

ESPUELA LAND & MINERALS, LLC

TO

THE PUBLIC

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THE STATE OF TEXAS §

COUNTY OF KERR §

THAT WHEREAS, ESPUELA LAND & MINERALS, LLC, a Texas limited liability company, herein called "Declarant", is the record owner of all that tract or parcel of land being 159.99 acres, more or less, situated in Kerr County, Texas, out of the H.E. & W.T. R.R. Co. Survey No. 1848, Abstract 1452 and a non-exclusive access agreement over and across 60 foot wide strip, tract or parcel of land out of H.E. & W.T. R.R. Co. Survey No. 1848, Abstract 1452, and being the same tract of land described in a general warranty deed from Sharon Y. Pollard, Trustee to Espuela Land & Minerals, LLC on July 23, 2025, recorded in File No. 25-04326 of the Official Public Records of Kerr County, Texas; said 159.99 acres of land being shown on the Spear Point Ranch plat incorporated as Exhibit "A", attached hereto and made a part hereof ("**Property**"); and

WHEREAS, Declarant will hold, sell and convey the above-described Property subject to certain protective covenants, reservations, conditions, restrictions and charges as hereinafter set forth.

NOW, THEREFORE, it is hereby declared that all of the above-referred Property shall be held, sold and conveyed subject to the following restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the land and shall be binding on all parties having a right, title or interest in or to the above described Property or any part thereof, and their heirs, successors and assigns, and which restrictions, covenants and conditions shall inure to the benefit of each owner thereof, and any Lot or deed which may hereafter be executed in connection with said Property, or any part thereof, shall be conclusively held to have been executed, delivered and accepted subject to the terms and conditions contained in this instrument, regardless of whether or not such terms and conditions are specifically set out in said Lot or deed.

I. DEFINITIONS

1.01. "Owner" shall refer to the record owner, whether one or more persons or entities, of the fee simple title to any portion of the above-described Property, excluding however, those having any interest therein merely as security for the performance of an obligation.

1.02. "Lot" shall refer to any portion of the Property, as owned by any Owner.

II. RESTRICTIONS

2.01 All Lots shall be used solely for residential and agricultural purposes as hereinafter set out. A residential structure may be interpreted to be a permanent residential dwelling, a short-term rental (such as a guesthouse or bed and breakfast,) or a long-term rental dwelling.

2.02 Not more than 2 single-family dwellings may be erected on any Lot. Two (2) guest houses and other related outbuildings such as barns, animals shelters, etc., may also be constructed.

2.03 Single-family dwellings shall contain a minimum of 1,000 square feet of living area and guest houses shall contain a minimum of 800 square feet of living area. For purposes of this restriction the term “living area” shall mean that area of a dwelling which is heated and cooled, exclusive of porches, breezeways, carports, garages or basements. A barndominium shall be permitted, but the living space must comply with the minimum living area as set forth in this Paragraph 2.03, and the exterior of the living space of any barndominium must comply with all other requirements set forth herein. During construction of the principal dwelling, an Owner may live in one (1) recreational vehicle or camper on Owner’s Lot for a period not to exceed eighteen (18) months or upon completion of the principal dwelling, whichever occurs first. All other provisions set forth in this Declaration of Covenants, Conditions and Restrictions must be complied with and are enforceable.

2.04 Up to two (2) guest houses or other improvement located on a Lot may be used for short-term rentals, including but not limited to a bed and breakfast, Air B&B, Vacation Rental By Owner, etc. Short-term rental shall be defined as an improvement being rented by the public for consideration, and used for dwelling, lodging, or sleeping purposes for any period less than thirty (30) days. Additionally, a principal dwelling on a Lot may be used as a short-term rental, but in no event may the principal dwelling be occupied as a short-term rental for more than 182 non-consecutive days per year. A guest house is allowed to be built before the primary home, but if a guest house is constructed first, the primary home must be completed within 24 months of beginning construction on the guest home.

2.05 The exterior of any building shall be completed not later than eighteen (18) months after the commencement of construction.

