

## COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made as of the date hereinafter set forth by LEHNE RANCH RESIDENTIAL PROPERTY OWNERS ASSOCIATION, Inc. a Texas Corporation, hereinafter referred to as "Declarant".

WHEREAS, Declarant is the owner of certain property in the County of Llano, State of Texas, which is more particularly described in Exhibit A hereof and which is platted as

LEHNE RANCH DEVELOPMENT (RESIDENTIAL PORTION)

A Private Subdivision Lying in Llano County

Block 1, Tracts 2-24, Block 2, Tracts 2-15, Block 3, and Tracks 1-12 Llano County, Texas as recorded in Volume 15, Pages 98-101 of the Llano County Plat Records

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

### DEFINITIONS

"Animal Unit" means one (1) cow and calf, five (5) sheep, five (5) goats, or two (2) horses.

"Assessment" means the Annual Assessment, Special Assessments or other charges, interest, penalties and fees authorized by this Declaration together with the cost and expense incurred in collecting Assessments, including but not limited to court costs and attorney's fee.

"Association" and "Property Owners Association" shall both mean and refer to "LEHNE RANCH RESIDENTIAL PROPERTY OWNERS ASSOCIATION, INC.", a not-for-profit corporation organized under the laws of the State of Texas, its successors and assigns, and the terms may be used interchangeably from time to time herein.

"Barn" means and refers to any out-building, garage, shop, or barn.

"Board" means and refers to the collective set of Officers hereinafter set forth and elected by the Members to administer the business of the subdivision on behalf of the Members.

"Bylaws" mean the Bylaws of the Association as from time to time amended.

“Certificate of Formation” shall mean the Certificate of Formation of Lehne Ranch Property Owners Association, Inc. and any amendments thereto, which have been or will be filed in the office of the Secretary of State of the State of Texas.

"Common Area(s)" means the portions of the Subdivision, including any applicable easements, owned by the Association for the common use and enjoyment of the Members including, but not limited to, all roads and the entrances, together with such other property as the Association may acquire in the future for the common use and enjoyment of the Owners and as further set forth in this Declaration.

“Declaration” means the Declaration of Covenants, Conditions, and Restrictions of Lehne Ranch Residential Property Owners Association, Inc., and any amendments thereto which have been or will be filed in the Llano County Clerk’s Office.

“Developer” means and refers to Rocky Mountain Ranch, Ltd, its successor and assigns.

“ Dwelling” means and refers to a building constructed on a Tract with all the plumbing, heating/cooling, septic system, etc. necessary for single family primary residency. Per the deed restrictions, this building must be at least 1500 square feet, must be made of 75% masonry, and must adhere to all the setback rules as defined in the Deed Restrictions.

“Improvement” means every structure and all appurtenances of every type and kind, including, but not limited to, dwellings, buildings, outbuildings, patios, storage buildings, barns, garages, and decks. The term “Improvement” excludes the interior of each residence, guest quarters, barn or other approved building.

“Member” means and refers to an Owner who is a member of the Property Owners Association.

"Owner" means and refers to the record Owner, whether one or more persons or entities, of the title to any tract in Lehne Ranch, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure. Said term “Owner” shall also refer to the heirs of assign of any Owner.

“Plat” means and refers to the plat of Lehne Ranch Subdivision filed on February 13, 2006 in Book 15, Pages 98-101 of the Map and Plat Records of Llano County, Texas.

“Road” or “Roads” means Lehne Loop and Sonya Road, both of which are located within the Subdivision and have been dedicated for the purposes of ingress and egress through the Subdivision for the benefit of the property Owners.

“Recreational Vehicle” or “RV” means and refers to a pull-behind trailer, a motorhome, or a fifth-wheel trailer normally used for recreational camping purposes. It does not include mobile homes or park model homes.

“Secondary Dwelling” means and refers to a building (which is in addition to the primary residence) constructed on a Tract with all the plumbing, heating/cooling, septic system, etc. necessary for single family residency. Per the deed restrictions, this building must be at least 1500 square feet, must be made of 75% masonry, and must adhere to all the setback rules as defined in the Deed Restrictions unless a waiver has been granted. This secondary building could include but is not limited to: barndominiums, guest houses, casitas, mother-in-law quarters, care-taker quarters, etc.

