

**DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
NEREA ESTATES SUBDIVISION BLOCK 1**

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS
COUNTY OF HIDALGO §

WHEREAS, Nerea Development, L.P., hereinafter called "Declarant", is the Owner in fee simple of certain real property located in Hidalgo County, Texas, to wit:

All of Lots 1 though 41, inclusive, Block 1, of Nerea Estates Subdivision, an addition to the City of McAllen, Hidalgo County, Texas, according to the Map or Plat thereof, recorded in Volume 48, Page 200 of the Map Records of Hidalgo County, Texas (the "Subdivision" or "Property").

WHEREAS, Declarant desires to subject all of the above-described property to the protective covenants, conditions, restrictions, liens and charges as hereinafter set forth, pursuant to an established general plan for the improvement and development of said property;

NOW, THEREFORE, it is hereby declared that all of the Property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and shall be binding on all parties having any right, title or interest in or to the above described property or any part thereof, and their heirs, successors, and assigns, and which easements, restrictions, covenants and conditions shall inure to the benefit of each Owner thereof.

**ARTICLE I
DEFINITIONS**

Section 1. "**Association**" shall mean and refer to Nerea Estates Block 1 Homeowners Association, Inc., a non-profit corporation, its successors and assigns, or replacements which, or will be, formed by the Owners for the purpose of enforcing the covenants, restrictions and agreements set forth herein.

Section 2. "**Board of Directors**" shall mean and refer to the Board of Directors of the Association which will be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association.

Section 3. "**Bylaws**" shall mean and refer to the Bylaws of the Association, as amended from time to time.

Section 4. "**Committee**" shall mean the Architectural Control Committee as the same is set out in Article VIII hereinafter.

Section 5. "**Common Areas**" shall mean and refer to all real property located within the boundaries of the Subdivision which are not otherwise located within or on a part of any lot, as set forth on the plat or map of the Subdivision as recorded in the Map Records of Hidalgo County, Texas, together with any improvements located thereon, including, but not limited to, the perimeter fence constructed by the Declarant, streets, alleys, gates, and all landscaping and area lights provided by the Declarant for the benefit of the Subdivision.

Section 6. "**Declarant**" shall mean and refer to Nerea Development L.P., its successors and assigns, in its capacity as the developer of the Subdivision.

Section 7. "**Lot**" shall mean any of the forty-one (41) numbered plots and of land shown on the recorded Subdivision map referred to above with the exception of the Common Areas. No "half" or "partial" lots will be sold.

Section 8. "**Maintenance**" shall mean the exercise of reasonable care to keep buildings, streets, alleys, curbs, gates, fences, sprinklers, fountains, signs, landscaping, lighting, and other related improvements and fixtures, whether enumerated or not, in the Common Areas in a condition comparable to their original condition, normal wear and tear excepted. Maintenance of landscaping shall further mean the exercise of generally accepted garden management practices necessary to promote a healthy, weed-free environment for optimum plant growth.

Section 9. "**Member**" shall mean every person or entity who holds membership in the Association as set out in Article II.

Section 10. "**Member in Good Standing**" shall mean and refer to each member of the Association who (i) is not in default in payment of any assessments levied by the Association in accordance with the terms of the Declaration; (ii) nor in receipt of a notice of default from Declarant or the Association pertaining to any default under the Declaration or any rule or regulation promulgated by the Association, which default remains uncured in the opinion of the Declarant; (iii) nor named as a party in any pending legal action, suit or proceeding involving an alleged violation of the Declaration brought by the Declarant, the Association, or any other party with standing to enforce any provision of the Declaration.

Section 11. "**Mortgage**" shall mean a conventional mortgage or a deed of trust.

Section 12. "**Owner**" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the property, and shall include contract sellers, but shall not include holding title merely as security for performance of an obligation.

Section 13. "**Subdivision**" shall mean the subdivided real property hereinbefore described and such additions thereto as may be brought within the jurisdiction of the Association as hereinafter provided.

ARTICLE II
ASSOCIATION MEMBERSHIP, VOTING RIGHTS AND POWERS

Section 1. **"Membership"** Every Owner of a Lot shall be a member of the Association. One or more Owners of a Lot shall be able to vote one vote per Lot. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

Section 2. **"Voting Rights"** The Association shall have two (2) class of voting members as follows:

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

Class B. Class B member shall be Declarant, who shall be entitled to exercise 10 votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership when the total votes outstanding in the Class A membership are equal to or greater than the total votes outstanding in the Class B membership, or on December 31, 2006, whichever comes first.

