

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS**

**INDIAN LAKES PHASE IX KNOWN
AS "THE SETTLEMENT"**

**** THESE RESTRICTIONS APPLY TO ALL LOTS IN THE
SETTLEMENT IN ADDITION TO THE DECLARATION OF
COVENANTS, CONDITIONS, RESERVATIONS AND RESTRICTIONS
OF VILLAGES OF INDIAN LAKES, WHICH ALSO APPLY TO ALL
LOTS IN THE SETTLEMENT. ****

TABLE OF CONTENTS

ARTICLE 1

CONCEPTS AND DEFINITIONS Page 1

1.1 "Amended Supplemental Declaration" Page 2

1.2 "Annual Assessment" Page 2

1.3 "Approved Architectural Plans" Page 2

1.4 "Approved Builder" Page 2

1.5 "Architectural Control Committee" Page 2

1.6 "Architectural Guidelines" Page 2

1.7 "Articles" Page 2

1.8 "Assessable Property" Page 2

1.9 "Association" Page 2

1.10 "Board" Page 2

1.11 "Bylaws" Page 2

1.12 "Central Appraisal District" Page 2

1.13 "Common Properties" Page 3

1.14 "Covenants" Page 3

1.15 "Declarant" Page 3

1.16 "Declaration" Page 3

1.17 "Deed" Page 3

1.18 "Development Period" Page 3

1.19 "Dwelling Unit" Page 3

1.20 "Easement Area" Page 3

1.21 "Exempt Property" Page 4

1.22 "Fencing Guidelines" Page 4

1.23 "Fiscal Year" Page 4

1.24 "Improvement" Page 4

1.25 "Indian Lakes Development" Page 4

1.26 "Landscaping Guidelines" Page 4

1.27 "Lot" Page 4

1.28 "Member" Page 4

1.29 "Owner" Page 4

1.30 "Payment and Performance Lien" Page 4

1.31 "Property" Page 4

1.32 "Resident" Page 4

1.33 "Structure" Page 5

1.34 "Subdivision" Page 5

1.35 "Taxing Authorities" Page 5

1.36 "Trustee" Page 5

1.37 "Zoning Ordinance" Page 5

ARTICLE 2

ARCHITECTURAL CONTROL Page 5

2.1 Architectural Control and Approval Process Page 5

2.2 Architectural Guidelines Page 6

2.3 Approved Architectural Plans Page 6

ARTICLE 3

THE SETTLEMENT OWNERS ASSOCIATION Page 6

3.1 Organization Page 6

3.2 Membership Page 6

3.3 Voting Rights Page 6

3.4 Powers and Authority of the Association Page 7

3.5 Board of Directors Page 8

3.6 Maintenance Page 8

3.7 Common Properties Page 8

3.8 Association Powers Page 8

3.9 Agreements with City of College Station/Brazos County Page 9

3.10 Indemnification Page 9

ARTICLE 4

GENERAL RESTRICTIONS Page 10

4.1 Construction of Improvements Page 10

4.2 Insurance Rates Page 10

4.3 Rubbish and Debris Page 10

4.4 Lighting Page 10

4.5 Repair of Improvements Page 10

4.6 Alteration of Removal of Improvements Page 10

4.7 Roofing Materials Page 10

4.8 Driveway Page 10

4.9 Drainage Page 11

4.10 Hazardous Activities Page 11

4.11 Unightly Articles; Vehicles Page 11

4.12 Fences Page 11

4.13 Animals - Household Pets Page 11

4.14 Landscape Design Page 11

4.15 Construction and Sales Activities Page 12

4.16 Mailboxes Page 12

4.17 Sight Lines at Intersections of Streets Page 12

4.18 Garage Conversions Page 12

4.19 Compliance with Provisions of this Supplemental Declaration Page 12

4.20 No Warranty of Enforceability Page 12

ARTICLE 5

RESIDENTIAL RESTRICTIONS Page 13

5.1 Residential Use; Unrelated Occupants: Rental Page 13

5.2 Garages Page 13

5.3 Outbuildings Page 13

5.4 Building Height Page 13

5.5 Building Materials; Dwelling Size Page 13

5.6 Construction in Place Page 13

5.7 Set-back Requirements and Home Placement Page 13

5.8 Sprinkler System Page 14

5.9 Owner Provided Lot Maintenance Page 14

5.10 Association Provided Lot Maintenance Page 14

ARTICLE 6

RIGHTS OF ENJOYMENT IN THE COMMON PROPERTIES Page 15

6.1 Easement Page 15

6.2 Extent of Members' Easements Page 15

6.3 Restricted Actions by Members Page 16

6.4 Damage to the Common Properties Page 16

6.5 Rules of the Board Page 16

6.6 Use of Common Properties Page 16

6.7 User Fees and Charges Page 16

6.8 Encroachments Page 17

6.9 Private Streets Page 17

ARTICLE 7

COVENANTS FOR ASSESSMENTS Page 17

7.1 Assessments Page 17

7.2 Maintenance Fund Page 17

7.3 Regular Annual Assessments Page 17

7.4 Special Assessments Page 18

7.5 Owner's Personal Obligation for Payment of Assessments; Late Fees Page 18

7.6 Assessment Lien and Foreclosure Page 18

7.7 Penalties for Violation of Restrictions Page 19

