

SUBDIVISION RESTRICTIONS

Section B, Holiday Villages of Medina Subdivision

1. There shall be established an Architectural Control Committee composed of three (3) members appointed by the Developer (and/or by designees of the Developer, from time to time) to protect the owners of interests in the property hereunder against such improper use of lots as will depreciate the value of their property; to preserve, so far as practicable, the natural beauty of said property and to guard against the placement thereon of poorly designed or proportioned structures or camping equipment.

2. The property hereunder shall be used solely for camping, recreational and other leisure-related uses and such other uses as may be permitted by these Subdivision Restrictions. Except as otherwise permitted by these Subdivision Restrictions, the use and occupancy of the property hereunder is restricted to owners or purchasers of undivided interests in the property hereunder or in Section C of Holiday Villages of Medina Subdivision, their families and guests, persons who belong to camping organizations described in numbered Paragraph 12 of these Subdivision Restrictions, and such other persons as authorized by the Developer. The Developer shall establish Regulations (hereinafter called the "Regulations") containing reasonable restrictions on the use and occupancy of the property hereunder, including but not limited to restrictions on the length of occupancy, fees which may be charged for the use of such property and provisions defining the term "family." The Regulations may be supplemented, amended and/or modified from time to time by the Developer until December 31, 2020, or until such earlier date as the Developer shall have assigned all its rights under the Regulations to HV of Medina Owners Association (a Texas non-profit corporation); thereafter, the Regulations may be supplemented, amended or modified from time to time by HV of Medina Owners Association pursuant to procedures established by such Association. In the event of any conflict or inconsistency between provisions of these Subdivision Restrictions and the Regulations, the provisions of these Subdivision Restrictions shall govern.

3. The property hereunder may not be used for residential purposes, and no one other than the Developer or HV of Medina Owners Association or utility companies or similar entities in accordance with these Subdivision Restrictions may occupy the property hereunder or any portion thereof other than on a temporary basis, as more particularly described in the Regulations. No buildings, fences, permanent structures or improvements may be erected, constructed, placed or permitted to remain on the property hereunder other than by the Developer or HV of Medina Owners Association in accordance with these Subdivision Restrictions or by utility companies or similar entities for the purpose of furnishing utilities or similar services to the property hereunder.

4. The placement and use of camping or recreational vehicles or equipment on the property hereunder shall be limited to pickup campers, cabover campers, camping trailers, van conversions, fifth-wheel trailers, mini-motor homes, travel trailers, motor homes, tents and other camping vehicles or equipment permitted by the Regulations. There shall be no minimum floor area in regard to such camping equipment; however, any such camping vehicles or equipment must be of good appearance and in good repair and shall not be permitted on the property hereunder if found to be unacceptable by the Architectural Control Committee. Converted school buses may not be placed and may not remain on the property hereunder. Cabover campers, tents and similar types of temporary camping equipment cannot be left on the property hereunder unattended for more than twenty-four (24) consecutive hours.

5. No animals or birds, other than household pets, shall be permitted on the property hereunder. A reasonable number of dogs shall be permitted only if continuously contained by leash.

6. The Developer or HV of Medina Owners Association may, at their respective options, erect, construct, place, alter, maintain and remove buildings, fences, recreational facilities and equipment, vegetation and other improvements on the property hereunder reasonably deemed by such party to be related to the recreational use or enhancement of the property hereunder, including, but not limited to, storage facilities, utility facilities and equipment, recreational vehicles and other camping facilities for rental purposes or otherwise. Any such buildings, equipment, facilities, recreational vehicles or camping facilities

erected, constructed or placed on the property hereunder shall remain the property of the party placing or installing same regardless of how same is affixed and may be removed from the property hereunder at any time. The Developer or HV of Medina Owners Association may grant to contractors or other persons or entities the right of access over, under and across the property hereunder and the use and occupancy of the property hereunder for the purposes described in this Paragraph 6.

7. Perpetual easements are reserved for the installation and maintenance of utilities and all necessary appurtenances thereto, whether installed in the air, upon the surface or underground, along and within ten (10) feet of all boundary lines of the property hereunder. In addition, the Developer or HV of Medina Owners Association may from time to time grant utility easements over, under and across other portions of the property hereunder for the purpose of bringing utility service to such property or to other portions of Holiday Villages of Medina Subdivision. No permanent structures shall be constructed or placed on or over such easement areas nor shall any other structures or equipment which may damage or interfere with the installation, maintenance or operation of utility lines or equipment be placed or permitted to remain on or over such easement areas. Utility companies and their employees and agents shall have all of the rights and benefits necessary or convenient for the full exercise of such easement rights, including but not limited to the free right of ingress and egress to and from such easement areas and the right from time to time to trim or remove all trees, vegetation or other obstructions that may interfere or threaten to interfere with the installation, maintenance or operation of utilities.

8. No outside toilet or privy shall be erected or maintained on any of the property hereunder. The materials installed in, and the means and method of assembly of, all sanitary plumbing shall conform with the requirements of the Health Department of the State of Texas and the local authorities having jurisdiction. No sewage nor effluent shall be disposed of upon, in, nor under any of the property hereunder except into waste disposal facilities installed by the Developer or its designees, without the written consent of the Developer.