2.06 All dwellings shall be newly constructed and erected on site, save and except, that new, not previously titled/labeled mobile homes are permitted on the Property. All mobile homes must be “new,” not previously titled and be at least “double-wide” in size (meaning built in at least two separate factory fabricated sections). For the avoidance of doubt, no single wide mobile homes may be located on the Property, either permanently or temporarily. All double-wide mobile homes (or larger) must be skirted and have a real property election. Modular, off-site manufactured homes are permitted but must have a concrete foundation poured on site. The term dwelling house (for purposes set out in this paragraph) shall include guest houses. All guest houses must also have a concrete foundation poured on site. Tiny homes are not permitted. An Owner shall be entitled, however, to incorporate historical and other previously used building materials and fixtures into a newly constructed dwelling. All guest houses or additional dwelling houses must be of the same architectural design, aesthetic and color as the main dwelling location on the Property.

2.07 A residence or dwelling shall not be occupied until the exterior thereof shall be completely finished and plumbing is connected to a septic system or other water disposal system which has been approved by Kerr County and/or State of Texas Health Department and/or other governing body regulating wells and septic systems.

2.08 Save and except provisions set forth in Paragraph 2.03, farm and ranch equipment, trailers, recreational vehicles, boats and UTV/ATV equipment must be stored at least one hundred feet (100’) from all Lot boundary lines, and must be reasonably screened from view and located within a three-sided improvement, located to the rear of the principal dwelling.

2.09 There shall be no further subdivision of Lots.

2.10 All swimming pools shall be constructed substantially at grade, but under no circumstances may a pool be more than three (3) feet above the natural grade.

2.11 Barns, stables, pens, fences and other similar improvements may be made or erected on a Lot prior to construction of the principal dwelling.

2.12 No structure shall be erected on any Lot nearer than two hundred fifty feet (250') from the front, or seventy-five feet (75') side or rear property line. Placement of all animal shelters shall be to the rear of the principal dwelling.

2.13 Lots shall not be used for any commercial purposes, except permanent agricultural crops including vineyards, fruit trees, pecan groves and permanent grass (hay meadows or grazing pastures) and livestock production. No industrial pursuit or enterprise shall be permitted to be conducted on any Lot. Industrial pursuit or enterprise shall mean engaging in the manufacture or assembly of goods or processing of raw materials unserviceable in their natural state for sale or distribution to third parties (other than a cottage industry by an artisan, i.e. artist, painter, photographer, wood, metal or glass sculptor or fabricator) and shall be inclusive of, but not exclusive of: Auto painting and repair; heavy machinery operation or storage; welding or machine shop or machining business; concrete products manufacture. Additionally, there shall be no commercial dog kennels or dog boarding on any Lot, and the number of dogs permitted on any Lot shall not exceed five (5). Selling of deer or wildlife hunts is strictly prohibited including leasing land for hunting, day hunts, or trapping and selling deer off the property.

2.14 Abandoned or inoperative equipment, vehicles or junk shall not be permitted, placed or stored on any Lot.

2.15 Swine shall not be kept on any Lot, except that swine may be housed in conjunction with a FFA, 4H or other youth livestock project. Other livestock, pets and poultry shall be permitted provided said livestock is kept within the boundaries of said Lot at all times, and provided they are not offensive to adjacent landowners by smell, sight, sound or otherwise and do not result in overgrazing. There shall not be any commercial feeding operations or commercial breeding of animals conducted on a Lot. Agricultural animals used for grazing said property while simultaneously raising young (i.e. cow/calf operation) shall not be considered commercial breeding of animals. The maximum number of animals allowed will be ½ animal unit per acre. For example, on a 10-acre tract, 5 cows would be permitted. Numbers will be rounded up. Animal unit equivalents will be determined by the current NRCS chart for Texas.

2.16 No toxic waste dumping or burying or disposal of any kind shall be allowed that would pollute any stream or body of water, or adversely affect the natural beauty and value of the Property. Garbage or refuse shall not be disposed of or buried on any Lot.

2.17 All perimeter fences or interior fences erected on any Lot shall be of new material and professional in appearance, and completed in a good and workmanlike manner regarding quality and appearance. There shall be no interior fencing on any Lot higher than 60 inches from the base of the ground. No "high-fencing" of Lots shall be allowed.

