RESTRICTIVE COVENANT AGREEMENT

1441404

STATE OF TEXAS

COUNTY OF HIDALGO

LOS TESOROS INVESTMENTS I, LTD., herein called "Declarant", is the record owner, in fee simple, of certain real property in Hidalgo County, Texas, described as follows (the "Property"):

> Lots 1 thru 8, inclusive, SUGAR BUSINESS CENTER AT 495 UNIT NO. 1, an Addition to the City of Pharr, Hidalgo County, Texas, according to map thereof recorded in Volume 33, Page 76, Map Records of Hidalgo County, Texas.
>
> All of Lots 1 thru 17, inclusive, Block 1, LOS TESOROS SUBDIVISION, an Addition to the City of Pharr, Hidalgo County, Texas, according to the map recorded in Volume 36, Page 102-B, Map Records in the Office of the County Clerk of Hidalgo County, Texas, reference to which is here made for all purposes.

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.

I.

DEFINITIONS

1.01 "ASSOCIATION" shall mean and refer to LOS TESOROS COMMERCIAL 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 an agreements set forth herein.

1.02. "COMMITTEE" shall mean the Architectural Control Committee or ACC as the same is set out in Article II hereinafter.

1.03 "COMMON AREAS" means all parking areas, access roads and facilities furnished, made available or maintained by the ACC, including parking lots, truck ways,

driveways, loading docks and areas, delivery areas, package pickup stations, sidewalks, malls courts and ramps, landscaped areas, retaining walls, fences, stairways, bus stops, first-aid and comfort stations, lighting facilities, and other areas and improvements provided by the ACC or the Property for the general use of all Owners.

1.04 "LOT" shall refer to each portion of the Property, excluding common areas, which is shown as lots on the recorded subdivision map or plat.

1.05. "MAINTENANCE" shall mean the exercise of reasonable care to keep streets, curbs, 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.

1.06 "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 Association; (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.

1.07 "OWNER" shall refer to the record owner, whether one or more persons or entities, of the fee simple title to any portion of the Property, but excluding those having such interest merely as security for the performance of an obligation.

1.08 "PROPERTY" shall refer to that certain real property hereinbefore described and any improvements located thereon.

II.

ARCHITECTURAL CONTROL

2.01 All then existing owner of Lots shall annually elect an Architectural Control Committee, hereinafter referred to as "ACC", consisting of not less than one person and that person(s) must be an owner of a Lot. Each Owner, including the Declarants, are entitled to one vote for each Lot owned by that Owner. Declarant, however, will be the sole member of the ACC until an Association is created.

2.02 No building, fence, wall, or other structure shall be commenced, erected, or maintained upon the property, nor shall any exterior addition to, or change or alteration therein, be made, nor shall any landscaping of any property be undertaken, until 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 ACC established herein as to harmony of external design and location in relation to the surrounding structures and topography. It is the intent of the parties to this agreement that all buildings on the property have a common facade, unless agreed otherwise by the ACC.

2.03 In the event that any plans and specifications are submitted to the ACC as provided herein, and such Committees shall fail either to approve or reject such plan specifications for a period of thirty (30) days following such submission, approval by the committees shall not be required, and full compliance with this Article shall be deemed to have been had.

III.

EXTERIOR MAINTENANCE

In the event an owner of any Lot shall fail to maintain the premises and the improvements situated thereon in a neat and orderly manner, the ACC shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot and exterior of the buildings and any other improvements thereon, all at the expense of the Owner of said Lot.

IV.

USE RESTRICTIONS

4.01 All Lots, and each and every one thereof, are for commercial use only and not for residential purposes. All Lots shall be used as retail stores, dollar stores, restaurants, beauty salons, video rental stores, and office buildings for professional and executive occupations including administrative, medical, legal, accounting, clerical, engineering, real estate sales agents, insurance sales agents, and other similar uses.

4.02 Without limiting the foregoing, the following uses shall not be permitted:

i. Any use which emits an obnoxious odor, noise, or sound which can be heard or smelled outside of any building in the Property;
ii. Any operation primarily used as a warehouse operation and any assembling, manufacturing, distilling, refining, smelting, agricultural, or mining operation;
iii. Any automobile, truck, trailer or recreational vehicles sales, leasing, display or repair;
iv. Any bowling alley or skating rink;
v. Any theater;
vi. Any living quarters, sleeping apartments, or living rooms;
vii. Any mortuary or funeral home;
viii. Any establishment selling or exhibiting pornographic materials;

ix. Any flea market, car wash, adult bookstore, ballroom, discotheque or dance hall;

x. No Owner shall use, or permit the use of Hazardous Materials on, about, under or on its Lot, or the Property, except in the ordinary course of its usual business operations conducted thereon, and any such use shall at all times be in compliance with all Environmental Laws. Each Party shall indemnify, protect, defend and hold harmless the other Owners from and against all claims, suits, actions, demands, costs, damages and losses of any kind, including but not limited to costs or investigation, litigation and remedial response, arising out of such Owner's breach of the obligation set forth in the immediately preceding sentence. The term (i) "Hazardous Materials" shall mean: petroleum products, asbestos, polychlorinated biphenyls, radioactive materials and all other dangerous, toxic or hazardous pollutants, contaminants, chemicals, materials or substances listed or identified in, or regulated by, any Environmental Law, and (ii) "Environmental Law" shall mean: all federal, state, county, municipal, local and other statutes, laws, ordinances and regulations which relate to or deal with human health or the environment, all as may be amended from time to time.

