

EXHIBIT "B"

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RESTRICTIVE COVENANTS

MCARanch Properties, LLC, a Texas limited liability company, its successors, heirs and assigns, does hereby adopt and impose the following recited restrictive covenants, use limitations and conditions covering the herein described property. All these restrictive covenants, use limitations and conditions shall become a part of all deeds, assignments and other legal instruments whereby the title or possession of any part or portions of such property is hereby conveyed or transferred.

LAND USE:

- (a) Seller conveys all tracts for agricultural and recreational use.
- (b) A tract may be used for one single family (no more than 3 homes) with the usual and customary accessory buildings, including, but not limited to a garage, storage building, workshop, and barn. Travel trailers and recreation vehicles may not be used as a permanent residence or business.
- (c) No tracts shall be used for retail or commercial purposes which are open to the general public. Equine training facilities are permitted. This paragraph shall not exclude home businesses.
- (d) It is hereby specifically stated that to rent space to campers, recreational vehicles, trailers or other units for occupancy or storage is considered commercial operation for purposes of these restrictions and is disallowed.
- (e) No commercial hunting of any type is allowed.

SIZE AND SPECIFICATIONS:

A residence may not be lived in or occupied until the residence is 100% complete. Conventional on-site constructed single family residence shall not be less than 800 square feet of heated and air-conditioned space. Move-on housing, such as manufactured homes and modular homes must be new, less than five (5) years old, or approved by Seller. All manufactured homes must be placed on and affixed to a permanent foundation, being either a slab, compacted gravel pad or upon blocks or piers, and must be skirted within 60 days after placement on the Property with masonry, plaster, or a material to match the exterior siding of the residence. Lattice skirting is not acceptable. All manufactured homes shall be anchored to the land in the manner prescribed by the Texas Department of Licensing and Regulation.

TEMPORARY STRUCTURES:

No freestanding structure of a temporary character, trailer, tent, shack, garage or other outbuilding shall be used on the property at any time as a permanent residence. The owner may use the property for vacation or recreational use. The owner may use an owner dwelling, place a trailer, camper or other operational recreational vehicle on the property for such use.

SETBACK REQUIREMENTS:

Residences and buildings of any kind shall be situated no nearer than seventy-five (75) feet to the property line along the road fronting the Property, and no nearer than fifteen (15) feet to any side or rear property line. Variations from these setback requirements may be granted in the individual cases where tract size or topography make these requirements impractical, but such variations must have the prior written approval of the Seller.

EASEMENTS:

Easements area hereby reserved and dedicated of and across a twenty foot (20') strip along the front of the property line, and fifteen foot (15') rear and side tract lines for the purpose of installing, maintaining and repairing, electric power, gas telephone, water, cable, community mailbox station, drainage and/or any other similar utility lines, facilities, and services for the Property and all adjacent properties. The easements reserved and dedicated hereby shall be for the general benefit of the herein named tracts and any adjacent tracts. These easements shall inure to the benefit of, and may be used by, any public or private utility company entering into and upon the Property for such purposes, without the necessity of any further grant of such easement rights to such utility companies. If two or more tracts are consolidated into a building site, these easement provisions and the setback provisions in paragraph 3 shall be applied to such resultant building site as if it were one original tract.

DRIVEWAYS:

All driveways must be either gravel, caliche, crushed limestone, concrete, asphalt pavement, or other similar all-weather material. The driveway must be completed before occupying the residence.

RESTRICTION OF FURTHER SUBDIVISION:

There shall be no re-subdividing of any of the tracts into smaller tracts. All tracts will remain the size as conveyed by deed, except that any person owning two or more adjoining tracts may consolidate such tracts into a single building site.

SEWAGE DISPOSAL:

No outside toilets shall be permitted. No means of sewage disposal may be installed, used or maintained except a septic tank, or a similar or improved means of sanitary sewage disposal, which meets the requirements of and is approved by all governmental authorities having jurisdiction thereof. No residence placed upon a tract shall be used until sanitary sewage disposal facilities complying with this paragraph have been completely built and approved by the governmental authority.

GARBAGE AND REFUSE DISPOSAL:

The Property shall be maintained in a clean, neat and attractive condition. No tract shall be used for outside, unenclosed storage of any items or materials whatsoever, nor shall any tract or part thereof be used as a dumping ground for rubbish, debris or junk. Trash, garbage and other waste shall not be kept except in sanitary containers.

INOPERATIVE VEHICLES:

No junk, wrecking or auto storage shall be located on any tract. No discarded, abandoned, unlicensed or inoperative automobile, other vehicle or trailer shall be kept, stored or permitted to remain on any tract unless stored in a garage or shop out of plain sight. A vehicle shall be considered inoperative if it cannot be moved under its own power for more than thirty (30) days. All vehicles on subject property, other than those stored out of sight, must have a current license tag and a current state inspection sticker.

SOIL AND TIMBER:

It is specifically agreed that tract owners shall not excavate, remove or sell the soil or gravel for commercial purposes, nor cut, sell or remove any timber other than is necessary for residential, recreational or agricultural and associated improvements upon the property and as may be necessary for the reasonable use, upkeep and maintenance of the property which would not in any manner decrease the value of said property.

LIVESTOCK AND POULTRY:

Animals, livestock, emu, ostrich, hogs or poultry may be kept, bred and maintained on any tract under the following conditions.

- (a) All horses, cattle or other livestock shall be kept enclosed on the subject property by suitable fencing of the subject property.
- (b) No swine may be bred, kept or maintained on the subject property except three (3) per tract for personal consumption and/or show competition.
- (c) No chickens, turkey or other poultry may be bred, kept or raised on subject property except twenty-five (25) per tract for personal consumption and/or show competition. No poultry or fowl may be kept on the property for the purpose of gaming or fighting.
- (d) Though cattle are permitted on subject property, feed lots are not permitted.
- (e) Each tract shall be maintained in such a manner as to prevent health hazards and shall not be offensive to the neighboring tracts.

FIREARMS:

Discharge of rifles and pistols is expressly prohibited.

ENFORCEMENT:

The foregoing restrictive covenants, use limitations and conditions are imposed for the benefit of each parcel of land of the above described property. The Atascosa County Commissions Court, the Seller, its successors or assigns, or any person owning any interest in any of the herein named tracts of land, including mortgage interest, may enforce these restrictions through a proceeding at law or in equity against the person or person violating or attempting to violate any covenant, condition, restriction, or limitation, either to prevent or to correct such violation, or to recover damages, or to obtain other relief for such violation. All expenses, including a reasonable attorney fee, shall be recovered from anyone violating these restrictions by the party bringing the suit.

PARTIAL INVALIDITY:

If any portion of these Restrictions are declared illegal, invalid, or unenforceable by law or court order, such action shall not affect the validity of any other provision hereof. Failure to enforce any one or more provisions hereof shall not constitute a waiver thereof as to future enforcement and shall not serve to invalidate any other provision of these Restrictions.

AMENDMENT & TERMS OF RESTRICTIVE COVENANTS:

These covenants and restrictions shall run with and bind the land, and shall be binding on all owners, assignees, purchasers, parties and all persons claiming under them for a period of twenty (20) years from the date hereof. Thereafter, these covenants and restrictions shall be extended automatically for successive periods of ten (10) years, unless an instrument signed by the majority of the then owners of the tracts has been recorded, agreeing to change such covenants and restrictions, in whole or in part, or to revoke them. The Seller hereby reserves the right to amend these restrictions when, in the opinion of the Seller, such amendment will be beneficial to the property.