

**DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS
for
ROUGH HOLLOW RANCH**

Preamble

This Declaration of Covenants, Conditions, and Restrictions is made on _____, 2007 by **PECAN CREEK VENTURE, LTD.**, a Texas limited partnership ("**Declarant**"), whose mailing address is P. O. Box 667, Llano, Texas 78643.

Recitals

1. Declarant is the owner of all that certain real property (the "**Property**") located in Llano County, Texas, described as follows, to-wit:

Being approximately 732.46 acres in Llano County, Texas, consisting of approximate acreages out of the following surveys:

228.24 acres out of the Christoph Feuge Survey No. 25, Abstract No. 221;

288.323 acres out of the Johann Metzger Survey No. 24, Abstract No. 545;

180.227 acres out of the J. J. Jung Survey No. 23, Abstract No. 434; and

35.67 acres out of the Conrad Ahrens Survey No. 22, Abstract No. 9;

and being out of and a part of that certain land described as 2609.25 acres "First Tract" in the Will of Maude Mae Moss to Ann Etta Hall, recorded in Volume 112, Page 251, Probate Records of Llano County, Texas. Said 732.46 acres being more completely described by metes and bounds in Exhibit "A" attached hereto and made a part hereof.

2. The Declarant has devised a general plan for the entire Property as a whole, with specific provisions for particular parts and parcels of the Property. This general plan provides a common scheme of development designed to protect and safeguard the Property over a long period.

3. This general plan will benefit the Property in general, the parcels and lots that constitute the Property, the Declarant, and each successive owner of an interest in the Property.

4. Therefore, the Declarant desires to restrict the Property according to these covenants, conditions, and restrictions (the "**Protective Covenants**") in furtherance of this general development plan.

NOW, THEREFORE, it is declared that all of the Property shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions.

ARTICLE 1

Definitions

Developer

1.01. **“Developer”** means Declarant and its successors and assigns.

Tract

1.02. **“Tract”** means any of the tracts of land shown on the plat and subdivision map of ROUGH HOLLOW RANCH recorded in Volume 16, Pages 38 - 39 of the Plat Records of Llano County, Texas.

Owner

1.03. **“Owner”** means the record owner or owners of the fee simple title to any Tract or portion of a Tract in the Property on which there is or will be built a detached single family dwelling. “Owner” excludes persons or entities having a security interest in a Tract.

Association

1.04. **“Association”** (sometimes also called the **“POA”**) means Rough Hollow Ranch Property Owners Association, Inc., a Texas non-profit corporation. Each Owner shall become a member of the Association contemporaneously with acquiring a Tract, without any further documentation of any kind.

Board

1.05. **“Board”** means the Board of Directors of the Association.

Development Period

1.06. **“Development Period”** means the period of time beginning on the date of the recording of this Declaration of Covenants, Conditions, and Restrictions, and ending on _____, 2009.

ARTICLE 2

Exterior Maintenance

2.01. The Owner of any Tract within the Property shall have the duty and responsibility for (i) keeping such Tract and any improvements and landscaping thereon in a well maintained, safe, clean, and attractive condition at all times ~~(including without limitation keeping the same free of unsightly weeds and keeping grass or other ground cover mowed)~~, and (ii) complying

with all governmental, health, safety, and police laws, regulations, or requirements affecting such Tract and any improvements or landscaping thereon. If in the good faith judgment of the ACC (hereinafter defined), any such Owner fails to comply with these duties and responsibilities, then the ACC may, but shall not be so obligated, notify such Owner thereof specifying such default, and such Owner shall thereupon have ten (10) days within which to cure such default, or, if such default cannot be cured by the application of all reasonable diligence within such ten (10) day period, to commence in good faith to cure such default and thereafter carry forward the curing of such default to completion with all due diligence and continuity. Such Owner shall be liable for the cost and expense of enforcing compliance with these Protective Covenants. If such Owner fails to pay such sum within ten (10) days after a written demand to do so is sent to such Owner, then the indebtedness thereby represented together with interest thereon at the highest rate allowed by law (or if no such rate is specified, then at 18% per annum) shall be a debt of such Owner which shall be secured by a lien against the Tract in question and any improvements located thereon; provided, however, that such lien shall be subordinate and inferior to the lien of any bank, savings and loan association, trust company, insurance company, pension trust, or other institutional lender loaning funds for purchase money financing, interim construction financing, or other financing of such tract or parcel and/or any improvements thereon. Any building or other structure located within the Property which has been destroyed or damaged in whole or in part by any casualty must be either repaired or completely demolished and removed from the Tract by the Owner thereof within _____ (____) days after such casualty.

