

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Verde West Ranch, Val Verde County, Texas

THIS DECLARATION, is made by Texas Land & Ranches, Inc., a Texas corporation, as to Verde West Ranch, acting in its' capacity as Owner and Developer, along with its' successors and designees.

This is being recorded to establish a general plan for the development, sale, lease and use of the Project in order to protect and enhance the value and desirability of the Project. The Declarant declares that all of the Property within the Project shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each person or entity, for him/herself or itself, his/her heirs, personal representatives, successors, transferees and assigns, binds him/herself, his/her heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the development, sale, lease and use of the Property and hereby evidences his/her interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and all Owners. Declarant, its successors, assigns and grantees, covenants and agrees that the Parcels and the membership in the Association and the other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the Parcel.

1. DEFINITIONS

As used herein, the following terms have the following meanings:

- A. "Additional Property" means any real property owned by Declarant, which is situated within or adjacent to the vicinity of the Property, together with all improvements located thereon.
- B. "Association" means the Verde West Ranch Property Owners Association, as referred to in paragraph 2 of this Declaration.
- C. "Bona Fide First Deed of Trust" means any deed of trust or realty mortgage or agreement for sale made in good faith and for value and properly executed and recorded

so as to create a lien on any Parcel or Parcels that is prior to the lien of any other deed of trust or realty mortgage.

D. "Declaration" means this Declaration of Covenants, Conditions, and Restrictions.

E. "Declarant" is Texas Land & Ranches, a Texas corporation, as Developer. The rights and responsibilities of Declarant hereunder shall be exercised and carried out by Texas Land & Ranches, Inc. and/or its assignees.

F. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of fee or equitable or beneficial title to any Parcel including Declarant, and Lessee (as hereafter defined), as their interest may appear. Owner shall include the purchaser of a Parcel under an executory contract for purchase. The foregoing definition does not include persons or entities who hold an interest in any Parcel as security for the performance of an obligation. All Owners are also members of the Property Owners Association.

G. "Parcel" or "Parcels" means a portion of the Project intended for independent ownership and use and designated as a Parcel on the Record of Survey, either individually or collectively as the case may be and all divisions thereof as allowed by law.

H. "Property" or "Project" means the real property described on Exhibit "A" attached to this Declaration (Verde West Ranch, Phase I) together with all improvements located thereon, and all Additional Property, together with all improvements located thereon, which is annexed and subjected to this Declaration by the Declarant pursuant to Paragraph 3 of this Declaration.

I. "Record Of Survey" means the maps of Verde West Ranch (regardless of unit number) as recorded in the office of the Val Verde County Recorder in Val Verde County, Texas and all amendments, supplements and corrections thereto and any subdivision map recorded against any supplements and corrections thereto.

J. "Transition Date" means that date specified on or before which the Declarant transfers control of the Association to Owners or at such time as one hundred percent (100%) of the parcels have been sold or earlier, at Declarant's option.

2. PROPERTY OWNERS ASSOCIATION.

A. Property becomes subject to the Verde West Ranch Property Owners Association. The purpose of the Association to maintain and improve: (a) the roadways, gates, fences and roadway drainage facilities within the Property; (b) any wells and their appurtenances designated as common area; and (c) wildlife management programs for the care and benefit of the wildlife habitat benefiting the Property.

