

**RESOLUTION ADOPTING RULES RELATING TO
ENFORCEMENT OF RESTRICTIVE COVENANTS**

(Amended April 17, 2008)

THE STATE OF TEXAS §
 §
COUNTIES OF TRAVIS §
AND WILLIAMSON §

WHEREAS, Ranch at Cypress Creek Municipal Utility District No. 1 (the "**District**") is a political subdivision of the State of Texas, created and operating under Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code;

WHEREAS, under Section 54.237 of the Texas Water Code, the District is authorized to take all actions necessary to enforce restrictive covenants applicable to property within the District when, in the judgment of its Board of Directors ("**Board**"), enforcement is necessary to sustain taxable property values within the District;

WHEREAS, the restrictive covenants described on the attached Exhibit "A" (the "**Restrictions**") are applicable to the property within the District; and

WHEREAS, the Board has determined that it is in the best interests of the District and its taxpayers and ratepayers that the District provide for the enforcement of the Restrictions in order to protect and preserve taxable property values within the District, and the Board now desires to amend the policies and procedures governing such enforcement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF RANCH AT CYPRESS CREEK MUNICIPAL UTILITY DISTRICT NO. 1 AS FOLLOWS:

Section 1. The District may enforce the Restrictions described on Exhibit "A" when, in the judgment of the Board, enforcement is necessary to sustain taxable property values in the District. The Restrictions will be enforced in a uniform and non-discriminatory manner according to policies and procedures set forth on the attached Exhibit "B", as amended by the Board from time to time.

Section 2. A violation of the Restrictions following receipt of notice from the District's representative will constitute a violation of this Resolution, the terms of which constitute rules relating to the enforcement of restrictive covenants ("**Rules**") adopted by the Board.

Section 3. In the case of any violation of the Restrictions which constitutes a nuisance, the following requirements must be met before a lawsuit is initiated by the District: (a) the Board must find that the nuisance impairs taxable property values in the District; and (b) the complaining parties must (i) agree, in writing, to appear at any hearing on the matter to testify

regarding the violation of the Restrictions and the resulting nuisance; and (ii) join in the lawsuit as a party plaintiff.

Section 4. If legal action is required to enforce any Restrictions, the District will seek recovery of its legal fees and expenses incurred to enforce the Restrictions in accordance with Section 54.237(c) of the Texas Water Code.

Section 5. This Resolution supersedes all Resolutions Adopting Rules Relating to Enforcement of Restrictive Covenants previously adopted by the Board, which will be of no further force and effect.

PASSED AND APPROVED this 17th day of April, 2008.

**RANCH AT CYPRESS CREEK MUNICIPAL
UTILITY DISTRICT NO. 1**

By: 

Max Moss, President
Board of Directors

ATTEST:

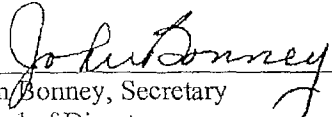

John Bonney, Secretary
Board of Directors

EXHIBIT "A"

1. The Ranch at Cypress Creek, Section One. Declaration of Covenants, Conditions and Restrictions for The Ranch at Cypress Creek, Section One, a subdivision in Travis and Williamson Counties, Texas, recorded in Volume 12201, Page 806, Real Property Records of Travis County, Texas, and in Volume 2535, Page 454, Real Property Records of Williamson County, Texas.
2. The Ranch at Cypress Creek, Section One. Amendment to Declaration of Covenants, Conditions and Restrictions for The Ranch at Cypress Creek, Section One, a subdivision in Travis and Williamson Counties, Texas, recorded in Volume 13347, Page 630, Real Property Records of Travis County, Texas.
3. The Ranch at Cypress Creek, Section One. Amendment to Declaration of Covenants, Conditions and Restrictions for The Ranch at Cypress Creek, Section One, a subdivision in Travis and Williamson Counties, Texas, recorded as Document No. 2000086026 in the Official Public Records of Travis County, Texas.
4. The Ranch at Cypress Creek, Section Two. Declaration of Covenants, Conditions and Restrictions for The Ranch at Cypress Creek, Section Two, a subdivision in Williamson County, Texas, recorded in Volume 2582, Page 285, in the Official Records of Williamson County, Texas.
5. The Ranch at Cypress Creek, Section Three. Declaration of Covenants, Conditions and Restrictions for The Ranch at Cypress Creek, Section Three, a subdivision in Williamson County, Texas, recorded in Volume 2569, Page 845, in the Official Records of Williamson County, Texas.
6. The Ranch at Cypress Creek, Section Four. Declaration of Covenants, Conditions and Restrictions for The Ranch at Cypress Creek, Section Four, a subdivision in Williamson County, Texas, recorded in Volume 2569, Page 865, in the Official Records of Williamson County, Texas.
7. The Ranch at Cypress Creek, Section Five. Declaration of Covenants, Conditions and Restrictions for The Ranch at Cypress Creek, Section Five, a subdivision in Williamson County, Texas, recorded as Document No. 9662443 in the Official Records of Williamson County, Texas.
8. The Ranch at Cypress Creek, Section Five. Declaration of Annexation for The Ranch at Cypress Creek, Section Five, recorded as Document No. 9701224 in the Official Records of Williamson County, Texas.
9. The Ranch at Cypress Creek, Section Six. Declaration of Covenants, Conditions and Restrictions for The Ranch at Cypress Creek, Section Six, a subdivision in Williamson