2.18 Prolonged or consistent discharging of firearms or target practicing shall not be allowed on any Lot. Any use of firearms whatsoever shall only be by the owners of Lots and their immediate family. Personal safety of owners and owners of neighboring Lots shall be of prime consideration. Subleasing for hunting is specifically forbidden, and there shall be no commercial hunting on the Property. All hunting shall be for recreational purposes only. All hunting must be done in compliance with the rules and regulations of Texas Parks and Wildlife Department. Rifle hunting must be done where the direction of shooting is towards the exterior perimeter of the subdivision to where bullets will not travel to the interior lots for the safety of other residents.

2.19 Mineral exploration of any type which will damage the surface shall not be permitted on any Lot.

2.20 The undersigned reserves unto itself and/or its assigns, an easement for utility purposes, fifteen (15) feet wide on each side of all Lot lines and public roadways and thirty (30) feet along the entire perimeter (boundary) of the herein described property for the installation and maintenance of electric, telephone and other utility lines and easements for anchor guy combinations wherever necessary, and reserves the right to trim trees which at any time interfere or threaten to interfere with the maintenance of such lines, with the right of ingress to and egress from and across said premises for employees of utility companies owning said lines.

2.21 No cellular tower, wind turbine or other type of commercial tower or antennae shall be erected or placed upon the Property without the prior consent of the Declarant. Residential towers to provide internet and phone service shall be permitted on Lots, but in no event shall a tower be greater than thirty-five feet (35') in height. Any solar panels located on a Lot must be installed on the roof of any improvements, and panels must maintain the pitch of the existing roof.

2.22 All Lots and Owners may be subject to a wildlife management plan ("Wildlife Plan") for the Property that meets the requirements of Texas Parks and Wildlife Department, the Kerr County Tax Assessor and the Kerr County Appraisal District such that the Property may be appraised as qualified open space land under the Texas Tax Code, Chapter 23, Subchapter D, subject to Declarant's sole and exclusive discretion for so long as Declarant owns any portion of the Property. The Wildlife Plan shall require that all Lots and Owners follow and are subject to the wildlife use requirements set forth therein, and each Owner shall be subject to a written agreement that legally obligates said Owner of each Lot to perform the management practices and activities necessary for each Lot to qualify for an appraisal based on wildlife management use. The Wildlife Plan will also require that each Lot must also independently meet all the qualifications for agricultural appraisal based on wildlife management use, including the implementation on each tract three or more specific wildlife management practices listed in Texas Tax Code §23.51(7)(A) (habitat control, erosion control, predator control, providing supplemental water, providing supplemental food, providing shelters, or conducting census counts), with the exception that the minimum acreage requirements, if applicable, are slightly lower for land in a wildlife management plan.

2.23 All driveway entrances to Lots shall be constructed with at least a caliche base or better, and all driveway improvements shall be engineered and contoured so as to not effect or alter the flow of water. This may require additional grading, site preparation work and the installation of culvert pipes.

III. GENERAL PROVISIONS

3.01 ENFORCEMENT. Declarant, its successors or assigns, or any Owner, shall have the right to enforce, by proceedings at law or in equity, the terms, provisions, covenants, conditions, and restrictions of this Declaration. Failure of Declarant or any Owner to take any action upon any breach or default shall not be deemed a waiver of their right to take action upon any subsequent breach or default. Declarant, for itself, its successors or assigns, reserve the right to enforce this Declaration, though it may have previously sold and conveyed all Lots controlled hereby. The reservation by Declarant of this right of enforcement shall not create a duty or obligation of any kind to enforce same, and Declarant shall not be subjected to any claim, demand, or cause of action from any Owner by virtue of not enforcing any term, provision, covenant, conditions or restrictions herein contained.

3.02. PARTIAL INVALIDITY. Invalidation of any one of the covenants or restrictions, contained herein, by judgment or court order shall in no way affect any other provision, and all other provisions shall remain in full force and effect.