Section 3. **"Powers"** Association shall have all of the powers of a non-profit corporation organized under the Non-Profit Corporation Act of the State of Texas, subject to only to such limitations upon the exercise of such powers as are expressly set forth in the Articles of Incorporation, the Bylaws, or this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under this Declaration, the Articles of Incorporation and the Bylaws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association, including without limitation of the following powers: to own real and personal property, to open bank accounts, to enforce this Declaration as herein provided, to obtain a policy or policies of insurance insuring the Association and its members, to make physical improvements to the Common Areas as the Association shall deem to be in the best interest of the Subdivision and the Owners, to contract for legal, accounting and other professional services, to contract for security, paving, landscaping and/or any other services, to borrow funds, to employ employees directly or through an operator, to bring an action(s) for injunctive relief and/or damages against any Owner for failure to comply with any Article and/or Section herein, and to otherwise do that which it believes necessary to protect or defend the Common Areas and facilities located therein, the Association and/or any of its properties from loss or damage, by suit or otherwise.

Section 4. **"Board of Directors"** The affairs of the Association shall be managed by a Board of Directors which will be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the

Association. The number of directors and the initial members of the Board of Directors shall be as set forth in the Articles of Incorporation of the Association.

ARTICLE III **ASSESSMENTS**

Section 1. **"Lien and Personal Obligation of Assessments"** Declarant hereby covenants for each Lot within the Subdivision, and each Owner of a Lot is hereby deemed to covenant by acceptance of his deed for such Lot, whether or not it shall be so expressed in his deed, to pay to the Association (1) annual assessment and (2) special assessments for capital improvements and/or other necessary expenses. Such assessments will be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and a continuing lien on each Lot against which such an assessment is made. Each such assessment, together with interest, cost and reasonable attorneys' fees shall also be the personal obligation of the person or persons who own the Lot at the time the assessment fell due, but such personal obligation shall not pass to the successors in title of such person or persons unless expressly assumed by them. However, all future transferees of Lots shall have the obligation, prior to purchase, to verify with the Association and/or Declarant that such assessments have been paid to date and that the property to be acquired is free and clear of all assessed indebtedness.

Section 2. **"Purpose of Annual Assessments"** The annual assessments levied by the Association shall be used exclusively to promote the health, safety, welfare, and recreation of the residents in the Subdivision, and for the improvements, security, preservation, operation and Maintenance of the Common Areas and/or of improvements situated within same or within the control of the Association. Annual assessments may include, and the Association shall acquire and pay for out of the funds derived from annual assessments, the following:

(a) Maintenance and/or repair of the Common Areas to the extent not performed by a governmental authority or an Owner.

(b) Water, sewer, garbage, electrical, lighting, telephone, gas, and other necessary utility service for the Common Areas.

(c) Acquisition of furnishings and equipment for the Common Areas as may be determined by the Association.

(d) Maintenance and repair of all structures in the Common Areas, including, but not limited to, alleys, streets, gates, fences, sprinkler systems, storm drains, street lighting, subdivision signs, and traffic within the confines of the Subdivision and/or any Maintenance and repair required by the City of McAllen.

(e) Fire insurance, if obtainable, covering the full insurable replacement value of the improvements in the Common Areas with extended coverage.

(f) Liability insurance insuring the Association against any and all liability to the public, to any Owner, or to the invitees or tenants of any Owner arising out of their occupation and/or use of the Common Areas. The policy limits shall be set by the Association, and shall be reviewed at least annually and increased or decreased in the reasonable discretion of the Association.

(g) Workmen's compensation insurance to the extent necessary to comply with applicable law, and any other insurance deemed necessary by the Association.

(h) A standard fidelity bond covering all Officers of the Association, Members of the Board of Directors, and all other employees of the Association in an amount to be determined by the Association.

(i) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments which the Association is required to secure or pay pursuant to the terms of this declaration or by law, or which shall be necessary or proper in the opinion of the Association for the operation of the Common Areas, for the benefit of Lot Owners, or for the enforcement of these restrictions.

(j) In addition to the maintenance of the Common Areas, the Association may provide exterior maintenance on each Lot as follows. In the event an Owner of any Lot, its family, guests, invitees, agents or other persons using the Lot, shall fail to maintain the premises and the improvements situated thereon in a reasonably neat and orderly manner, the Association, Declarant or the Committee shall have the right, through their agents and employees, to enter upon said Lot and repair, maintain and restore the Lot and exterior of the buildings and any other improvements erected thereon, all at the expense of Owner, and such expense of Maintenance or repair shall be added to and become part of the assessment to which said Lot is subject to.

(k) Maintenance and repair of all structures or improvements, formerly within the Common Areas, if any, and which may be situated in an area dedicated and/or transferred to the public use in the future, as set forth in Article IV, Section 1(b), for which the Association reserved the right to continue the operation and concurrently has the obligation to maintain and repair.

