

STATE OF TEXAS }
 }
COUNTY OF WEBB }

KNOW ALL MEN BY THESE PRESENTS:

**SUPPLEMENTAL DECLARATION NUMBER ONE - COVENANTS,
CONDITIONS AND RESTRICTIONS
SAN ISIDRO RUIDOSO, UNIT II, SUBDIVISION**

This Supplemental Declaration Number One - Covenants, Conditions and Restrictions San Isidro Ruidoso, Unit, (the "Supplemental Declaration") is made on May 28, 2002, by San Isidro Southeast, Ltd., a Texas Limited Partnership, hereinafter referred to as "Declarant".

ARTICLE I

INTRODUCTION AND DECLARATION

WHEREAS, Declarant is the owner of certain real property lying and situated in the City of Laredo, Webb County, Texas, part of which is platted as SAN ISIDRO RUIDOSO SUBDIVISION, UNIT TWO, which plat is recorded in Volume 22, Page 34, Official Plat Records of Webb County, Texas.

WHEREAS, the real property platted as San Isidro Ruidoso Subdivision, Unit Two, lies within and is a part of that area of land described in Article II, Paragraph 2.02, Declaration of Covenants, Conditions and Restrictions, San Isidro Ruidoso and Taos Subdivisions, recorded in Volume 998, Page 653, Official Public Records of Webb County, Texas, (the "Declaration") which areas of land may be subjected to the scheme of the Declaration;

WHEREAS, San Isidro Taos and Ruidoso Property Owner's Association, Inc. has been incorporated under the laws of the State of Texas as a non-profit corporation for the purposes of exercising the functions provided in the Declaration;

WHEREAS, it is deemed to be in the best interest of said Declarant, and all of the persons, corporations or other entities who might purchase property described and covered by the above mentioned plats and maps, that there be established and maintained a uniform plan for the improvements and development of the lots covered hereby as restricted and model subdivisions; and,

WHEREAS, the Declarant desires to provide for the preservation of the values and amenities in said subdivisions and any common properties as may be added and desire to subject the real property described herein to the covenants, restrictions, easements, charges and liens of the Declaration and as hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the following

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covenants, conditions and restrictions which shall be taken and deemed as covenants to run with the land, shall be binding upon all parties acquiring primary and subsequent ownership of any lot or tract of land in said subdivisions. If any person or entity acquiring land, either as primary or subsequent purchasers, shall violate or attempt to violate any of the covenants herein, it shall be lawful for the Declarant or any person or persons, or legal entity owning any real property situated in the above referred to subdivision to prosecute any proceedings at law or in equity, against the person, or entity, violating or attempting to violate any such covenant and either to prevent him or them from so doing or to recover damages and/or pursue other remedies for such violations.

To further the general purposes herein expressed, the Declarant, for itself, its successors and assigns, hereby declare that the real property hereinafter described in Article II, Paragraph 2.01, ("the Property"), whether or not referred to in any deed of conveyance of such properties, at all times is and shall be held, transferred, sold conveyed and occupied subject to the covenants, restrictions, easements, charges and liens (sometimes referred to as "covenants and restrictions"), hereinafter set forth. The provisions of this Supplemental Declaration are intended to create mutual equitable servitudes upon each lot becoming subject to this Supplemental Declaration in favor of each and all other such lots; to create privity of contract and estate between the grantees of such lots, their heirs, successor and assigns; and to operate as covenants running with the land for the benefit of each and all such lots becoming subject to this Supplemental Declaration and the respective owners of such lots, present and future.

ARTICLE II

PROPERTY

2.01 Property. The real property which is and shall be held transferred, sold, conveyed and occupied subject to this Supplemental Declaration is located in the City of Laredo, Webb County, Texas, part of which is platted as SAN ISIDRO RUIDOSO SUBDIVISION, UNIT TWO, which plat is recorded in Volume 22, Page 34, Official Plat Records of Webb County, Texas.

2.02 Other Additions. The Declarant reserves the right to bring within the scheme of this Supplemental Declaration any additional lands which may be contiguous or adjacent to or within the vicinity of the land referred to in Article II, Paragraph 2.01, and which now are or hereafter may be owned by Declarant and subjected to the scheme of this Declaration.

Declarant may add additional property at any time by filing of record a supplemental declaration which will extend the scheme of the covenants in this Supplemental Declaration to such property; provided, however, that such covenants and restrictions as applied to the property which is so added, may be altered or modified by such supplemental declaration. Each such supplemental declaration shall include a geographical description of the property, and shall contain the additions, deletions, or modifications from those covenants to which such property will be subject. All property subject to each supplemental declaration, at Declarant's option, shall be a part of the Association created hereunder, except as expressly otherwise provided in the supplemental declaration.

ARTICLE III

DEFINITIONS

3.01 "Association" shall mean and refer to SAN ISIDRO TAOS AND RUIDOSO PROPERTY OWNER'S ASSOCIATION, INC., a Texas nonprofit corporation, its successors and assigns.

3.02 "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.

3.03 "Properties" or "subdivision" shall mean and refer to that certain real property described in Paragraph 2.01 above, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

3.04 "Common Area" shall mean all real property owned and/or maintained by the Association for the common use and enjoyment of the Owners. The Common Area to be owned and/or maintained by the Association shall include but not be limited to any islands, greenbelts, medians and entry signs situated within the Property, San Isidro Parkway median from the middle of the drainage channel to International Boulevard, adjacent drainage channel easements, drainage channel(s) and detention pond(s) located in those adjacent drainage channel easements, together with any masonry wall(s) in, on or around part or all of the Property and the land upon which such wall(s) is directly situated, and any parks or playgrounds situated in or near the Property (herein sometimes referred to as the "Facilities").

