

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS**

FOR

**HORSESHOE OAKS SUBDIVISION
UNIT 2B, UNIT 2C, AND UNIT 2D**

THE STATE OF TEXAS :

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF GUADALUPE :

THAT PENTA - W AND R CONSTRUCTION, a Texas Limited Partnership, ("Declarant" herein) [and also Declarant in that one certain Declaration of Covenants, Conditions and Restrictions for Horseshoe Oaks Subdivision recorded in Volume 707, Page 1332, of the Guadalupe County Deed Records (hereinafter referred to as the "Prior Covenants, Conditions and Restrictions") by virtue of the powers granted to Declarant in Article IV, subparagraph of the Prior Covenant, Conditions and Restrictions], desiring to create and carry out a uniform plan for the improvement, development and sale of subdivided lots described in plat of Horseshoe Oaks Subdivision, Unit 2-B, recorded on May 4, 1984, in Volume 4, Page 274, as amended by replat of Horseshoe Oaks Subdivision, Unit 2-B, recorded on September 19, 1984, recorded in Volume 4, Page 303, both of the Deed and Plat Records of Guadalupe County, Texas, as well as the property described in plat of Horseshoe Oaks Subdivision, Unit 2-C, recorded on May 9, 1984, in Volume 4, Page 278, of the Deed and Plat Records of Guadalupe County, Texas, and the property described in plat of Horseshoe Oaks Subdivision, Unit 2-D, recorded on July 26, 1984, in Volume 4, Page 291, of the Deed and Plat Records of Guadalupe County, Texas, all of which such real property is a part of that tract described in Exhibit "B" attached hereto, does hereby adopt and establish the following restrictions and covenants to run with the land and apply in the use, occupancy and conveyance of all subdivided lots therein, in each contract or deed which may be executed with regard to any of such property shall be held to have been executed, delivered and accepted subject to the following restrictions and covenants (the heading being employed for convenience only and not to be controlling over content):

ARTICLE I

DEFINITIONS

1. "Association" shall mean and refer to the homeowner's association created for Horseshoe Oaks, Units I, 2A, 2B, 2C and 2D, its successors and assigns, and shall hereafter be known as the "Horseshoe Oaks Homeowners Association, Inc." dba "Woodland Oaks Homeowners Association, Inc." The Association shall have power to collect and disburse the maintenance assessments provided for in Section 1, Article III.
2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.
3. "Properties" shall mean and refer to the real property herein before described and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
4. "Common Area" shall mean all real property (including improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

Lot 41 of Block 13, Unit 2-D of Horseshoe Oaks Subdivision.
See Exhibit A
5. "Lot" shall mean and refer to any plot of land shown upon any recorded Subdivision map of the Properties, except the Common Area, if any, and specifically excludes Lot 1, Block 1, of Unit I, Lots 1 & 2, Block 10, Unit 2-A, Lot 1, Block 9, Unit 2-A, and Lot 41, Block 13, Unit 2-D.

6. "Declarant" or "Developer" shall mean and refer to Penta - W and R Construction, its successors and assigns, if such successors, or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development. For the purposes of this Declaration, "Developed Lot" shall mean a Lot with the street on which it faces opened and improved and with utilities installed and ready to furnish utility service to such Lot, and "Undeveloped Lot" is any Lot which is not a developed Lot.

ARTICLE II

USE RESTRICTIONS

1. Single Family Residential Construction: No platted Lot shall be used for any purpose or purposes except for single family residential purposes unless otherwise indicated on the recorded plat and no Owner shall occupy or use his Lot or any improvements constructed thereon, or permit the same or any part thereof to be occupied or used for any purpose other than as a private residence for the owner, his family and guests.

No building shall be erected, placed, altered or permitted to remain on any Lot other than one detached single family residential dwelling not to exceed three (3) stories in height and a private enclosed garage for not less than two (2) nor more than three (3) automobiles.

During the construction and sales period of the initial dwelling units, the builder may erect and maintain such structures as are customary in connection with such construction and sale of such property, including but not limited to, a business office, storage areas, construction yards, signs, model units, and sales office.

