FALCON SEABOARD DIVERSIFIED, INC., ET AL TO THE PUBLIC

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BEAR CREEK RANCHETTES

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS THAT:
COUNTY OF GILLESPIE §

Falcon Seaboard Diversified, Inc., a Texas corporation ("Developer") acting herein by and through its duly authorized officers, the owner of that certain tract of real property described as follows, to wit:

A 497.88 acre tract of land situated in Gillespie County, Texas, and being described in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Property");

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hereby declares that all of the Property shall be owned, held, sold, transferred and conveyed subject to all of the terms and provisions set forth below which are for the purpose of protecting the value and desirability of and which shall run with said Property;

Bear Creek Ranchettes shall be tracts of land used solely for residential and/or agricultural purposes. A tract of land ("Tract") is hereby defined as one or more parcels of land which Developer shall sell or convey to third parties, or which are owned by Developer out of the Property. Dwellings shall be limited to single family residences. Only one permanent residence will be permitted on any one Tract or resubdivided Tract approved per paragraph 9 hereof.

1. Single family dwellings shall contain a minimum of 1400 square feet of living area, exclusive of porches, breezeways, carports, garages, or basements. The minimum square footage of living area shall be that area which is heated and cooled.

2. Servants' quarters, one guest house and outbuildings may be constructed on the Property after completion of the main dwelling with the exception that a barn or recreational vehicle cover built of new materials may be constructed prior to the completion of said main dwelling. For purposes of these restrictive covenants, a "bed and breakfast" shall be defined as a guest house. The two existing houses and other outbuildings situated on the Property prior to January 17, 1997 are not in violation of these restrictive covenants.

3. The exterior of any building shall be completed not later than ten (10) months after laying the foundation of that respective building.

4. A dwelling shall not be occupied until the exterior thereof is completely finished and plumbing is connected to a septic system or other water disposal system which has been approved by Gillespie County and/or State of Texas Health Department or other governing body controlling wells and septic systems.

5. No dwelling shall be moved onto any Tract. All dwellings shall be constructed and erected on the site. Mobile, modular, pre-manufactured and/or industrial-built homes shall not be used as a dwelling nor stored on any Tract.

6. A single family dwelling shall not be erected on any Tract nearer than thirty (30) feet from the front, side, or rear property line. Other buildings erected on a Tract shall not be nearer than thirty (30) feet to any property line.

7. During the construction period of a dwelling, a Tract owner may camp in his recreational vehicle on his Tract for a period not exceeding six (6) months. Prior to the construction of a dwelling, a Tract owner shall be permitted to camp on his Tract overnight in either a recreational vehicle or a tent for a continuous period not to exceed ten (10) days nor more than forty (40) days total in any calendar year, PROVIDED the Tract owner is present during that time. The campsite shall not be closer then one hundred (100) feet to any property line.

8. No Tract shall be used for any commercial purpose except permanent agricultural crops, including vineyards, fruit trees, pecan groves and permanent grass (i.e., hay meadows or grazing pastures).

9. Resubdivision of Tracts shall not be permitted without the prior written consent of Developer.

10. A church shall not be erected on any Tract.

11. Abandoned or inoperative equipment, vehicles or junk shall not be permitted on any Tract. Owners are to keep said Tract clean and neat in appearance and free of litter at all times. Garbage or refuse or any hazardous materials, as defined in any law of the State of Texas or U.S. Government, shall not be buried on any Tract. Noxious or offensive activity shall not be permitted on any Tract nor any activity which would be considered an annoyance or nuisance to the Property.

12. Swine shall not be kept on any Tract. Other livestock, pets and poultry shall be permitted provided said livestock is sheltered and kept within the boundaries of said Tract at all times. There shall be no commercial feeding operation nor commercial breeding of animals or fowl on any Tract. Animals used for grazing said Tracts while simultaneously raising young (i.e., cow/calf operation) shall not be considered commercial breeding of animals.

13. All perimeter fences erected on any Tract shall be of new material and erected in accordance with professional fence-building standards regarding quality and appearance.

14. Mineral exploration of any type which will damage the surface shall not be permitted on any Tract.

15. No Tract shall be leased or subleased for hunting purposes.

16. Developer reserves unto himself and/or his assigns, an easement for utility purposes twenty (20) feet wide on each side of all Tract lines and along the entire perimeter (boundary) of said Tracts for the installation and maintenance of electric, telephone, and utility lines and easements for anchor/guy combinations wherever necessary, and reserves the right to trim trees which at any time interfere or threaten to interfere with the maintenance of such lines, with the right of ingress to and egress from and across said Tract to employees of utilities owning said lines.

These restrictive covenants shall be binding upon and inure to the benefit of all parties claiming under Developer until January 10, 2011, at which time said restrictive covenants shall be automatically extended without further notice until such time that the owners of 65% of the total area of the Property shall execute an instrument waiving or amending the restrictive covenants. A Tract owner shall be the record owner of legal title as shown by the real property records of Gillespie County, Texas. Any amendments shall be in writing and shall not be effective until duly recorded. A copy of the amendments as recorded shall be forwarded to the last known address of all Tract owners.

Developer shall have and hereby reserves the right at any time and from time to time, without the joinder or consent of any other party, to amend these restrictive covenants by an instrument in writing duly signed and acknowledged by Developer only, filed for record in the office of the County Clerk of Gillespie County, Texas, for the purpose of correcting any typographical or grammatical error or any ambiguity or inconsistency appearing herein.

At such time that Developer has sold at least 90% of the total area of the Property to third parties, thereafter, the then owners of 65% of the total area of the Property may acquire the rights and responsibilities of Developer hereunder by reaching an amendment to these restrictive covenants evidencing such creation and may create and administer a homeowner's association to manage the business and legal affairs of the Property.

If any term or provision of this instrument or the application thereof shall be held to be invalid, all other terms and provisions of these restrictive covenants or the application thereof shall not be affected thereby, nor shall any failure of the Developer or Tract owner to seek enforcement of any term or provision constitute a waiver of any right to do so in the future or the validity or enforceability of such term or provision.

Developer and every other person, firm or corporation hereinafter having any right, title or interest in any Tract in the Property shall have the right to enforce, by any proceeding at law or in equity all restrictive covenants by injunction or other lawful procedure and to recover any damages resulting from such violations. Damages for the purpose of this paragraph shall include court costs and necessary attorney fees.

No Tract owner shall use either of the phrases "Bear Creek Ranchettes" or "Bear Creek" or any word or words similar thereto, in connection with any Tract or any uses permitted hereunder in connection with any Tract, without the prior written consent of Developer. This restrictive covenant is for the sole benefit of and may be enforced only by Developer.

EXECUTED this 14th day of March, 1997.

LA JAYNEES McKNIGHT
Notary Public, State of Texas
My Commission Expires July 20, 1997

FALCON SEABOARD DIVERSIFIED, INC.:

By: Buddy Barfield
Name: Buddy Barfield
Title: Executive Vice President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on this 25th day of March 1997, by Buddy Barfield, Executive Vice President of Falcon Seaboard Diversified, Inc., a Texas corporation, on behalf of said corporation.

La Jaynees McKnight
Notary Public, State of Texas

Printed or Typed Name of Notary:
LaJaynees McKnight
My Commission Expires: July 20, 1997