ARTICLE 3

Use Restrictions and Architectural Standards

3.01. The Property shall be used for residential and/or agricultural purposes only. No more than one home shall be constructed upon a Tract except as follows. If a residence meeting the requirements as indicated below has been constructed, a guest house that is not permanently occupied may be constructed with a minimum of 1000 square feet in a manner similar to the construction of the main house. Well houses and storage buildings may be constructed prior to the construction of the main residence. A guest house on a Tract may be constructed at the same time as the main house, but the main house must be finished at or before the completion of the guest house.

3.02. No old, used, or existing buildings or structures of any kind or any portion of an old, used or existing building or structure shall be moved onto, placed or permitted to remain on any Tract either temporarily or permanently. All construction, including barns, pens and out buildings, shall be new construction. No metal buildings, mobile homes, HUD code manufactured, or modular homes shall be placed on a Tract. No boats or trailers may be kept on a Tract unless such are stored in structures that are not visible from the Roadway (defined in Article 4.01 of these Protective Covenants).

3.03. Each residential structure shall have a minimum floor area of 2000 square feet (except for a guest house as hereinabove provided with a minimum of 1000 square feet), excluding porches, stoops, open or closed carports, patios or garages. No aluminum siding shall be allowed. Construction materials shall all be new, and workmanship shall be of a professional manner. The exterior of any residence must have at least two coats of paint thereon unless the

exterior walls consist of masonry construction, or are a wood exterior or the type not requiring paint such as log or cedar siding.

3.04. No noxious or offensive trade or activity shall be allowed upon the Property which is offensive by reason of odor, fumes, vibrations, dust, smoke, noise, or pollution, or that is hazardous by reason of excessive danger of fire or explosion. No excessive outdoor lighting equipment may be allowed on a Tract. The Property may not be used as a dumping ground for rubbish, trash, inoperable equipment or garbage. No oil exploration, mining, quarrying, or refining operation of any kind shall be permitted on any Tract. Alternative energy equipment, such as windmills and solar panels, shall be permitted subject to the ACC's approval.

3.05. Except for fences or well houses, no building or structures of any nature shall be located closer than one hundred feet to any Tract's boundary line. Variations from these requirements may be allowable by the ACC in individual cases where tract size or topography make these requirements impractical. Notwithstanding the foregoing, if an Owner owns contiguous Tracts, the one hundred foot "no build" area shall not be applicable to the common boundary line between the contiguous Tracts.

3.06. The construction of any dwelling on a Tract shall be completed with reasonable diligence and in all events shall be completed as to its exterior within _____ (____) months from the commencement of construction. No building material of any kind shall be placed or stored on a Tract ~~until~~before the Owner is ready to begin construction, unless such building materials are stored on the Tract in an area that is not visible from the Roadway.

3.07. The residence and other buildings on any Tract must be kept in a good state of repair and must be painted when necessary to preserve the attractiveness thereof.

3.08. No portion of the Property shall be used for outside unenclosed storage of any nature or as a dumping ground for rubbish, debris, or junk. Trash, garbage or other waste materials shall not be permitted except in sanitary containers. All incinerators or cans or other equipment for the storage or disposal of such material shall be kept in clean and sanitary condition, and shall be kept behind property improvements so that they are not readily visible from the Roadway. No dirt, soil, or gravel shall be removed from a Tract and transported elsewhere.

3.09. Each Owner shall be responsible for keeping adjacent streets open and free of obstructions.

3.10. All fences constructed on a Tract must be of new materials and be built in a professional manner. Fences constructed of wire must contain a minimum of five strands of wire or metal or vinyl coated wire netting, and fence posts must be painted (except for cedar stays). Creosote fences are not allowed. PVC or plastic or similar materials must be prefabricated and specifically manufactured for fence construction.