- B.** Each and every Parcel Owner, in accepting a deed or contract for any Parcel, automatically becomes a member of the Association, and agrees to be bound by such reasonable rules and regulations as may from time to time, be established by the Association. The Association shall be operated and conducted on a strictly cooperative and non-profit basis. Each Parcel Owner as a member shall have such voting rights as set forth in this Declaration.
- C.** The Association shall take necessary and appropriate action for the maintenance, repair, replacement, and management of the facilities referred to in subpart 2A(1) above.
- D.** The Association shall have the power to borrow and encumber its assets and, in all respects, shall have the powers set forth herein, including the power to enter into contracts with third parties to perform all or part of its functions, and to hire its own employees to do so. The Association shall have the power to obtain appropriate insurance, to create reserves, and to issue rules and regulations.
- E.** Each Parcel Owner is obligated to pay: (1) regular assessments for normal maintenance and repair and reserves, along with Association insurance and operating costs; (2) special assessments for capital improvements with such assessments to be established by the Association. The regular and any special assessments, late payment penalties and charges, if any, together with interest, (all as set by the Association) costs and reasonable attorney's fees, shall be a lien on the Parcel. Each Parcel Owner shall be personally responsible for his or her share of assessments imposed by the Association. This personal obligation or delinquent assessments shall not pass to the Owner's successor; PROVIDED, HOWEVER, the obligation to pay the same shall be in continuing lien on the Parcel, excepting for the provisions of Paragraph 2(L) below, relating to deed of trust beneficiaries and to realty mortgagees.
- F.** Association shall, on an annual basis, make a determination of the estimated costs of the repair and maintenance of the roadways and any other designated common areas as shown on the Record of Survey or otherwise so designated, including any reserves necessary for future capital expenditures and maintenance. Assessments shall be charged to each Owner on a uniform flat fee basis per Parcel owned. The assessments will be collected on an annual basis. The Association shall prepare an annual budget and also an annual accounting of monies received and disbursed.
- G.** Each Owner shall be responsible to pay the regular assessment, which will be assessed as of the date of recordation of the deed or purchase contract wherein the Owner acquired legal beneficial or equitable title to the Parcel. Regular assessments shall be set by the Association on an annual calendar year basis. The initial regular assessment for all Parcels shall be \$150.00 per parcel per year. The Association shall fix the amount of the regular assessment at least thirty (30) days prior to the end of the calendar year. Written notice of the assessment shall be sent to every Owner. The payment due date shall be established by the Association.

H. In addition to the regular assessment as set forth above, the Association may set special assessments if the Association determines, by two-thirds (2/3) of the number of votes cast by the members entitled to vote. Any special assessments shall be charged on the same basis per Parcel as regular assessments.

I. All unpaid dues shall constitute a lien on such Parcel prior to all other liens excepting only ad valorem liens in favor of a governmental assessing unit or special assessment district. The Association lien may be foreclosed by the Association in a like manner as a foreclosure of a real property Deed of Trust or realty mortgage. The Association shall have the power to bid on the mortgage. The Association shall have the power to bid on the delinquent Parcel at a foreclosure sale, and acquire, hold, lease, encumber and convey the same. A suit to recover a money judgment for unpaid assessments and charges shall be maintainable by the Association without foreclosing or waiving the lien securing the same.

J. The total number of votes in the Association shall be on the basis of one (1) vote per Parcel except that Declarant shall have three (3) votes for each such Parcel it owns. Unless otherwise specifically provided herein, all Association matters shall be determined by a two-thirds (2/3) majority vote (i.e., a 2/3 majority of the number of votes cast by the members entitled to vote). If more than one party is the Owner of a Parcel, there must be unanimous agreement among those who own an interest, otherwise the vote(s) attributable to that Parcel shall not be counted. Members present at a meeting of the members or represented by proxy, holding one-tenth of the total votes entitled to be cast shall constitute a quorum. Any action that the Association may take at any annual, regular or special meeting of the members may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter as provided for in the Bylaws.

K. Subject to Paragraph 6 herein, the members of the Association may elect the board of directors who shall have the power to adopt Bylaws and to appoint officers, as well as promulgate reasonable rules and regulations relating to the matters within its purpose. Unless otherwise stated herein, the directors shall conduct the affairs and exercise the powers of the Association.

L. Where the holder of a Bona Fide First Deed of Trust, including Declarant, obtains title to the Parcel as a result of a trustee's sale, or deed in lieu of foreclosure, of said Bona Fide First Deed of Trust, such acquirer of title, its successors and assigns, shall not be liable for the share of the expenses of the assessments by the Association chargeable to such Parcel which became due prior to the acquisition of title to such Parcel by such acquirer. Such acquirer shall be responsible, as any Owner, for assessments charged subsequent to the acquisition.