Section 3. **"Fixing of and Maximum Annual Assessments"**

(a) Until January 1, 2007, the maximum annual assessment shall be One Thousand Two Hundred Dollars (\$1,200.00), initially payable in monthly installments of One Hundred Dollars (\$100.00) per Lot per month. Declarant shall monitor the expenses actually incurred within the first six (6) months after the execution of this Declaration and set a monthly amount necessary to meet actual expenses, but not exceed the amount set out hereinbefore. The Association may elect to collect the assessments in monthly, quarterly or yearly installments.

(b) Commencing with January 1, 2007, and continuing thereafter, all assessments shall be fixed by the Association in advance and shall be due and payable on January 1st

of each calendar year, after giving due consideration to the anticipated cost of all Common Areas Maintenance obligations, and other costs of operations for the Association. However, the Association shall have the right to collect such assessments in advance on either an annual, quarterly or monthly basis. If at any time the Association determines that the assessments for that fiscal year are insufficient to discharge all assessments to be incurred or payable during that assessment year by the Association, the Association may increase the assessments to cover such costs (incurred or to be incurred), and such increase shall become effective at the beginning of the next annual, quarterly or monthly assessment period. If required, assessments shall be prorated for the period from the commencement thereof to the end of the then current calendar year of the Association.

(c) From and after January 1, 2007, to December 31, 2007, the maximum annual assessment may be increased each year not more than twenty-five percent (25%) above the maximum annual assessment for the previous year unless approved by a Majority Vote of the Board of Directors as defined in the Bylaws.

(d) The Association may fix the annual assessment at an amount not in excess of the maximum prescribed herein.

Section 4. **"Special Assessments for Capital Improvements and other Expenses"** 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 (including, but not limited to lighting, streets, alleys, gates and/or utilities) on the Common Areas, including fixtures and personal property related thereto. Any such assessment must be approved by a majority of the Board of Directors.

Section 5. **"Notice and quorum for action authorized under Sections 3 and 4"** The number of votes present at a meeting that will constitute a quorum shall be as set forth in the Bylaws of the Association, as amended from time to time. Notice requirements for any and all actions to be taken by the members of the Association shall be as set forth herein or in the Bylaws, as the same may be amended from time to time. The Majority Vote of the Members entitled to vote on a matter, as defined in the Bylaws, shall be the act of the Members, except as otherwise expressly provided in this Declaration. Any Member who is not a Member in Good Standing shall not be entitled to cast a vote on any matter coming before the Association.

Section 6. **"Uniform Rate of Assessment"** Both annual and special assessments must be fixed at a uniform rate for all Lots.

Section 7. **"Commencement and Collection of Annual Assessment"** The annual assessments provided therein shall commence as to all Lots upon recording of the Subdivision plat. The first assessment shall be adjusted according to the number of months remaining in the calendar year. The Association shall fix the amount of the

annual assessment against each Lot at least thirty (30) days in advance of the due date thereof and shall fix the dates such amounts become due. Assessments may be made payable monthly. Notice of the annual assessments shall be sent to every Owner subject thereto. The Association shall, on demand and for a reasonable charge, furnish a certificate signed by an officer of the Association, setting forth whether the assessment against a specific Lot has been paid, and may, on or before February 15, of each year, cause to be recorded in the office of the County Clerk of Hidalgo County, a list of delinquent assessments as of that date.

Declarant is hereby exempted from any and all annual and/or special assessments. No Lot owned by Declarant shall be assessed nor shall Declarant be liable for any assessment described herein.

Section 8. **"Effect of Non-payment of Assessments, Remedies of the Association"** Any assessment not paid within thirty (30) days after the due date shall be deemed in default and shall bear interest at the maximum rate permitted by law from the due date until paid. The Association may bring an action at law against the Owner personally obligated to pay the same, or may foreclose the lien against the property. The lien may be foreclosed through judicial or, to the extent allowed by law, non-judicial foreclosure proceedings in accordance Tex. Prop. Code Ann. Section 51.002, as it may be amended from time to time (the "Foreclosure Statute"), in like manner of any deed of trust on real property. In connection with the lien created herein, each Owner grants the Association, whether expressed in the deed or other conveyance to the Owner, a power of sale to be exercised in accordance with the Foreclosure Statute. At any foreclosure proceeding, any person, including but not limited to the Association and any Owner, shall have the right to bid for the Lot at the foreclosure sale and to acquire and hold, lease, mortgage and convey the same. During the period in which a tract is owned by the Association following foreclosure, no assessment shall be levied on it. Suit to recover a money judgment for unpaid assessments and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his lot.

Section 9. **"Subordination of Assessment Lien to Mortgage"** The assessment lien provided for herein shall be subordinate to the lien of any first mortgage. A sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure or any proceeding in lieu thereof shall extinguish the assessment lien as to payments that 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. Where the beneficiary of a first lien deed of trust obtains title pursuant to judicial or non-judicial foreclosure, neither it nor its successors and assigns shall be liable for the Assessments chargeable to such Lot which became due prior to the acquisition of title to such Lot by such acquirer. Such unpaid share of Assessments shall be deemed to be common expenses collectible as a common expense from the remaining Members of the Association (including such acquirer, its successors and assigns).