"Subdivision" means and refers to all residential property, including Tracts, on the plat of the subdivision filed by the Developer in the Map and Plat Records of Llano County, Texas and Common Area as defined herein and all areas subject to the Declaration. All reference to “Lehne Ranch” or “properties” means this subdivision.

“Turnover Date” is the date the Association formally assumed ownership of and financial responsibility for the Common Area from the Developer, who previously provided the Association with a quit-claim deed for the Common Areas.

"Tract" means and refers to any residential tract of land identified on the recorded subdivision plat or any amendments thereto with the exception of the Common Area and as further set forth in the Declaration.

## **ARTICLE I -- MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION SUMMATION**

A full description is contained in the Bylaws of the LEHNE RANCH PROEPRTY OWNERS ASSOCIATION, INC., incorporated by reference as if fully set forth herein.

### **Section 1. General Purposes of Association**

The Association is organized for the purpose of providing common services to the Tract Owners; owning and maintaining the Common Areas; providing enforcement of these covenants and restrictions; and engaging in activities for the mutual benefit of the Owners. In order to pay for these services, the Association will charge assessments against the Tracts and their Owners. A Tract may be subject to lien for any unpaid assessments, but additionally each Owner is personally obligated for assessments coming due during the time such Owner owns the Tract. The functions of the Association shall be performed by a Board. Provisions relating to the Association and the Board are also contained in the Certificate of Formation and By-Laws of the Association.

### **Section 2. Association Membership**

Lehne Ranch Property Owners Association, Inc., a non-profit corporation, has been (or will be) organized, and it shall be governed by the Certificate of Formation and Bylaws of said Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

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

Every Owner shall be a Member of the Association upon acquiring title to the Tract(s). Membership shall be appurtenant to and may not be separated from ownership of any Tract.

## **ARTICLE II -- NEW CONSTRUCTION REQUIREMENTS**

### **Section 1. Construction Plan Review**

- (a) No residential dwelling shall be constructed or erected on any Tract until a signed description, sketch, and/or plans stating the size, location and materials have been first submitted to and approved by the Board. Article II, Sections 2, 3, 4, 5 and 6 lists the deed restrictions related to residential dwellings.
- (b) No other building or structure of any kind shall be constructed or erected on any Tract until a signed description, sketch, and/or plans stating the location has been first submitted to and approved by the Board. Article II, Sections 4 and 6 lists the deed restrictions related to other buildings or structures.
- (c) All approvals or disapprovals issued by the Board shall be in writing. In the event the Board fails to approve or disapprove any request received by it in compliance with Article II within thirty (30) days following the submission of a completed application and full compliance with the Declarations set out herein, such request shall be deemed approved and the construction of any improvements may commence in accordance with the Plans and Specifications submitted for approval. Any Board approval obtained as a result of inaction by the Board shall not authorize the construction of any Improvement in violation of this Declaration.
- (d) The granting of a Board approval (whether in writing or by lapse of time) shall constitute only an expression of opinion by the Board that the proposed Improvement to be erected complies with this Declaration; and such approval shall not prevent the Association from requiring removal of any Improvement which fails to comply with this Declaration. Further, no Board member shall incur any liability by reason of the good faith exercise of the authority granted hereunder.

- (e) In the event any required approvals are not obtained according to Section 2.b above prior to commencement of improvements, or in the event improvements are made which vary from those approved, it shall be deemed that no approvals were given and that a violation and/or breach of this Declaration has occurred. A fine of \$100.00 per occurrence shall be assessed against the Owner and shall accrue with interest as provided by law until the fine is paid and approval is obtained or improvements corrected to comply with an approval given. If after 120 days from the date the first fine is assessed the violation has not been corrected, the Board may re-assess the \$100.00 fine as a second occurrence of the same violation and may continue to do so every 120 days until the violation has been corrected. At this point, the Board may pursue legal action to remedy the violation. In any legal action required to remedy the violation, the Association, when the prevailing party, shall be entitled to recover reasonable attorney fees and costs incurred prior to and as part of the legal action, and attorney's fees and cost on appeal.
- (f) The Board has the inherent authority to approve or deny such descriptions, sketches and/or plans or to grant variances to existing structures or future plans. All variances shall be in writing. No violation of this Declaration shall be deemed to have occurred with respect to any matter for which a variance is granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular Tract and improvements and the particular provision covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Owner's Tract.