3.05 "Lot" shall mean and refer to any plot of land shown upon the recorded subdivision map or plat of the Properties with the exception of the Common Area.

3.06 "Declarant" shall mean and refer to SAN ISIDRO SOUTHEAST, LTD., its successors and assigns, if such successors or assigns should acquire more than one Lot from the Declarant for the purpose of constructing residences thereon and selling the same to members of the general public.

3.07 "Improvement" shall mean every structure on a Lot and all appurtenances thereto of every type and kind, including, but not limited to, buildings, outbuildings, storage sheds or buildings, guest quarters, gazebos, patios, driveways, walkways and paved areas, tennis courts, fountains, large barbecue units, green houses, barns, basements, and large visible decorative items, swimming pools, garages, fences, screening walls, retaining walls, stairs, decks, landscaping, poles, signs, exterior air conditioning, water softener fixtures or equipment, and pumps, tanks, pipes, lines, meters, antennas, satellite dishes, towers and other facilities used in connection with water, sewer, gas, electric telephone, regular or cable television, or other utilities.

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PROPERTY RIGHTS

4.01 Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area 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 dedicate or transfer all or any part of the facilities 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; provided, however, that except as to the grant of easements for utilities and similar or related purposes, the Common Area may not be alienated, released, transferred, hypothecated or otherwise encumbered without the approval of all holders of first mortgage liens covering any Lots;

(b) The right of the Association, in accordance with its Articles of Incorporation or By-Laws, to borrow money for the purpose of improving the Facilities or Common Area.

4.02 Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and Facilities to the members of his family, his tenants or contract purchasers who reside on a Lot.

4.03 Common Areas. The following restrictions shall apply to the Common Areas:

(a) No maintenance, trimming, cutting or removal of any vegetation situated in the Common Areas may be undertaken by or on behalf of an Owner by anyone other than the Association or a party expressly authorized by the Association to do so.

(b) No activities shall be conducted or permitted by any Owner in the Common Areas which would cause the Common Areas to have an unattractive appearance, which would constitute a nuisance or a material annoyance or disruption to the other Owners, or which would obstruct the Common Areas in any way.

(c) No permanent or temporary storage of any personal property or materials shall be permitted in the Common Areas.

(d) No motorcycles, motorbikes, off-road recreational vehicles or other similar motorized vehicles will be permitted in any greenbelts, trails or other designated portions of the Common Areas without the prior written approval of the ACC. The ACC reserves the right to promulgate reasonable rules and regulations from time to time governing the use of any such vehicles within the Common Areas.

(e) No firing of guns, shooting of arrows or other similar dangerous or objectionable conduct shall be permitted in the Common Areas.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

5.01 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.

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

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 platted 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 (1) vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to eight (8) votes for each platted Lot owned, and fifteen votes for each unplatted acre of land included in the Property. 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; or

(b) on January 1, 2015.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

6.01 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot, by acceptance of a Deed therefore, 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 attorney's fees, 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

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and reasonable attorney's 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.

6.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to :

(a) promote the health, safety and welfare of the residents in the Properties, including, without limitation, providing security protection in the event the Association deems same desirable and for the enforcement of any protective covenants affecting the Properties.

(b) the improvement and maintenance of the Common Area in a manner as determined appropriate by the Board of Directors of the Association from time to time.

6.03 Annual Assessments. Each Owner shall pay to the Association an Annual Assessment determined by the Board of Directors. The rate of Annual Assessment may be increased or decreased by vote of the Board of Directors from time to time after due consideration to then current maintenance and security expenses and projected future needs of the Association.

6.04 Special Assessments. In addition to the Annual Assessment authorized in Paragraph 6.01 hereof, the Board of Directors of the Association may levy in any Assessment year or years a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a capital improvement on or which is a part of the Common Area, or for carrying out other purposes of the Association as stated herein or in the Articles of Incorporation of the Association.

6.05 Vote Required for Increase in Rate of Annual Assessment. The increase in the rate of the Annual Assessment, as authorized by Paragraph 6.01 above, must be approved by a majority of votes of the Board of Directors of the Association voting in person or by proxy, at a meeting duly called for such purpose.

6.06 Vote Required for Special Assessment. The Special Assessment authorized in Paragraph 6.01 above, must be approved by a majority of votes of the Board of Directors of the Association voting in person or by proxy, at a meeting duly called for such purpose.

6.07 Uniform Rate of Assessment. Both Annual and Special Assessments, subject to Paragraph 6.08, must be fixed at a uniform rate for all Lots and may be collected on a monthly basis, semi-annual or annual basis, as determined by the Board of Directors.

6.08 Date of Commencement of Annual Assessments-Due Dates. The Annual Assessments provided for herein shall commence as to each Lot, other than those owned by Declarant, on the first day of the month following the conveyance of such Lot by Declarant; and shall commence as to each Lot owned by the Declarant on the first day of the month following the month on which such Lot is first used for residential purposes. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days

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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.

6.09 Effect of Nonpayment of Assessments - Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen per cent (18%) 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. Each such Owner, by his acceptance of a Deed to a Lot, hereby expressly vests in the Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including judicial foreclosure, by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property; and such Owner hereby expressly grants to Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association all shall be for the benefit of all other Lot Owners. No Owner may waive or otherwise escape liability for the Assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

6.10 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 became 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.

6.11 Exempt Property. All Properties dedicated to and accepted by a local public authority, and all Properties owned by a charitable or nonprofit organization exempt from taxation by the laws of The State of Texas shall be exempt from the Assessments created herein; however, no land or improvements devoted to dwelling use shall be exempt from said Assessments.