County, Texas, recorded as Document No. 9624710 in the Official Records of Williamson County, Texas.

10. The Ranch at Cypress Creek, Section Six. First Amendment to Declaration of Covenants, Conditions and Restrictions for the Ranch at Cypress Creek, Section Six, recorded as Document No. 9633415 in the Official Records of Williams County, Texas.
11. The Ranch at Cypress Creek, Section Seven. Declaration of Covenants, Conditions and Restrictions for the Ranch at Cypress Creek Section Seven, a subdivision in Williamson County, Texas, recorded as Document No. 9707561 in the Official Records of Williamson County, Texas.
12. The Ranch at Cypress Creek, Section 8. Declaration of Protective Covenants for the Ranch at Cypress Creek, Section 8, Ranch at Cypress Creek Association, Inc., a subdivision in Williamson County, Texas, recorded as Document No. 9758822 in the Official Records of Williamson County, Texas.
13. The Ranch at Cypress Creek, Unit 9. Annexation Declaration of Covenants, Conditions and Restrictions for the Ranch at Cypress Creek, Unit 9, a subdivision in Williamson County, Texas, recorded as Document No. 9915054 in the Official Records of Williamson County, Texas. (The Ranch at Cypress Creek, Unit 9, is subject to the Covenants, Conditions and Restrictions for the Ranch at Cypress Creek, Section Five, recorded as Document No. 9662443 in the Official Records of Williamson County, Texas.)
14. The Ranch at Cypress Creek, Section 12. Declaration of Covenants, Conditions and Restrictions for the Ranch at Cypress Creek, Section 12, a subdivision in Williamson County, Texas, recorded as Document No. 9736670 in the Official Records of Williamson County, Texas.
15. The Ranch at Cypress Creek, Section 12. Waiver of Building Set Back Restriction for the Ranch at Cypress Creek, Section 12, a subdivision in Williamson County, Texas, recorded as Document No. 9904027 in the Official Records of Williamson County, Texas.
16. The Ranch at Cypress Creek, Section 12. Waiver of Building Set Back Restriction for The Ranch. at Cypress Creek, Section 12, a subdivision in Williamson County, Texas, recorded as Document No. 9904028 in the Official Records of Williamson County, Texas.
17. The Ranch at Cypress Creek, Section 13. First Supplement to Declaration of Protective Covenants for The Ranch at Cypress Creek, Declaration of Annexation .of The Ranch at Cypress Creek Section 13, a subdivision in Williamson County, Texas, recorded as Document No. 199931752 in the Official Records of Williamson County, Texas. (The Ranch at Cypress Creek, Section 13 is subject to the Declaration of Protective Covenants

for The Ranch at Cypress Creek, Section 8, recorded as Document No. 9758822 in the Official Records of Williamson County, Texas.)