## **Section 2. Exterior Covering and Siding**

All dwellings (both first dwelling and secondary dwelling) shall be constructed of at least 75% masonry with Masonry defined as stone, stucco, brick or concrete hardie board material.

## **Section 3. Dwelling Size**

The living area (heated and air conditioned space) of any residential dwelling shall not be less than 1500 square feet.

## **Section 4. Building Location**

Unless the plat indicates a different building set-back line, no building of any kind shall be located on any tract nearer than 25 feet from back or side tract lines, and no building shall be located on any tract nearer than 75 feet to any public road, it being understood that that the building set-back line shown on the plat, if different from foregoing, will control. Owner may request a waiver to alter any building set-back line on any Tract if, in the exercise of Owner's sole judgment, such alteration is necessary to permit effective

utilization of a tract of land. Any such waiver request must be in writing, submitted to the Board, approved by the Board, and recorded in the Deed Records of Llano County, Texas.

#### **Section 5. Septic/Sewage Disposal, Water and Power**

All dwellings must be equipped with septic tank or other sewage disposal system meeting all applicable laws, rules, standards and specifications, and all such dwellings must be serviced with water and power.

#### **Section 6. Maintenance**

The owner shall keep its Improvements in good condition and repair at all times and ensure that all Improvements are adequately painted and otherwise maintained by the Owner.

#### **Section 7. Animal Husbandry**

Domestic livestock (except hogs and pigs) shall be allowed on any Tract so long as such animals do not exceed One (1) Animal Unit of livestock per tract. Livestock must be fenced, provided, however, that no hogs or pigs may be kept on the premises. The owner of any Tract may keep or raise poultry for personal use of the owner, provided that the poultry is kept in an adequate enclosure. Except for poultry kept or raised for the personal use of the owner, no poultry shall be kept or raised on any Tract. With a two-thirds majority vote of the Owners present at each Annual Meeting, either the Developer or another individual or entity approved by the Association may be given approval to have cattle freely graze within the unfenced area of the neighborhood in order to retain the Agriculture Exemption Status for property taxes. The cattle are solely the responsibility of the Developer or the other approved individual or entity. The number of cattle allowed must not exceed that recommended by the Texas Agricultural Extension Agency to sustain the herd, and it must not drop below the number necessary to maintain the Agriculture Exemption status for the entire Lehne Ranch Subdivision. At no time shall there be a mixture of cattle from the Developer AND from the other approved individual or entity. Any Owner who wishes to keep the cattle off of their property or a portion thereof shall be responsible for erecting a fence. If the Owner of any tract fences more than one acre surrounding the residence, the owner may be subject to the loss of agriculture tax exemptions and to rollback tax liability.

### **ARTICLE III**

#### **GENERAL RESTRICTIONS - USE AND OCCUPANCY**

##### **Section 1. General Prohibition**

No residential dwelling, garage, outbuilding, structure or appurtenance of any kind, including additions or substantial alterations thereto, shall be erected, placed or maintained on the Tracts or any portion thereof that does not conform to the restrictions, standards, prohibitions and provisions of this Declaration or applicable governmental regulations, as same may exist or be changed from time to time. All such construction shall be performed, completed, erected, placed and maintained only in accordance with the description, sketch and/or plans required herein as approved by the Board and governmental building code requirements.

## **Section 2. Only Residential Purposes**

No Tract shall be used in whole or in part for anything other than single family residential purposes. No trade, traffic or business of any kind, whether professional, commercial, industrial, manufacturing or other non-residential use shall be engaged in or carried on within the subdivision or any part thereof. Nothing herein shall prohibit the use of home offices provided the activity associated with the home office meets the following criteria: (a) no exterior sign of the activity is present, (b) no additional traffic is created as result of the activity, and (c) no toxic substances (as determined at the sole discretion of the Board) are stored on the Tract. No other activities which constitute or may become an annoyance or nuisance as determined by the Association. (d) The Board shall have the sole and absolute discretion to determine what constitutes a nuisance or annoyance.