M. In the event the Association determines that any Parcel Owner has not complied with the provisions of this Declaration, then the Association may, at its option, give written notice to the Owner of the conditions complained of. The Owner shall correct same or, if not readily correctable within fifteen (15) days after notice from the

Association, the Owner shall submit corrective plans proposing its remedy to the condition complained of with fifteen (15) days after notice from the Association. The Association shall approve or disapprove any plans submitted by the Owner and set forth a reasonable time for correction of the condition complained of. In the event such condition is not corrected according to the approved plans, within the allotted time, the Association shall have the right to undertake to remedy such condition or violation complained of. The cost thereof shall be deemed to be an assessment to such Owner and enforceable by the Association as if any other unpaid assessment. The Association is hereby granted the right of entry on the affected Parcel to so correct the condition or violation complained of.

3. ANNEXATION OF ADDITIONAL PROPERTY.

Declarant, its successors and designees reserve all present and future rights to utilize all private roads and easements within the Project to comparably develop lands within or adjacent to the Project and to grant the use to said roads and easements to additional entities at its' sole discretion. Any such expansion to be included within this Declaration shall be subject to the terms and conditions of this Declaration, but may include reasonable variances.

4. DE-ANNEXATION.

Notwithstanding any other provision of this Declaration, Declarant shall have the right from time to time, at its sole option and without the consent of any Owner or any other person, to delete from the Property and remove from the effect of this Declaration one or more portions of the Property, so long as (a) the portion of the Property to be removed and deleted is owned by Declarant or the Owner of such portion of the Property executes and records an instrument approving such deletion and removal; and (b) such deletion and removal would not deprive Owners of other parts of the Property of easements or rights-of-way necessary to the continued use of their respective parts of the Property (unless Declarant at the same time provides for reasonably adequate replacement easements or rights-of-way). Declarant may exercise its rights of de-annexation in each case by executing and causing to be recorded an instrument which identifies the portion of the Property to be so deleted and removed and the deletion and removal of such portion of the Property shall be effective upon the date such instrument is recorded; whereupon, the portion of the Property so deleted and removed shall thereafter for all purposes be deemed not a part of the Property. No such deletion and removal of a portion of the Property shall act to release such portion from the lien for assessments or other charges hereunder which have accrued prior to the effective date of such deletion and removal, but all such assessments or other charges shall be appropriately prorated to the effective date of such deletion and removal. Each portion of the Property deleted and removed pursuant hereto shall thereafter be deemed to be a part of the Additional Property unless otherwise expressly provided to the contrary in the instrument recorded to effect such deletion and removal.

5. GENERAL RESTRICTIONS APPLICABLE TO ALL PARCELS

A. Residential and Recreational Use Only: All Parcels shall be used for residential and recreational purposes only. Livestock may be kept pursuant to paragraph 5.K. Notwithstanding anything contained in this paragraph this restriction shall not prohibit home offices in a residential property where business is conducted through telephone, computer, or other electronic means and where the business is not apparent from the exterior of the residence; does not create noise or congestion from traffic or parking; and preserves the residential nature of the Property. All uses shall be in compliance with Crockett County or State of Texas zoning regulations and permitted uses.

B. Dwelling Type: The finished exterior shall be in harmony with its natural surroundings. Both single-wide and double-wide manufactured or mobile homes are allowed, provided they are no older than 5 years from the date of manufacture to the date of installation. All manufactured or mobile homes must be permanently installed, and skirted with wheels removed so frame is not exposed. Building and mobile home permits may be required by Crockett County or the state of Texas. The ground around the mobile or manufactured home shall be graded to allow water to flow away from the home. This shall be strictly enforced to protect property value and scenic quality of the area.

