat shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any' Supplemental Declaration, or of any plat for any purpose except as to the particular instance covered by the variance.

8.11 Certificate of Occupancy No Improvement shall be occupied or used until the Architectural Committee has issued a "Certificate of Occupancy" to the Owner. The Architectural Committee shall issue a Certificate of occupancy only under the following conditions:

- (A) After the Committee has inspected the Improvement pursuant to Section 8.08 (A) (2) and determined that the Improvement has been completed in strict compliance with all approved Plans and Specifications, or;
- (B) The Improvement has been completed and any noncompliance with the approved Plans and specifications has been remedied by the Owner or by the Committee in the manner described in Section 8.08 (A) (3).

8.12 Approval Not Required For Certain Portions of Development. Notwithstanding any contrary provision in this Declaration, neither the Architectural Committee nor the Association shall have the right to approve or disapprove of plans by the GRANTOR for Improvements to be constructed on portions of the property described on Exhibit "B," Section 2A, 3, 4, 5, 6, and 7.

8.13 Construction After Approval After the Architectural Committee's approval of Plans and Specifications for proposed Improvements to a residential Lot, the construction thereof shall be completed as promptly and diligently as is reasonably possible and in strict conformity with the Plans and Specifications approved by the Architectural Committee. Failure to complete

the proposed Improvements within fifteen (15) months after the date of approval, or such other period of time as shall have been designated in writing by the Architectural Committee or failure to complete such Improvements in strict conformity with the Plans and Specifications approved by the Architectural Committee or any cessation of construction for longer than three (3) months, shall cause the automatic revocation of the Architectural Committee's approval of the Plans and Specifications. For purposes of this Section 8.13, completeness shall not have occurred until the exterior and trim on the structure have been completed, all construction materials and debris have been cleaned up and removed from the site and all rooms in the structure have been finished.

ARTICLE VI MISCELLANEOUS

9.01 Term This Declaration, including all of the covenants, conditions, and restrictions hereof, shall run until December 31, 2025, unless amended as herein provided. After December 31, 2025, this Declaration, including all such covenants, conditions, and restrictions shall be automatically extended for successive periods often (10) years each, unless amended or extinguished by a written instrument executed by at least three-fourth (3/4) of the Owners of lots within Waterford on Lake Travis, Sections 1 and 2 and recorded in the Deed Records of Travis County, Texas.

9.02 Amendment This Declaration may be amended by recording in the Official Public Records of Travis County, Texas an instrument executed and acknowledged by the President and Secretary of the Board, setting forth the amendment and certifying that such amendment has been approved by Owners entitled to cast at least fifty-one percent (51%) of the number of votes entitled to be cast pursuant to section 5.04. Any owner may indicate his or her approval of such proposed amendment either by consenting thereto in writing or by affirmative vote at a duly convened regular or special meeting of the Association.

9.03 Notices Any notice permitted or required to be given by the Declaration shall be in writing and may be delivered either Personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third (3rd) day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the Person at the address given by such Person to the Association for the purpose of service of notices, or to the residence of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing given by such Person to the Association.

9.04 Interpretation The provisions of this Declaration shall be liberally construed to effectuate their purposes of creating a uniform plan for the development and operation of Waterford on Lake Travis and of promoting and effectuating the fundamental concepts of Waterford on Lake Travis as set forth in this Declaration. This Declaration shall be construed and governed under the laws of the State of Texas.

9.05 Construction Activities This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by any Owner upon property within Waterford on Lake Travis Sections 1 or 2; provided that when completed, such Improvements shall in all the respects conform to this Declaration. Specifically, no such construction activities shall be deemed to constitute a nuisance

or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence, is in compliance with the provisions of this Declaration, and conforms to usual construction practices in the area- In the event of any dispute regarding such matters, a temporary waiver of the applicable provisions, including but not limited to any provision prohibiting temporary structures, may be granted by the Architectural Committee, provided that such waiver shall be only for the reasonable period of such construction.