3.11. Any Tract with livestock kept on it must be fenced. No more than one head of livestock per two acres shall be kept on any Tract, provided, however, that no hogs or pigs are to

be kept on any Tract. Poultry for personal use of the Owner may be kept only if confined in an adequate enclosure, and as long as the noise from the enclosure is not excessive. FFA and 4H projects will be allowed as long as they are not a nuisance. No commercial feed lots of any nature shall be allowed. No Owner may have more than four (4) dogs as pets on any Tract, and the Owner shall take all necessary measures to prevent excessive noise from such pets.

3.12. Septic systems and/or septic and discharge lines shall be located at least 200 feet from any standing water (i.e. pond) or running water such as springs or creeks. A properly installed and maintained aerobic sprinkler system may be located within 50 feet of the above described running water.

3.13. No deer blind shall be allowed within 300 feet of any Tract's boundary line, and no deer or other animal feeder shall be placed within 300 feet of the exterior boundary of the Property. There shall be no rifle hunting on any Tract containing less than 50 acres.

3.14. An easement is reserved within 20 feet of each Tract's boundary line for the construction and maintenance of conduits, poles, wires and fixtures for electric service, telephones, water mains, sanitary and storm sewers, road drains and other public and quasi public utilities. Any construction of overhead utility or telephone lines, whether within or without such easements, must be approved by the ACC. Trees and shrubs may be trimmed which interfere or threaten to interfere with the maintenance of such utility lines. These easements include the reasonable, temporary right of ingress and egress across the affected Tract for purposes of installation and maintenance of utilities.

3.15. No outside toilet or privy shall be erected or maintained on any Tract except during construction of a residence on the Tract. All sanitary plumbing shall conform with the minimum requirements of the health departments of Llano County and the State of Texas. Overnight camping is permitted if the camp site is cleaned and all camping equipment is removed upon exit.

3.16. Signs to identify a Tract for sale are allowed. Such signs shall be not larger than 32 square feet, professionally spaced and installed. Any sign shall be maintained, if necessary, and be reasonable in form, language, and color.

3.17. The Tracts may not be subdivided.

3.18. There is hereby established an Architectural Control Committee (herein referred to as the "ACC") to approve plans, specifications, and other matters relative to development of Tracts located within the Property as provided herein. The initial members of the ACC shall be _____, _____, and _____, Susan Yeager. Each appointment to the ACC shall be set out in an instrument recorded in the Official Public Records of Real Property of Llano County, Texas, and upon recordation of such instrument the appointee shall succeed to all of the rights, powers, and duties of the member of the ACC being replaced. At any time and from time to time all of the members of the ACC may designate a representative to act for it and to perform any function which the ACC could perform as a whole (including, specifically, approval of plans and specifications), provided that such appointment shall be evidenced by an instrument

in writing duly executed by a majority of the ACC and recorded in the Official Public Records of Real Property of Llano County, Texas. The ACC's approval of plans and specifications as herein provided shall be evidenced by the signature of at least two (2) members thereof upon the plans and specifications so approved, or by letter signed by at least two (2) such members. All other actions taken by the ACC shall be taken upon a vote of the majority thereof.

3.20. Prior to the commencement of (i) the construction or erection of any building, parking facility, sign or other improvement or structure of any kind or type whatsoever on any portion of the Property, (ii) the alteration of any building or other structure or improvement located on any portion of the Property, and/or (iii) any planting or other landscaping activity within the Property, two complete sets of plans and specifications, setting forth in such detail as the ACC may request the proposed work to be performed, shall be submitted to the ACC for its approval. None of the activities described in the preceding sentence shall be commenced within the Property until the plans and specifications therefor have been approved in writing by the ACC as herein provided. After plans and specifications for any work have been approved, such work shall be performed in accordance therewith, and no variation from such approved plans and specifications shall be permitted unless and until revised plans and specifications reflecting the variation are submitted to and approved by the ACC in the same fashion as herein provided for original plans and specifications. Within fifteen (15) days after the receipt of any plans and specifications submitted pursuant hereto the ACC shall either approve or disapprove same, in the later case notifying the party submitting the plans and specifications of the objections thereto. If the ACC does not disapprove of any plans or specifications within such fifteen (15) day period, it shall be deemed that the ACC has approved same. The ACC may from time to time establish and revise guidelines relative to material, design, and construction of any improvements to be located within the Property. The ACC's approval of plans and specifications as herein provided is intended to facilitate and provide for the orderly development of the Property in a proper and aesthetically pleasing fashion for the benefit of all Owners. No approval of plans and specifications and no publication of any design or architectural guidelines shall ever be construed as representing or implying that such plans, specifications, or guidelines, if followed, will result in a properly designed or constructed structure.