C. Travel Trailers, RVs: A travel trailer or recreational vehicle may be used for temporary residential use only if the use extends for not more than three (3) consecutive months or no more than a total of six (6) months in any calendar year. Parcels may use travel trailers or recreational vehicles for recreational purposes, but not as permanent residences. All travel trailers or RVs must be 200' from property lines and screened from view, colors to be in harmony with the natural surroundings. This will be strictly enforced to protect property value and scenic quality of the area. Units must have self-contained sanitary facilities or connected to a septic system.

D. Sanitary Facilities: All dwelling's and/or living quarters shall be self-contained, connected to a septic system, waterless toilet, or other alternative system and shall be approved by the appropriate governmental agency. There will be no open pit latrines or privies allowed.

E. Additional Subdivisions and Re-sale of Parcels: No further subdivision is allowed.

F. No Medical Facilities: Hospitals, clinics, and other facilities for the treatment or care of the physically or mentally ill or disabled are prohibited. Facilities for the treatment or care of animals are also prohibited.

G. Churches or Clubs; or other institutions organized for religious worship or discussion are prohibited as are buildings used primarily as clubhouses or meeting facilities.

H. Vehicles: Any motor vehicle under repair or inoperable may not be parked on any roadway, driveway, or other easement. Inoperable vehicles may not exceed one (1) at any time. When said vehicles are parked on a Parcel, such motor vehicles must be hidden by walls, fences, screens, or foliage, so as the vehicle is not to be visible from roadways or other Parcels. All vehicles, engines, or motors must be operated with a muffler and/or spark arrestor.

I. Trash: No Parcel may be used for temporary or permanent storage of rubbish or trash (collectively, garbage). No garbage may be kept on any Parcel except in covered containers and screened from view from adjacent Parcels. Trash must be removed bi monthly to an appropriate trash disposal facility.

J. Junkyards, Auto Repair, Second-Hand Business, Material Storage: No junkyards, auto repair, second-hand businesses or other commercial uses that create a negative visual impact, excessive noise or congestion from traffic or parking shall be conducted on any Parcel. No storage of unlicensed trucks, cars, buses, machinery, equipment or building materials shall be stored on any Parcel unless enclosed in a proper structure to not be visible from an adjoining Parcel or passing on the roadway.

K. Livestock: A Parcel may be used for ranching, including the use of keeping of a reasonable number of horses and cattle, provided the Parcel has been fenced. Under no circumstances shall a stockyard, dairy, kennel, poultry or swine farm or any other commercial activity involving animals be permitted.

L. Nuisance Activities: The unnecessary, prolonged, or indiscriminate creation of noise, dust, fumes, odors or any other offensive activity is prohibited

M. Signs: For sale signs cannot be placed on the property until 10 months from the date of purchase or August 2006, whichever is sooner.

N. Structure Setbacks: All structures shall be built at least one-hundred, fifty feet (150') from the front Parcel boundary line (adjacent to the roadway) and fifty feet (50') from rear and side Parcel boundary lines, except for those setback requirements for recreational vehicles and travel trailers. With regard to Blinds and feeders: Blinds shall be set back a minimum of one-hundred, feet (100') from any rear or side Parcel boundary line and feeders shall be set on the inside of the Blind providing for an *excess* of 100' of distance from any Parcel boundary line (e.g. placement to be between the center of the Parcel and the Blind). If local governmental regulations provide for more restrictive setbacks, those regulations shall govern. In any event, any construction on a Parcel shall comply with all applicable Val Verde County or State of Texas building regulations.

O. Easements: Parcel Owners will provide utility easements along and immediately adjacent to all lot lines when requested by utility companies for the benefit of neighboring and adjacent Parcels. Width and length of said easements to be established by the utility companies' needs, but not to exceed thirty feet (30') in width without approval by the Owner of the affected Parcel.

P. **Declarant's Exemption:** Nothing herein shall be construed as prohibiting Declarant from maintaining a sales or development office on any Parcel or engaging in activities which Declarant deems appropriate to its development or sales program or ranching activities.