9.06 Assignment by Grantor Notwithstanding anything in this Declaration to the contrary, Grantor may assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any other Person and may permit the participation, in whole or in part, by any other Person in any of its privileges, exemptions, rights and duties hereunder.

9.07 Enforcement and Non-waiver

- (A) Right of Enforcement Except as otherwise provided herein, any Owner at his own expense, and the Board shall have the right to enforce all of the provisions of the Waterford on Lake Travis Restrictions against any property within Waterford on Lake Travis Sections 1 or 2 and the Owners thereof. Such rights of enforcement shall include both damages for, and injunctive relief against, the breach of any such provision.
- (B) Violation a Nuisance Every act or omission whereby any provision of the Waterford on Lake Travis Restrictions is violated in Sections 1 or 2, in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated by any Owner (at his own expense), or the Board. However, only the Board and its duly authorized agents may enforce by self-help any of the provisions of the Waterford on Lake Travis Restrictions, and then only if such self-help is preceded by reasonable notice to the Owner in question.
- (C) Violation of Law Any violation of any federal, state or local law, ordinance or regulation pertaining to the ownership, occupancy or use of any property within Waterford on Lake Travis Sections 1 or 2 is hereby declared to be a violation of the Waterford on Lake Travis Restrictions and subject to all of the enforcement procedures set forth in said restrictions.
- (D) Non-waiver The failure to enforce any provision of the Waterford on Lake Travis Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said restrictions.
- (E) Liens The Association shall have the right, when appropriate in its judgment, to claim or impose a lien upon any residential lot in order to enforce any right or effect compliance with this Declaration.

9.08 Construction

- (A) Restriction Severable The provisions of the Waterford on Lake Travis Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provisions.
- (B) Singular Includes Plural Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.
- (C) Captions All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any of the paragraphs, sections or articles hereof.
- (D) Counterparts This Declaration may be executed in multiple counterparts, all of which together shall constitute and be deemed one original document for all purposes.

EXECUTED this _____ day of _____, 2006.

GRANTOR

WATERFORD ON LAKE TRAVIS POA II, Inc.

By: _____
Name: Marilyn P. Taylor
Title: President

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me by Marilyn P. Taylor, President of Waterford on Lake Travis POA II, Inc., on this, the _____ day of _____, 2006.

Notary Public in and for
The State of Texas

This Restated Master Declaration has been approved by Owners representing at least fifty-one percent (51%) of the number of votes entitled to be cast pursuant to Section 5.04 hereof.

By: Marilyn P. Taylor,
President, Waterford on Lake Travis
Property Owners Association II, Inc.

By: Don Killough,
Secretary, Waterford on Lake Travis
Property Owners Association II, Inc.

Exhibit "A"

Section 1, Lots 1-53 in Block A and Lot 1 in Block B, according to the Final Plat for Section 1 of Waterford on Lake Travis as filed of record in Volume 96, Page 68-73 of the Real Property Records of Travis County, Texas; and

Section 2, Lots 54 – 74 in Block A and Lots 2-8 in Block B of Waterford on Lake Travis, according to the proposed Final Plat for Section 2 of Waterford on Lake Travis as filed of record in Volume 102, Pages 317-322 of the Real Property Records of Travis County, Texas.

Exhibit "B"

Section 2A, Lots 75-85 in Block A and Lots 9-22 in Block B, according to the proposed preliminary plat, the proposed Final Plat for Section 2A of Waterford on Lake Travis to be filed, and being more particularly described by metes and bounds attached hereto as B-1;

Section 3, Lots 5 - 33 in Block C, according to the proposed preliminary plat, the proposed Final Plat for Section 3 of Waterford on Lake Travis to be filed, and being more particularly described by metes and bounds attached hereto as B-2; and

Sections 4-7 as described by metes and bounds attached hereto as B-3.