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ARTICLE VII

ARCHITECTURAL CONTROL COMMITTEE

7.01 Creation and Composition of the Architectural Control Committee. There is hereby created an Architectural Control Committee, initially composed of Paul Dirks, Tom Gates and J. J. Houdmann to serve until their successors are named. A majority of the Committee may act for the Committee and no notice of any of its meetings shall be required. Subject to the terms hereinafter set forth, Declarant shall have the right to remove or add members to the Committee and fill vacancies in the Committee membership and Declarant may assign such rights to the Association. Committee members shall not be entitled to compensation for their services rendered in such capacity.

7.02 Design Guidelines. The ACC has the right to establish enforceable Architectural Design Guidelines for the Subdivision and the Association has the right to establish and enforce rules and regulations related to the use of the Common Areas and other matters. Architectural Design Guidelines for the Subdivision, Rules and Regulations of the Association, rules and regulations regarding use of Common Areas and the Property Owners Association, and the other documents and information which may affect an Owner, prospective Owner, Builder, or contractor for improvements to a Lot are maintained at the offices of the Association and Declarant at the address shown below. Each Owner and prospective Owner is advised to obtain these documents and carefully examine each of them in addition to these Restrictions to determine his rights and obligations.

7.03 Function of the Architectural Control Committee. No Improvement, as that term is defined in Article I, Paragraph 3.07 of this Supplemental Declaration, shall be erected, constructed, placed, altered (either by addition or deletion), maintained or permitted to remain on any portion of the Properties until plans and specifications, in such form and detail as the Committee may deem necessary, shall have been submitted to and approved in writing by such Committee. The Architectural Control Committee shall have the power to employ professional consultants to assist it in discharging its duties. The decision of the Architectural Control Committee shall be final, conclusive, and binding upon the applicant.

7.04 Goal of the Architectural Control Committee. The goal of the Committee is to encourage the construction of improvements of good architectural design, quality and proper size compatible with Declarant's conceptual plan for the Properties. Improvements should be planned and designed with particular attention to the design and aesthetic appearance of the exterior and the use of such materials as will, in the judgment of the Committee, create an attractive and harmonious blend with existing Dwellings and the natural surroundings. The Committee may disapprove the construction or design of an improvement on purely aesthetic grounds where, in its judgment, such disapproval is required to protect the continuity of design or values of the neighborhood and of other homeowners, or to preserve the serenity and natural beauty of any surroundings by preventing unusual, radical, uncommon, curious, odd, extraordinary, bizarre, peculiar or irregular external designs or appearances from being constructed on the Properties. Prior judgments regarding such matters of design or aesthetics shall not be deemed binding upon the Architectural Control Committee if such Committee feels that the repetition of such matters will have an adverse effect on the properties.

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7.05 Powers. The Committee shall have the express authority to perform fact finding functions hereunder and shall have the power to construe and interpret any covenant herein that may be vague, indefinite, uncertain or capable of more than one interpretation. ACC members and their representatives shall not be liable to any person subject to or possessing or claiming the benefits of these restrictive covenants for any damage or injury to property or for damage or loss arising out of their acts hereunder. The Committee's evaluation of Required Plans is solely to determine compliance with the terms of this Declaration and the aesthetics or the proposed improvements and the Committee disclaims any responsibility to determine compliance with any applicable building code or other standard for construction. The ACC shall not be responsible for reviewing any plans or specifications from the standpoint of structural safety, engineering soundness, or conformance with

building or other codes, nor shall the ACC's approval be deemed a verification of the structural safety, engineering soundness, or conformance of the improvements to which said plans pertain to Building or other codes.

7.06 Procedures of the Architectural Control Committee. Within thirty (30) days after the Committee has received the Required Plans and written notice that the Owner desires to obtain Committee approval, the Committee shall notify Owner in writing whether the Required Plans are approved or disapproved. If plans and specifications are not sufficiently complete or are otherwise inadequate, the ACC may reject them as being inadequate or may approve or disapprove them in part, conditionally or unconditionally, and reject the balance or may notify the Owner that additional documents or information is required. In the event all Required Plans have been submitted by the Owner and have not been approved or disapproved within thirty (30) days after being submitted, the plans so submitted will be deemed to have been approved but a deemed approval shall not permit a violation of any of the terms of this Declaration nor extend to any deviation from or alteration to the plans actually submitted nor to any matter requiring a written variance.

(a) If the submitted plans are deemed to be inadequate or not sufficient the thirty (30) day review period shall not commence until the ACC has received a complete set of plans.

(b) All matters requiring approval of the Architectural Control Committee whether or not specifically addressed hereinabove or hereinbelow shall require that such approval be in writing, and, with respect to all such matters requiring such approval, in the event the Committee fails to approve or disapprove any of such matters within thirty (30) days after written submission thereof to the Committee, approval will not be required, and the requirement that such approval be obtained shall be deemed to have been complied with fully.

7.07 Required Submittal of Design Plans. No building, fence, wall, landscaping, recreational facilities, outbuilding or other structure or improvement shall be erected, altered, added onto, placed or repaired on any Lot in the Subdivision until the complete plans including site plans, grading plans, floor plans depicting room sizes and layouts, exterior elevations, any other plans or information deemed necessary by the ACC for the performance of its function ("Required Plans"), are submitted and approved in writing by the Architectural Control Committee as to the conformity and harmony of exterior design with existing structures in the Subdivision, the location with respect to topography, existing trees, and finished elevation, and apparent conformity with the requirements of this Declaration. In addition, the Owner shall submit the identity of the individual or company intended to perform the work and projected commencement and completion dates. The Architectural Control Committee shall have the power to employ professional consultants to assist it in discharging its duties and may create and impose reasonable fees for processing of applications (The ACC has the power to modify the requirements of submittals to facilitate review of plans for various building programs).