Q. **Tree Cutting:** The beauty of the Property is in the mixture of trees and open space. Live Oak trees may not be cut. All other trees may be cut for the purpose of building sites, roads, hunting corridors, fire prevention, etc. In any event not more than twenty percent (20%) of any one Parcel may be cut or cleared. No commercial firewood operations are allowed.

R. **Driveways:** Parcel owners fronting on a County or State Highway shall not place cattleguards, gates, fences, etc., inside the county right-of-way, nor place drainage structures or change drainage patterns without prior written approval from Val Verde County Highway Department.

S. **Waiver:** The Declarant and its successor shall have the right to allow variances where strict enforcement of these restrictions would cause undue hardship.

T. **Subleasing:** Parcel owners are restricted from subleasing their property for hunting purposes, as no commercial use of the property is allowed.

U. **Water wells:** The drilling of water wells for commercial purposes or the sale of water is prohibited. One active well per 100 parcel is allowed. Existing wells can be replaced in a new location, provided there is not more than one active well per parcel.

V. **Firearm Safety:** Property owners and their guests will practice good judgment in regard to discharge of firearms at all times. No shooting across property lines is allowed.

W. **Leash Law:** Property owners and their guests will keep dogs confined to their property at all times or restrained with a leash.

X. **Fire Control:** Burn permits for campfires are required from the Val Verde County Fire Department located in Del Rio.

AA. **Fencing:** No high fencing of any parcel is allowed.

6. DECLARANT'S CONTROL OF THE ASSOCIATION AND MAINTENANCE OF THE COMMON PROPERTY.

A. The Declarant will maintain control of the Association and may act as it's Board of Directors until it's Transition Date. The Transition Date to be at such time as 100% of the Parcels have been sold or earlier, at Declarant's option.

B. The Declarant shall notify the members of the Association in writing of the Transition Date on or about thirty (30) days of said Transition Date. The Declarant, as the

Association's initial board of directors, shall call a meeting of Owners (aka members of the Association) for the purpose of taking over the operation of the Association. At said meeting, the Association members shall elect, by a majority of the votes cast by the applicable Owners, a minimum of three (3) and a maximum of five (5) persons to the board of directors. So long as Declarant owns any Parcels at the time of the transition, it may exercise its voting rights with the number of votes retained at that time. The transition meeting shall also constitute an annual meeting as defined in the Bylaws. The newly elected directors may hold their first directors' meeting immediately following the annual meeting for the purpose of electing officers and conducting any other business of the directors. Thereafter, all affairs of the Association shall be conducted by the Board of Directors and such officers, that the board may elect or appoint in accordance with the Articles and Bylaws, as they may be amended from time to time.

C. The Association may employ or contract for maintenance of roadways and assess members for the cost thereof.

6. GENERAL PROVISIONS

A. **Enforcement:** The covenants, conditions, and restrictions contained in this Declaration shall run with the land and shall be binding upon all persons owning, leasing, subleasing or occupying any Parcel after the date on which this instrument shall have been recorded in the Office of the Recorder of Val Verde County, Texas. This Declaration may be enforced by the Declarant, any Owner or lessee of any Parcel, by the holder of a Bona Fide First Deed of Trust on any Parcel, by the Association, or by any one or more of said persons acting jointly; PROVIDED, HOWEVER, that any breach by reason thereof shall not defeat or adversely affect the lien of a Bona Fide First Deed of Trust upon any Parcel, but each and all said covenants, conditions, and restrictions shall be binding upon and effective against any Owner, Lessee or occupant of said Parcel whose title thereto is acquired by foreclosure, or otherwise, and FURTHER PROVIDED also that the breach of any said covenants, conditions, and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such Bona Fide First Deed of Trust. All instruments of conveyance or assignment of any interest in all or any party of the Property may refer to this Declaration and shall be subject thereto as fully as though this Declaration were therein set forth in full.

