Preamble

This Declaration of Covenants, Conditions, and Restrictions is made on March 1 2006, at Medina County, Texas, by A. Rendon Construction Co., Inc. ("Declaring"), whose mailing address is 2701 Willow Springs, Bulverde, Comal County, Texas 78163, and whose principal place of business is 6246 Ingram Road, San Antonio, Bexar County, Texas 78238.

Recitals

1. Declarant is the owner or has Contracts to acquire all that certain real property

("the Property") located in Medina County, Texas, described as follows, to-wit:

127.951 ACRES OF LAND (14.338 ACRES IN STREETS) SITUATED IN PART WITHIN THE CORPORATE LIMITS OF THE CITY OF LYTLE, ABOUT 20.5 MILES S 71 DEGREES EAST OF HONDO, IN MEDINA COUNTY, TEXAS OUT OF SURVEY NO. 57, ABSTRACT NO.1284, G.C. & S.F. RR.CO., ORIGINAL GRANTEE, BEING A PORTION OF LOTS 15A, 16A, 18A, 29A, AND EXCEPTION "T", BLOCK 13, OF THE SAN ANTONIO TRUST SUBDIVISION OF LANDS, A SUBDIVISION AS SHOWN ON A PLAT THEREOF RECORDED IN VOLUME 2 ON PAGE 2, SHEET "H" OF THE PLAT RECORDS OF MEDINA COUNTY, TEXAS, BEING A PORTIONOF TH AT CERTAIN 107.841 ACRE TRACT OF LAND DESCRIBED AS TRACT 2 IN A DEED TO A. RENDON CONSTRUCTION COMPANY INCORPORATED, DATED APRIL 27, 2005, AS RECORDED IN VOLUME 577 ON PAGE 708 OF THE OFFICIAL PUBLIC RECORDS OF MEDINA COUNTY, TEXAS.

with plans to be subdivided into Lots and Blocks for single family residences; and, a lake area, recreational park area, and commercial area, all part of the Lake Shore Estates Subdivision. One or more plats will be recorded in the Plat Records of Medina County, Texas to effectuate the above subdivision.

- 2 The Declarant has devised a general plan for the entire Property as a whole, with specific provisions for particular parts and parcels of the Property. This general plan provides a common scheme of development designed to protect and safeguard the Property over a long period.
- This general plan will benefit the Property in general, the parcels and lots that constitute the Property, the Declarant, and each successive owner of an interest in the Property.
- 4 Therefore, in accordance with both the doctrines of restrictive covenant and implied equitable servitude, the Declarant desires to restrict the Property

according to these covenants, conditions, and restrictions in furtherance of this

general development plan.

NOW THEREFORE, it is declared that all of the Property shall be held, sold, and

conveyed subject to the following easements, restrictions, covenants, and conditions.

ARTICLE 1 Definitions

Developer

1.01 "Developer" means Declarant and its successors and assigns who acquire all of the undeveloped Lots from Declarant for the purpose of development.

Lot

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1.02 "Lot" means any of the plots of land shown on any plat or subdivision map concerning the Property recorded in the Plat Records of Medina County, Texas ("the Map") on which there is or will be built a single family dwelling designated as a lot.

Owner

1.03 "Owner" means the record owner or owners of the fee simple title to any Lot in the Property on which there is or will be built a detached single family dwelling. "Owner" includes contract sellers but excludes persons having only a security interest.

Qualified Person

1.04 A "qualified person" means a person who is a stockholder of Developer, architect, landscape architect, general contractor, house planner or member of the Board.

Association

1.05 "Association" means an incorporated association consisting of all Owners, which shall have the duty maintaining, operating, and managing Owners, which shall have the duty of maintaining, operating, and managing any park lot and common area as provided in this Declaration. Each Owner shall become a member of the Association contemporaneously with acquiring a Lot, without any further documentation of any kind.

Board

1.06 "Board" means the Board of Directors of the Association.

ARTICLE 2 Architectural Control

Architectural Control Committee

2.01. Developer shall designate and appoint an Architectural Control Committee consisting of not less than three qualified persons, which shall serve at the pleasure of the Developer. After the Developer no longer owns any Lot, the Architectural Control Committee shall serve at the pleasure of the Board.