(a) Submittal Requirements. The required plan submittals to the Architectural Control Committee shall be determined by the Committee from time to time but Owners are advised that current procedures require the following minimum submittals:

(b) Tree Clearing Submittal: Prior to any clearing of vegetation of a lot, a plan shall be

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submitted depicting the location and type of all trees six inches (6") or greater in diameter that are proposed to be removed. No clearing shall occur without the approval of the ACC.

(c) Building Submittal:

- (i) Completed submittal form with the qualified professional contractor listed; and
- (ii) Two complete site plans showing:
 - (1) House;
 - (2) Flatwork;
 - (3) Setbacks;
 - (4) Easements;
 - (5) Fencing (if known);
 - (6) Swimming pool and related improvements (if any);
 - (7) Adjacent greenbelts and drainage;
 - (8) Proposed Lot grading and drainage;
- (iii) Two sets of plans depicting room size, layout, all exterior elevations, and exterior materials; and
- (iv) Exterior materials list, and samples of colors and materials.

(d) Fencing Plan:

- (i) Two site plans showing fence location with clear labeling of all fence materials and with the qualified professional contractor listed.

(e) Landscape Plans:

- (i) Two sets of Plans with the qualified professional contractor listed; and
- (ii) Name and size of all plants to be used and clear identification of locations.

(f) All Other Exterior Modifications:

- (i) Improvement Request Form with the qualified professional contractor listed; and
- (ii) Two site plans showing item location in reference to property line and other structures with clear labeling of materials; and
- (iii) All exterior elevations, if applicable.

7.08 Basis of Approval:

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(a) Variances. The Architectural Control Committee shall have the right, but not the obligation, to grant variances and waivers relative to deviations and infractions of the Declaration or to correct or avoid hardships to Owners. Upon submission of a written request for same, the ACC may, from time to time, in its sole discretion, permit an Owner to construct, erect or install an improvement which is in variance from the covenants, restrictions or architectural standards which are provided in this Declaration. In any case, however, the improvement with such variances must, in the Committee's sole discretion, blend effectively with the general architectural style and design of the neighborhood and must not detrimentally affect the integrity of the Subdivision or be incompatible with the natural surroundings. All requests for variances shall be in writing, shall be specifically indicated to be a request for variance, and shall indicate with specificity the particular standard sought to be varied and the nature of the variance requested. All requests for variances shall be deemed to be disapproved if the Committee has not expressly and in writing approved such request within thirty (30) days of the submission of such request. No member of the Committee shall be liable to any Owner for any claims, causes of action or damages arising out of the grant of any variance to an Owner. No individual member of the ACC shall have any personal liability to any Owner or any other person for the acts or omissions of the ACC if such acts or omissions were committed in good faith and without malice. Each request for a variance submitted hereunder shall be reviewed independently of similar and the grant of a variance to any one Owner shall not constitute a waiver of the Committee's right to deny a variance to another Owner. The decisions of the Architectural Control Committee with respect to variances shall be final and binding upon the applicant. All variances, to be effective, must be in writing.

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(b) Decisions Final. All decisions of the Committee shall be final and binding, and there shall not be revisions of any action of the Committee except by procedure for injunctive relief when such action is patently arbitrary and capricious. In the event of construction of improvements or threatened construction of improvements in violation of this Declaration, any Owner, the Association, Declarant or the Committee may seek to enjoin such construction or seek other relief against the Owner or builder responsible therefor provided that each such offending party shall first be given written notice of the perceived violation and the opportunity to remedy the violation prior to the filing of suit. Neither the Declarant, the Architectural Control Committee, nor any member of such Committee shall be liable in damages, or otherwise, to anyone submitting plans and specifications for approval or to any Owner who believes himself adversely affected by this Declaration by reason of mistake of judgment, negligence or non feasant in connection with the approval or disapproval of plans or requests for variance.

(c) Compliance Inspection and Enforcement. The ACC may, but is not required, to police or enforce compliance with such considerations as minimum size, setbacks, or other specific, objective construction requirements. The Committee's agent may inspect those items reviewed by the ACC. This shall include inspection for conformance to the site plan (grading and drainage) house plan, landscaping plan, and exterior design, colors and materials. The responsibility for the inspection of structural components including, but not limited to concrete, and hose construction shall remain with the builder/Owner. In the event the ACC determines that significant field discrepancies exist, the ACC shall notify the builder/Owner immediately, in writing, of the nature and extent of the discrepancy. Written clarification must be supplied by builder/Owner to the ACC within ten (10) working days of receipt of notification. In the event this clarification is not forthcoming or is

determined to be inadequate by the ACC, the Committee may at its sole discretion retain a private consultant, well versed in the subject matter, for the purpose of obtaining an outside opinion. All reasonable professional fees and expenses associated with this procedure may be assessed by the ACC against the builder/Owner.

7.09 Issuance of an Acceptance Letter. Upon approval of final submittals, an Acceptance letter will be issued.* The Acceptance letter must be signed by the applicant and returned to the ACC before construction may begin. Once received this will signify acceptance of the following:

(a) Construction of an approved building will be completed within eight months from start of construction.

(b) Construction will be in accordance with approved plans.

(c) Any exterior changes after final approval of plans by the Architectural Control Committee must be approved in writing by the Committee prior to Construction of those changes.

(d) Regular inspections may be made by a representative of the Committee.

7.10 Failure of the Architectural Control Committee to Act. If the Architectural Control Committee fails to approve or to disapprove either the preliminary design plans or the final plans and specifications or to reject them as being inadequate within thirty (30) days after submittal thereof, it shall be conclusively presumed that such Committee has approved such preliminary design plan or such final plans and specifications. If preliminary design plans or final plans and specifications are not sufficiently complete or are otherwise inadequate, the Architectural Control Committee may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject the balance.