## **Section 3. Single-Family Residential Use**

Except as specifically set forth in this Declaration, all Tracts shall be used for single family residential purposes only.

## **Section 4. Subdividing of Tracts**

For any Tract in the Lehne Ranch Subdivision to be qualified to be subdivided, said Tract must be at least 5 acres in size according to the original Subdivision Plat mentioned in this Declaration; it must have been owned by the Owner wishing to subdivide for at least 10 years; it must not have ever been subdivided at any time prior; and the originally platted tract may only and ever be split into two tracts. No tract shall ever be made less than 2.5 (two-and-one-half) acres. The Owner must also comply with any county or municipal requirements for subdividing tracts.

## **Section 5. Consolidated Building Site**

Any Owner of one or more adjoining Tracts may, with the prior written approval of the Board and with the approval of the Llano County Commissioners Court, if required, consolidate two or more Tracts into one Tract or Building site, in which case the common boundary line between any combined Tract shall be eliminated and the setback lines shall be measured from the remaining exterior boundary lines. Any portion of any utility

easement located within the common boundary lines of any combined Tract shall be eliminated if such utility easements are not being used at the time any Tracts are combined. No Tract shall be deemed to be combined with another Tract until such time as an appropriate re-plat of the combined Tracts is filed with the Llano County Plat Records and all necessary approvals have been obtained. Any Tracts which are combined as provided above shall be assessed as one Tract for Assessment purposes. Association shall not be liable for any fees associated with Tract consolidation.

## **Section 6. Completion of Construction**

All construction approved by the Board shall be completed within twelve (12) months from the date construction begins. The Board may grant a greater period of time to complete said construction or may grant an extension of said twelve-month period upon written request of the Owner.

## **Section 7. Temporary Buildings**

No structure of a temporary character, whether RV, tent, basement, shack, garage, barn or other outbuilding shall be maintained or used on any Tract at any time as a residence, either temporarily or permanently, except as provided below.

Prior to construction of a residential dwelling on a Tract, an Owner may use an RV for camping purposes on the Tract no more than 14 days out of any 30 day period, provided that the total number of days in any 1 year period does not exceed 45 days. All waste shall be taken off-site to an appropriate dump station.

Prior to construction of a residential dwelling on a Tract, an RV may be used as a temporary residence during construction, not to exceed twelve (12) months, provided the RV is connected to water, power, and an approved method for handling waste in compliance with Texas State law.

An RV may be used as temporary guest quarters for a period of time not to exceed 30 days per occurrence.

Temporary structures, including a rented portable restroom facility, or construction storage facility may be located on a Tract while the main residence for a Tract is actively under construction, provided that such are removed upon substantial completion of construction and are not located on a Tract for longer than the time allowed for construction of a main residence as previously established at twelve (12) months.

## **Section 8. Barns.**

Living quarters located inside of a barn which is constructed on the Tract shall be allowed so long as the quarters are not used as a permanent dwelling unit. Such living quarters



shall not be rented for income. Such living quarters may be used as the Tract owner's temporary residence during the construction of the main dwelling or as a "weekend getaway" for such Tract owner prior to the construction of the residence.

### **Section 9. Ground Maintenance**

- (a) No rubbish, debris, garbage, objects, waste, or materials of any kind whatsoever shall be placed or permitted to accumulate upon any portion of a Tract which would render it unsanitary, unsightly, offensive, or detrimental to the Subdivision or to the occupants of any property in the vicinity.
- (b) No building material of any kind or character shall be placed or stored upon any Tract so as to be open to view by the public or neighbors, unless such material will be used and is used for the construction of buildings or structures upon the Tract on which the material is stored.

### **Section 10. Preservation of Common Areas**

No person shall re-construct, damage or destroy, clear, open, reduce, remove, alter, modify or install any thing or improvement within, over or upon any common area without first obtaining written approval from the Board. No construction or excavation in the proximity of any preservation area, canal, bank slope or swale, shall be permitted which may substantially impair the stability of the character or drainage in said area.