Approval of Plans and Specifications

2.02. The Architectural Control Committee must review and approve in writing all of the following projects on the Property:

(a) Construction of any building, fence, wall, or other structure.

(b) Any exterior addition, change, or alteration in any building, fence, wall, or other structure.

(c) Any grading of any Lot or Lots.

Application for Approval

2.03. To obtain approval to do any of the work described in Paragraph 2.02, an Owner must submit an application to the Architectural Control Committee showing the plans and specifications for the proposed work. Such plans and specifications shall detail the nature, shape, height, materials, colors and location of the proposed work. An application form may be obtained form Developer at the principal place of business of the Developer at the principal place of business of the Develop as stated in the preamble.

Standard for Review

2.04. The Architectural Control Committee shall review applications for proposed work in order to (1) ensure conformity of the proposal with these covenants, conditions, and restrictions, and (2) ensure harmony of external design in relation to surrounding structures and topography. An application can be rejected for providing insufficient information. The Committee shall have broad, discretionary authority to interpret and apply these standards. In rejecting an application, the Committee should detail the reasons for rejection and suggest how the applicant could remedy the deficiencies.

Failure of Committee to Act

2.05. If the Architectural Control Committee fails either to approve or reject an application for proposed work within 20 days after submission, the Committee approval shall not be required, and the applicant shall be deemed to have fully complied with this Article.

ARTICLE 3 Exterior Maintenance

3.01. If an Owner of any Lot fails to maintain the premises in a neat and orderly manner, the Developer to the Architectural Control Committee shall have the right, through its agents and employees, to enter the Lot in order to repair, maintain, and restore the Lot, including landscaping, and the exterior of any buildings, and other improvements located on the Lot, all at the expense of the Owner.

ARTICLE 4

Use Restrictions and Architectural Standards

Residential Use Only

4.01. All Lots, except those designated on a plat as commercial sites and the lake area, shall be used for single-family dwelling by two or more natural persons who are related by marriage or kinship or by not more than three natural persons who are not related by marriage or kinship. However, Developer, as well as any other person engaged in the construction and sale of residences on the Property shall have the right, during construction and sales period, to use facilities as may be reasonably necessary to convenient for its business purpose of construction and selling residences on the Property as approved by the Architectural Control Committee.

Type of Buildings Permitted

4.02. No building shall be erected, altered, or permitted on any single family lot other than one single-family dwelling not to exceed two (2) stories in height, with attached private garage for not more than 5 automobiles and at least 2 automobiles and one accessory building of the same construction as the house with the same setback requirements. However, Developer, as well as any other person engaged in the construction and sale of residences on the Property, shall have the right, during the construction and sales period, to construct and maintain such facilities as may be reasonably necessary or convenient for its business of constructing and selling dwelling units on the property, including, but not limited to, offices and storage areas as approved by the Architectural Control Committee.

Design, Minimum Floor Area, and Exterior Walls

4.03 Any residence constructed on a lot that is not a water front lot must have a total living area of not less than 1,600 square feet. Any residence constructed on a water front lot (Lot 1-21 on Block 4) must have a minimum total square footage of 2000 in living area. All living areas shall be calculated exclusive of open or screened porches. terraces, patios, driveways, carports and garages. The exterior walls of any residence shall consist of nor less than 75 percent (75%) masonry construction. All roofs shall be constructed of materials consisting of at least 25 year shingles, tin, wood shake or concrete tile. All exterior colors, textures, and materials must be compatible with adjacent and surrounding Lots, and over-all community appearance. No existing dwelling may be moved onto the Property.

Setbacks

4.04 No building shall be located on any Lot nearer to the front line or nearer to the side street line than the minimum building setback lines as follows, to-with: 50 feet as to the front lot lines and 25 feet as to the side street line as to Blocks 1, 2, 3 and 4. No side yards at the front building setback line shall be less than 10 feet, except that a 10 foot side yard shall be permissible for a garage or other permitted accessory building located 50 feet or more from the front property line. For purposes of this covenant, eaves, steps, and open porches shall not be considered part of the building; provided, however, that this shall not be construed to permit any portion of the building on any Lot to encroach upon another Lot. If two or more lots, or portions of two or more Lots are consolidated into a building site in conformity with Paragraph 4.05, these building setback requirements shall apply to the resulting building site as if it were one original platted Lot.