ARTICLE IV. PROPERTY RIGHTS

Section 1. **"Owner's Easements of Enjoyment"** Every Owner of a Lot shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to such Lot, subject to the following rights of the Association.

(a) The right to suspend the voting rights of any Owner for periods during which assessments against his Lot remain unpaid, and the right, after hearing by the Association, to suspend such rights for a period not exceeding three hundred sixty-five (365) days for any infraction of the published rules and regulations of the Association.

(b) The right to dedicate or transfer all or any part of the Common Areas, including any improvements, to any municipality, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless an instrument executed by a Majority Vote of the Members, as defined in the Bylaws, agreeing to such dedication or transfer has been duly recorded.

Section 2. **"Delegation of Use"** Subject to such limitations as may be imposed by the Bylaws, each Owner may delegate his right of enjoyment in and to the Common Areas and facilities to the Members of his family, his guests, tenants, and invitees.

Section 3. **"Easements of Encroachment"** There shall exist reciprocal appurtenant easements as between adjacent Lots and between each Lot any portion or portions of the Common Areas adjacent thereto for any encroachment due to the unwillful placement, settling, or shifting of the improvements constructed, reconstructed, or altered thereon, provided such construction, reconstructed, or alteration is in accordance with the terms of this declaration. Such easement shall exist to a distance of not more than one (1) foot as measured from any point on the common boundary between adjacent Lots, and between each Lot and any adjacent portion of the Common Areas, along a line perpendicular to such boundary at such point. No easement for encroachment shall exist as to any encroachment occurring due to the willful conduct of an Owner.

Section 4. **"Other Easements"**

(a) Easements for installation and Maintenance of utilities and drainage facilities are shown on the recorded Subdivision map. 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 which may damage, interfere with, or change the direction of flow of drainage facilities in the easements. The easement area of each Lot and all improvements therein shall be continuously maintained by the Owner of such Lot, except for improvements for Maintenance of which a public authority or utility company is responsible.

(b) No dwelling unit or other structure of any kind shall be built, or maintained on any such easement, reservation, or right of way, and such easement, reservations, and rights of way shall at all times be open and accessible to public and quasi-public utility corporations, their employees and contractors, and shall also be open and accessible to Declarant, its successors and assigns, all of whom shall have the right and privilege of doing whatever may be necessary in, on, under, and above such locations to carry out any of the purposed for which such easements, reservations, and rights of way are reserved.

(c) There shall exist appurtenant easement of access to all Lots, within the Subdivision to the City of McAllen for the use of city personnel and equipment on city business.

Section 5. **"Right of Entry"** The Association, through its duly authorized employees, contractors, and delegated agents, shall have the right after reasonable notice to the Owner thereof, to enter any Lot at any reasonable hour on the day to perform such maintenance as may be authorized herein, save and except in case of an emergency, which threatens either life or property, in which case advance notice shall not be required.

Section 6. **"No Partition"** There shall be no judicial partition of the Common Areas, nor shall Declarant, or any Owner or any other person acquiring any interest in the Subdivision or any part thereof, seek judicial partition thereof. However, nothing contained herein shall be construed to prevent judicial partition of any lot owned in co-tenancy.

Section 7. **"Future Subdivision Development"** Declarant, its successors or assigns, reserve the right to use all easements and streets in this Property in connection with future residential development adjacent to or near the Property. Owners shall not have a claim for damages injunctive relief, or any claim of whatsoever kind or nature based upon such use.

Section 8. **"Title to Common Areas"** The recordation of this Declaration shall serve as a dedication and conveyance to the Association, without consideration, the fee simple title to the Common Areas free and clear of monetary liens and encumbrances other than those created in or subordinate to this Declaration. Notwithstanding the foregoing or any other provision contained in this Declaration, Declarant shall have the right to use, for no additional charge, any and all Common Areas for purposes of marketing signage and sales trailers, and/or in connection with the development of the Lots, from the date hereof through the date that Declarant closes on the sale of the last Lot in the Subdivision to a third-party buyer.

ARTICLE V **USE RESTRICTIONS**

Section 1. **"Residential Use"** All Lots, and each and every one thereof, are for single-family residential purposes only. No building or structure intended for or adapted to business purposes, and no apartment house, double house, lodging house, rooming

house, hospital, sanatorium or doctor's office, or other multiple-family dwelling shall be erected, placed, permitted or maintained on such premises, or on any part thereof, save and except the business of the Declarant and the transferees of the Declarant in developing all of the Lots as provided in Section 22 below. No improvement or structure, other than a top quality private dwelling house, patio walls, swimming pool, garage, or servants' quarters may be erected, altered, placed maintained or permitted to remain on any Lot in the Subdivision, without the express written consent of the Committee.