18. The Ranch at Cypress Creek, Section Fourteen. Second Supplement to Declaration of Protective Covenants, The Ranch at Cypress Creek, Section Fourteen, recorded as Document No. 200000491 5 in the Official Public Records of Williamson County, Texas. (The Ranch at Cypress Creek, Section Fourteen is subject to the Declaration of Protective Covenants for The Ranch at Cypress Creek, Section 8, recorded as Document No. 9758822 in the Official Records of Williamson County, Texas.)
19. The Ranch at Cypress Creek, Sections 16-A and 16-B. Third Supplement to Declaration of Protective Covenants, The Ranch at Cypress Creek, Sections 16-A and 16-B recorded as Document No. 200101 1798 in the Official Public Records of Williamson County, Texas. (The Ranch at Cypress Creek, Sections 16-A and 16-B are subject to the Declaration of Protective Covenants for The Ranch at Cypress Creek, Section 8, recorded as Document No. 9758822 in the Official Records of Williamson County, Texas.)
20. The Ranch at Cypress Creek, Section 16-C. Fourth Supplement to Declaration of Protective Covenants, The Ranch at Cypress Creek, Section 16-C, recorded as Document No. 2001039496 in the Official Public Records of Williamson County, Texas. (The Ranch at Cypress Creek, Section 16-C is subject to the Declaration of Protective Covenants for The Ranch at Cypress Creek, Section 8, recorded as Document No. 9758822 in the Official Records of Williamson County, Texas.)
21. The Ranch at Cypress Creek, Section 16-D. Fifth Supplement to Declaration of Protective Covenants, The Ranch at Cypress Creek, Section 16-D, recorded as Document No. 2001083013 in the Official Public Records of Williamson County, Texas. (The Ranch at Cypress Creek, Section 16-C is subject to the Declaration of Protective Covenants for The Ranch at Cypress Creek, Section 8, recorded as Document No. 9758822 in the Official Records of Williamson County, Texas.)
22. Deer Creek Ranch. Deer Creek Ranch Master Declaration of Covenants, Conditions and Restrictions, recorded as Document No. 2000158907 in the Official Public Records of Travis County, Texas, and as Document No. 2000071140 in the Official Public Records of Williamson County, Texas.
23. Deer Creek Ranch. Deer Creek Ranch Phase 1, Section 1, Supplemental Declaration to Deer Creek Ranch Master Declaration of Covenants, Conditions and Restrictions, recorded as Document No. 2001086536 in the Official Public Records of Travis County, Texas.
24. Deer Creek Ranch. Deer Creek Ranch Phase 2, Section 1, Supplemental Declaration to Deer Creek Ranch Master Declaration of Covenants, Conditions and Restrictions, recorded as Document No. 2001086537 in the Official Public Records of Travis County, Texas.

25. Deer Creek Ranch. Correction/Supplemental Declaration to Deer Creek Ranch Master Declaration of Covenants, Conditions and Restrictions recorded as Document No. 2002061502 in the Official Public Records of Travis County, Texas.
26. Deer Creek Ranch. First Supplemental Declaration to Deer Creek Ranch Master Declaration of Covenants, Conditions and Restrictions recorded as Document No. 2002095683 in the Official Public Records of Travis County, Texas.
27. Deer Creek Ranch. Second Supplemental Declaration to Deer Creek Ranch Master Declaration of Covenants, Conditions and Restrictions recorded as Document No. 2002122914 in the Official Public Records of Travis County, Texas, and as Document No. 2002054658 in the Official Public Records of Williamson County, Texas.
28. Quarter Acres Subdivision. Declaration of Covenants, Conditions and Restrictions recorded as Document No. 9910976 in the Official Records of Williamson County, Texas, and the Agreement Relating to the Transfer and Development of Quarter Acres Subdivision recorded at Volume 1592, Page 224, in the Official Records of Williamson County, Texas.

EXHIBIT "B"

RULES GOVERNING ENFORCEMENT OF RESTRICTIVE COVENANTS

Section 1.01 Purpose of Rules

These rules are adopted under Section 54.237, Texas Water Code, to ensure the protection of health, safety, and welfare of the residents of the District as intended by the Restrictions, sustain taxable property values in the District; and enhance the quality of life for all District residents and inhabitants through enforcement of the Restrictions as authorized by law.

Section 1.02 Definitions

In these Rules, unless otherwise indicated by the context, the use of the singular includes the plural, and vice versa. In addition, as used in these Rules, the term:

"Board of Directors" or **"Board"** means the Board of Directors of the District.

"District" means Ranch at Cypress Creek Municipal Utility District No. 1

"District Representative" means a representative of the District engaged in carrying out the terms of these Rules under either general or specific written authorization to do so from the General Manager of the District or the Board.

"Person Responsible" means the person owning the property where an alleged restrictive covenant violation exists or is occurring or the person causing the alleged violation if other than or in addition to the owner of the property.