ARTICLE 8

INSURANCE; REPAIR; RESTORATION; COMMUNITY SERVICES ARRANGEMENTS
..... Page 19

8.1 Right to Purchase Insurance Page 19

8.2 Insurance and Condemnation Proceeds Page 19

8.3 Insufficient Proceeds Page 19

8.4 Community Service Arrangements Page 20

ARTICLE 9

EASEMENTS Page 21

9.1 Reserved Easements Page 21

9.2 Installation and Maintenance Page 21

9.3 Surface Areas Page 21

9.4 Drainage Easements Page 21

9.5 Blanket Easement Page 21

9.6 Use Easement Page 22

ARTICLE 10

REGISTRATION Page 22

10.01 Registration with the Association Page 22

ARTICLE 11

GENERAL PROVISIONS Page 23

11.1 Power of Attorney Page 23

11.2 Further Development Page 23

11.3 Duration Page 23

11.4 Amendments Page 24

11.5 Enforcement Page 24

11.6 Validity Page 24

11.7 Proposals of Declarant Page 24
11.8 Service Mark Page 25
11.9 Headings Page 25
11.10 Notices to Resident/Member/Owner Page 25
11.11 Notices to Mortgagees Page 25
11.12 Disputes Page 25
11.13 Enforcement and Nonwaiver Page 25
11.14 Assignment by Declarant Page 26
11.15 Exemption of Declarant Page 26
11.16 Existing Property Page 26
11.17 Additions to Existing Property Page 26
11.18 Interpretation Page 26
11.19 Sole and Absolute Discretion Page 27
11.20 Construction Page 27

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
INDIAN LAKES PHASES IX AND XI
KNOWN AS THE SETTLEMENT**

This SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS of Indian Lakes Phase IX known as The Settlement, is made and effective as of the 22 day of March, 2007, by Smiling Mallard Development, Ltd. (sometimes referred to herein as the "Declarant" or "SMD"):

PREAMBLE

Settlement

SMD is the owner and developer of forty- four (44) single-family Lots on the Property (as defined below) known as "The Settlement". SMD proposes to establish and implement plans for residential living, recreation, aesthetic and quality-of-life considerations. The purposes of this Supplemental Declaration are to: protect SMD and the Owners against inappropriate development and use of Lots within the Subdivision; provide use, maintenance, repair of, and compatibility of design of improvements within the Subdivision; secure and preserve sufficient setbacks and space between buildings so as to create an aesthetically pleasing environment; provide for landscaping and the maintenance thereof; provide for common amenities, including, without limitation, private streets, gate and landscape elements ; and in general to encourage construction of attractive, quality, permanent improvements that will promote the general welfare of SMD and the Owners. Declarant desires to impose these restrictions on the Property now and yet retain reasonable flexibility to respond to changing or unforeseen circumstances so as to guide, control and maintain the quality and distinction of The Settlement project. The restrictive covenants herein will preserve the best interests of SMD and the Owners and Residents of The Settlement after completion of all development and construction therein.

The Settlement Patio Homeowners Association, Inc. (the "Association") has been or will be chartered as a non-profit Texas corporation to assist in the ownership, management, use and care of the various Common Properties within The Settlement and, to assist with Lot maintenance as provided herein and to assist in the administration and enforcement of the covenants, conditions, restrictions, easements, charges and liens set forth with this Supplemental Declaration.

DECLARATION

SMD hereby declares that the residential lots within the Subdivision (as defined below), and such phases or additions hereto as may hereafter be made pursuant to Section 11.17 hereof, are and shall be owned, held, mortgaged, transferred, sold, conveyed and occupied subject to this Supplemental Declaration and the covenants, conditions, restrictions, easements, charges and liens (sometimes collectively referred to hereinafter as "the Covenants") set forth in this Supplement Declaration.