No building material of any kind shall be placed or stored upon any Lot until the owner hereof is ready to commence improvements and then the material shall be placed within the property lines of the Lot upon which the improvements are erected and shall not be placed on the street or between the curb and property line.

2. Architectural Control and Approval of Plans: No building, structure or other improvements of any kind or character shall be commenced, erected, placed or altered on any subdivision Lot until the construction plans and specifications thereof showing the nature, kind, shape, dimensions, materials and exterior color scheme of the proposed improvements and a plot plan showing the location of such improvements shall have been submitted to and approved in writing by the Architectural Control Committee, hereinafter designated, or its duly authorized representative; provided, however, if said Committee, or its authorized representative, shall fail to approve or disapprove any proposed plans, specifications and locations within thirty (30) days after the same shall have been submitted to them or him for approval, such plans, specifications and location shall be deemed to have received the approval of the Committee, or its duly authorized representative; provided, however, failure to timely approve or disapprove such plans and specifications shall not be deemed to permit the erection, construction, placing or altering of any structure on any Lot in a manner prohibited under the terms of this Declaration. Approval of the plans and specifications and of the location plot plan shall be evidenced by written endorsements thereon and a duplicate copy thereof with such written endorsement thereon shall be furnished to the Lot Owner submitting the same.

Said Committee, or its duly authorized representative, shall have the right and power to disapprove any such plans and specifications or locations which, at the sole and uncontrolled discretion and opinion of the Committee, or its authorized representative, are not suitable or desirable for purely aesthetic or any other reasons. The approval or disapproval of the Committee, or its authorized representative, of any plans and specifications and location plot plan shall be final, binding and conclusive. No structure or improvements of any kind, the construction plans, specifications and location plot plan for which have not been approved, as herein required, or which do not comply fully with the construction plans, specifications and location plot plan which have been approved, shall be erected, constructed, placed or maintained upon any Lot. The approval or lack of approval shall in no event be deemed to create any liability whatsoever in the Declarant, the members of the Committee, the duly authorized representative of the Committee, or in any other party for any warranty or representation by such Committee including, without limitations, any warranty or representation relating to fitness, design, adequacy of location of the proposed construction or compliance with applicable statutes, codes, and regulations, in any building or structure erected and located in accordance with such plans and specifications and location plot plan.

Anything contained in this Section 2 or elsewhere in this Declaration to the contrary notwithstanding, the Architectural Control Committee, and its duly authorized representative, is hereby authorized and empowered, at its sole and absolute discretion, to make and permit reasonable modifications of and deviations from any of the

requirements of this Declaration relating to the type, kind, quantity of the building materials to be used in the construction of any building or improvement on any Subdivision Lot and of the size and location of any such building or improvement when, in the sole and final judgement and opinion of the Committee or its duly authorized representative, such modifications and deviations in such improvements will be in harmony with existing structures and will not materially detract from the aesthetic appearance of the Subdivision and its improvements as a whole.

The Architectural Control Committee may require the submission to it of such documents and items (including, as examples but without limitation, written request for and description of the variances requested, plans, specifications, plot plans and samples of materials) as it shall deem appropriate, in connection with its consideration of a request for a variance. If the Architectural Control Committee shall approve such request for a variance, the Architectural Control Committee may evidence such approval, and grant its permission for such variance, only by written instrument, addressed to the Owner of the Lot(s) relative to which such variance has been requested, expressing the decision of the Architectural Control Committee to permit the variance, describing (when applicable) the conditions on which the variance has been approved (including, as examples but without limitations, the type of alternate materials to be permitted or alternate fence height approved), and signed by a majority of the then members of the Architectural Control Committee (or by the Committee's duly authorized representative). Any request for a variance shall be deemed to have been disapproved for the purposes hereof in the event of either (a) written notice of disapproval from the Architectural Control Committee; or (b) failure by the Architectural Control Committee to respond to the request for variance. In the event the Architectural Control Committee or any successor to the authority thereof shall not then be functioning and/or the term of the Architectural Control Committee shall have expired and the Board of Directors of the Association shall not have succeeded to the authority thereof as herein provided, no variances from the covenants of this Declaration shall be permitted, it being the intention of Declarant that no variances be available except at the discretion of the Architectural Control Committee or, if it shall have succeeded to the authority of the Architectural Control Committee in the manner provided herein, the Board of the Association. The Architectural Control Committee shall have no authority to approve any variance except as expressly provided in this declaration. The current address of the Architectural Control Committee is 9510 Tioga, San Antonio, Texas 78230.