ARTICLE 4

Easements and Roadways

Reservation of Easements

4.01. The Plat of ROUGH HOLLOW RANCH SUBDIVISION contains a private roadway and easement (the "**Roadway**"). The entrance and entry gate for the Roadway ~~and, the Roadway surface, and the areas between the Roadway and the adjacent boundary lines of the Tracts~~ shall be maintained by the Association. However, the Owners of Tracts 9 and 10 shall not be required to pay for any of the ~~cost~~ maintenance costs of the Roadway, as long as Tract 9 and Tract 10 do not have access to the Roadway.

4.02. Right of use for ingress and egress shall be available at all times over the Roadway (except for Tracts 9 and 10) for purposes of installing, operating, maintaining, repairing

utilities, or removing any obstruction placed in such Roadway that would interfere with the installation, maintenance, operation, or removal of such utility.

4.03. There shall be no private entrances to any Tract from State Highway 29 except the main subdivision entrance to the Roadway, unless approved in advance by the ACC.

4.04 Entrances to Tracts from State Highway 71 shall be of metal or rock construction and must be approved by the ACC.

ARTICLE 5

Association

Creation

5.01. Each Owner of a Tract, including Developer, shall automatically be a member of the Association. Ownership of a Tract is the sole criterion for membership in the Association. Each Member which is not a natural person is required to designate one natural person to act on such Member's behalf in accordance with applicable provisions of the bylaws of the POA and as otherwise determined in the sole opinion of the Board. A designation as aforesaid fully authorizes the designated representative to bind the designating party as to all matters. Any such representative may serve as a Director in accordance with the bylaws of the POA.

Transfer of Membership

5.02 Association membership shall be transferred to the grantee of a conveyance of a Tract in fee. Membership shall not be assigned, pledged, or transferred in any other way. Any attempt to make a prohibited transfer shall be void.

Bylaws

5.03. The POA has certain bylaws which have been adopted and approved by the Board. Reference is here made to said bylaws, and said bylaws are adopted and incorporated herein.

Voting Rights

5.04. During the Development Period there will be two (2) classes of membership entitled to voting rights in the Association which are as follows:

(a) Class A: All Members of the Association other than the Declarant are Class A Members. DURING THE DEVELOPMENT PERIOD, CLASS A MEMBERS SHALL HAVE ONE VOTE FOR EACH TRACT OWNED.

(b) Class B: Class B Members are Declarant. DURING THE DEVELOPMENT PERIOD, DECLARANT SHALL HAVE TWO VOTES FOR EACH TRACT OWNED.

5.05. Upon termination of the Development Period, any remaining Class B membership will automatically convert to Class A membership. Thereafter there will be only one class of voting membership, and the Owner, whether one or more, of each Tract will be entitled to one vote on each matter coming before the membership of the POA.

5.06. When more than one person holds an ownership interest in a Tract, all such persons are Members, but in no event will they be entitled to more than one vote with respect to each particular Tract owned. The single vote, approval, or consent of such joint Owners must be cast or given in accordance with the decision of a majority, or if such joint Owners cannot reach a majority decision, then none of the joint Owners will be permitted to vote, approve or consent as to any such matter upon which a majority decision cannot be reached. The vote, approval, or consent of any single Owner from among such joint Owners is conclusively presumed to be cast or given in accordance with the decision of the majority of the joint Owners and with their full authority.

5.07. Voting rights of any Member shall be suspended for the uncured breach of the Protective Covenants, the bylaws of the POA, or the Articles of Incorporation of the POA.