ARTICLE 1

CONCEPTS AND DEFINITIONS

The following words, when used in this Supplemental Declaration or in any amended or supplementary declarations (unless the context shall otherwise clearly indicate or prohibit), shall have the following meanings:

1.1 "Amended Supplemental Declaration" shall mean and refer to each and every instrument recorded in the Official Records of Brazos County, Texas which amends, supplements, modifies, clarifies or restates some or all of the terms and provisions of this Supplemental Declaration.

1.2 "Annual Assessment" shall have the meaning specified in Article 7 below.

1.3 "Approved Architectural Plans" shall mean and refer to the approved architectural drawings provided by the Developer to the Approved Builder or Owner for the construction of the Dwelling Unit on the Lot. The Approved Architectural Plans may be amended from time to time at the sole discretion of the Developer; provided, however, an Owner will not be required to use amended approved Architectural Plans if Owner has commenced construction of the Dwelling Unit based on Approved Architectural Plans in effect at the time of commencement of construction.

1.4 "Approved Builder" shall mean and refer to a home builder designated by Developer as a builder approved at the time construction commences to construct a Dwelling Unit in the Subdivision. The designation of Approved Builders may be changed from time to time at the sole discretion of Developer; provided, however, an Owner will not be required to change builders if Owner has contracted with a builder who was an Approved Builder at the time the contract was executed.

1.5 "Architectural Control Committee" (sometimes referred to herein as the "ACC") shall mean and refer to the committee which is described in Article 2 of the Declaration.

1.6 "Architectural Guidelines" shall mean those particular standards, restrictions, guidelines, recommendations and specifications promulgated by the ACC applicable to most of the aspects of construction, placement, location, alteration, maintenance and design of any Improvements to or within the Property, and all amendments, bulletins, modifications, supplements and interpretations thereof, and including, without limitation, Architectural Guidelines, Landscape Guidelines, Fencing Guidelines, utility location guidelines, and Wiring Guidelines.

1.7 "Articles" shall mean and refer to the Articles of Incorporation (and amendments thereto and restatements thereof) of the Association on file with the Secretary of State of Texas.

1.8 "Assessable Property" shall mean and refer to each and every lot, within the Property which: (i) the Declarant has subjected to and imposed upon a set of restrictive covenants calling for the payment of an Annual Assessment to the Association; (ii) may have been or will be given a separately identifiable tax or parcel number by the Central Appraisal District ("CAD") or a similar governmental agency; and (iii) is not designated as "open space" or otherwise a portion of the Common Properties. The Declarant proposes to cause each residential Lot within the Property to constitute an Assessable Property. However, the Declarant reserves the right and discretion to include or exclude any non-residential Lot from the concept of "Assessable Property" and/or to prescribe a different assessment and/or valuation scheme(s) for any non-residential Lot.

1.9 "Association" shall mean and refer to The Settlement Patio Homeowners Association, Inc., a non profit Texas corporation which has the power, duty and responsibility of maintaining and administering certain portions of the Property and all of the Common Properties, administering and enforcing the Covenants and otherwise maintaining and enhancing the quality of life within The Settlement.

1.10 "Board" shall mean and refer to the Board of Directors of the Association.

1.11 "Bylaws" shall mean and refer to the Bylaws of the Association, as adopted and amended from time to time.

1.12 "Central Appraisal District" ("CAD") shall mean and refer to the governmental and/or quasi-governmental agency(ies) (including without limitation the Central Appraisal District of Brazos County) established in accordance with Texas Tax Code Section 6.01 et seq. (and its successor and assigns as such law may be amended from time to time) or other similar statute which has, as one of its

purposes and functions, the establishment of an assessed valuation and/or fair market value for various lots, parcels and tracts of land in Brazos County, Texas.

