

DIAMOND RANCH

ENERGY-LAND INC.

RESTRICTIONS AND COVENANTS

In order to carry out a general plan of development and preserve the character and natural beauty of this land, this agreement is subject to the covenants hereby made by Sellers, and made and accepted subject to the restrictions and conditions upon the premises hereby contracted for as follows, to-wit:

1. That these covenants are to run with the land and shall be binding on the Purchaser and all persons claiming under him until January 1, 1999, at which time said covenants shall be automatically extended for successive periods of ten years, unless a vote of the then owners of the majority of the land in this ranch, it is agreed to change said covenants in whole or in part.
2. That the above said property herein shall not be used for commercial hunting, nor business purposes, nor have any commercial or manufacturing purpose.
3. That no automobile, truck, trailer, or other vehicle shall be abandoned on this property nor shall there be any dumping or placing of unsightly objects of any kind on the property.
4. A property owners association shall be formed in the manner hereinafter set forth.
5. That any sewerage disposal system constructed shall be built in full compliance with regulations and specifications of governmental units having jurisdiction in such matters.
6. That no disposal of any kind shall be allowed that would pollute any stream or body of water or which would be unsightly, offensive, or otherwise adversely affect the natural beauty and value of the property.
7. That no swine shall be allowed.
8. Since road improvement and maintenance in this development is of importance to all property owners, PURCHASER hereby authorizes SELLER to improve and maintain such roads for the common good and to charge each property owner a fee of \$2.00 per acre per year. Such charge shall not be more than \$200.00 per tract per year and only for such a period of time until roads are accepted for maintenance by the County. If at any time after the present date, it is required for any reason that the roads must be maintained or improved to a greater degree than at present, purchaser agrees that the cost of such maintenance or improvements shall be the immediate obligation of the then property owners of the ranch on a pro rata acreage-owned basis. Such charge shall be made by direct billing to the property owner or PURCHASER hereby authorizes SELLER, at his option, to deduct such charge from payments made by PURCHASER, and any such charge so deducted shall not be credited to the payment on the balance due on the purchase price, principal or interest. It is understood and agreed that this road maintenance charge (if not paid within 60 days of billing date) shall become a bona fide lien against the above described tract. Provided, however, no fee shall be charged to the Veterans Land Board of the State of Texas and no lien shall attach to any tract while it is owned by said Board. A veteran purchaser from such Board shall be required to pay any such fees as his personal obligation.
9. At such time as 90% of the tracts in the ranch have been sold or contracted for sale, the Developer shall have the authority to notify each tract owner of the time, date and place of a meeting of all tract owners to be held for the purpose of organizing a Property Owner's Association. A majority of the votes of the tract owners in attendance at such meeting of person or by written proxy shall be sufficient to transact the business of such meeting. Each tract owner, including the Developer, attending or represented by written proxy at such meeting shall have one vote for each tract owned by such owner on all business to come before the meeting. Upon the creation and organization of such association as a non-profit corporation, or otherwise, the Developer shall transfer and assign to such association the current balance of the road improvement and maintenance fund and all

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rights and authority for road improvement and maintenance which were granted to them by the original sale of the property. Thereafter such association shall have the power, authority and obligation to supervise, regulate, control, operate, improve and maintain the roadways, of the ranch and shall have the right, power and authority to make such reasonable assessments against each tract in the ranch as may be required to support, meet and pay the administrative expenses thereof, if any, and to pay the costs and expenses reasonable required to own, operate, improve and maintain such roadways. All such assessments upon any tract in the ranch shall become the personal obligation of the owners of such tract and such association shall have and is hereby granted a lien upon each lot to secure the payment of such assessments and such assessments shall be obligations running with the land.

10. Votes at the initial meeting of tract owners to organize the Tract Owner's Association shall be acted upon at such meeting, in addition to such other issues as may properly come before the meeting, shall be:
- The form of the organization, e.g., non-profit corporation, informal association, etc.
 - Election of officers to fill the offices of President, Vice-President, Secretary and Treasurer for the first one year period of the association's operation.
 - Election of a committee to prepare and adopt the by-laws or rules and regulations for operation.
 - To set the time, date and place of the next meeting of the members of the association, which shall be not later than one year from the date of the initial meeting. There shall be a meeting of the members of the association at least once a year.
11. No deviation of any kind shall be permitted from these restrictions unless permission is granted in writing by the developers.

11-20-85

Date

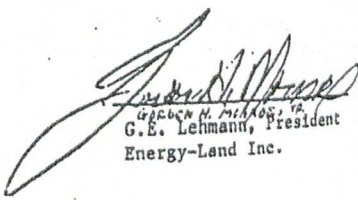

G.E. Lehmann, President
Energy-Land Inc.

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