

RESTRICTIONS

THE STATE OF TEXAS §
 §
THE COUNTY OF HAYS §

KNOW ALL BY THESE PRESENT:

THAT, HAYS COUNTY OAKS PHASE II HOMEOWNERS ASSOCIATION, INC. hereinafter referred to as "Association", being the designated organization for enforcement of deed restrictions of that certain 306.64 acres of land, more or less, out of the S.D. Gervais Survey in Hays County, Texas, being more fully described by metes and bounds in Exhibit "A" attached hereto and incorporated herein by reference for all purposes, does hereby restrict said property in the manner hereinafter set forth, which restrictions shall be binding upon all owners of any portion of such acres of land, their heirs and assigns, successors, devisees and administrators. These restrictions supersede and control over any prior restrictions filed, when inconsistent with the following:

1. The Hays County Oaks Phase II Homeowners Association, Inc. is the organization which shall: collect and disburse the maintenance fund hereinafter provided for; approve all construction and plot plans; and enforce these covenants and restrictions, however, nothing shall prevent the owner of any tract of land from enforcing these restrictions in any manner provided for under the law; promote the health, safety, and welfare of the residents of the Hays County Oaks Phase II; fix membership dues, assessments, fees and charges to be levied against the owners within Hays County Oaks Phase II; administer, enforce, and defend, any and all restrictions, and agreements for preserving the architectural and general appearance of the Hays County Oaks Phase II.

2. No portion of the above property shall be used or occupied for any purpose other than residential and recreational.

3. All structures on said premises shall be limited to single family dwellings plus any garage, carport, barn, shed or animal pens used in connection with the dwelling. Mobile homes and modular homes shall not be permitted.

4. Each dwelling shall be not less than 1,700 square feet of heated and air-conditioned space, exclusive of basement, garage, and porches. In the case of multi-story dwellings, the minimum size shall be 1,800 square feet of heated and air-conditioned space with not less than 900 square feet on the first floor. Any garage, storage building, or carport shall be constructed at the same time or subsequent to the construction of the dwelling it is intended to serve. All improvements are to be completed within nine (9) months from the beginning of construction. All residences shall be connected to a septic tank approved by the Texas Department of Health Resources, or such other regulatory body having jurisdiction over construction of septic tanks.

5. No building or any other structure shall be erected or placed upon any lot, nor shall any existing structure be materially altered, until the plans and specifications and plot plan have been submitted to and approved in writing by the Association, or its duly designated agent. If said plans and specifications and said plot plan are not approved or disapproved within 30 days following the date on which the same are submitted for approval, and if no injunction suit shall have been

commenced prior to the completion of the work, then proper approval of the building plans and specifications and of the plot plan shall be conclusively presumed to have been had and obtained.

6. At least 25% of the exterior of any residence shall be masonry. The front of a residence must be included in the 25% requirement. All construction shall be new construction on the premises and no building or any portion thereof shall be moved in without the express written consent of the Association Board.

7. No building or structure of any kind shall be located nearer than 75 feet from any road in the Subdivision, nor nearer than 20 feet from any side or rear property line.

8. No portion of any property shall be divided, subdivided or re-subdivided into any tract or parcel of land containing less than one (1) acre. No portion of the property upon which a residence or other building has been constructed shall be sold if after such sale the location of any residence or other building shall violate any of these restrictions.

9. It shall be permissible for owners of portions of the property of at least two (2) acres to possess animals for the owner's personal use and enjoyment only, except, there shall not be maintained on the premises any pigs, hogs or swine. The cumulative total of sheep, goats, cows, horses, and like animals that may be possessed at any one time shall not exceed one (1) per each two acres of land owned. In the case of poultry, not more than three (3) per acre may be possessed at any one time.

10. Pens, sheds, corrals, barns, or any other enclosures may be constructed on the land at any time, however, they shall not be constructed within 150 feet of any road or within 30 feet of any property line. This restriction includes construction of watering troughs and feed troughs.