1.13 "Common Properties" shall mean and refer to any and all areas of land within the Property which are known, described or designated as Common Properties, private streets, gate apparatus, parks, recreational easements, floodway easement areas, lakes, ponds, dams, perimeter fences and columns, off-site monuments and directional signs, landscape easements, greenbelts, open spaces, paths and trails, and the like including without limitation those shown on any recorded subdivision plat of portions of the Property as well as those not shown on a recorded subdivision plat but which are intended for or devoted to the common use and enjoyment of the Members of the Association, together with any and all improvements that are now or that may hereafter be constructed thereon. The concept of Common Properties will also include: (i) any and all public right-of-way lands within the Property for which the City of College Station and/or Brazos County has required that the Declarant and/or the Association expend private, non-reimbursable time and monies to care for and maintain, such as but not limited to: street medians, streetscape, hike and bike trails, park areas and quasi-governmental service facilities; and (ii) any and all facilities provided by the Declarant and/or the Association to or for the benefit of the local police, fire and similar governmental departments for which no reimbursement via public funds is requested or anticipated. Declarant may convey record title or easements to some or all of the Common Properties to the Association if, as and when deemed appropriate by Declarant or as may be required by governmental officials, and Declarant shall at all times have and retain the right to effect minor redesigns or minor reconfigurations of the Common Properties (particularly along the edges) and to execute any open space declarations applicable to the Common Properties which may be permitted in order to reduce property taxes, and to take whatever steps may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

1.14 "Covenants" shall mean and refer to all covenants, conditions, restrictions, easements, charges and liens set forth within this Supplemental Declaration.

1.15 "Declarant" shall mean and refer to Smiling Mallard Development, Ltd. and any successor(s) and assign(s) of SMD, with respect to the voluntary disposition of all (or substantially all) of the assets and/or ownership interests of SMD, and/or the voluntary disposition of all (or substantially all) of the right, title and interest of SMD in and to the Property. However, no person or entity merely purchasing one or more Lots from SMD in the ordinary course of business shall be considered a "Declarant".

1.16 "Declaration" shall mean the "Declaration of Covenants, Conditions and Restrictions of Villages of Indian Lakes", recorded in Volume 5375, Page 33, Official Records of Brazos County, Texas, together with any and all amendments or supplements thereto.

1.17 "Deed" shall mean and refer to any deed, assignment, testamentary bequest, muniment of title or other instrument, or intestate inheritance and succession, conveying or transferring fee simple title or a leasehold interest or another legally recognized estate in a Lot.

1.18 "Development Period" shall mean a period commencing on the date of the recording of this Supplemental Declaration in the Official Records of Brazos County, Texas and continuing thereafter until and ending on the earlier to occur of: (i) substantial completion of all development (including without limitation the completion and sale of all Lots in the Subdivision to third parties) on the Property; (ii) the twenty-fifth (25th) anniversary of the date of recordation of this Supplemental Declaration in the Official Records of Brazos County, Texas; or (iii) the date determined by Declarant to be the end of the Development Period.

1.19 "Dwelling Unit" shall mean and refer to any building or portion of a building situated upon the Property which is designed and intended for use and occupancy as a residence by a single person, a couple, a family or a permitted family size group of persons.

1.20 "Easement Area" shall mean and refer to those areas which may be covered by an

easement specified in Article 9 below.

1.21 "Exempt Property" shall mean and refer to the following portions of the Property: (i) all land and Improvements owned by the United States of America, the State of Texas, Brazos County, the City of College Station or any instrumentality, political subdivision or agency of any such governmental entity acting in a governmental capacity; (ii) all land and Improvements owned (including legal and beneficial ownership, whether now or in the future) by the Association or constituting a portion of the Common Properties; (iii) all land and Improvements which are not only exempt from the payment of ad valorem real property taxes by the City of College Station, Brazos County, the College Station Independent School District, and the State of Texas, but also are exempt from the payment of any assessment hereunder as expressly determined by written resolution of the Declarant and/or the Association, all Lots owned by Declarant; and (iv) such other land(s) and/or Improvement(s) and/or Lot(s) which are specifically exempted from the payment of annual Assessments in accordance with a special resolution of the Board.

1.22 "Fencing Guidelines" shall mean those fencing guidelines described in Section 4.01.17 of the Declaration.

1.23 "Fiscal Year" shall mean each twelve (12) month period commencing on January 1 and ending on the following December 31, unless the Board shall otherwise select an alternative twelve month period.

1.24 "Improvement" shall mean any physical change to raw land or to an existing structure which alters the physical appearance, characteristics or properties of the land or structure, including but not limited to adding or removing square footage area space to or from a structure, painting or repainting a structure, or in any way altering the size, shape or physical appearance of any land or structure.

1.25 "Indian Lakes Development" shall mean the real property located in Brazos County, Texas, subject to the Declaration and of which The Settlement is a part.

1.26 "Landscaping Guidelines" shall mean those landscaping guidelines promulgated by the ACC.