The Architectural Control Committee herein created shall be initially composed of Michael D. Moore, Ronald C. Jaroszewski and E. H. Jaroszewski, the act of a majority of which shall be the act of the Committee. In the event of the death, disability, refusal to act or resignation of any of said members of the Committee, the Declarant shall appoint a Successor Committee Member by a recorded written instrument, but until such appointment is made the remaining members shall be authorized to act. At such time as the Class B membership in the Association ceases, as provided in Section 2, Article IV of this Declaration, the right and power to thereafter appoint Successor Committee Members to such Architectural Control Committee shall pass to and vest in such Association.

3. Minimum Square Footage Within Improvements: The living area on the ground floor of the main structure, exclusive of one-story open porches, servants' quarters and garages, shall not be less than one thousand (1000) square feet for one-story dwellings. The total square footage for a dwelling of more than one-story shall be not less than fifteen hundred (1500) square feet.

4. Location of the Improvements: No building shall be located on any Lot nearer to the front lot line or nearer to the side street line than the minimum building set-back lines shown on the recorded plat, and no building (except a garage or permitted accessory building located sixty-five (65) feet or more from the front lot line) shall be placed on any Lot so as to be located:

A. Nearer than five (5) feet to either of the side lines of such Lot;

B. On any interior lot nearer than twenty (20) feet to the rear lot line, except where a garage is attached to the main structure of the residence in which case the rear wall of the living area shall not be nearer than twenty (20) feet to the rear lot line, and the rear wall of the garage shall not encroach upon any easement;

C. Other than to front the street upon which the residential lot faces. The Architectural Control Committee shall have the right and power to designate the direction in which the improvement on any corner residential Lot shall face. A

three (3) foot side yard shall be permissible for a garage or other permitted accessory building located sixty-five (65) feet or more from the front property line. If two or more Lots, or fractions thereof, are consolidated into one building site in conformity with the provisions of Section 5 below, these building set-back provisions shall be applied to such resultant building site as if it were one original platted Lot.

D. With written approval of the Architectural Control Committee, any setback requirements herein set forth may be waived by said Committee, where, in the opinion of the said Committee the proposed location of the building will add to the appearance and value of the Lot and will not substantially detract from the appearance of the adjoining Lots. Should the plot plan or plat submitted to the Committee which shows the location of the proposed structure indicate on its face that a variance is sought or needed, approval of the plans, without conditions attached, shall include approval of such variances.

5. Composite Building Site:

A. None of said Lots shall be resubdivided in any fashion except as hereinafter provided.

B. Any persons owning two or more adjoining Lots may subdivide or consolidate such Lots into building sites, with the privilege of placing or constructing improvement, as permitted in Section 3 and 4 above, on each such resulting building site, provided that such subdivision or consolidation does not result in more building sites than the number of platted Lots involved in such subdivision or consolidation.

C. No Lot shall be resubdivided into nor shall any dwelling be erected or placed on any Lot, or building site, having an area of less than six thousand (6000) square feet; provided, however, any whole Lot as shown on the recorded plat shall constitute a permissible Lot or building site.

6. Fences: No fence, wall, or hedge shall be built or maintained forward of the front wall line of the main structure, not including decorative walls or fences which are part of the architectural design of the main structure, and which are not to be built or maintained nearer than the building setback line of any Lot. An exception shall be made in the case of retaining walls not to exceed twelve inches (12") above the ground. No fence shall be built in front of the electrical meter installations on the side of any home. No chain-link fences may be built or maintained on any Lot. No fence, wall, or hedge shall be built or maintained which exceeds a height of seven feet (7').

No fence, wall, or hedge, or shrub planting which obstructs sight lines shall be placed or permitted to remain on any corner lot within the triangular areas formed by the street property lines and a line connecting them at points twenty-five (25') from the intersection of the street line or in the case of a rounded property corner, from the intersection of the street line extended; the same sight line limits shall apply on any Lot within ten feet (10') from the intersection of the street property lines with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections, unless the foliage is maintained at sufficient height to prevent obstruction of such sight lines. All Lots having rear utility easements shall have a twelve foot (12') removable section of fence to permit service access for the utility company. These removable sections shall remain unlocked and movable at all times.