11. No lot shall be used or maintained as a dumping ground for rubbish, trash, or garbage. Such materials shall not be kept except in sanitary containers constructed of metal, plastic, or masonry materials with sanitary lids or covers. No lot shall be used for the open storage of any materials whatsoever, which storage is visible from the street except that new materials used in the construction of improvements erected upon any lot may be placed upon any at the time of construction is commenced and may be maintained thereon for a reasonable time so long as the construction is in progress.

12. No drilling, mining, exploration or other type of operation for oil and gas and/or other materials such as sand, gravel, limestone, coal or iron or any other substance, mineral or metal, shall be permitted or be conducted on any lot or tract in the Subdivision, except however, drilling operation for oil or gas may be conducted on any tract of twenty (20) acres or more.

13. No boats, trailers, campers, recreational vehicles, or vehicles in a non-operating condition shall be permitted to remain on any lot on the street adjacent to any lot for more than thirty (30) days except that, however, such vehicle or vehicles may remain longer if they are housed in enclosed storage.

14. No live trees other than cedar trees or mesquite trees that measure five (5) inches in diameter or more, measured one foot above natural ground level may be removed for other than road and driveway construction and site clearing for the construction of buildings and utilities. Driveway culverts, driveways and sidewalks shall not be permitted which do not allow the free flow of water or which cause the backing up of water from normal rainfalls.

15. Firearms shall not be discharged upon or within any tract.

16. All advertising signs that exceed ten (10) square feet are prohibited, and there shall be no more than two (2) signs located on any one lot.

17. These restrictions, covenants, and conditions may be enforced by the Association Board or by the owner of any lot either by proceedings for injunction or to recover damages from breach thereof, or both.

18. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereof which may be detrimental to the value of any individual lot.

19. All improvements including but not limited to houses, garages, barns, storage sheds, animal pens, animal shelters, stock tanks and any other improvements shall be constructed in a workmanshiplike manner out of quality materials. Said improvements shall be maintained such that their appearance shall not be detrimental in any respect to the entire area. That shall mean that said improvements, if applicable shall be kept weather-proofed by painting or by such other method as necessary and as may be appropriate. Improvements shall not be allowed to deteriorate. In order to settle disputes regarding the meaning of restrictions, or interpretation thereof, the Association board shall act as an arbitration committee. In the event of a dispute or disagreement as to the meaning or validity of one or more restrictions contained herein or violation thereof, prior to resorting to a lawsuit for final adjudication, said disagreement shall be presented to the Association Board and their decision may only be appealed to a court of appropriate jurisdiction.

20. There are certain streams, ponds, and creeks on or near the above property, and it is expressly provided that the water flowing or impounded therein is for recreational use only. Each owner will take such precautions as are necessary to prevent contamination or waste of the water. No dams or other structures shall be built which shall unreasonably impound, divert or impede the water from its natural course.

21. The conveyance of any individual portion of the above property shall be subject to any and all easements affecting the above property which have been heretofore recorded in the Deed Records of Hays County, Texas. There is also hereby reserved an easement ten (10) feet in width across the front, rear, and side property lines of each lot or tract into which the above property may be divided. Such easements shall exist for the purpose herein provided whether specifically reserved and retained in the individual deed of conveyance or not. The easements shall be for the purpose of construction and the perpetual maintenance of conduits, poles, wires, and fixtures for electrical lights, telephones, sanitary and storm sewers, road drains, and other public and quasi-public utilities; and for the purpose of trimming any trees which may at any time interfere or threatened to interfere with the

maintenance of any such utilities or with the right of ingress to and egress from and across said premises. It shall not be considered a violation of the provisions of these easements if wires or cables carried by such pole lines pass over some portion of said lots not within the reserved ten (10) foot strip as long as such lines do not hinder or interfere with the construction of buildings or use of any individual tract of land. The Association Board shall have the authority to execute any document which may be required to effect a release or releases of the easements retained herein, provided written petition for such releases is made to the Association Board by the owner of the servient property. The decision to release any easement shall be at the sole discretion of the Association Board and no such release shall be executed if the Board shall deem it to the best interest of the property not to release such easement, or if such easement shall be in use. The authority to execute such releases shall be vested in the Association Board.