1.27 "Lot" shall mean and refer to each separately identifiable portion of the Assessable Property which is platted, filed and recorded in the Official Records of Brazos County, Texas and which is assessed by any one or more of the Taxing Authorities and which is not intended to be an "open space" or a portion of the Common Properties.

1.28 "Member" shall mean and refer to each Resident who is in good standing with the Association and who has filed a proper statement of residency with the Association and who has complied with all directives and requirements of the Association. Each and every Owner shall and must take such affirmative steps as are necessary to become and remain a Member of, and in good standing in, the Association. Each and every Resident (who is not otherwise an Owner) may, but is not required to, be a Member of the Association.

1.29 "Owner" shall mean and refer to the holder(s) of record title to the fee simple interest of any Lot whether or not such holder(s) actually reside(s) on any part of the Lot.

1.30 "Payment and Performance Lien" shall mean and refer to the lien described within Section 7.06 of Article 7 hereinbelow.

1.31 "Property" shall mean and refer to the land depicted on the Replat of Indian Lakes Subdivision, Phase IX, a replat of Lots 1, 2A, 2B, 3 and 4, Block 9, Indian Lakes Resubdivision Phase 1, as recorded in Volume 5978, Page 15 of the Official Records of Brazos County, Texas, according to the plat recorded in Vol. 7800, Page 14, of the Official Records of Brazos County.

1.32 "Resident" shall mean and refer to: each owner of the fee simple title to any Lot within the

Property; and

- (a) each individual lawfully and permitted by these Covenants to be domiciled in a Dwelling Unit, other than Owner.

1.33 "Structure" shall mean and refer to:

- (a) any thing or device, other than trees, shrubbery, and landscaping (the placement of which upon any Lot shall not adversely affect the appearance of such Lot) including but not limited to any residence, building, garage, outbuilding, porch, shed, greenhouse, bathhouse, cabana, covered or uncovered patio, swimming pool, apparatus, clothesline, fence, curbing, paving, wall or hedge more than two feet in height, sign board or other temporary or permanent living quarters, or any temporary or permanent improvement to any Lot;
- (b) any excavation, fill, ditch, diversion dam, or other thing or devise which affects or alters the flow of any waters or any Waterway (as defined in the Declaration), wash or drainage channel from, upon or across any Lot;
- (b) any enclosure or receptacle for the concealment, collection, and/or disposition of refuse; and
- (c) any change in the grade of any Lot of more than six (6) inches from that existing at the time of initial construction approval by the ACC.

1.34 "Subdivision" shall mean and refer to The Settlement, a subdivision of 44 single family lots, described as Indian Lakes Phase IX, Block 16, Lots 1-19, and Phase IX, Block 17, Lots 1-25, according to the plat recorded in Vol. 7800, Page 14, of the Official Records of Brazos County, Texas, in accordance with the map and plat thereof to be filed of record in the Official Records of Brazos County, Texas, as well as any and all revisions, modifications, corrections, or clarifications thereto.

1.35 "Taxing Authorities" shall mean and refer to Brazos County, the College Station Independent School District, the City of College Station and the State of Texas and any and all other governmental entities or agencies which have, or may in the future have, the power and authority to impose and collect ad valorem taxes on real property estates.

1.36 "Trustee" shall mean and refer to that certain individual(s) or entity(ies) designated or appointed from time to time and at any time by the Association to perform the duties and responsibilities described within Section 7.6 of Article 7 below, and its successors and assigns.

1.37 "Zoning Ordinance" shall mean and refer to City of College Station and Brazos County zoning ordinances, governmental regulations, and all amendments thereto.

ARTICLE 2

ARCHITECTURAL CONTROL

2.1 "Architectural Control and Approval Process"

- (a) No Structure, fence, or Improvement of any kind or nature shall be erected, placed or altered on any Lot; and
- (b) No clearing of vegetation on any Lot shall occur until all plans and specifications

for such clearing/construction have been submitted to and approved in writing in accordance with the provisions of Article 2 of the Declaration.

2.2 "Architectural Guidelines". All improvements, structures and construction on a Lot must be carried out in accordance with the Architectural Guidelines.

2.3 "Approved Architectural Plans". Any Dwelling Unites on a Lot must be constructed in accordance with one of the Approved Architectural Plans provided by the Developer. Any variations to the Approved Architectural Plans must be approved in writing by the ACC.

2.4 "Approved Builders". Any Dwelling Unit on a Lot must be constructed by an Approved Builder.