9. There is hereby made and impressed upon the property hereunder an assessment of \$12.00 per month in respect to each 1/500 undivided interest in the property hereunder; provided, however, that if an owner or purchaser (other than the Developer) of an undivided interest in the property hereunder is also the owner or purchaser of a lot or lots or undivided interest in another area of Holiday Villages of Medina Subdivision which is subject to an assessment payable to HV of Medina Owners Association, there shall be no assessment against the undivided interest of such owner or purchaser in the property hereunder. Each owner or purchaser of an undivided interest in Section B shall be a member of HV of Medina Owners Association. Such assessment rate shall at all times be equal to the assessment rate applicable to the owner of one lot in other areas of Holiday Villages of Medina Subdivision as set forth in the Subdivision Restrictions of record for such other areas and payable to HV of Medina Owners Association. It is acknowledged that such assessment rate applicable to one lot is subject to change from time to time in accordance with the provisions of such Subdivision Restrictions of record for other areas of Holiday Villages of Medina Subdivision, and upon any such change, the assessment rate applicable to each 1/500 undivided interest in the property hereunder shall automatically change to the same rate. Said assessment shall accrue from the earlier of the date of the agreement for deed from the Developer as seller to a purchaser or of the conveyance by the Developer as grantor. Such assessment shall be and is hereby secured by a lien on each undivided interest in the property hereunder, respectively, and shall be payable to HV of Medina Owners Association, its successors and assigns, the owner of said assessment funds, on January 1 of each year commencing in 2003, at which date in the year 2003 and in successive years said assessment lien shall conclusively be deemed to have attached. Such assessment shall be payable monthly, quarterly, semi-annually or annually, either in arrears or in advance, as determined from time to time by HV of Medina Owners Association, except that such assessment shall never be payable more than twelve (12) months in advance. In the event such assessment is made payable in advance and except as otherwise required by law, there shall be no refund of paid but unaccrued assessments on account of any cancellation or repossession of a purchase contract or any transfer of an owner's or purchaser's interest. If any such assessment is not paid in full by the thirtieth (30th) day following the due date thereof, the unpaid amount of such assessment shall bear interest from such thirtieth (30th) day at the rate of eighteen percent (18%) per annum until paid. The assessment lien described hereinabove shall secure payment of past-due unpaid assessments and any interest thereon plus any expenses incurred in attempting to collect same, including, without being limited to, reasonable attorneys' fees. The

Developer may resign from membership in HV of Medina Owners Association at any time; however, no other member may resign from membership in such Association.

10. The assessments described in numbered Paragraph 9 hereof may be used for the construction, reconstruction, improvement and maintenance of roads and streets, swimming pools, parks, boat ramps, piers, playgrounds, cabanas, community buildings and other improvements in Holiday Villages of Medina Subdivision, for the purchase and rental of land and other property and facilities by HV of Medina Owners Association, for security guards, for central garbage disposal containers at Holiday Villages of Medina Subdivision, for insurance and/or bond coverage related to any such improvements, facilities, guards or personnel, for the payment of property and other taxes, for the payment of utility costs and maintenance expenses on Sections B and C of Holiday Villages of Medina Subdivision and other areas designated by the Developer, for the repayment of any advances which may be made by the Developer or its affiliates to cover the cost and expense of any of such purposes and uses, and for any other uses approved by the Board of Directors of HV of Medina Owners Association. The use and benefit of the above described improvements and facilities shall be restricted to the members of HV of Medina Owners Association, their families and authorized guests, and other persons and classes of persons designated by the Developer. "Holiday Villages of Medina Subdivision," as such term is used herein, shall include the property covered by these restrictions and all other property in Medina or Bandera Counties, Texas, which may have heretofore or may hereafter be subdivided, platted and/or designated by the Developer as a portion of Holiday Villages of Medina Subdivision. HV of Medina Owners Association shall pay all taxes and assessments (other than the assessments described in Paragraph 9 hereof) which may be levied on the property hereunder and any improvements thereon, and each owner and purchaser (other than the Developer), by purchasing or acquiring an interest in the property hereunder by whatever manner, designates and appoints such Association as his exclusive agent for receipt of notices and claims for such taxes and assessments and for payment of such taxes and assessments out of the funds described in Paragraph 9 hereof. The lien securing such assessments shall be junior and subordinate to any lien held by the Developer. Assessments against property interests owned by the Developer shall accrue, and liens securing same may attach, only during such times as a contract to purchase said property interests is then in force; and no assessment shall be made against the Developer nor against then unsold property interests owned by it at any time (whether or not such property interests have been previously sold and the contract cancelled or otherwise terminated). At any time, as to any property interest then owned by the Developer not covered by a contract with the Developer then in force to sell or reserve for sale such property interest, any then accrued but unpaid assessments under this paragraph against such property interest shall thereupon be automatically cancelled.