"Rules" means these Rules Governing Enforcement of Restrictive Covenants.

Section 1.03 Enforcement Policy

(a) The District may enforce a restrictive covenant through administrative proceedings or litigation if the Board, in its reasonable judgment, determines that enforcement is necessary to sustain taxable property values in the District. The District reserves the right in every case to make an independent determination of the need for and propriety of enforcing a restrictive covenant as authorized by law or these Rules.

(b) These Rules are for the guidance of the District Representative, and are not intended to limit or restrict the authority of the Board. The Board may intervene at any time with respect to any authority granted to or action undertaken by the District Representative under these Rules.

(c) The District Representative will keep the Board informed on a current basis of all actions undertaken under these Rules.

Section 1.04 Conditions and Activities to be Reviewed for Enforcement

Without limiting the generality of Section 1.03, the Board has identified the following conditions and activities that the Board, in its reasonable judgment, has determined may be subject to enforcement proceedings in order to sustain taxable property values in the District, provided the restrictive covenant has not been terminated, waived or properly rescinded:

- (a) Location in view on any property or in any public street or right-of-way of:
 - (1) Any inoperable, disabled, dismantled or abandoned vehicle, except where necessary on a temporary basis only;
 - (2) Any equipment, machinery or structure not affixed to and serving the property, or any truck, cab or trailer used for commercial purposes, or any other vehicle larger than 1 ton, except where the equipment, machinery, structure or vehicle is being used in good faith in connection with a legitimate commercial service to the property where the equipment, machinery, structure or vehicle is located and only for the period and during the times the service is being provided;
 - (3) Any window or wall-type air conditioner;
 - (4) Garbage cans, except on the designated pick-up days; or
 - (5) Any basketball goal not otherwise permitted by an applicable Restriction that is (i) located in the street; (ii) located on a lot within 15 feet of the back of the curb, (iii) not located at the edge of the driveway pavement or adjacent to the house on a log; or (iv) not maintained in a well-kept condition. The Board has determined that well-maintained basketball goals that are located at the exterior of a driveway and at least 15 feet from the back of the curb on a lot or adjacent to the house on a lot do not adversely affect taxable property values.
- (b) Parking boats, trailers, mobile homes, motor homes, campers or similar vehicles on any public street, right-of-way, lot or driveway except where necessary on a temporary basis only.
- (c) Failing to maintain improvements on a lot in a well-kept condition, including allowing fencing to deteriorate or failing to repaint as necessary to maintain the appearance of the residence.
- (d) Failing to maintain lawns, plantings and other landscaping in a neat and well-manicured, healthy condition.
- (e) Operating a business out of a home.

- (f) Keeping more vehicles on a lot or driveway than permitted under the applicable Restrictions.
- (g) Constructing or maintaining an above-ground pool where such pools are prohibited by the Restrictions.
- (h) Chain-link or wire-mesh fences.
- (i) Failure to remove trash, brush, debris or any other object, whether naturally occurring or resulting from actions of humans or animals, that adversely conflicts with the general character and appearance of the neighborhood in which the property in question is located.
- (j) Failure to promptly reconstruct or restore to its approximate former condition any building, fence or wall that may have been damaged as a result of accident, fire, age, deterioration, shifting of the earth or other natural or manmade cause.
- (k) Failure to construct or to obtain approval for construction or any improvement in accordance with applicable Restrictions.
- (l) Any activity or condition that, in the Board's judgment, constitutes a nuisance or a violation of a statute, ordinance, regulation, order or judicial decree.

Section 1.05 Investigation Procedure

(a) Upon the District Representative's observation of or receipt of a written or verbal complaint of an alleged violation of a Restriction applicable to property in the District that the District may enforce, the District Representative will, **within seven (7) working days**, conduct an investigation, which will include identification of the Person Responsible and such person's address and one or more of the following: (1) photo documentation of the alleged violation; (2) a written statement, or a statement to the Board at a meeting of the Board, by the Person Responsible acknowledging the violation; or (3) a record or report of a public agency or public officer regarding a matter observed or documented pursuant to a duty imposed or authority granted by law that substantiates the alleged violation,

(b) If the District Representative determines that: (1) a violation of an applicable Restriction exists; (2) the violation is covered by Section 1.04 or has otherwise been determined by the Board to negatively impact taxable property values in the District, he or she will then determine, based on the nature of the violation and the urgency of the need for correction of the violation, whether to send out a courtesy reminder notice as provided in subsection 1.05(c) below or proceed administratively or immediately initiate litigation under Section 1.08. In general, a courtesy reminder or administrative proceedings will be used unless prompt action is required to meet the deadlines for enforcement of the restrictive covenant, such as in construction projects, or where there is a nuisance condition constituting an existing or immediate threat to public health, safety or welfare.