### **Section 11. Open Burning**

Open burning to reduce solid waste must comply with Llano County ordinance and established Burn Bans and must be done in such a manner as not to create a nuisance to any neighboring lots.

### **Section 12. Right to Inspect**

The Board may at a reasonable time or times with prior arrangement with the Owner enter upon any Tract during periods of construction or alteration and within thirty (30) days thereafter for the purpose of verifying whether the construction or alteration of structures thereon are in compliance with the provisions hereof..

## **ARTICLE IV -- PROPERTY RIGHTS AND REQUIREMENTS**

### **Section 1. Owner's Easements of Enjoyment**

Every Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Tract.

### **Section 2. Owner's Use of Tract**

An Owner's use of his or her Tract shall be limited to residential purposes, but nothing herein shall be deemed to prevent an Owner from leasing his or her Tract including dwellings to a single family for the purpose of a long-term residence defined as 12-months or longer, subject to these covenants and restrictions. Per the original deed restrictions, the Owner is prevented from using the secondary dwelling as rental property, but if the Owner so chooses, the Renter can be allowed to use the secondary dwelling while renting the primary dwelling. All Owners leasing or renting their Tracts or primary residence shall be required to incorporate the following provision in their lease or rental agreements, substantially in the following form:

The Lease Premises are a part of a Subdivision. All persons occupying property in Lehne Ranch are required to observe the Covenants and Restrictions of the Lehne Ranch Property Owners Association. The Landlord is required to provide any Renter with copies of all Covenants and Restrictions.

In addition, all Owners leasing their Tracts or homes are required to provide the Association with a copy of the lease and the names and addresses of the Landlord and the Tenant that are contained in the lease or rental agreement.

### **Section 3. Damage to Common Areas**

The Owner of a Tract shall be responsible for any expense incurred by the Association to repair or replace any Common Area, including but not limited to, roadways, gates, drainage facilities, water lines, and utility lines, when such repair or replacement is necessary as a result of the negligent or intentional errors or omissions of the Owner, his family, tenants, guests, agents, invitees, hired labor, or contractors. This shall include repairs or replacements resulting from the actions of the Owner or the Owner's contractor or subcontractors in constructing any improvements on the Owner's Tract. If any such expense is not paid upon demand, the amount of the expense shall be added to the Assessment to which the Owner's Tract is subject and shall be due and payable in the same manner as the Assessments provided in these covenants.

### **Section 4. Maintenance of Roads and Streets**

Lehne Loop and Sonya Road, located within the boundaries of the subdivision, are private in nature and not dedicated to the public. The access to these roads and streets may be restricted from access to the general public at the general point of access or entrance gates. The Lehne Ranch Residential Property Owners Association, Inc. is responsible for maintaining and insuring all roads and entrance gates.

### **Section 5. Maintenance of a General Liability Insurance Policy**

The Association shall be responsible for the issuance and maintenance of a general liability insurance policy covering all of the subdivision improvements such as entrance gates and roads. This liability policy will cover all of the improvements that are the property of the Association and general liability regarding their use. In addition, the Association shall maintain an Officers policy for those members of the Association who are members of the Board. Such policy shall be reviewed on an annual basis to assure that they meet current governmental rules and standards, and generally acceptable insurance practices. The Association shall further be responsible for the issuance and maintenance of any other insurance policy the Board in its sole discretion deems necessary or desirable. The insurance must be purchased from an insurance company that is certified to do business in the State of Texas and is in good standing with the Department of Insurance.