3.03. TERM. The covenants, conditions and restrictions of this instrument shall run with and bind the land and shall inure to the benefit of, and be enforceable by or the Owner of any Lot subject to this instrument, and their respective legal representatives, heirs, successors and assigns, and shall be effective until December 31, 2055, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless amended as provided herein. The covenants, conditions and restrictions contained in this instrument may be amended at any time after December 31, 2040, by an instrument signed by not less than the Owners of seventy-five percent (75%) of the acreage contained with the above described Property. No amendment shall be effective until duly recorded in the Real Property Records of Kerr County, Texas, nor until the approval of any governmental regulatory body, which may be then required, shall have been obtained. The covenants, conditions and restrictions may be amended any time by an instrument signed by the owners of not less than one hundred percent (100%) of the above described Property.

3.04 AMENDMENT. Notwithstanding anything to the contrary, Declarant shall have the right at any time, at its sole discretion and without any joinder or consent of any other party to amend this Declaration for the purposes of correcting any error, ambiguity or inconsistency appearing herein or for any reason whatsoever deemed necessary for the benefit of the overall development as determined by Declarant in its sole judgement. Said amendment shall be effective upon filing of the instrument containing such amendment in the office of the County Clerk of Kerr County, Texas.

3.05 WAIVER AND LACHES. The obligation to abide by the provisions contained in this Declaration shall be deemed to be of a continuing and continual basis. Each and every day an Owner allows a condition to exist on such Owner's Lot which is not in compliance with the requirements contained herein shall constitute a separate and individual violation hereof, and shall give rise to a new cause of action for such breach. The intended effect and express purpose of this provision shall be that every Owner, by accepting title to a Lot, hereby waives the affirmative defenses of the statute of limitations, waiver and laches with respect to covenant violations. Failure of Declarant, or of any Owner to enforce the terms of this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

3.06 INDEMNIFICATION. By acceptance of each warranty deed, Owners agree to indemnify and hold harmless Declarant, its successors and/or assigns, for any liability, loss or damage they may suffer as a result of claims, demands, costs or judgments against them arising out of the activities to be carried out pursuant to the obligations of these Covenants, Conditions and Restrictions.

As additional consideration for purchasing a Lot and/or owning a portion of the Property, Owners hereby RELEASE, WAIVE, DISCHARGE AND COVENANT NOT TO SUE Declarant from any and all liability, claims, demands, action and causes of action whatsoever arising out of or related to any loss, damage, or injury, including death, that may be sustained by Owner, or to any Lot, whether caused by Declarant, or otherwise. Declarant hereby makes no representations or warranties regarding any taxing authorities, valuations or exemptions that may be in place as of the date of filing. Furthermore, Declarant shall have no liability to maintain any exemptions from appraised property values used in determine local property taxes.

EXECUTED this ____ day of _____, 2026.

[SIGNATURES TO FOLLOW ON NEXT PAGES]

DECLARANT:

ESPUELA LAND & MINERALS, LLC,
a Texas limited liability company

By: _____
CALVIN SMAJSTRLA, Manager

THE STATE OF TEXAS §

COUNTY OF KERR §

This instrument was acknowledged before me on this the ____ day of _____, 2026,
by CALVIN SMAJSTRLA, Manager of ESPUELA LAND & MINERALS, LLC, a Texas limited liability
company.

Notary Public in and for the State of Texas

CONSENT BY LIENHOLDER

The Lienholder, GUADALUPE BANK, consents to this Declaration of Covenants, Conditions and Restrictions ("Restrictions") by ESPUELA LAND & MINERALS, LLC, a Texas limited liability company. The Lienholder acknowledges that the filing and recording of these Restrictions is not a violation of, nor shall it trigger any due on sale clauses or other default provisions of that original Deed of Trust by and between ESPUELA LAND & MINERALS, LLC as Grantor and GUADALUPE BANK, dated July 23, 2025 and recorded at Instrument No. 25-04331 of the Official Records of Kerr County, Texas.

GUADALUPE BANK

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2026, by _____, _____ of GUADALUPE BANK, on behalf of said bank.

Notary Public, State of Texas