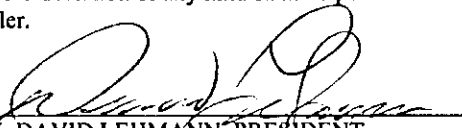


SYCAMORE CREEK RANCH, PHASE II
RESTRICTIONS AND COVENANTS

The property in the Sycamore Creek Ranch, Phase II as recorded in the plat records of Edwards County, Texas, is subject to the covenants hereby made by the developer, (Seller), to-wit:

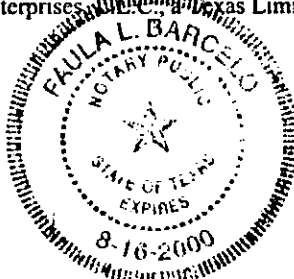
1. That these covenants are to run with the land and shall be binding on the Purchaser and all persons claiming under him until January 1, 2011 at which time said covenants shall be automatically extended for successive periods of ten years, unless by a vote of the then owners of the majority of the land in the ranch, it is agreed to change said covenants in whole or part. Purchaser understands that these restrictions and covenants are filed in the Real Property Records of Edwards County, Texas.
2. That the above property herein shall not be used for day lease hunting or any manufacturing purposes. There exists a grazing lease on this property. As consideration for this lease, the Lessee has agreed to maintain the agricultural tax exemption for Purchaser's land. Purchaser has no obligation to continue this lease and may cancel the lease on his property by constructing fencing that meets local standards and is adequate to keep Lessee's livestock off his property and then giving Lessee 30 days advance notice that he wishes to not participate in the lease. If Purchaser desires to remove or alter any existing fences on his property Lessee shall be notified in advance in order to maintain control of the livestock.
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. That no structure of any kind (including hunting blinds and/or deer feeders) shall be permitted within 200 feet of any roadway easement or 100 feet of any property line.
5. No noxious or offensive activity shall be carried on upon any tract nor shall anything be done thereon which may be or become an annoyance or nuisance to any adjoining tract. No tract shall be maintained or utilized in such a manner as to violate any applicable statute, ordinance or regulation of the United States of America, the State of Texas, the County of Edwards, if applicable, or any other governmental agency having jurisdiction thereof.
6. Not more than one residence shall be permitted on any tract. No communal residences shall be permitted.
7. That no commercial swine operation shall be permitted.
8. PURCHASER agrees not to impede the flow of water in existing water lines that cross his property and grants ingress and egress to persons who need to maintain such water lines.
9. That no tract may be subdivided without the express written consent of the SELLER. This restriction will not prevent the Texas Veteran's Land Board (TVLB) from deeding a tract to a veteran for the purpose of a homesite.
10. PURCHASER hereby authorizes SELLER and/or Assigns to improve and maintain the roads used for access to the above property and other property in the Sycamore Creek Ranch and to charge each property owner a fee of \$1.00 per acre, per year, not to exceed \$300.00. This road maintenance fee shall not apply to those tracts of land which front exclusively on a state or county maintained road. Such charge shall not be assessed against SELLER and/or Assigns. Such charge shall be made by direct billing to the property owner. If PURCHASER refuses to make said payments, PURCHASER hereby authorizes SELLER, at SELLER's option, to deduct such charge from payments made by PURCHASER, and any such charge so deducted will 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 lien against the tract being conveyed, permitting SELLER and/or Assigns such rights to enforce said liens as may be set forth in Sec. 51.002 of the Texas Property Code, as amended time to time.
11. That at such time as Seller may determine at his sole discretion, the Seller shall have the authority but not the obligation to notify each tract owner of the time, date, and a 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 meetings or by written proxy shall be sufficient to transact business at such meeting. Each tract owner, including Seller, attending or represented by written proxy at such meetings 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 organization, as non-profit corporation, or otherwise, Seller shall transfer and assign to the association the current balance of the road improvement and maintenance, if any. Thereafter such association shall have the power, authority and obligation to maintain the roadways of the development and collect the road maintenance assessment. All such assessments upon any tract in the development shall become the personal obligation of the owners of such tract and such association is hereby granted a lien upon each lot to secure the payments of such assessments, permitting said association such rights to enforce said liens as may be set forth in Sec. 51.002 of the Texas Property Code, as amended time to time.
12. No deviation of any kind shall be permitted from these restrictions unless permission is granted in writing by the Seller.


 BY: DAVID LEHMANN, PRESIDENT
 RANCH ENTERPRISES, L.L.C., A TEXAS
 LIMITED LIABILITY COMPANY

ACKNOWLEDGEMENT

STATE OF TEXAS *
 *
 COUNTY OF KERR *

This instrument was acknowledged before me on the 31st day of March, 2000, by DAVID LEHMANN, President of Ranch Enterprises, L.L.C., a Texas Limited Liability Company, on behalf of said Company.



Paula L. Barcelo
 Notary Public, State of Texas
 My Commission expires: 8/16/00
Paula L. Barcelo
 Printed/Typed name