xi. Subject to Owner's occasional approval, at its sole discretion, no merchandise, equipment or services, including but not limited to vending machines, promotional devises and similar items, shall be displayed, offered for sale or stored within the Common Area.

xii. Owners shall require all lessees, tenants, Owners and Occupants of premises in the Property to agree and covenant, and Owner covenants and agrees, as follows: that it will not place or maintain any merchandise, vending machines or other articles in any vestibule or entry of the Owner's Lot or outside the Owner's Lot; that it will not store garbage, trash, rubbish and other refuse in rat-proof and insect-proof containers inside the Owner's Lot, and remove the same frequently and regularly and, if directed by the Declarant, by such means and methods and at such times and intervals as are designated by Declarant, all at Owner's costs; that it will not permit any sound system audible or objectionable advertising medium visible, outside the Owner's Lot; that it will keep all mechanical equipment free of vibration and noise and in good working order and condition; not commit or permit waste or nuisance upon the Owner's Lot or the Common Area; that it will not permit or cause odors to emanate or be dispelled from the Owner's Lot: that it will not solicit business in the Common Area not distribute advertising matter to, in or upon any Common Area; that it will not permit the loading or unloading or the parking or standing of delivery vehicles outside any area designated thereof, nor permit any use of vehicles which will interfere with the use of

any Common Area in the Property; and that it will not permit any noxious, toxic or corrosive fuel or gas, dust, dirt or fly ash on the Owner's Lot and that it will comply with all laws, recommendations, ordinances, rules and regulations of governmental, public, private and other authorities and agencies, including those with authority over insurance rates, with respect to the use or occupancy of the Owner's Lot.

4.03 No garbage or other waste will be kept except in sanitary containers. All equipment for the storage and disposal of garbage and waste shall be kept in a clean and sanitary condition. Each owner shall at a minimum comply with the City of Pharr's garbage and sanitation requirements.

V.

BUILDING RESTRICTIONS

5.01 All buildings shall have a consistent height and facade to promote the appearance of harmony and unity in design and development and shall first be approved by the ACC to insure the appearance of conformity with existing structures.

5.02 No building shall be located nearer to the front line, rear line, side street, or alley ways than the minimum building setback lines shown on the recorded plat. If two or more Lots, or factions thereof, are consolidated into a building site in conformity with the provisions of paragraph 5.03, these building setback provisions shall be applied to such resultant building site as if it were one original platted Lot.

5.03 None of said Lots shall be resubdivided in any fashion except that any person owning two or more adjoining Lots or tracts of land may resubdivide or consolidate such Lots or tracts into one tract and building site. In any event, none of the property shall be developed unless the resulting property will have a front line meeting city ordinances for building sites.

5.04 No fence, wall, hedge, sign or utility meter shall be placed or permitted to remain, in the Common Area except for decorative entry way structures or signs promoting entire subdivision in general.

5.05 Until such time as improvements are constructed on a Lot, the Owner thereof shall maintain the same in a clean and neat condition and shall take such measures as are necessary to control grass, weeds, blowing dust, dirt, litter or debris.

5.06 Each Owner covenants to keep and maintain, at its sole cost and expense, the building(s) located from time to time on its respective Lot in good order, condition and repair. Once constructed, in the event of any damage to or destruction of a building on any Lot, the Owner of such Lot shall, at its sole cost and expense, with due diligence either (a) repair, restore and rebuild such building to its condition prior to such damage or

destruction (or with such changes as shall not conflict with this Agreement), or (b) demolish and remove all portions of such damaged or destroyed building then remaining, including the debris resulting therefrom, and otherwise clean and restore the area affected by such casualty to a level, graded condition. Nothing contained in subparagraph 5.06(b) shall be deemed to allow an Owner to avoid a more stringent obligation for repair, restoration and rebuilding contained in a lease or other written agreement between an Owner and such Owner's permittee.

VI.

COMMON AREA USE AND RESTRICTIONS

6.01 The Common Areas shall be used in common by all Lot owners.

6.02 No property owner has any exclusive rights in the use of the Common Area. Said Common Area is to be used in common by all property owners, their employees and their clients/customers.

6.03 This document is not intended and shall not be construed to create any joint and several liability among the Owners due to premise defects in the Common Area.

VII.

ASSOCIATION MEMBERSHIP, VOTING RIGHTS AND POWERS

7.01 The Association shall have one class of voting members. All Owners 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.

7.02 Association shall have all of the powers of a nonprofit corporation organized under the Non-Profit Corporation Act of the State of Texas, subject 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.

7.03 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.

VIII
ASSESSMENTS

8.01 Declarant hereby covenants for each Lot within the Property, 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. 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.