## **ARTICLE V -- COVENANT FOR ASSESSMENTS**

### **Section 1. Assessments**

- (a) All Owners shall be subject to annual and special assessments as herein provided in order to fund the costs of fulfilling the purposes of the Association. In the event of a conveyance, the grantee is jointly and severally liable with the grantor for all assessments outstanding against the grantor and subject Tract, without prejudice to any right the grantee may have to recover from the grantor any amounts paid by the grantee. Each Tract Owner is deemed to covenant and agree by acceptance of a deed to a Tract to pay all assessments, and no Tract Owner may waive or avoid responsibility for payment of any assessment by not using his Tract or the Common Areas or by disputing the purpose of the assessment or for any other reason.
- (b) Both annual and special assessments must be fixed at a uniform rate per Owner subject to any assessments and may be collected monthly, quarterly or annually as determined by the Board. Unless and until multiple Tracts are consolidated as set forth in Article III, Section 5 above, any Owner who owns more than two tracts in the subdivision will be levied an additional assessment per tract over two. As to any Owner who has not paid an assessment when due or is in violation of these Covenants and Restrictions, however, the amount of the assessment outstanding shall be increased by interest as set forth below , late charges, costs, damages and attorneys' fees, as referenced throughout this Declaration.

### **Section 2. Annual Assessments**

An Annual Assessment shall be paid by each of the Tract Owners. The Annual Assessment shall be used to pay all reasonable and necessary operating expenses and reserve requirements of the Association as herein provided. The Annual Assessment for the year of purchase shall be pro-rated as of the purchase date and then shall be paid annually.

The initial amount of the Annual Assessment applicable to each Owner will be three hundred and ten dollars (\$310.00). Any Owner who owns more than two tracts in the subdivision will be levied an additional assessment per tract over two. Initially, the annual assessment shall be payable in one annual installment, payable when the Owner takes title and prorated from that date to the end of the fiscal year. When a Title Company is used during the sale, selling Owner shall instruct the Title Company to collect the unpaid assessments and forward the proceeds representing the prorated annual assessment to the Association.

The Association shall notify the Owners of each Tract of the amount, the date on which the assessments are payable, and the place of payment. The Annual Assessment is payable in advance and is due upon the conveyance of any Tract and thereafter on the thirty first (31) day of January during each calendar year. All other matters relating to the collection, expenditure and administration of the Annual Assessment shall be determined by the Board, subject to the provisions hereof.

The Board, from and after the Turnover Date, shall have the further right at any time to adjust, alter, increase or decrease the Annual Assessment from year to year as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association and to enable the Association to carry out its duties hereunder. A majority of the votes as set forth in Article IV, Section 4.8 of the Bylaws is required to increase the Annual Assessment by more than ten percent (10%) from the previous year.

### **Section 3. Special Assessments.**

The Board may levy a special assessment to pay in whole or in part for the cost of any shortfall in the annual budgeted operating revenues, or for any repair or replacement of an existing capital improvement if the cost of such repair, replacement, acquisition, and/or construction is less than \$100/Owner. A majority of the votes as set forth in Article IV, Section 4.8 of the Bylaws is required to approve a Special Assessment greater than \$100 per owner. Special assessments shall be payable at such time and place determined by the Board and stated in the assessment notice.

### **Section 4. Interest on Assessment**

Any Assessment which is not paid within thirty (30) days after the due date shall accrue an administrative fee of \$25.00 and shall bear interest from the due date at the lesser of (i) the rate of eighteen percent (18%) per annum or (ii) the maximum rate allowed by law.

### **Section 5. Purpose of the Assessments**

The Annual Assessments and Special Assessments shall be used for any improvement or services in furtherance of the purposes and the performance of the Association's duties described herein, including, but not limited to, the maintenance of any drainage easements, maintenance of Common Areas, Common Area Expenses, the enforcement of these Restrictions, and the establishment and maintenance of reserve funds. The Assessments may be used by the Association for any purpose which, in the judgment of the Association's Board, is necessary or desirable to maintain the property value of the Subdivision, including, but not limited to, providing funds to pay all taxes, insurance, repairs, utilities, and any other expense incurred by the Association. Except for the Association's use of the Assessments to perform its duties as described in this Declaration, the use of the Assessments for any of these purposes is permissive and not mandatory. It is understood that the judgment of the Board as to the expenditure of Assessments shall be final and conclusive so long as such judgment is exercised in good faith.