Re-subdivision or Consolidation

4.05. No Lot shall be re-subdivided or split. However, any person owning two or more adjacent Lots may consolidate those Lots into building sites, with the privilege of constructing improvements, as permitted by this Declaration on the resulting building site provided that such consolidation does not result in any building site have a front Lot line of less than 100 feet.

Easements

4.06. Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Subdivision Plat. No utility company, water district, political subdivision, or other authorized entity using these easements shall be liable for any damage done by them or their assigns, agents, employees, or servants, to shrubbery, trees, flowers, or to other property of the Owner situated in the easement.

Noxious or Offensive Activities Prohibited

4.07. No noxious or offensive activity shall be conducted on any Lot that may be or may become an annoyance or nuisance to the neighborhood.

Prohibited Residential Uses

4.08. No structure not approved for residential use by the Architectural Control Committee, including but not limited to trailers, mobile homes, motor homes, tents, shacks, garages, and other out buildings and accessory structures, shall be used on any Lot at any time as a residence, either temporarily or permanently.

Signs

4.09 No signs of any type shall be allowed on any Lot except one sign of not more than five square feet advertising the property for sale or rent. However, Developer, as well as any other person engaged in the construction and sale of residences on the Property shall have the right, during the construction and sales period, to construct and maintain signs advertising the construction and sale.

Oil Development and Mining Prohibited

4.10 No oil well drilling, development, or refining, and no mineral quarrying or mining operations of any kind shall be permitted on any Lot. No oil well, tank, tunnel, mineral excavation or shaft shall be permitted on any Lot. No derrick to other structure designed or use in boring for oil, natural gas, or other minerals shall be erected, maintained, or permitted on any Lot.

Rubbish, Trash and Garage

4.11. No Lot shall be used or maintained as a dumping ground for rubbish or trash. All garbage and other waste shall be kept in sanitary containers. There shall be no burning or incineration of trash, garbage, leaves, brush, to other debris. A sanitary container and a portable toilet shall be provided for each home under construction.

Sewage Disposal

4.12. One individual sewage-disposal system shall be permitted on any Lot provided the system is designed, located and constructed in accordance with the requirements, standards, and recommendations of the health officer of Medina County, Texas.

Water Supply

4.13. No individual water-supply system shall be permitted on any Lot. A central water supply shall be provided in accordance with State statutes and regulations.

Sight Distance at Intersections

4.14. No fence, wall, hedge, or shrub planting that obstructs sight lines at elevations between two and six feet above the roadway shall be placed or permitted to remain, on any corner lot in the triangular area formed by the street property lines and a line connecting the at points 25 feet from the intersection of the street property lines as extended. The same sight-line limitations shall apply on any Lot within 10 feet from the intersection of a street property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distances of intersections unless the foliage line is maintained to meet the sight line requirements set forth above.

Land near Parks and Lakes

4.15. No building shall be placed, nor shall any material or refuse be placed or stored, on any Lot within 20 feet of the property line of any park, or edge of any open water area, identified on the Plat. However, clean fill may be placed in the setback area if the natural water is not altered or blocked by the fill. Owners of Lot 3 - 21 on Block 4 shall maintain the property between the water and rear fence on each lot.

Animals

4.16. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that nor more than 4 total of dogs, cats, or other household pets may be kept, provided that are not kept, bred, or maintained for any commercial purpose. All animals must be kept fenced and are not allowed to run at large.

Fences, Walls, Hedges, Utility Meters, Bulkheads, and Docks

4.17. No fence, wall, hedge, or utility meter, except a sub-grade water meter, shall be placed, or permitted to remain, on any Lot nearer to the street or streets adjoining such Lot than is permitted for the main residence on such Lot, except for decorative subdivision entry fences. Fences or masonry bulkheads along the edge of the lake are permitted. No docks are permitted on any lot or in any lake. No chain link or barb wire fencing. Fencing must be approved by the Architectural Committee.

