Courtesy SW $25.00

VILLAS AT REDLAND RANCH

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

(REDLAND RANCH UNIT 5)

STATE OF TEXAS §
§
COUNTY OF BEXAR §

97- 0045490

KNOW ALL PERSONS BY THESE PRESENTS:

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, made on the date hereafter set forth by **CONTINENTAL HOMES OF SAN ANTONIO, L.P.**, a Texas limited partnership, hereinafter referred to as "Declarant,"

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Bexar County, Texas, which is more particularly described on Exhibit A attached hereto and incorporated herein for all purposes, such property being marketed as Villas at Redland Ranch and sometimes known as Redland Ranch Unit 5;

NOW, THEREFORE, Declarant hereby declares that all of the properties described in Exhibit A 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 inure to the benefit of each owner thereof.

ARTICLE I. DEFINITIONS

Section 1.1 "Association" shall mean and refer to Villas at Redland Ranch Homeowners Association, Inc. (the "Association"), a Texas nonprofit corporation, its successors and assigns.

Section 1.2 "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.3 "Properties" shall mean and refer to that certain real property described in Exhibit A, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

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Section 1.4 "Common Area" shall mean all real property owned, controlled or maintained by the Association for the common use and enjoyment of the Owners. The Common Area to be owned, controlled or maintained by the Association shall be the landscaped areas, and esplanades situated within the Properties, or abutting or in close proximity thereto or otherwise serving the Properties, medians, and entry signs, with related fencing and other realty owned, controlled or maintained by the Association.

Section 1.5 "Lot" shall mean and refer to any plot of land shown upon the recorded subdivision map or plat of the Properties with the exception of the Common Area.

Section 1.6 "Declarant" shall mean and refer to Continental Homes of San Antonio, L.P., a Texas limited partnership, its successors and assigns, if such successors or assigns should acquire more than one Lot from the Declarant for the purpose of constructing residences thereon and selling the same to members of the general public.

ARTICLE II. PROPERTY RIGHTS

Section 2.1 Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(b) The right to the Association to dedicate or transfer all or any part of nonrecreational facilities to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded; provided, however, that except as to the grant of easements for utilities and similar or related purposes, the Common Area may not be alienated, released, transferred, hypothecated or otherwise encumbered without the approval of all holders of first mortgage liens covering any Lots;

(c) The right of the Association to limit the number of guests of Owners using the recreational facilities;

(d) The right of the Association, in accordance with its Articles of Incorporation or Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property. The rights of any such mortgagee in said Properties shall be subordinate to the rights of the Owners hereunder.

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Section 2.2 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the property.

ARTICLE III. MEMBERSHIP AND VOTING RIGHTS

Section 3.1 Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 3.2 The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) On January 1, 2005.

ARTICLE IV. COVENANT FOR MAINTENANCE ASSESSMENTS

Section 4.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(a) Annual assessments or charges; and

(b) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

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The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be 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 the property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 4.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to:

(a) Promote the recreation, health, safety and welfare of the residents in the Properties; and

(b) The improvement and maintenance of the Common Area; and

(c) Enforcement of any restrictive covenants affecting the Properties.

Section 4.3 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Two Hundred Ten and No/100 Dollars ($210.00).

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than ten percent (10%) (such percentage increase may be cumulative from year to year) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above ten percent (10%) by the vote or written assent of two-thirds (2/3) of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

(c) The board of directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4.4 Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

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Section 4.5 Notice and Quorum for Any Action Authorized Under Sections 4.3 and 4.4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4.3 or 4.4 shall be sent to all members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 4.6 Uniform Rate of Assessment. Both annual and special assessments, subject to Section 4.7, must be fixed at a uniform rate for all Lots and may be collected on a quarterly, semi-annual or annual basis, as determined from time to time by the board of directors.

Section 4.7 Date of Commencement of Annual Assessments -- Due Dates. The annual assessments provided for herein shall commence as to each Lot, other than those owned by Declarant, on the first day of the month following the expiration of thirty (30) days following the conveyance of such Lot by Declarant, and shall commence as to each Lot owned by the Declarant on the first day of the month following the month on which such Lot is first used for residential purposes. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The board of directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the board of directors. 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 specified Lot have been paid.

Section 4.8 Effect of Nonpayment of Assessments -- Remedies of the Association. Any assessment not paid within sixty (60) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. Each such Owner, by his acceptance of a deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including judicial foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property, and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided

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for in this section shall be in favor of the Association and shall be for the benefit of all other Lot Owners. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

Section 4.9 Subordination of the Lien to Mortgagees. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 4.10 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.

ARTICLE V. GENERAL PROVISIONS

Section 5.1 Enforcement. The Association, or any Owner, 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 by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 5.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 5.3 Amendment. 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, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded in the Deed Records of Bexar County, Texas. So long as there is Class B membership in the Association, the VA or HUD must approve any amendments hereto and any annexations, pursuant to Section 5.4 hereof.

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Section 5.4 Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members.

Section 5.5 Rights of Mortgagees. Each lienholder or mortgagee of a Lot shall possess the right, subject to its prior written request to the Association and the providing of its address to the Association, to:

(a) Inspect the books and records of the Association during normal business hours;

(b) Receive an annual unaudited financial statement of the Association within ninety (90) days following the end of each fiscal year of the Association; and

(c) Receive written notice of all meetings of the members of the Association and be entitled to designate a representative to attend such meetings.

Section 5.6 Leases. Any lease agreement between an Owner and a lessee shall provide that the lease shall be subject in all respects to the provisions of this Declaration and to the Articles of Incorporation and Bylaws of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default in the lease. All such leases shall be in writing.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand this 3rd day of April, 1997.

CONTINENTAL HOMES OF SAN ANTONIO, L.P., a Texas limited partnership

By Its General Partner: CHTEX OF SAN ANTONIO, INC., A Delaware corporation

By: Louis M. Christa
Name: Louis M. Christa
Title: Asst. Sec.

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STATE OF TEXAS §
§
COUNTY OF BEXAR §

This instrument was acknowledged before me on April 3, 1997, by Louis M. Christa, Asst. Secr. of CONTINENTAL HOMES OF SAN ANTONIO, L.P., a Texas limited partnership, by its general partner CHTEX OF SAN ANTONIO, INC., a Delaware corporation, on behalf of said limited partnership.

[NOTARY'S SEAL]

Notary Public, State of Texas

KRISTINA M. VEGA
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 6-21-2000

EXHIBITS:

Exhibit A - Property Description

AFTER RECORDING, RETURN TO:
Richard L. Kerr
Gresham, Davis, Gregory, Worthy & Moore, P.C.
112 East Pecan Street, Suite 900
San Antonio, Texas 78205

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EXHIBIT A

REDLAND RANCH SUBDIVISION UNIT 5

Property Description

Lots 1 through 43, Block 11, New City Block 17725, REDLAND RANCH SUBDIVISION, UNIT 5, according to plat thereof recorded in Volume 9535, Page 110, Deed and Plat Records of Bexar County, Texas.

Any provision herein which restricts the sale, rental, or use of the described real property because of race is invalid and unenforceable under Federal law
STATE OF TEXAS, COUNTY OF BEXAR
I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records of Real Property of Bexar County, Texas on:

APR 1 0 1997

COUNTY CLERK BEXAR COUNTY, TEXAS

Filed for Record in:
BEXAR COUNTY, TX
GERRY RICKHOFF, COUNTY CLERK

On Apr 07 1997

At 11:24am

Receipt #: 24405
Recording: 19.00
Doc/Mgmt : 6.00

Doc/Num : 97- 0045490

Deputy -Deborah Greiner

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