7. Building Types: No structure of a temporary character, trailer, tent, shack, garage, barn or other outbuildings shall be used on any Lot at any time as a residence, either temporarily or permanently. No trailer, camper, or similar vehicle shall at any time be connected to utilities situated within a Lot. No dwelling previously constructed elsewhere may be moved on any Lot in the subdivision controlled by these covenants. This covenant specifically prohibits the use of a mobile home from which the axle and wheels have been removed, as a residence on any Lot in this subdivision either temporarily or permanently, and further specifically prohibits, on any lot, a mobile home upon which the wheels have been left attached.

The Declarant hereby reserves the exclusive right to approve the construction, placement, and/or maintenance of such facilities in or upon any portions of the Property as in its sole discretion may be necessary or convenient while selling Lots, selling or constructing residences, and constructing other improvements upon the property. Such facilities may include, but not necessarily be limited to sales and construction offices or trailers, storage areas, model units, signs, and portable toilet facilities.

8. Signs: No signs of any kind shall be displayed to the public view on any single-family residential Lot except one sign of not more than nine (9) square feet advertising

the property for sale or rent. Signs used by the developer or builder to advertise the property during the construction and sales period shall be permitted irrespective of the foregoing.

9. Maintenance: Grass, weeds and vegetation on each Lot sold shall be kept mowed at regular intervals. Trees, shrubs, vines and plants which die shall be promptly removed from the property. Lawns must be properly maintained, fences must be repaired and maintained and no objectionable or unsightly usage of lots will be permitted which is visible to the public view. Building materials shall not be stored on any Lot except when being employed in construction upon such Lot, and any excess materials not needed for construction and any building refuse shall promptly be removed from such Lot.

Until a home or residence is built on a Lot, Declarant may, at its option, have the grass, weeds and vegetation cut when and as often as the same is necessary in its judgement and have dead trees, shrubs and plants removed therefrom. Declarant may also, at its option, remove any excess building materials or building refuse situated on a Lot in violation of this covenant. The Owner of any such Lot shall be obligated to reimburse Declarant for the cost of any such maintenance or removal upon demand.

10. Utility Easements: Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or in case of drainage easements, which may change the direction of flow of water through drainage channels in such easement. The easement area of each Lot, if any, and all improvements in such area shall be maintained continuously by the owner of the Lot, except for those improvements for which a public authority or utility company is responsible. Neither Declarant nor any utility company using the easements herein or referred to shall be liable for any damage done by them or their assigns, agents, employees, or servants to shrubbery, streets or flowers or other property of the owners situated on the land covered by said easements. Neither are any utility companies held liable for any damage where utility lines are buried from transformer to meter location.

11. Vehicles: No trailer, tent, boat, or stripped down, wrecked, junked, or wholly inoperable vehicle shall be kept, parked, stored, or maintained on any portion of the front yard in front of the building line of the permanent structure but must be kept, parked, stored or maintained either in the garage or behind the fence which prevents the view thereof from the adjacent Lots or streets; nor shall any type of vehicle, trailer, boat, etc., be parked on any street for more than seventy-two (72) consecutive hours. No dismantling or assembling of motor vehicles, boats, trailers or other machinery or equipment shall be permitted in any driveway, yard adjacent to a street, or streets. No commercial vehicle bearing commercial insignia or names shall be parked on any Lot except within an enclosed structure or a screened area which prevents such view thereof from adjacent Lots and streets, unless such vehicle is temporarily parked for the purpose of serving such Lot.

12. Nuisances: No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

No Owner shall do any act or any work that will impair the structural soundness or integrity of another residence or impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the residence of the other Owners.

No exterior lighting of any sort shall be installed or maintained on a Lot where the light source is offensive or a nuisance to neighboring property except that reasonable security or landscape lighting shall be permitted.

No exterior speakers, horns, whistles, bells or other sound devices (except security devices such as entry door and patio intercoms used exclusively to protect the Lot and improvements situated thereon) shall be placed or used upon any Lot.