7.11 Limitation of Liability. Neither the Declarant, the Association, the Architectural Control Committee, nor any of the members of such Committee shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any owner of land affected by this Declaration by reason of mistake of judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications.

7.12 Turnover of Architectural Control Committee Authority to Association. The Architectural Control Committee shall be duly constituted and shall continue to function for the entire duration of this Declaration, including any extensions thereof. Upon completion of construction of the last residence in the Properties, or such prior time as Declarant may elect in writing, the Association, acting through its Board of Directors, shall succeed to the powers of Declarant with respect to the Committee and shall thereafter have the right and obligation to appoint the members of the Committee.

(a) At such time when the Architectural Control Committee is turned over to the

Association, the process shall be as follows:

- (i) Three (3) or more Association members shall be named by legal name and legal address;
- (ii) The Committee shall be under the jurisdiction of the Board of Directors and shall function as any other Committee that may be formed by the Board;
- (iv) The Committee shall receive its orders from the Board and shall follow the guidelines in reporting to the Board as deemed necessary by the Board.

(b) By order and majority of the Board, any member on the Architectural Control Committee as set up in the above appointment guidelines may be removed and a replacement named by the Board at any time as deemed necessary by the Board.

ARTICLE VIII

RESIDENTIAL SUBDIVISION GENERAL RESTRICTIONS

All of the Property within San Isidro Ruidoso Subdivision, Unit Two, shall be owned, held, encumbered, leased, used, occupied and enjoyed subject to the following general limitations and restrictions:

8.01 Antennae. No radio or television aerial wires, towers, antennae, discs, satellites, dishes, or other special television or cable apparatus or equipment shall be erected, installed, or placed on a Lot without the written approval of the ACC, except for any antennae which may, at Declarant's option, be erected by Declarant or Declarant's designated representative.

8.02 Subdividing. No Lot which has been finally platted shall be further divided or subdivided, nor may any easements or other interest therein less than the whole be conveyed by the Owner thereof without the prior written approval of the ACC; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot and convey an easement or other interest less than the whole, all without the approval of the ACC. Each Owner does, by the purchase of any Lot within the Property, constitute and appoint Declarant in such Owner's name, place, and stead to subdivide or re-subdivide and to grant consent to the subdivision or re-subdivision of any Lot which is owned by Declarant. Nothing herein shall be deemed to require the approval of the ACC for the transfer or sale of any Lot, including Improvements thereon, to more than one person to be held by them as tenants in common or joint tenants, or for the granting of any Mortgage.

8.03 Construction of Improvements. No Improvements shall hereafter be constructed upon any Lot without the prior written approval of the ACC of the plans and specifications for the

proposed Improvements.

8.04 Construction Requirements.

(a) Only new construction materials shall be used and utilized in construction of any structures situated on a Lot.

(b) All exterior construction of a primary residential structure, garage, porches, driveway, and any other appurtenances or appendages of every kind or character on any Lot and all interior construction (including, but not limited to, all electrical outlets in place and functional, all plumbing fixtures installed and operational, all cabinet work completed, all interior walls, ceiling, and doors completed and recovered by paint, wallpaper, paneling, or the like, and all floors covered by wood, carpet, tile or other similar floor covering) shall be completed not later than one (1) year following the commencement of construction, or thirty (30) days after occupancy, whichever is sooner. Construction shall commence no later than 12 months from date of purchase from Declarant. If construction is not commenced within 12 months from the date of purchase, the Declarant may, in its sole discretion, purchase the lot at the original sales price. For the purposes hereof, the term "commencement of construction" shall be deemed to mean the date on which the foundation forms are set.

(c) No window or wall type air conditioners shall be permitted to be used, placed or maintained on or in any building in any part of the Property.

(d) No geodesic, A-Frames, log homes, or free style architectural designs shall be permitted.

(e) All painted outside surfaces must be painted with a color that is an earth tone, or other colors as approved by the ACC.

(f) A minimum of those requirements required under the Zoning Ordinances or other governmental requirements of the City of Laredo and/or the County of Webb shall be completed within ninety (90) days after completion of a residence, or within thirty (30) days after occupancy, whichever is sooner.

8.05 Size of Residences. No residential structure erected on any Lot shall have more than two and one-half (2-1/2) stories, nor exceed thirty-five (35) feet in height. No residential structure with an exterior area of less than thirteen hundred fifty (1350) square feet, exclusive of the area of attached garages, porches, servant's quarters, or other appurtenances or appendages, shall be erected on any Lot. The ground floor area of a residence more than one (1) story shall not be less than eight hundred (800) square feet.

8.06 Building Materials, Finishes and Colors:

(a) Masonry. The exterior walls of all residential buildings shall be constructed with masonry, rock, stucco, brick or masonry veneer for 100% of the front and both sides of the first floor (exclusive of chimneys and/or boxed windows situated on the sides or the rear of the living space),

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and at least 75% of the front elevation for a two story residence. In determining compliance with this section window and door openings shall be considered as masonry. Masonry or masonry veneer includes stucco that is a minimum of one-fourth inch (1/4") thick, ceramic tile, clay, brick, rock and all other material commonly referred to in Webb County, Texas, as masonry but shall exclude any product, regardless of composition, which is manufactured to have a wood or non-masonry appearance.

(b) Siding. Subject to the limitations imposed by Section 1 above, wood siding may be used. All other siding materials, and all siding colors, must be approved by the Committee. Absent the express written consent of the ACC, vinyl siding and aluminum siding shall not be allowed.

(c) Sidewall Design. The sidewall of each house on a corner lot that faces a side street will be designed and completed to create an attractive appearance that is comparable to its front elevation in terms of building materials, use of architectural trim and decor, windows, doors and other relief areas.