Trucks, Buses, Trailers, Boats, RV's, and All Other Vehicles

4.18. No truck or bus (except a passenger van for personal use) or boat, trailer or RV shall be left parked in the street in front of any Lot, except for construction and repair equipment while a residence or residences are being built or repaired in the immediate vicinity. No truck or bus (except a passenger van for personal use) or boat or trailer shall be parked on the driveway or any portion of the Lot in such a manner as to be visible from the street. No other vehicle shall be allowed to remain parked in the street on a permanent basis which shall be determined by the Association.

Prohibited Activities

4.19. No professional, business, or commercial activity to which the general public is invited shall be conducted on any Lot.

Wood-Burning Stoves and Fireplaces

4.20. No fireplace or wood-burning stove shall be installed or used on any Lot unless it meets the requirements, standards, and recommendations of the Southern Building Code.

Poles, Masts, and Antennas

4.21 No poles, masts, antennas, or satellite dishes of any type, size, or height shall be installed on any Lot unless approved by the Architectural Control Committee.

Water Softeners and Air Conditioning Equipment

4.22. No water softener shall be installed or used that discharges effluent brine into the sewage system. Location, type, and screening of water softeners and air conditioning units shall be first approved by the Architectural Control Committee before installation or use.

Landscaping

4.23. Each Owner shall spend an initial sum of not less than 1 percent of the total cost of acquiring the building site and constructing of residence for ornamental plants, trees, shrubs, ground cover, lawns and flowers. A minimum of 4 one inch diameter capillary trees shall be planted on each lot at the time of constructing improvements.

Construction Completion

4.24 Entire exterior of main residence, plus driveways and sidewalks, must be completed within 12 months of commencement of work thereon. All construction must be completed prior to moving in.

Driveways and Sidewalks

4.25 All lots must have a driveway constructed of concrete, brick or black top asphalt. Coverts must be provided as required for drainage at driveway approach. All driveway approaches from property line to street must be of concrete and if a covert is required it must be a minimum of 12" in diameter.

ARTICLE 5 Easements

Reservation of Easements

5.01 All easements and all alleys for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Plat or Plats. Right of use for ingress and egress shall be available at all times over any dedicated easement or alleyway for purposes of installing, operating, maintaining, repairing, or removing any utility or any obstruction placed in such easement or alleyway that would interfere with the installation, maintenance, operation, or removal of such utility.

Underground Electrical System

5.02. An underground electricity distribution system shall be installed to serve all Lots in the subdivision. The Owner of each Lot, at the Owner's cost, shall furnish, install and maintain (all in accordance with the requirements of local governmental authorities and the National Electrical Code) an underground service cable and appurtenances from the meter installed on the Lot electric company to such point as may be designated by the company on the property line of the Lot. The company furnishing electric service shall make the necessary connection at the property line and at the meter. Each Owner, at the Owner's cost, shall install, furnish, and maintain a meter loop (in accordance with thencurrent standards and specifications of the electric company) for the residence constructed on the Lot. For as long as underground service is maintained, the electric service to each Lot shall be uniform in character and exclusively of the type known as single-phase 120/140 volt, 3-wire, 60 cycle alternating current.

ARTICLE 6

Association Creation

6.01 The Owners shall constitute the Association. Each Owner of a Lot, including Developer, shall automatically be a member of the Association. Association membership shall be appurtenant to ownership of a Lot. Ownership of a Lot is the sole criterion for membership in the Association. Owners of lots 26, 27, 28 and 29 Block 2 in Lake View Estates, will have an option to pay the Association dues set forth by the Board in order to access park facilities, have a voting right and have eligibility to be members of the Board in the Lake Shore Estates Subdivision.

Transfer of Membership

6.02. Association membership can be transferred to the grantee of a conveyance of a Lot in fee. Membership shall no be assigned, pledged, or transferred in any other way. Any attempt to make a prohibited transfer shall be void.

Management of Association

6.03. The Association shall be incorporated as a nonprofit corporation. The Association shall be managed by the Board pursuant to the procedures set forth in the Association's articles of incorporation and bylaws, subject to this Declaration.