22. There is hereby assessed against each lot or tract out of the above property the sum of \$4.00 per acre, or any fraction thereof, per year, to be paid to the Association Board. Each such assessment shall be due on January 1, of each and every year and such assessment shall be the personal obligation of the person, firm or corporation who shall be the record owner of any such lot or tract on such date. This assessment may be changed as deemed necessary and prudent by the Association Board. Not later than March 1, of each year the Board shall submit a financial report on the maintenance fund to all property owners by mail according to the Hays County Tax Assessor/Collector's records. If income exceeded expenditures by more than 10% and if, in the Board's judgment no requirement for such excess funds exist, they shall refund such excess on a prorata basis to the landowners of record as of January 1 of that year. Landowners who are not current on assessment payments will not receive a refund of excess assessments without a deduction for the overdue assessment amounts.

23. The assessments shall be used exclusively to promote recreation, health, safety and welfare of any and all residents of the above property, including the improvement and maintenance of the road system and right-of-way. In the event the road system is accepted for maintenance by Hays County, then the maintenance fund shall be dissolved.

24. The payment of the assessment is hereby secured by a continuing lien on the property which shall, to the full extent permitted by the law, bind such property in the hand of the owner, his heirs, devisees, personal representatives, successors, and assigns. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate of 10% per annum, and the Board may either (1) bring an action at law against the owner or purchaser personally obligated to pay the same, or, (2) foreclose the lien against said property, or both, and, in either event, there shall be added to the amount of such assessment interest as provided and all costs of collection, including attorney's fees.

25. The lien of the assessment provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any tract of land herein shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to the payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for assessments thereafter

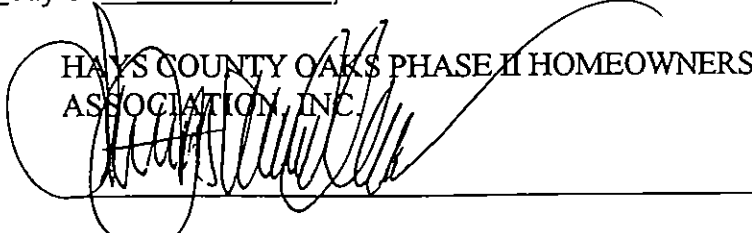
becoming due or the lien thereof. No extinguishment of the lien shall relieve the delinquent lot owner from his or its personal obligation and liability therefor.

26. These restriction, covenants and assessments shall run with the land and inure to the benefit of, and be binding upon all parties and their heirs, representatives, successors and assigns until August 1, 2017, after which time they shall be automatically extended for successive periods of 10 years unless an instrument signed by the majority of the property owners in the subject tract is recorded agreeing to change the same in whole or in part..

27. If any portion of these restrictions, covenants and conditions or the assessment herein provided for shall be declared invalid by judgment or court order, it shall not affect the validity of any other provisions or portions hereof. Failure to enforce any one or more provisions hereof shall not constitute a waiver thereof or invalidate any other provision of provisions.

EXECUTED this 31st day of JULY, 1997.

HAYS COUNTY OAKS PHASE II HOMEOWNERS
ASSOCIATION, INC.

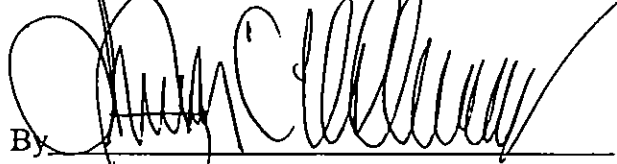


Craig Shallenberer,
President of the Association

STATE OF TEXAS §
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BEFORE ME, the undersigned authority, on this day personally appeared Craig Shallenberger, who is the President of the Hays County Oaks Phase II Homeowners Association, Inc., and swears or affirms under oath that the amendments to the deed restrictions, hereto attached, were elected by a majority of owners within the Association in an election held for such a purpose. As President of the Association the election returns were within Affiant's personal knowledge.

HAYS COUNTY OAKS PHASE II HOMEOWNERS ASSOCIATION, INC.

A handwritten signature in black ink, appearing to read 'Craig Shallenberger', is written over a horizontal line. The signature is cursive and somewhat stylized.

By _____
CRAIG SHALLENBERGER, Affiant
President of Hays County Oaks Phase II
Homeowners Association, Inc.