(d) Roofing. The surface of roofs of principal and secondary structures, including garages and domestic living quarters, shall be dimensional composition shingles (25 year), as approved by the ACC. All roofs shall have a pitch of 4:12 or greater. The Architectural Control Committee shall have the authority to approve other roof treatments and materials if the form utilized will, in its sole discretion, be harmonious with the surrounding homes and Subdivision as a whole. No flat roofs are allowed. The Architectural Control Committee shall establish roofing criteria which are directed to generally improving the quality of material used, encouraging the use of colors which are in harmony with other structures in the subdivision, and establishing minimum pitch requirements.

(e) Finishes and Colors. The exterior colors of all improvements on a Lot, including any repainting of improvements, shall be subject to approval by the Architectural Control Committee. All exterior colors shall be an earth tone. A sample of the masonry, roofing material, paint color(s) and any additional exterior materials shall be submitted to the ACC for review prior to its application. Any changes to exterior material or color shall be submitted to the ACC for review.

(f) Windows. All windows shall be wood or factory job-finished painted metal windows or as approved in writing by the ACC and shall be white, beige, or stained, or painted in a color compatible with the exterior color of the residence and approved by the ACC. All glass in exterior windows, except fixed glass, shall be double pane and of a color and type approved by the Committee. No bronze colored, reflective, mirror type, or glass is permitted.

(g) Exterior Glass, Mirrors and Materials. No reflective or mirrored glass shall be used on, in or for the windows or doors of any buildings or other improvements constructed upon any Lot. No reflective or mirrored materials shall be used on, in or as a part of the exterior of any house, building or other improvement constructed upon any Lot.

8.07 Driveways.

(a) Driveways on each residential Lot and visible from a street must be constructed of broom finished concrete, pebble finish concrete, stamped concrete, or brick pavers, provided, however, the first four feet (4') of the driveway entry shall be broom finished concrete with four (4) foot score joints to match the pedestrian sidewalk.

(b) No more than one curb cut per Lot shall be permitted without approval of the Committee. Except with approval of the Committee, no circular driveway shall be more than twenty feet (20') in width. Driveway locations shall be only as approved by the Committee.

(c) Driveways which have more than six inches (6") of exposed concrete foundation sides shall have a masonry veneer applied or be fully parged. Landscaping may be required depending on the amount of exposure.

(d) Asphalt paving and loose gravel driveways or sidewalks are specifically prohibited forward of the front building line. Builders and contractors are required to clean streets immediately after aggregate finished sidewalks and driveways have been washed.

8.08 Yards.

(a) Front Yard. No more than ten percent (10%) in area of the front yard area of any Lot, excluding driveways and sidewalks, may be covered by rock or material other than dirt and vegetation except for such driveways and sidewalks as have been approved by the Architectural Control Committee. The "front yard area" shall be defined as that area of a Lot situated between the front Lot line and a line extending from the front of a residence to the side Lot lines.

(b) Back Yard. The Owners or occupants of any Lots at the intersection of streets or adjacent to parks, playgrounds or other facilities where the rear yard or portion of the Lot is visible to public view from a street or Common Areas shall construct and maintain an inner fence or other improvements as approved by the ACC to adequately screen from view of streets and Common Areas any of the following: the drying of clothes, yard equipment, wood piles or storage piles which are incident to the normal residential requirements of a typical family. Trash, garbage or other waste materials shall be kept in a clean and sanitary condition. Clothes hanging devices exterior to a dwelling shall not exceed six feet (6') in height and shall be so located as to not be visible from any street or Common Areas.

8.09 Walls, Fences, Sidewalks and Hedges

(a) No walls, fences or hedges shall be erected or maintained nearer to the front Lot line than the walls of the dwelling situated on such Lot which are nearest to such front Lot line. All side or rear fences and walls shall be six (6) feet in height and shall be of opaque construction.

(b) Sidewalks must be placed in accordance with requirements of the City of Laredo

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at the time builder pours driveway for construction of residence.

(c) Screening of Boxes and Transformers. The Lot owner shall cause to be planted or installed, and thereafter maintained, shrubbery or other screening devices around boxes, transformers and other aboveground utility equipment situated on or near lots.

8.10 Landscaping Requirements. Landscaping shall include the complete sodding of the entire front yard area. The front yard shall also include, at a minimum, the planting of: tree(s) totaling 4" in caliper dimension, with no tree smaller than 2" caliper; five shrubs of at least 5 gallon size and 24" high x 24" spread; and twenty (20) foundation shrubs of at least 1 gallon size. All landscaping requirements shall be fully installed on the lot prior to its occupancy as a residence.

8.11 Solar Panels and Systems. No solar panels or solar heating or electrical system or similar apparatus shall be placed in or upon any Lot without the prior approval of the Committee which shall have the authority to disapprove the installation of same or to limit the installation of same so that no portion thereof is visible from any street or Common Areas and where such location does not adversely affect the view from an adjacent Lot.

8.12 Swimming Pools/Spas. Any swimming pool/spa constructed on a Lot must be enclosed with a fence or other device completely surrounding the swimming pool/spa which, at a minimum, satisfies the City of Laredo's Code and all other applicable governmental requirements. Pool/spa fencing shall be installed prior to the completion of the construction of the pool/spa. Nothing in this Section is intended or shall be construed to limit or affect an Owner's obligation to comply with any applicable governmental regulations concerning swimming pool/spa enclosure requirements.

(a) All plans for swimming pools/spa, and all related fencing and construction, must be submitted to the ACC for approval prior to the start of construction. When swimming pool/spa construction accompanies the initial construction of a residence, such plans (include clear site plans) shall accompany the submission of plans for the residence.

(b) Above ground pools are not permitted.