## **ARTICLE VI -- ENFORCEMENT PROVISIONS**

### **Section 1. Creation of Lien and Personal Obligation**

In order to secure the payment of the Assessments, each Owner of a Tract hereby grants the Association a contractual lien on such Tract which may be foreclosed by non-judicial foreclosure, pursuant to the provisions of Section 51.002 of the Texas Property Code (and any successor statute); and each such Owner hereby expressly grants the Association a power of sale in connection therewith.

All Tracts shall be sold subject to the terms and provisions of the continuing lien described in this paragraph. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specific Tract have been paid. A properly executed Certificate of the Association as to the status of assessments on a Tract is binding upon the Association as of the date of its issuance.

In the event of non-payment by the Owner of any Assessment or other charge, fee, assessment levied hereunder, the Association shall give the Owner notice of the delinquency giving the owner 30 days to cure the delinquency or offering the Owner an alternative payment schedule in accordance with Association policy as determined by the Board. Such alternative payment schedule shall comply with section 209.0062 of the Texas Property Code.

### **Section 2. Effect of Non-Payment of Assessment: Remedies of the Association**

If an Owner does not cure a delinquent assessment or fails to comply with an alternative payment schedule, the Board may bring a legal action against the Owner of the Tract personally for payment of the assessment and may enforce its lien for the assessment by

any means available under the law. The Board may waive payment of late charges and interest on any assessment, but may not waive payment of the assessment. In an action to enforce collection of any assessments, the prevailing party shall be entitled to recover all attorney's fees and costs.

It is the intent of the Provisions of this Section 5 to comply with the provisions of said Section 51.002 of the Texas Property Code and Chapter 209 of the Texas Property Code.

### **Section 3. Notice of Lien**

In addition to the right of the Association to enforce the Assessment, the Association may file a claim of lien against the Tract of the delinquent Owner by recording a Notice ("Notice of Lien") setting forth (a) the amount of the claim of delinquency, (b) the interest thereon, (c) the costs of collection which have been accrued thereon, (d) the legal description and street address of the Tract against which the lien is claimed, and (e) the name of the Owner thereof. Such Notice of Lien shall be signed and acknowledged by an officer of the Association or other duly authorized agent of the Association. The lien shall continue until the amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Association to cover the preparation and recordation of such release of lien instrument.

### **Section 4. Liens Subordinate to Mortgages**

The lien described in this Article VI shall be deemed subordinate to any lien in favor of any bank, mortgage company, real estate lending establishment, financial institution, insurance company, savings and loan association, or any other third party lender, including the Developer, who may have advanced funds in good faith to any Tract Owner for the purchase, improvement, equity lending, renewal, extension, rearrangement or refinancing of any lien secured by a tract, provided that any such lien holder has made due inquiry as to the payment of any required assessments at the time the lien is recorded. Any consensual lien holder who obtains title to any Tract pursuant to the remedies provided in a deed of trust or mortgage or by judicial foreclosure shall take title of the Tract free and clear of any claims for unpaid assessments or other charges against said Tract which accrued prior to the time such holder acquired title to such Tract. No such sale or transfer shall relieve such holder from liability for any Assessments or other charges or assessments thereafter becoming due. Any other sale or transfer of a Tract shall not affect the Association's lien for Assessments or other charges or assessments.

### **Section 5. Violation and Enforcement of Restriction and Covenants**

- (a) The Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any action for enforcement brought hereunder, the prevailing party shall be entitled to reasonable attorney's fees including attorney's fees through appellate proceedings.
- (b) Upon learning of a violation, the Association shall issue the Owner a written notice either by certified return receipt mail or posting on the property requesting the Owner to cure the violation and advising the Owner that a fine will begin to accrue if the violation is not cured within 30 days of receipt of the notice and that the Owner's Tract may be subject to a lien for such fine together with any costs expended by the Association for notice, investigation, attorney's fees and costs, and curative actions, the Association may take, including but not limited to demolition and/or storage costs for any construction or items placed on a Tract in violation of this Declaration.
- (c) Should the violation not be cured within said 30 days of receipt of said written violation, a fine shall automatically begin to accrue and continue until the violation is cured. The amount of the fine at the time of filing this Declaration is \$50.00 per day, but said amount may be changed from time to time by the Board without vote of the Association or amendment of this Declaration.
- (d) The Association shall have the authority but is not obligated to cure any violation through whatever action it deems reasonable and the expenses thereof shall be chargeable to the Owner of the Tract on which or in connection with the violation has occurred. Said expense shall be payable forthwith and upon demand. In the event the Association has expended funds in connection with curing such violation, then and in such event the funds so expended shall become an assessment upon the Tract or Tracts enforceable as provided herein for unpaid assessments.