Section 2. **"Construction Specifications"** Construction specifications for all residences constructed on any Lot are as follows:

(a) **Single Story Residence.** Any single story residence constructed on said Lots must not be less than two thousand eight hundred (2,800) square feet of air conditioned living area, exclusive of open or screened porches, terraces, patios, driveways, carports and garages.

(b) **Two Story Residences.** Any two story residence constructed on said Lots must not have less than three thousand (3,000) square feet of air conditioned living area, exclusive of open or screened porches, terraces, patios, driveways, carports and garages. The ground floor living area of any two story residence shall not have less than two thousand (2,000) square feet of air conditioned living area, exclusive of open or screened porches, terraces, patios, driveways, carports and garages.

(c) **Exterior.** The exterior walls shall consist of not less than one hundred percent (100%) of masonry or masonry veneer construction. Masonry includes brick, brick veneer, stucco, stone, stone veneer and rock.

(d) **Roof.** The roof slope shall be 8.12 or greater unless approved by the Committee. However, limited portions of flat areas on the roof of a structure may be permitted only with parapet walls and only with the prior approval of the Committee. The roof shall be constructed of slate, standing seam metal, stone, or tile. No composition shingle roofs shall be permitted. A sample of all roofing materials must be submitted to the Committee for approval prior to the commencement of construction.

(e) **Air Conditioner.** No evaporative cooler or air conditioner shall be placed, installed, or maintained on the roof or wall of any building or structure. All coolers and air conditioning units shall be concealed and in the back or side of the residence.

(f) **Clothes Lines.** No clothing or other materials shall be aired or dried within the boundaries of the Property except in an enclosed structure not visible from any public or private street or alley.

Section 3. **"Setbacks"** All buildings and structures must be constructed, placed and maintained in conformity with the setback lines described in the Subdivision map.

All residences constructed in the Subdivision shall face in the same direction as the rest of the residences on the same side of the street. Residences on corner Lots shall face the street which fronts the more narrow side of the Lot.

Section 4. **"Consolidation and Partial Lots"** None of said Lots shall be resubdivided in any fashion, except that any person owning two (2) or more adjoining Lots may consolidate such Lots into a single building site, with the privilege of constructing improvements thereon as permitted by Sections 2 and 3 herein. However, any sale of a portion or both portions of a consolidated Lot must be approved by a unanimous vote of the Committee, and then only if said remaining portion is to be utilized by the adjoining Lot Owner to augment both larger properties (i.e., one on each side of the property being purchased in fractions).

Section 5. **"Easements"** Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded Subdivision Plat. No utility company, water district, political subdivision, or other authorized entity using the easement herein referred to shall be liable for any damage done by them or their assigns, agents, employees or servants to shrubbery, trees or flowers, or to other property of the Owners situated within any such easements.

Section 6. **"Noxious or Offensive Activities Prohibited"** 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, save and except Section 22 below.

Section 7. **"Occupancy"** No private dwelling house erected upon any Lot shall be occupied in any manner while in the course of construction, nor at any time prior to its being fully completed, except as herein required. Nor shall any residence, when completed, be in any manner occupied until made to comply with the approved plans, the requirements herein and all other covenants, conditions, reservations and restrictions herein set forth. No temporary house, temporary dwelling, temporary garage, temporary outbuilding, trailer home or other temporary structure shall be placed or erected upon any Lot either permanently or temporarily. Rental of any servants' quarters is prohibited, the occupancy hereof being limited to either guests or servants of the Owner of said Lot, save and except Section 22 below.

Section 8. **"Signs"** No signs or any character shall be allowed on any Lot except on sign of not more than six (6) square feet, advertising the property for sale or rent; provided, however, that Declarant shall have the right, during the construction and sale period, to construct and maintain such facilities as may be reasonably necessary for such construction and sale, including signs and storage areas, but not including a temporary residence or office, save and except Section 22 below.

Section 9. **"Garbage Tanks, Equipment, etc."** No Lot shall be used or maintained as a dumping ground for rubbish or trash and no garbage or other waste shall be kept except in sanitary containers. All equipment for the storage and disposal of such materials shall be kept in a clean sanitary condition. No elevated tanks of any kind shall

be erected, placed or permitted on any part of such premises. All garbage cans, equipment, coolers, wood piles or storage piles shall be walled or fenced in to conceal them from the view of the neighboring Lots roads or streets. Plans for all enclosures of this nature must be approved by the Committee prior to construction, save and except Section 22 below.

Section 10. **"Animals"** No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lots, except that no more than two (2) dogs and two (2) cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purposes. All animals outside the fenced area of the home shall be leashed at all times.