8.02 The annual assessments levied by the Association shall be used exclusively to promote the health, safety, welfare, and recreation of the Owners in the Property, 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 repair of the Common Areas to 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, fences, sprinkler systems, street lighting, subdivision signs within the confines of the Property and/or any Maintenance and repair required by the City of Pharr.
(e) 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.
(f) Workmen's compensation Insurance to the extent necessary to comply with applicable law, and any other insurance deemed necessary by the Association.
(g) A standard fidelity bond covering all Members of the Association and all other employees of the Association in an amount to be determined by the Association.
(h) 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 Owner, or for the enforcement of these restrictions.

(i) 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.

8.03 (a) Until January 1, 2006, the maximum annual assessment shall be $600.00 per year per Lot. Declarant shall monitor the expenses actually incurred within the first year after the execution of this Declaration and set a monthly amount necessary to meet the actual expenses, but not to exceed the amount set out hereinbefore.

(b) Commencing with January 1, 2006, 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. The Association shall have the right to collect such assessments in advance on either an annual, monthly, or quarterly 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 or quarterly 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, 2006, to December 31, 2006, 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 Members as defined in the Bylaws.

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

8.04 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 parking lots, lighting and/or utilities) on the Common Areas, including fixtures and personal

property related thereto. Any such assessment must be approved by a majority the Members.

8.05 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 betaken 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.

8.06 (Reserved)

8.07 The annual assessments provided for therein shall commence as to all Lots on January 1, 2005. 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.

8.08 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 with 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 attract 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.

8.09 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 payment which

become due prior to such sale or transfer. No sale or transfer shall relieve such Lot form 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 not 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).

IX.

ENFORCEMENT AND AMENDMENT

9.01 Each owner shall have the right to enforce, by any proceeding at law or inequity, all restrictions, conditions, and reservations now or hereafter imposed by the provisions of these Restrictive Covenants. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

9.02 Invalidation of any one of these covenants or restrictions by judgments or court order shall in no way affect any other provisions, and all other provisions shall remain in full force and effect.

9.03 These Restrictive Covenants shall run with and bind the land, and shall insure to the benefit of, and be enforceable by, each Owner of property subject to this agreement, and their respective legal representatives, heirs, successors, and assigns, and, unless amended as provided herein, shall be effective for a terms of twenty (20) years from the date this agreement is recorded. This agreement may be amended by an instrument signed and filed by not less than seventy-five (75) percent of the Owners. No amendment or termination of this agreement shall be effective until recorded in the Official Records of Hidalgo County, Texas, and until the approval of any governmental regulatory body which is required shall have been obtained. Any amendment affecting the rights and obligations as to the Common Areas or the obligations to ACC, including assessments and building restrictions, shall be effective only upon approval by a majority of Lot Owners.

LOS TESOROS INVESTMENTS I, LTD.
A Texas Limited Partnership
By: TESORO PLAZA, INC.
A Texas Corporation

BY: _____
Cruz Cantu, III, President

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 2nd of February, 2005, by Cruz Cantu, III, President of TESORO PLAZA, INC., General Partner of LOS TESOROS INVESTMENTS I, LTD. on behalf of said corporation.

_____
Notary Public, State of Texas

ANA JULIA RAMOS
Notary Public, State of Texas
My Commission Expires
August 06, 2008

BY: _____
Cruz Cantu III

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 24th of January, 2005, by .

_____
Notary Public, State of Texas



BY: _____
Cruz Cantu III

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 24th of January, 2005, by .

_____
Notary Public, State of Texas

BY: _____
Gustavo Acevedo

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 28th of February 2005, by .

_____
Notary Public, State of Texas

CASSANDRA PASTRANA
MY COMMISSION EXPIRES
June 4, 2005

BY: _____
Felipe Garzca and/or Rebecca L. Garzca

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 24th ~~of~~ January, 2005, by .

ROSIE R. LEAL
Notary Public, State of Texas
My Commission Expires
July 09, 2005

_____
Notary Public, State of Texas

BY: _____
Antonio Esparza

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 25th of January, 2005, by Antonio Esparza.

ROSIE R. LEAL
Notary Public, State of Texas
My Commission Expires
July 09, 2005

_____
Notary Public, State of Texas

BY: _____
Hector Guerra

(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 21st of February, 2005, by .



_____
Notary Public, State of Texas

BY: _____
Rene Ramirez

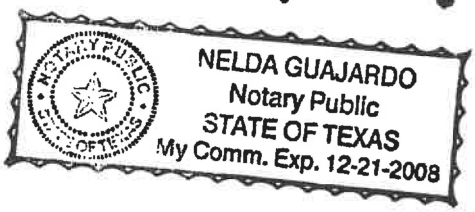
(Acknowledgment)

State of Texas
County of Hidalgo

This instrument was acknowledged before me on the 24th of February, 2005, by Rene Ramirez.



Nelda Guajardo
Notary Public, State of Texas



Filed for Record in:
Hidalgo County
by J. D. Salinas, III
County Clerk

On: Mar 01,2005 at 03:41P

As a Recording

Document Number: 1441404
Total Fees : 48.00

Receipt Number - 656137
By,
MaryLou Cantu, Deputy