B. **Invalidity:** Invalidation of any of the covenants, conditions, and restrictions, contained herein by a Court of competent jurisdiction, shall in no way affect the validity of any other provision of this Declaration, all of which shall remain in full force and effect.

C. **Legal Fees and Costs:** The Declarant or the board of directors of the Association may cause a lawsuit to be commenced and maintained in the name of the Association against an Owner to enforce the payment of any delinquent assessment. The Declarant or the board of directors of the Association, or the Developer or the lessee (as their interests may appear) may cause a lawsuit to be commenced and maintained to enforce any other pertinent provision of this Declaration. Any judgment rendered in any such action shall

include the amount of the delinquency, interest at the rate of twelve percent (12%) per annum from the date of delinquency, the amount of damages proven, any appropriate order or mandate of the Court, court fees, and reasonable attorney's fees which are incurred by the prevailing party as fixed by the Court.

D. Amendments: With the exception of those items listed under Paragraph 5, General Restrictions Applicable To All Parcels, this Declaration may be amended by instrument which has been approved by two-thirds (2/3) of the votes cast by those members entitled to vote with a twenty-five percent (25%) quorum. Such amendment shall be recorded in the Office of the Val Verde County Recorder and become effective immediately thereafter. Those restrictions listed under Paragraph 5 may not be amended without approval of the Val Verde County Commissioners Court. So long as it owns any Parcel, Declarant may amend any restrictions not listed under Paragraph 5 of this Declaration without approval of the Owners to correct any errors, inconsistencies or to make non-substantive revisions or to comply with any law or regulation.

E. Term: This Declaration may hereafter be amended in accordance with the terms hereof, and shall remain in full force and effect for a term of twenty (20) years from and after the date of recording of this Declaration. This Declaration shall be automatically renewed and extended for successive periods of ten (10) years each, unless terminated by three-quarters (3/4) of the votes cast by the members entitled to vote, or amended by two-thirds of the votes cast by the members entitled to vote with a twenty-five percent (25%) quorum. Such termination or amendment shall be recorded in the Office of the Val Verde County Recorder.

EXECUTED this 15th day of August, 2005

DECLARANT:

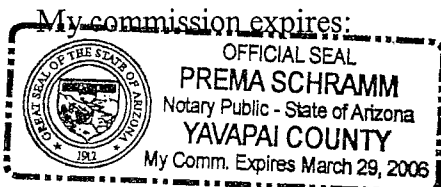
TEXAS LAND & RANCHES INC., a Texas corporation

By: Renee Howes
Renee Howes, Vice President

STATE OF ARIZONA)
) ss.
County of Yavapai)

This instrument was acknowledged before me this 15th day of August, 2005 by Renee Howes as Vice President of Texas Land & Ranches, Inc., a Texas corporation, on behalf of the corporation.

Prema Schramm
Notary Public



When Recorded Return To:
Texas Land & Ranches, Inc.
P O Drawer 2514
Ozona, TX 76943

**FIRST AMENDMENT TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
VERDE WEST RANCH**

Pursuant to the Declaration of Covenants, Conditions and Restrictions for Verde West Ranch as recorded on September 3, 2005 as Document No. 0219688, Vol. 963, Pages 1-20 of the Official Public Records of the Val Verde County Clerk, in Val Verde County, Texas, the undersigned hereby amends the Declaration as follows:

Page 6, Paragraph 5, Section A, the following shall be amended:

“replace Crockett County with Val Verde County”

Page 6, Paragraph 5, Section B, the following shall be amended:

“replace Crockett County with Val Verde County”

Page 8, Paragraph 5, Section U, shall be amended to read as follows:

“Water wells: The drilling of water wells for commercial purposes or the sale of water is prohibited. One active well per parcel is allowed. Existing wells can be replaced in a new location, provided there is not more than one active well per parcel.”

All other terms and conditions of the Declaration shall remain the same.

EXECUTED this 20th day of September, 2005

DEVELOPER:
TEXAS LAND & RANCHES, INC.
a Texas corporation

By: _____

Randall Loren Knuppel