Section 11. **"Fences, Walls, Hedges and Utility Meters"** No fence, wall, hedge or utility meter shall be placed or permitted to remain on any Lot nearer to the streets adjoining such Lot that is permitted for the main residence on such Lots. All fences shall be constructed of masonry, brick or combination of masonry and brick only. There shall be no chain-link, wooden or inferior constructed fences whatsoever, unless completely concealed within a fence constructed in accordance this subparagraph. There will be a maximum height of any fence of eight (8') feet, although an eight (8') foot masonry fence can be capped with the proper capping of no more than six (6') inches in height. All fences and walls must be approved in advance by the Committee.

Section 12. **"Trucks, Buses and Trailers"** No trucks larger than three-quarters of a ton, motor vehicles not currently licensed, boats, trailers, campers, construction trucks, 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 for a period not to exceed twelve (12) hours in any twenty-four (24) hour period. This restriction shall not apply to automobiles or small non-commercial passengers trucks in operable condition and regular usage, provided that any such vehicles are parked on an improved driveway and not on the street in front of a Lot for a period not to exceed twelve (12) hours in any twenty-four (24) hour period. No vehicle shall ever be permitted to be parked on the front or side lawn within view of the public. No vehicles shall ever be permitted to park on a driveway at a point where the vehicle obstructs pedestrians from use of a sidewalk.

Section 13. **"Sidewalks"** Builders of any homes in this Subdivision will be required to construct a sidewalk in compliance with the City of McAllen specifications at the front of each Lot the entire width of the Lot.

Section 14. **"Prohibited Activities"** No professional, business or commercial activity to which the general public is invited shall be conducted on any Lot.

Section 15. **"Utility Lines and Antennas"** All electrical service and telephone lines shall be placed underground. No exterior antennas, aerials, satellite dishes, or other apparatus for the reception of television, radio, satellite, or other signals of any kind shall be placed, allowed, or maintained upon any portion of the Property, including any homesite, which is visible from any street, or other Lot unless its impossible to receive signals from said location; in that event, the receiving device may be placed in a visible

location as approved by the Committee. This restriction may be waived by the Committee. Any waiver of these restrictions shall not constitute a waiver as to other Lots, lines or antennas. The Declarant by promulgating this section is not attempting to violate the Telecommunications act of 1996 (the "Act"), as same may be amended from time to time. This section shall be interpreted to be as restrictive as possible while not violating the Act.

Section 16. **"Garage"** All residences erected on these Subdivision Lots must have at least a two-car, rear entry garage incorporated into the main structure. No carports are permitted.

Section 17. **"Residential Landscaping"** Front yards of all dwellings which are not composed of sidewalks, driveways or areas consisting of shrubs, hedges, ground covers and trees shall be covered by a grass such as coastal Bermuda or Saint Augustine or other commercially approved lawn grass. Front yards shall be landscaped in a professional manner, with shrubs, hedges and or ground covers and trees. Each Owner shall maintain grass, trees and shrubbery and keep them disease free and healthy, and if any such trees either die or become diseased or of unhealthy appearance they shall be removed and new trees shall be planted in their place. The cost of all grass, trees and shrubbery shall be paid for by the respective Owner.

The Declarant and/or the Association reserves the right to develop a "landscaping plan" for the Subdivision and Lots that all Owner's will be obligated to follow.

No owner shall allow his Lot or Lots, whether vacant or not, to remain overgrown with grass or weedy vegetation or natural wild vegetation, and each Owner shall be responsible for the timely maintenance, care and removal of grass, weedy or natural vegetation, by mowing, shredding, cutting and removing the same. Additionally, the Committee or its agent(s) shall have the right at its option, to mow shred or cut said vegetation, and to charge the Owners a reasonable fee. In the event that said fee remain unpaid for a period of thirty (30) days, the Declarant, Committee or its agents shall have a valid and subsisting lien for said payment and said lien may be perfected by filing an affidavit establishing said lien in the real estate records of Hidalgo County, Texas, and may bring suit to enforce the payment of said fees or for foreclosure of its lien, or both, and shall be entitled to reasonable attorney's fees and costs of suit for prevailing in such an action.

Section 18. **"Vehicle Maintenance"** No maintenance shall be allowed on any type of motorized vehicle on the street.

Section 19. **"Driveways"** Driveways must be constructed of concrete, brick, or other material receiving the approval of the Committee.

Section 20. **"Mailboxes"** All mailboxes shall be of the same design and material as the structure and placed in uniform form.

Section 21. **"Insurance"** Nothing shall be done or kept on a Lot or on the Common Areas which would increase the rate of insurance relating thereto without the prior written consent of the Association, and no Owner shall permit anything to be done or kept on his Lot or the Common Areas which would result in the cancellation of insurance of any residence or on any part of the Common Areas, or which would be in violation of any law.