No activity, whether for profit or not, shall be conducted on any Lot which is not related to single family residential purposes.

13. Garbage and Refuse Disposal: No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall be kept in sanitary containers whether arranged for alley pickup or street pickup. No trash, ashes or other refuse may be thrown or dumped on any vacant Lot, park or drainage area in the subdivision.

14. Pets: No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except for cats, dogs, or other generally recognized household pets of reasonable number, provided that they are not kept, bred or maintained for any commercial purposes and provided further that no more than two (2) adult dogs and two (2) adult cats may be kept on a single Lot.

All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws). It shall be the responsibility of the Owners of such household pets to prevent the animals from running loose or becoming a nuisance to other residents.

15. Oil and Mining Operations: No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. No tank for storage of oil or other fluids may be maintained on any of the Lots above the surface of the ground.

16. Water and Sewage Systems: No individual water supply system or sewage disposal system shall be permitted on any Lot, including but not limited to water wells, cesspools or septic tanks.

17. Radio or Television Antenna: No radio or television aerial wires or antenna shall be maintained on any portion of any Lot forward of the main ridgeline of the house or forward of the midpoint of the main ridge in the case of a house whose main roof ridge line is not parallel to the front lot line. Furthermore, no radio or television aerial wires or antenna shall be placed or maintained on any Lot, which extends more than ten feet (10') above the highest part of the roof of the main residence on said Lot. No discs, dishes, satellite or other television apparatus or cable television equipment which is visible from streets or common areas shall be maintained on any Lot.

18. Outbuilding Requirements: Every outbuilding, inclusive of such structures as a storage building, greenhouse, childrens' playhouse, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition. All such buildings shall be subject to approval of the Architectural Control Committee. In no instance shall an outbuilding exceed one (1) story in height or have total floor area in excess of ten percent (10%) of the floor area of the main dwelling.

19. Masonry Requirements: The exterior walls of the main residence building constructed on any lot shall be at least sixty percent (60%) by area, composed of masonry or masonry veneer, said percentage to apply to the aggregate area of all said walls, inclusive of door, window and similar openings, the minimum masonry requirement specified shall apply to the lower floor only for a two-story dwelling. Masonry or masonry veneer includes stucco, ceramic tile, clay, brick, rock and all other materials commonly referred to in the San Antonio, Texas area as masonry. Yellow or orange brick should not be used except when permission is given in writing by the Architectural Control Committee. Notwithstanding the foregoing, the Architectural Control Committee is empowered to waive this restriction if, in its sole discretion, such waiver is advisable in order to accommodate a unique or advanced building concept, design or material and the resulting structure will not detract from the general appearance of the neighborhood.

20. Window Air Conditioners: No window or wall type air conditioners shall be permitted to be used, erected, placed or maintained on or in any building in any part of the Properties, provided that the Architectural Control Committee may, at its discretion, permit window or wall type air conditioners to be installed if such unit, when installed, shall not be visible from a street, such permission to be granted in writing.

21. Type of Construction, Materials and Landscape:

A. The roof of any building shall be constructed or covered with asphalt or composition type shingles of 230# or heavier weight with a color that would be dark brown or approximate the color of weathered cedar shingles. The decision of such comparison shall rest exclusively with the Architectural Control Committee. Any other type roofing material shall be permitted only at the sole discretion of the Architectural Control Committee upon written request.

B. Before the dwelling unit is completed, the Lot Owner shall construct a sidewalk four (4) feet in width parallel to the street curb which shall extend from a projection of the Lot boundary line(s) into the street right-of-way and/or street curbs at corner Lots.

C. On front lawns and wherever visible from any streets, there shall be no decorative appurtenances placed, such as sculptures, birdbaths and birdhouses, fountains or other decorative embellishments unless such specific items have been approved in writing by the Architectural Control Committee.

- D. All playground equipment should be placed at the rear of the property.
- E. No outside clothes line shall be permitted that is visible from any street.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

1. Maintenance Assessments: The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- a. annual assessments or charges; and,
- b. special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, costs and reasonable attorneys' fee, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

2. Purpose of Assessments: The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners in the Properties and for the improvement and maintenance of the Common Area, if any.