ARTICLE 6

General Provisions

Enforcement

6.01. These Protective Covenants are part of a general plan for the orderly development of the Property as a residential subdivision. In the event any person or entity should hereafter violate or attempt to violate any of these Protective Covenants, then the POA or any Owner of any Tract located within the Property, after providing notice hereunder and an opportunity to cure such default, may institute and prosecute any proceedings at law or in equity to abate, prevent, or enjoin any such violation or attempted violation, and, to the extent attainable by law, be entitled to monetary damages caused by such violation or attempted violation, but such right to seek damages shall never be construed or deemed to limit any such party's right to seek injunctive relief to abate or prevent any violation or attempted violation of these Protective Covenants. If the POA and/or any such Owner shall institute proceedings to enforce these Protective Covenants and/or seek relief for a breach thereof and prevail in such proceedings, then they shall be entitled to recover all court costs and attorney's fees reasonably incurred in connection with such proceedings.

Severability

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

Covenants Running With the Land

6.03. These Protective Covenants are for the purpose of protecting the value and desirability of the Property. Consequently, they shall run with the real property and shall be binding on all parties having any right, title, or interest in the Property in whole or in part, and their heirs, successors, and assigns. These Protective Covenants shall be for the benefit of the Property, each Tract, and each Tract Owner.

Duration and Amendment

6.04. The Protective Covenants shall be effective for a term of 20 years from the date this declaration is recorded, after which period the Protective Covenants shall be automatically extended for successive periods of 10 years subject to termination by an instrument signed by more than 50 percent of the Owners and recorded in Llano County, Texas. The covenants, conditions, and restrictions of this declaration may be amended by an instrument signed by more than 75 percent of the Owners and recorded in Llano County, Texas. Neither any amendment nor any termination shall be effective until recorded in the Real Property Records of Llano County, Texas, and after all requisite governmental approvals, if any, have been obtained.

Attorney's Fees

6.05. If any controversy, claim, or dispute arises relating to this instrument, its breach, or enforcement, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees, and costs.

Liberal Interpretation

6.06. These Protective Covenants shall be liberally construed to effectuate its purpose of creating a uniform plan for the Property.

6.07. The ACC may impose upon each Tract within the Property an annual maintenance charge to be applied towards the payment of construction costs, maintenance, repair, and/or operating expense for purposes which the ACC in the exercise of their good faith discretion may consider to be of general benefit or use to the Owners. The annual maintenance charge initially imposed shall not exceed \$_____ per Tract. Such annual maintenance charge shall be imposed by the POA, and thereafter may be increased only by _____ percent (____%) per year. Any maintenance charge so imposed shall continue for so long as these Protective Covenants shall be effective, shall be secured by a vendor's lien (which is hereby reserved) upon the Tract in question, and shall be due and payable annually on the first day of January of each year in advance. The vendor's lien provided for in the preceding sentence shall be subordinate and inferior to the lien of any institutional lender.

6.08. No delay in enforcing these Protective Covenants as to any breach or violation thereof shall impair, damage, or waive the right of any party entitled to enforce the same to obtain relief (including specifically but without limitation, injunctive relief) against or to recover damages for the continuation or repetition of any such breach or violation or any similar breach or violation.

6.09 Entry by the ACC, its agents, or employees upon any part of the Property, and all action taken thereupon in connection with the care and maintenance thereof, shall not be deemed a trespass and all claims for damages by reason thereof are hereby expressly waived.

6.10 Declarant and the members of the ACC, and their respective agents, employees, officers, directors, partners, joint venturers, successors, and assigns, shall not be liable to any party hereafter having an interest in any part of Property for any loss, claim, or demand asserted on account of their good faith administration of these Protective Covenants and/or the good faith performance of their duties hereunder.

This Declaration is executed this ____ day of _____, 2007, at Llano, Texas.

PECAN CREEK VENTURE, LTD., a Texas
limited partnership

By: WHL MANAGEMENT, LLC, a Texas
limited liability company, its General
Partner

By: _____
Terry Wootan, Manager

STATE OF TEXAS §
 §
COUNTY OF LLANO §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Terry Wootan, Manager of WHL Management, LLC, a Texas limited liability company, as General Partner of Pecan Creek Venture, Ltd., a Texas limited partnership, on behalf of said limited liability company and limited partnership.

Notary Public, State of Texas