Section 22. **"Declarant's Special Rights"** Declarant or the transferees of Declarant shall undertake the work of developing all Lots included with the Subdivision. The completion of that work and the sale, rental, or other disposition of Lots is essential to the establishment and welfare of the Subdivision as an ongoing residential community. In order that such work may be completed and the Subdivision be established as a fully occupied residential community as soon as possible, nothing in this declaration shall be understood or constructed to:

(a) Prevent Declarant, Declarant's transferees, or the employees, contractors, or subcontractors of Declarant or Declarant's transferees from doing on any part or parts of the Subdivision owned or controlled by Declarant or Declarant's transferees or their representatives, whatever they determine may be reasonably necessary or advisable in connection with the completion of such work.

(b) Prevent Declarant, Declarant's transferees, or the employees, contractors, or subcontractors of Declarant or Declarant's transferees from constructing and maintaining on any part or part of the Subdivision property owned or controlled by Declarant, Declarant's transferees, or their representatives, such structures as may be reasonably necessary for the completion of such work, the establishment of the Subdivision as a residential community, and the disposition of Lots by sale, lease or otherwise;

(c) Prevent Declarant, Declarant's transferees, or the employee, contractors, or subcontractors of Declarant or Declarant's transferees from conducting on any part or parts of the Subdivision property owned or controlled by Declarant or Declarant's transferee or their representative, the business of completing such work, of establishing the Subdivision as a residential community, and of disposing of Lots by sale, lease or otherwise; or

(d) Prevent Declarant, Declarant's transferees, or the employees, contractors, or subcontractors of Declarant or Declarant's transferees from maintaining such sign or signs on any of the Lots owned or controlled by any of them as may be necessary in connection with the sale, lease, or otherwise of Subdivision Lots.

As used in this section, the words "its transferees" specifically exclude purchasers of Lots.

ARTICLE VI

OWNER'S OBLIGATION TO REPAIR

Each Owner shall, at its sole cost and expense, repair its residence, keeping the same in a condition comparable to the condition of such residence at the time of its initial construction excepting only normal wear and tear.

ARTICLE VII

OWNER'S OBLIGATION TO REBUILD

If all or any portion or a residence is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner thereof, with all due diligence, to rebuild, repair, or reconstruct such residence in a manner which will substantially restore it to its appearance and condition immediately prior to the casualty. Reconstruction shall be undertaken within two (2) months after the damage occurs, and shall be completed within fourteen (14) months after the damage occurs, unless prevented by cause beyond the control of the Owner or Owners. All plans for rebuilding must be approved by the Committee.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section 1. **"Architectural Control Committee"** Declarant shall designate and appoint the initial Architectural Control Committee ("Committee") consisting of three (3) adult persons (at the sole discretion of Declarant), which Committee shall serve until construction of a residence has commenced or been completed on every Lot in the Subdivision. If any Member becomes unable or unwilling to continue to serve during such term, Declarant, its successor or assigns, shall appoint a successor to finish the respective term. A majority of the Committee may designate a representative to act for it. Neither the members of the Committee, nor its designated representative shall be entitled to any compensation for service performed pursuant to this covenant. After construction has commenced or been completed on every Lot in the Subdivision, the duties, rights, powers and authority of the Committee shall automatically transfer, without any further formality, to the Association. Further, any or all of the duties, rights, powers and authority of the Committee may be assigned at any time, upon the unanimous decision of the Committee, to the Association. From and after the date of such assignment, the Association shall have full right, authority and power, and shall be obligated to perform the functions of the Committee as provided herein.

Section 2. **"Function"** No fence, dwelling, garage or building shall be erected, placed or altered on any Lot until the construction plans and specifications and a plat showing the exact location of the structure on the Lots has been approved in writing by the Committee as to quality of workmanship and material, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. Colors and types of brick, roof, trim, roofing materials, front doors, fences, etc. will be reviewed by and must be approved by Committee.

Section 3. **"Powers"** The Committee shall have and exercise such powers and rights provided for in and consistent with the provisions of this Declaration. Each

Committee member shall have one (1) vote. Except in those instances in this Declaration where the unanimous action shall be taken or any decisions made by the Committee except with the concurrence of not less than two (2) Committee members, however, a designated representative approved unanimously by all three (3) Committee members shall have the sole power to act on behalf of the Committee. The designated representative's power may be revoked by a written communication to all Lot Owners. Each Committee member shall be entitled to receive (but may waive) not less than five (5) days written notice of each meeting of the Committee and of each action proposed to be taken and decision proposed to be made by the Committee (whether or not at a meeting).

Section 4. **"Approval of Plans and Specification"** No building, fence, wall, road, driveway or other structure shall be commenced, erected, altered or maintained upon the Lots, nor shall any exterior addition to, or change or alteration therein, be made, except as set forth below, until samples of the masonry, exterior paint and roofing materials, and the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to, and approved in writing by, the Committee as to quality of workmanship and material, the harmony of external design with existing structures and location of such improvements in relation to the surrounding structures and topography. The Committee must be provided with a full size set of plans and specifications along with an 8 1/2 X 11 set. The full size set of plans will be returned to Owner upon approval of the Committee and stamped as such so that Owner may obtain a building permit from the City of McAllen.