The proceeds of the regular annual assessments or special assessments shall not be used to reimburse Declarant for any capital expenditures incurred in construction or other improvements to either recreational facilities within the Subdivision or recreation facilities outside the perimeter of the Subdivision, nor for the operation or maintenance of any such facilities prior to conveyance unencumbered to the Association.

3. Maximum Annual Assessments: The maintenance charge on Class B Lots shall be a maximum of fifty percent (50%) of the assessment for Class A Lots per month and shall begin to accrue on a monthly basis on each such Lot beginning the first full month after the date the first house in the Subdivision is conveyed or on the date fixed by the Board of Directors to be the date of commencement, whichever occurs first. The entire accrued charge (of said rate stated above per month) on each Lot shall become due and payable on the date such Lot converts from a Class B Lot to a Class A Lot by reason of the Owner's purchase of the residence thereon. For the purposes of the maintenance assessment only, Class A Lots shall be defined as those Lots which have had the residence thereon purchased, and Class B Lots shall be all other Lots.

The maintenance charge on Class A Lots shall be a sum determined by the Woodland Oaks Homeowners Association, and shall not exceed the maximum annual assessment, which shall be set at \$180.00 for the initial assessment year. The initial charge shall accrue and become due and payable on each Lot on the day such Lot converts from a Class B Lot to a Class A Lot by reason of the Owner's purchase of the residence thereon. The determination of the amount of such initial charge, which shall be for the remainder of the year in which such class conversion of said Lot occurs, shall be made immediately due and payable. The maintenance charge on each Class A Lot becomes due and payable in advance on the first day of January of each succeeding year, and shall be in an amount (not to exceed the maximum annual assessment) determined by the Woodland Oaks Homeowners Association during the thirty (30) day period next preceeding the due date of said charge.

A. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than five percent (5%) above the maximum annual assessment for the previous year without a vote of the membership.

B. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above five percent (5%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for that purpose.

C. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. The annual assessment for the first year shall be \$120.00.

4. Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, if any, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

5. Notice and Quorum for Any Action Authorized Under Section 3 and 4: Written notice of any meeting called for the purpose of taking any action authorized under Section 3 and 4 shall be sent to all members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

6. Uniform Rate of Assessment: Both annual and special assessments must be fixed at a uniform rate within Class A Lot group and within Class B Lot group and may be collected on a monthly basis, at the discretion of the Association.

7. Date of Commencement of Annual Assessments: The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

8. Effect of Nonpayment of Assessments and Recourse Available to Association: Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Common Area, if any, or abandonment of his Lot.

9. Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot 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 payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE IV

GENERAL PROVISIONS

1. Owner's Easements of Enjoyment: Every owner shall have a right and easement of enjoyment in and to the Common Area, if any, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The right of the Association to charge reasonable admission and other fees for the use of any recreation facility situated upon the Common Area, if any;

B. The right of the Association to suspend the voting rights and right to use the Common Areas, if any, by an Owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

C. The right of the Association to dedicate or transfer all or any part of the Common Area, if any, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such

dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded;

D. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area, if any, and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

2. Membership and Voting Rights: Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

The Association shall have two (2) classes of voting memberships:

Class A: Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot. The Lot owned by a Class A member shall be a Class A Lot.

Class B: Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

A. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, including duly annexed areas, if any, or;

B. December 31, 1990.

The Lot or Lots owned by Class B member(s) shall be Class B Lots. Class A and Class B as defined in this Section (Article 4, Section 2) refer only to voting membership.

3. Enforcement: The Association, the Declarant, its successors and assigns, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

4. Severability: Invalidity of any one or more of these covenants or restrictions by judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

5. Amendment: The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, and thereafter may be amended or terminated by an instrument signed by not less than sixty percent (60%) of the Lot Owners. No person shall be charged with notice of or inquiry with respect to any amendment until and unless it has been filed for record in the Official Public Records of Real Property of Guadalupe County, Texas.

6. FHA/VA Approval: As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Authority and the Veterans Administration: Annexation of additional Properties, dedication of Common Area, if any, and amendment of this Declaration of Covenants, Conditions and Restrictions.