ARTICLE IX

RESIDENTIAL SUBDIVISION BUILDING AND USE RESTRICTIONS

All of the Property within the San Isidro Ruidoso Subdivision, Unit Two, shall be owned, held, encumbered, leased, used, occupied and enjoyed subject to the following use limitations and restrictions:

9.01 Residence Building and Garages. Unless a Lot is zoned commercial, no building or other structure shall be built, placed, constructed, reconstructed, or altered on any Lot other

than a single family residence, with appurtenances incident to single family use, including, without limitation, bona fide servants quarters, and no structure shall be occupied or used until the exterior construction thereof is completed. Each single family residence situated on a Lot shall have an enclosed, attached or detached garage for not less than two (2) nor more than four (4) automobiles. No such detached garage shall have more than two (2) stories. No carport shall be built, placed, constructed or reconstructed on any Lot. No garage shall ever be changed, altered, reconstructed or otherwise converted for any purposes inconsistent with the garaging of automobiles. All Lot Owners, their families, tenants and contract purchasers shall, to the greatest extent practicable, utilize such garages for the garaging of vehicles belonging to them.

9.02 Single Family Residential Use. Except for Lots zoned commercial, each Lot (including land and improvements) shall be used and occupied for single family residential purposes only. No Lot Owner or other occupant shall use or occupy his Lot, or permit the same or any part thereof to be used or occupied, for any purpose other than as a private single family residence for the Lot Owner or his tenant and their families and domestic servants employed on the premises. As used herein, the term "single family residential purposes" shall be deemed to prohibit specifically, but without limitation, the use of Lots for duplex apartments, garage apartments, or other apartment use. No Lot shall be used or occupied for any business, commercial, trade or professional purpose, either apart from or in connection with the use thereof as a private residence whether for profit or not. No water well, septic tank or cesspool shall be permitted.

9.03 Temporary and Other Structures. Other than a contractor's job trailer used during the construction of the main residence and such contractor's job trailer's appearance and location having been approved by the ACC, no structure of a temporary character, trailer, mobile home, modular or prefabricated home, tent, shack, barn, or any other structure or building, other than the residence to be built thereon, shall be placed on any Lot, either temporarily or permanently and no residence house, garage or other structure appurtenant thereto, shall be moved upon any Lot from another location.

9.04 Nuisance. No noxious or offensive activity shall be carried on or permitted upon any Lot or upon the Common Properties, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood or to other lot Owners. The Lot Owners shall have the sole and exclusive discretion to determine what constitutes a nuisance or any annoyance. No trucks, larger than one (1) ton, motor vehicles not currently licensed, boats, trailers, campers, motor or mobile homes or other vehicles shall be permitted to be parked on any Lot, except in a closed garage, or on any street, except passenger cars and trucks smaller than one (1) ton may be parked on the street in front of the Lot for a period not to exceed twelve (12) hours in any twenty-four (24) hour period. No repair work, dismantling, or assembling of motor vehicles or other machinery or equipment shall be done or permitted on any street, driveway or other portion of the Common Properties.

9.05 Signs. No signs of any kind shall be displayed to the public view on any Lot including, but not limited to, the displaying of any signs which advertise the Lot or improvements for sale or lease, except as expressly permitted by the Architectural Control Committee. Each model home may be advertised by one front yard sign not larger than four feet by eight feet (4' x 8'), which shall have

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been approved in advance by the committee as to color and design.

(a) The Committee shall establish standardized sign criteria which permits the displaying of one sign per Lot uniform in size, color and permitted location on the Lot, which such sign can be used to identify that an Improved Lot is for sale or lease. The Committee specifically reserves the right to establish a separate set of sign standards and criteria for Unimproved Lots and to modify both such standards and criteria from time to time, but in no event shall any sign reference bankruptcy, distressed nature of sale, lease, or foreclosure. The Committee shall be contacted for information on sign style, color, where the sign inset and sign frame can be obtained.

(b) In addition to the foregoing, political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than 90 days in advance of the election to which they pertain and are removed within 15 days after the election, and that the ACC shall have the right to regulate the size and type of political signs on Lots.

(c) All other signage is prohibited such as, but not limited to: builders/architect signs, subcontractors, lenders, real estate companies etc. All signs within the properties shall be subject to the prior written approval of the ACC. No bandit signs are allowed on any Lots, parkways, common grounds, or any other areas within the subdivision nor are any bandit signs allowed along San Isidro Parkway.

9.06 Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lot or on any portion of the Common Properties, except that dogs, cats, or other common household pets (not to exceed three (3) adult animals) may be kept, but they shall not be bred or kept for commercial purposes. Any such pet or pets causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the subdivision upon seven (7) days written notice from the Owners. No such pets may be allowed to run unattended.

9.07 Removal of Dirt. The digging of dirt or the removal of any dirt from any Lot or from any portion of the Common Properties is prohibited, except as necessary in conjunction with landscaping or construction of improvements thereon.

9.08 Garbage and Refuse Storage and Disposal and Construction. Prior to commencement of construction, adequate trash receptacles shall be provided on site. Adjoining curbs and street shall be kept free of dirt and debris during construction and at all other times. All Lots shall at all times be kept in a healthful, sanitary and attractive condition. No lot shall be used or maintained as a dumping ground for garbage trash, junk or other waste matter. All trash, garbage, or waste matter shall be kept in adequate containers constructed of metal, plastic or masonry material, with tightly-fitting lids, which shall be maintained in a clean and sanitary condition. No Lot shall be used for open storage of any materials whatsoever, except that new building materials used in the construction of improvements erected on any Lot may be placed upon such Lot at the time construction is commenced. Such temporary storage of construction materials may be maintained thereon for a reasonable time, but in no case after completion of the improvements. Upon completion of construction of the improvements, stored materials shall either

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be removed from the Lot, or stored in suitable enclosures on the Lot. No garbage, trash, debris, or other waste matter of any kind shall be burned on any lot.