ARTICLE 3

THE SETTLEMENT PATIO HOMEOWNERS ASSOCIATION

3.1 Organization. SMD has caused or will cause the formation and incorporation of the Association, a nonprofit corporation created for the purposes, charged with the duties, and vested with the powers prescribed by law or set forth in its Articles and Bylaws and in this Supplemental Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Supplemental Declaration.

3.2 Membership. Each and every Owner of each and every Lot which is subjected to this Supplemental Declaration shall automatically be, and must at all times remain, a Member of the Association in good standing. During the Development Period, the Association shall have two (2) classes of Members: Class A and Class B. The Class A Members shall be all Owners (other than SMD during the Development Period). The Class B Member shall be SMD. Any Owner or Member shall not be in "good standing" if such person or entity is:

- (a) in violation of any portion of this Supplemental Declaration, or any rule or regulation promulgated by the Board; or
- (b) delinquent in the full, complete and timely payment of any annual assessment, special assessment, or any other fee, charge or fine which is levied, payable or collectible pursuant to the provisions of this Declaration, the Bylaws of the Association or any rule or regulation promulgated by the Board.

If SMD develops further acreage under a common scheme or plan of development with the Subdivision, SMD may require such property owners to be Members of the Association and they shall have equal voting rights therein on the same basis as owners of a Lot within the Property.

3.3 Voting Rights.

3.3.1 During the Development Period, the two (2) classes of Members will have the following voting rights:

Class A: The Owner (s) of each Lot (other than SMD) shall be entitled to no votes.

Class B: The Class B Member shall have one (1) vote for each Lot it owns.

3.3.2 After the Development Period, there shall be one class of voting Members as

follows: The Owner of each Lot shall be entitled to one (1) vote per Lot. Where more than one (1) Owner owns and holds a record fee interest in a Lot, such Owner(s) may divide and cast portions of the one (1) vote as they decide, but in no event shall any one (1) Lot yield more than one (1) vote.

3.3.3 A majority of the Members entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the Members for the transaction of business. When a quorum is present at a meeting, the vote of the holders of a majority of votes present or present by proxy at such meeting and entitled to vote shall be the act of the Members, unless the vote of a different number is required by the Articles of Incorporation or Bylaws of the Association or this Supplemental Declaration.

3.3.4 The Association may suspend the voting rights of any Member for any period during which an assessment or installment of an assessment remains delinquent as provided in Article 7 hereof or if a Member is in violation of any provision of this Declaration.

3.4 Powers and Authority of the Association. The Association shall have the powers of a Texas nonprofit corporation, subject only to any limitations upon the exercise of such power as are expressly set forth in this Supplemental Declaration. It shall further have the power to do and perform any and all acts, which may be necessary or proper for, or incidental to the exercise of any of the express powers granted to it by the laws of Texas or by this Supplemental Declaration. Without in any way limiting the generality of the two preceding sentences, the Association, and the Board of Directors acting on behalf of the Association, shall have the following powers and authority at all times:

3.4.1 Rules and Bylaws. To make, establish and promulgate, and in its discretion to amend or repeal and re-enact, such Rules and Bylaws, not in conflict with this Supplemental Declaration, as it deems proper to address any and all aspects of its functions.

3.4.2 Insurance. To obtain and maintain in effect policies of insurance which, in the opinion of the Board, are reasonably necessary or appropriate to carry out Association functions.

3.4.3 Records. To keep books and records of the Association's affairs.

3.4.4 Assessments. To levy Assessments as provided herein.

3.4.5 Right of Entry and Enforcement. To enter at any time in an emergency, or in a non-emergency, after ten (10) days written notice, without being liable to any Owner, upon any Lot and into any improvement thereon for the purpose of enforcing this Supplemental Declaration or Easements or for the purpose of erecting, maintaining or repairing any improvement to conform to the Declaration, and the expense incurred by the Association in connection with the entry upon any Lot and the work conducted thereon shall be a personal obligation of the Owner of the Lot entered upon, shall be a lien upon the Lot entered upon and improvements thereon, and shall be enforced in the same manner and to the same extent as provided herein for regular and special Assessments. The Association shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Declaration. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce the Declaration; provided, however, that the Board shall never be authorized to expend any Association funds for the purpose of bringing suit against SMD, its successors or assigns.

3.4.6 Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper for the operation of the Association.

3.4.7 Delegation to Committees. To set up one or more committees as authorized by the Texas Non-Profit Corporation Act, as the same is amended from time to time.

3.4.8 Employees. To engage such employees as may be reasonably necessary in the management of the Association and the performance of its duties.