11. The use and occupancy of the property hereunder pursuant to the provisions of these Subdivision Restrictions and the Regulations require that the property hereunder not be divided into several portions. Therefore, subject to the remaining provisions of this paragraph, there shall be no partition of the property hereunder by any means, voluntary or involuntary. Each owner and purchaser of any portion of the property hereunder (other than the Developer), by purchasing or acquiring an interest in the property hereunder by whatever manner, waives all right to seek or require partition of the property hereunder. The provisions of this paragraph shall apply only to the surface estate of the property and shall have no force nor effect upon oil, gas or other minerals in or under the property hereunder. Notwithstanding any provision hereof to the contrary, at any time after December 31, 2005, if the Developer is still the owner of interests in the property hereunder which are not subject to valid contracts of sale then in force, the Developer may, in its sole discretion, require that such interests be partitioned from all other interests in the property hereunder, but the owners and purchasers of such other interests shall have no right to require further partition of the property hereunder. Such partition by the Developer may be accomplished by the execution by the Developer of a Declaration of Partition describing the property which is to be partitioned to the Developer and the property which is to be partitioned collectively to the owners and purchasers of all other interests in the property hereunder, and such partition shall be effective upon the date such Declaration of Partition is recorded in the Office of the County Clerk, Medina County, Texas. The percentage of the property hereunder to be partitioned to the Developer shall be approximately equal to the percentage of undivided interests in the property which are owned by the Developer and not subject to valid contract of sale then in force. Such partition shall not have the effect of divesting the Developer of any title to property which is subject to contracts of sale. To the extent reasonable and practicable, the property to be partitioned collectively to the owners and purchasers of interests other than the Developer shall con-

sist of land on which camper pads or similar improvements for the parking of camping vehicles have been placed. After such partition, the property partitioned to the owners and purchasers other than the Developer shall remain subject to all provisions of these Subdivision Restrictions, but these Subdivision Restrictions shall be deemed cancelled and of no further force nor effect in respect to the property partitioned to the Developer.

12. From time to time, the Developer or HV of Medina Owners Association may enter into agreements with camping organizations or similar organizations whereby members of such organizations, their families and guests may be granted the right to use and occupy the property hereunder and all facilities and improvements thereon. The Developer and HV of Medina Owners Association are each, respectively, authorized to enter into any such agreements and to agree to any terms, conditions and provisions which either may, in its sole discretion, deem to be appropriate.

13. HV of Medina Owners Association and/or any owner or purchaser of any interest in the property hereunder shall each have the right to prosecute any proceedings at law or in equity against any person or entity violating, attempting to violate and/or suffering to be violated any restriction or provision herein to (i) prevent such violation, (ii) recover damages or other dues for such violation, and (iii) recover court costs and reasonable attorney's fees incurred in such proceedings. No delay or omission on the part of the Developer, HV of Medina Owners Association, or any other person or entity entitled to enforce these Subdivision Restrictions in seeking or exercising any right, power of remedy provided herein shall be deemed to be a waiver thereof. No waiver of any right, power or remedy provided herein in regard to any breach or violation of these Subdivision Restrictions shall preclude or prevent the exercise of any such right, power or remedy in the event of any subsequent breach or violation.

14. Neither the Developer, HV of Medina Owners Association, nor their respective employees, officers nor directors shall have any liability or responsibility at law nor in equity on account of the enforcement of, or on account of their failure to enforce, these Subdivision Restrictions or the Regulations. In addition, the Developer shall neither be liable nor be subject to any proceeding at law or in equity on account of any violation or attempted violation committed or permitted by any person or entity other than the Developer or its employees, officers or directors.

15. At any time after December 31, 2020, any provisions contained in these Subdivision Restrictions (except as hereinafter provided) may be amended or repealed, in whole or in part, by the vote of at least one-half of the votes cast at a meeting of the members of HV of Medina Owners Association duly convened, provided that prior written notice is mailed to each member of said Association (at the most recent address shown for such member in the records of said Owners Association) generally describing any proposed amendment or repeal to be voted on at such meeting. At any time before December 31, 2020, that the Developer holds at least one-half of the total ownership interest (as shown by the Records of Medina County, Texas) in Section B and any subsequent additions to Section B as may hereafter be dedicated as an additional part of Section B, the Developer may amend or repeal any of the provisions of these restrictions without notice to the owners or without a vote of owners. Any such amendment or repeal must be recorded in the Office of the County Clerk, Medina County, Texas, and shall be effective upon the date of such recordation. Notwithstanding the foregoing, none of the provisions of numbered Paragraphs 6, 7, 10 and 14 hereof or this sentence may be amended or repealed without the written consent of the Developer.

16. The "Developer," as such term is used herein, shall mean Medina Holiday Villages, L.P. and/or any person or entity to whom Medina Holiday Villages, L.P. may hereafter, from time to time, by document(s) recorded in the Office of County Clerk, Medina County, Texas, assign any or all of the rights or powers of the Developer hereunder, and/or any successive assignees of such rights or powers.

17. Invalidation of any one or more of these covenants and restrictions by judgment of any court shall in nowise affect any of the other covenants, restrictions and provisions herein contained, which shall remain in full force and effect.