Membership Voting, Elections, and Meetings

6.04 Each Owner shall have one vote. If an Owner owns more than i Lot then that person or entity shall have one vote for each Lot they own. There shall be at least one meeting of the membership each year. At that meeting, the Owners shall elect a Board consisting of 5 directors, vote on any other matters the Board chooses to place before the membership, and discuss any matter of Association business that the Board or any Owner wishes to bring before the entire membership.

Duties and Powers of Board

6.05 Through the Board, the Association shall have the following powers and duties:

(a) To adopt rules and regulations to implement this Declaration and the Association's bylaws.

(b) To enforce this Declaration, the bylaws, its rules and regulations.

(c) To elect officers of the Board and select members of the Architectural Control Committee when that power devolves to the Board.

(d) To delegate its powers to committee, officers, or employees.

(e) To prepare a balance sheet and operating income statement for the Association and deliver a report to the membership at its annual meeting.

(f) To establish and collect regular assessments of \$90.00 per quarter for each lot owned to defray expenses attributable to the Association's duties, to be levied against each Owner, including Developer.

(g) To establish and collect special assessments for capital improvements or other purposes.

(h) To file liens against unit owners because of nonpayment of assessments duly levied and to foreclose on those liens.

(i) To receive complaints regarding violations of this Declaration, the bylaws, to the rules and regulations.

(j) To hold hearings to determine whether or discipline Owners who violate this Declarations, the bylaws, or the rules and regulations.

(k) To give reasonable notice to all Owners of all annual meetings of the membership and all discipline hearings.

(1) To hold regular meetings of the Board at least quarterly.

(m) To manage and maintain all of the Park Lot and Common Areas in state of high quality and in good repair.

(n) To pay taxes an assessment that is or could become a lien on the Park Lot and Common Areas.

(o) To pay the costs of any liability insurance and fire insurance on the Park Lot and Common Areas and any liability insurance for members of the Board.

ARTICLE 7

General Provisions

Subordination of Lien

7.01 Any lien created or established by any power or right under the terms of this instrument shall remain subordinate and inferior to any purchase-money lien, mechanic's and materialman's lien, ad valorem tax lien, or home equity lien secured by any real property covered by this instrument.

Enforcement

7.02. The Developer, the Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and restrictions imposed by this Declaration. Failure to enforce any covenant or restriction shall not be deemed a waiver of the right of enforcement either with respect to the violation in question or any other violation. All waivers must be in writing and signed by the party to be bound.

Severability

7.03. Invalidation of any one of these covenants or restrictions by judgment or curt order shall in no way affect any other provisions, and all other provisions shall remain in full force and effect.

Covenants Running with the Land

7.04. These easements, restrictions, covenants, and conditions are or the purpose of protecting the value and desirability of the Property. Consequently, they shall run with the real property and shall be binding on all parties having any right, title, or interest in the Property in whole or in part, and their heirs, successors, and assigns. These easements, covenants, conditions, and restrictions shall be for the benefit of the Property, each Lot, and each Lot Owner.

Duration and Amendment

7.05. The covenants, conditions, and restrictions of this Declaration shall be effective for a term of 20 years form the date this Declaration is recorded, after which period the covenants, conditions, and restrictions shall be automatically extended for successive periods of 10 years subject to termination by an instrument signed by more than 50 percent of the Owners as defined under Paragraph 6 The covenants, conditions, and restrictions of this Declaration may be amended by an instrument signed by more than 75 percent of the Owners as defined under Paragraph 6. Neither any amendment nor any termination shall be effective until recorded in the Official Public Records of Medina County, Texas, and all requisite governmental approvals, if any, have been obtained.

Attorney's Fees

7.06 In any controversy, claim or dispute arises relating to this instrument, its breach, or enforcements, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorneys' fees, and cost.

Liberal Interpretation

7.07. This Declaration shall be liberally construed to effectuate its purposes of creating a uniform plan for the Property

This declaration is executed on this Antonio, Texas.

day of March, A.D., 2006, at San

Tony Rendon

The State of Texas County of Bexar

This instrument was acknowledged before me on the day of , A.D., 2006, by Tony Rendon.

Notary Public in and for the State of Texas

AFTER RECORDING RETURN TO: A. Rendon Construction Co., Inc. 2701 Willow Springs Bulverde, Texas 78163

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