9.09 Combining Lots. Any person owning two or more adjoining Lots may consolidate such Lots into a single building location for the purpose of construction of one (1) residential structure thereon and such other improvements as are permitted herein. Provided, however, that any replatting requirements shall be the sole responsibility of the Lot Owner.

9.10 Lot Maintenance. The Owner or occupants of all Lots shall at all times keep all weeds and grass thereon cut in a sanitary, healthful and attractive manner, and shall immediately remove dead plants, and shall to no extent use any Lot for storage of materials and equipment, except for normal residential requirements or incident to construction for improvements thereon as herein permitted, or permit the accumulation of garbage, trash or rubbish of any kind thereon and shall not burn anything. The drying of clothes in full public view is prohibited.

9.11 Guns and Fireworks. The discharge of any firearm, including BB guns and pellet guns, within the Property or on adjacent lands, owned or maintained in whole or in part by Declarant or the Association is strictly prohibited and each Owner shall ensure that his guests and family members do not violate such prohibition. Additionally, there is prohibited the use of any bow and arrow, slingshot, or other launching or catapulting device except strictly within the confines of a Lot and not involving hunting or killing of any animal. The discharge of all fireworks within the Property owned by or maintained by the Declarant or the Association is prohibited.

ARTICLE X

GENERAL PROVISIONS

10.01 Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Lot Owners or the Owner of any land subject to this Declaration or any Supplemental Declaration, their respective legal representative, heirs, successor and assigns, for an initial term commencing on the effective date hereof and ending twenty (20) years from the date hereof. During such initial term the covenants and restrictions of this Declaration may be changed or terminated only by an instrument signed by the then owners of all Lots or Living Units in the Subdivision and properly recorded in the appropriate records of Webb County, Texas. Upon the expiration of such initial term, said covenants and restrictions (as changed, if changed), and the enforcement rights relative thereto, shall be automatically extended for successive periods of ten (10) years. During such ten (10) year extension periods, the covenants and restrictions of this Declaration may be changed or terminated only by an instrument signed by the then Owners of not less than fifty-one percent (51%) of all of the Lots or Living Units in the Subdivision and properly recorded in the appropriate records of Webb County, Texas.

10.02 Enforcement. The Association or Declarant or any Lot Owner shall have the right to enforce, by proceedings at law or in equity, all restrictions, covenants, conditions, reservations, liens, charges, assessments, and all other provisions now or hereafter set out in this Declaration or

any Supplemental Declaration. Failure by the Association or by Declarant or by any Owner to take any action upon any breach or default of or in respect to any of the foregoing shall not be deemed a waiver of their right to take enforcement action upon any subsequent breach or default.

10.03 Amendments. The Declarant, as Declarant, shall have and hereby reserve the right at any time and from time to time, without the joinder or consent of any other party, to amend this Supplemental Declaration by an instrument in writing duly signed, acknowledged, and filed of record for any purpose provided that any such amendment shall be consistent with and in furtherance of the general plan of development as evidenced by this Declaration and shall not impair or affect the vested property or other rights of any Lot Owner or his mortgagee.

This Supplemental Declaration may also be amended by an instrument signed by the Owners holding legal title to not less than ninety per cent of the Lots covered hereby. Any such amendment must be recorded in the Official Public Records of Webb County, Texas.

10.04 Interpretation. If this Supplemental Declaration or any word, clause, sentence, paragraph, or other part thereof shall be susceptible of more than one or conflicting interpretations, then the interpretation which is most nearly in accordance with the general purposes and objectives of the Declaration and this Supplemental Declaration shall govern.

10.05 Omissions. If any punctuation, word, clause, sentence, or provisions necessary to give meaning, validity, or in this Supplemental Declaration should be omitted here from, then it is hereby declared that such omission was unintentional and that the omitted punctuation, word, clause, sentence or provisions shall be supplied by inference.

10.06 Notices. Any notice required to be sent to any lot Owner under the provisions of this Supplemental Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address of such person.

10.07 Gender and Grammar. The singular, wherever used herein, shall be constructed to mean the plural, when applicable, and the necessary grammatical changes required to make the provision hereof apply either to the corporations or individuals, males or females, shall in all cases be assumed as though in each case fully expressed.

10.08 Severability. Invalidation of any one or more of the covenants, restrictions, conditions, or provisions contained in this Declaration, or any part hereof, shall in no manner affect any of the other covenants, restrictions, conditions, or provisions thereof, which shall remain in full force and effect.

10.09 Rights of Mortgagees. Each lienholder or mortgagee of a Lot shall, upon prior written notice to the Association, possess the right to:

- (a) inspect the books and records of the Association during normal business hours;
- (b) receive an annual unaudited financial statement of the Association within

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ninety days following the end of the fiscal year of the Association; and

(c) receive written notice of all meetings of the members of the Association and be entitled to designate a representative to attend such meetings.

EXECUTED AND EFFECTIVE this 28 day of May, 2002

DECLARANT:

SAN ISIDRO SOUTHEAST, LTD.

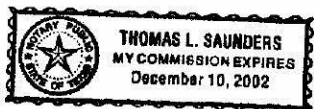
By: San Isidro Management, L.C.
Its: General Partner

J.J. Houdmann
By: J.J. HOUDMANN
Its: VICE PRESIDENT

THE STATE OF TEXAS
COUNTY OF WEBB

This instrument was acknowledged before me this 28 day of May 2002, by J.J. HOUDMANN, the VICE PRESIDENT of San Isidro Management, L.C.

Thomas L. Saunders
Notary Public, State of Texas



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Recorded
MAY 29, 2002 AT 03:34PM
DEC#: 762847
Signed: Henry Flores
HENRY FLORES
COUNTY CLERK