7. Annexation: Additional land within the area described by metes and bounds description in Exhibit B attached may be annexed by the Declarant without the consent of members within six (6) years of the date of this instrument provided that the FHA and the VA determine that the annexation is in accord with the general plan heretofore approved by them. All other annexation of residential property and Common Area may be annexed to the Properties with the consent of two-thirds (2/3) of each class of members.

8. Effect of Violation on Liens: It is specifically provided that a violation of any one or more of these covenants, conditions or restrictions shall not affect the lien of any mortgage or deed of trust now of record, or which may hereafter be placed of record, or other lien acquired and held in good faith upon said Lots or any part hereof, but such liens may be enforced as against any and all property covered thereby, subject nevertheless to the restrictions herein contained.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the 16 day of April, 1985.

EXECUTED this 16 day of April, 1985.

PENTA - W AND R CONSTRUCTION COMPANY
a Texas limited partnership

BY: Ronald C. Jaroszewski
Ronald C. Jaroszewski, partner
9501 Tloga
San Antonio, Texas 78230

DECLARANT

THE STATE OF TEXAS

COUNTY OF GUADALUPE

This instrument was acknowledged before me on April 16, 1985,
by Ronald C. Jaroszewski, corporation, partner of PENTA - W and R
CONSTRUCTION COMPANY, a Texas limited partnership.

My commission Expires:
6-11-88

Rebecca D. Buckhorn
Notary Public, The State of Texas

Rebecca D. Buckhorn
(Please type or print name)



EXHIBIT "B"
METES AND BOUNDS
HORSESHOE OAKS SUBDIVISION

Being 199.18 acres of land out of the Torebia Herrera Survey No. 68, Abstract No. A-205, Guadalupe County, Texas; also being 200.008 acres of land out of the Robert Jonas 201.08 acres tract (originally 242 acres tract) and out of the Robert Jonas 0.4556 acre tract. Guadalupe County, Texas (242 acres tract recorded in Volume 54, page 589 and 0.4556 acre tract recorded in Volume 193, pages 538-539 in Deed Records, Guadalupe County, Texas.)

BEGINNING at an iron pin set in the west right of way line of Live Oak Road (Hwy FM 3009) for the southeast corner of this tract of land; also being the northeast corner of the George Gutierrez 5.820 acres tract; also from which the west right of way line Hwy. FM 78 bears southeasterly a distance of 7500 feet;

THENCE S 61° 08' 04" W, along a fence a distance of 2825.85 feet to an iron pin set for an angle point of this tract of land;

THENCE S 62° 43' 18" W, along a fence a distance of 1267.98 feet to an iron pin set for an angle point of this tract of land;

THENCE S 06° 03' 38" E, along a fence a distance of 142.31 feet to an iron pin set in north right of way line of Maske Road, a county road, for an angle point of this tract of land;

THENCE S 88° 37' 08" W, along a fence with the north right of way line of Maske Road a distance of 146.41 feet to an iron pin set for the southwest corner of this tract of land;

THENCE N 27° 37' 51" W, a distance of 2482.33 feet to an iron pin set in a fence line for the northwest corner of this tract of land;

THENCE N 61° 00' 00" E, along a fence which is the division line between the George Gesch and Robert Jonas tracts a distance of 1427.95 feet to an iron pin set for an angle point of this tract of land; also being the northwest corner of the Elgin Beck et ux 40.92 acres tract;

THENCE S 29° 12' 39" E, along a fence a distance of 640.19 feet to an iron pin set for an angle point of this tract of land; also being the southwest corner of the Elgin Beck et ux 40.92 acres tract;

THENCE N 60° 19' 39" E, along a fence, a division between the Elgin Beck et ux 40.92 acres tract and the Robert Jonas 201.08 acres tract, a distance of 2773.80 feet to an iron pin set in the west right of way line of Live Oak Road (Hwy FM 3009) for the northeast corner of this tract of land; also being the Elgin Beck et ux 40.92 acres tract southeast corner;

THENCE S 29° 28' 12" E, along a fence, also being the west right of way line of Live Oak Road (Hwy FM 3009) a distance of 1855.59 feet to an iron pin set for the southeast corner of this tract of land and also being the point of beginning and containing 199.18 acres of land.