## **ARTICLE VII -- FINANCIAL AUDIT COMMITTEE**

### **Section 1. Financial Audit Committee Structure and Function**

- (a) The Board shall appoint three members to the Financial Audit Committee. Appointed Committee members shall be Members in the Lehne Ranch Residential Property Owners' Association.
- (b) The committee shall meet annually and audit the financial statements of the Association with an annual report prepared and presented to the membership at the annual meeting. The Committee can also meet from time to time as necessary.
- (c) Nothing herein limits the authority of the Board to hire professionals, including, but not limited to, accountants or auditors if the Board, in its sole discretion, determines that the hiring of said professional is necessary or desirable.

## **ARTICLE VIII -- GENERAL PROVISIONS**

### **Section 1. Severability and Interpretation**

Invalidation of any of these covenants or restrictions by judgment or court order shall in no way effect any other provisions hereof, which shall remain in full force and effect. Should any conflict in interpretation arise between the provisions of this Declaration and of the Certificate of Formation, the provisions of this Declaration shall prevail.

### **Section 2. Duration, Modification and Amendment**

Except as the same may be changed, modified or amended as provided for hereafter, the covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, at which time they shall be automatically extended for two (2) successive periods of ten (10) years, unless modified or terminated by a duly recorded written instrument executed in conformance with the requirements as defined by Association Membership Vote to extend and/or amend the established duration period. The number of votes required to amend the CCR is 67% of the membership.

### **Section 3. Notices**

Any notice required to be sent to any person pursuant to any provision of these Covenants shall be effective if such notice has been deposited in the United States Mail, postage prepaid, addressed to the person for whom it is intended at his/her last known place of residence, or to such other address as may be furnished to the secretary of the Association. The effective date of the notice shall be the date of mailing.

### **Section 4. No Waiver**

The failure of the Association to enforce any right, provision, covenant or condition which may be granted by this Declaration or the governing documents shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

### **Section 5. Conflict**

This Declaration shall take precedence over conflicting provisions in the Certificate of Formation and By-Laws of the Association and the Certificate of Formation shall take precedence over the By-Laws.

### **Section 6. Governing Law/Venue.**



The construction, validity and enforcement of this Declaration shall be determined in accordance with the laws of the State of Texas and the exclusive venue for enforcement of this Declaration shall be Llano County, Texas.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused these presents to be executed in its name by its duly authorized officers, as of the date first set forth hereinabove.

Signed, sealed and delivered in the presence of: LEHNE RANCH RESIDENTIAL PROPERTY OWNERS ASSOCIATION, INC.

\_\_\_\_\_  
Gary Ray, President, Lehne Ranch Residential Property Owners' Association

\_\_\_\_\_  
Sharon Weathers, Vice President, Lehne Ranch Residential Property Owners' Association

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Carl Francois, Treasurer, Lehne Ranch Residential Property Owners' Association

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Belinda Lassiter, Secretary, Lehne Ranch Residential Property Owners' Association

\_\_\_\_\_  
Harry Morrison, Member-at-Large, Lehne Ranch Residential Property Owners' Association

STATE OF TEXAS  
COUNTY OF LLANO

I HEREBY CERTIFY that on this day, before me an officer duly authorized in the State and in the County aforesaid to take acknowledgments, personally appeared the following officers of LEHNE RANCH RESIDENTIAL PROPERTY OWNERS' ASSOCIATION, INC., a Texas Not-for-Profit Corporation: Gary Ray, President; Sharon Weathers, Vice President; Carl Francois, Treasurer; Belinda Lassiter, Secretary; and Harry Morrison, Member-at-Large. These are known to me to be the persons described in and who executed the foregoing instrument and acknowledged before me that they executed the same. The said persons were not under oath.

WITNESS my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 2019.