(c) Upon confirmation of a violation, the District Representative may mail a courtesy reminder card in a form approved by the Board, reminding the Person Responsible of the Restrictions and requesting compliance. Courtesy reminder cards shall be sent for violations of an impermanent nature capable of being remedied by the Person Responsible immediately upon such notice; such as, but not limited to, removal of brush trash or debris, inappropriate placement of vehicles, improper landscape maintenance, and trash can storage. If the District Representative observes and documents continued or additional noncompliance on his or her next patrol, a formal letter shall be sent in accordance with Section 1.06.

Section 1.06 Administrative Procedures

(a) If the District Representative decides to proceed administratively, he or she will, **within seven (7) working days** of verifying that a violation exists, send a letter, by first-class United States mail, to the Person Responsible, to notify him or her of the following:

- (1) The restriction allegedly violated and the nature of the violation;
- (2) That the Person Responsible must correct the alleged violation within **seven (7) calendar days** from the date of the written notice;
- (3) That action is being taken under these Rules.

(b) Upon receipt of written notice from the District Representative under (a) above, the Person Responsible must correct the violation within **seven (7) calendar days** from the date of the written notice.

(c) If the violation is not corrected within such period, the District Representative shall send out a second letter as described above. If the violation is still not corrected within seven calendar days of such second notice, the District Representative shall forward his or her file to the District's attorney.

(d) If the violation is not corrected within the deadline established for compliance under this Section, the District may initiate litigation to secure compliance, as provided in Section 1.08. No lawsuit will be filed without the prior approval of the Board.

Section 1.07. Procedures in Subdivisions with Enforcement Activities by an Active Homeowners' Association

In subdivisions within the District within which Restrictions are actively enforced by a homeowners' association with assessment powers, the Board may elect to allow the homeowners' association to initiate its own investigatory and administrative proceedings in lieu of those specified in Sections 1.05 and 1.06. In such cases, if the Board determines that litigation is necessary to enforce compliance with applicable Restrictions, the Board may refer the matter directly to the District's attorney if the homeowners' association's notice to the Person Responsible does not result in compliance, and will not be required to provide the Person

Responsible with additional notice under Section 1.06.

Section 1.08 Litigation Procedures

(a) If the Board determines that litigation is required to correct a violation, then, whether or not administrative proceedings have been conducted under Section 1.06, the Board may refer the matter to the District's attorney.

(b) Upon receipt of a file from the District's Representative, the District's attorney shall attempt to contact the Person Responsible by phone to request compliance. If compliance is not achieved within a reasonable time, the District's attorney will send written notice to the Person Responsible by certified mail, return receipt requested, and by first-class mail, advising the Person Responsible of the referral of the matter, demanding compliance with the Restrictions and extending a final opportunity for compliance **within seven (7) calendar days** before litigation is commenced.

(c) If the violation is not corrected following written notice from the District's attorney, the Board will determine whether to proceed with litigation. If the Board authorizes litigation, the attorney will proceed and seek all remedies that may be appropriate. These may include, without limitation, temporary restraining orders and other proceedings to enjoin or abate the violation of the restrictive covenant, as the circumstances may require; joint actions with other parties; and recovery of legal fees, District administrative costs and charges, costs of court and other expenses as authorized by law. The District's attorney will prosecute the litigation to a final judgment unless otherwise instructed by the Board.

(d) Alternatively, the Board may refer the violation to the County Attorney of the county in which the property in question is located with a request that he initiate litigation against the Person Responsible under Chapter 343, Texas Health & Safety Code, if the violation is subject to enforcement under that Chapter.

Section 1.09 Repeat Violations

If, after a Person Responsible has been notified of a violation and comes into compliance, there is a repeat violation of the same Restriction at the same address within one year, the District Representative will immediately forward the file and notice of the violation to the District's attorney, and the District's attorney will pursue and seek all remedies that may be appropriate, including an application for a permanent injunction and recovery of legal fees and expenses. No additional notices by the District's representative will be required in the event of a repeat violation.