Section 5. **"Failure of Committee to Act"** In the event that any plans and specification are submitted to the Committee as provided herein, and a written receipt of delivery is obtained, and such Committee shall fail either to approve or reject such plans and specifications for a period of thirty (30) days following such submission, approval by the Committee shall not be required, and full compliance with this Article shall be deemed to have been had.

Section 6. **"Failure to Comply"** Failure to comply with Section 4 herein shall submit the respective Lot Owner to injunctive relief and/or damages, pursuant to Article II, Section 3. The defendant Lot Owner shall pay all costs of court and attorney's fees borne by the Association or other entity bringing such action should the Association or other entity, as the case may be, prevail.

ARTICLE IX

GENERAL PROVISIONS

Section 1. **"Enforcement"** Declarant, the Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, easements, reservations, liens and charges now or hereafter imposed by the provisions of this declaration. Failure by Declarant, the Association, or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. **"Severability"** Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 3. **"Amendments"**

(a) **Declarant.** So long as the Class B membership exists, the Declarant may unilaterally amend this Declaration for any purpose. Thereafter, the Declarant may unilaterally amend this Declaration at any time and from time to time as otherwise specifically authorized by this Declaration, or if such amendment is (i) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which is in conflict therewith, (ii) necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Property, or (iii) required by an institutional or governmental lender, purchaser, insure or guarantor of mortgage loans to enable it to make, purchase, insure or guarantee mortgage loans on any portion of the Property. Further, so long as it still owns any portion of the Property for development, the Declarant may unilaterally amend for other purposes, provided the amendment has no material adverse effect upon any right of any Owner.

(b) **Owners.** Except as otherwise specifically provided above, or elsewhere in this Declaration, this Declaration may be amended only by a majority vote of Class A Members, together with the Class B Member's vote, for so long as the Class B Membership shall exist. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed number of affirmative votes required for action to be taken under the clause. No amendment may remove, revoke, or modify any right or privilege of Declarant without the consent of Declarant (or its assignee of such right or privilege).

(c) **Validity and Effective Date of Amendments.** Amendments to this Declaration shall become effective upon recordation in the real property records of Hidalgo County, Texas, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate as a waiver or amendment of any provision of this Declaration.

Section 4. **"Subordination"** No breach of any of the conditions herein contained or re-entry by reason of such breach shall defeat or render invalid the lien of any mortgage made in good faith and for value as to the Subdivision or any Lot therein; provided, however, that such conditions shall be binding on any owner whose title is acquired by foreclosure, trustee's sale or otherwise.

Section 5. **"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 Declarant, Association, or any member thereof for a period of thirty (30) years from the date hereof, and thereafter shall continue automatically in effect for additional periods of

ten (10) years, unless otherwise agreed in writing by the then owner of at least seventy five percent (75%) of the Subdivision Lots.

Section 6. **"Compliance with Laws"** At all times, each Owner shall comply with applicable, federal, state, county, and municipal laws, ordinances, rules and regulations with respect to the use, occupancy, and condition of their Lot and any improvements thereon. If any provision contained in this Declaration or amendment is found to violate any law, then the provision shall be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

EXECUTED by the Declarant, this 3rd day of November, 2005.

NEREA DEVELOPMENT, L.P.

BY: PDD CORP

ITS: GENERAL PARTNER

BY: 

RUBEN D. PECHERO

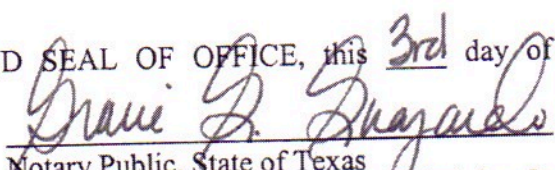
ITS: PRESIDENT

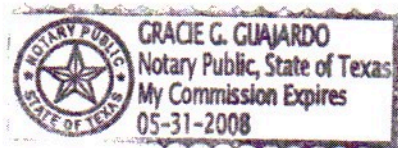
THE STATE OF TEXAS §

COUNTY OF HIDALGO §

BEFORE ME, a Notary Public, on this day personally appeared RUBEN D. PECHERO, PRESIDENT of PDD CORP, a Texas Corporation, on behalf of said Company, in its capacity as General Partner of Nerea Development, L.P., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same in the capacity stated and for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 3rd day of November, 2005.


Notary Public, State of Texas



Filed for Record in:
Hidalgo County
by Eddy Trevino
County Clerk

On: Nov 03, 2005 at 12:49P

As a Recording

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