

**LOT INFORMATION STATEMENT
FOR
MOUNTAIN VALLEY RANCH SUBDIVISION**

Medina Lake Investors, Ltd.
500 Capital of Texas Highway North
Building 7, Austin, Texas 78746

January 2006 Version

RISK OF BUYING LAND

There are certain risks in purchasing real estate that each Buyer should be aware of. The following are some of those risks. The future value of land is uncertain and dependent upon many factors. No Buyer should expect all land to automatically increase in value.

In the purchase of real estate, many technical requirements must be met to assure that a Buyer receives proper title and will be able to use the land for its intended purpose. Since this purchase involves a major expenditure of money, it is recommended that each Buyer seek professional advice before incurring any obligation.

DEVELOPER INFORMATION

Developer: Medina Lake Investors, Ltd., a Texas limited partnership
(the "Partnership")
Address: 500 Capital of Texas Highway North, Building 7
Austin, Texas 78746
Telephone Number: (512) 327-6353
Telecopy Number: (512) 327-6793

SUBDIVISION INFORMATION

Subdivision Name: Mountain Valley Ranch Subdivision (the "Subdivision")
Subdivision Location: Medina County, Texas
Subdivision Plat: Volume 9, Pages 26-31, Plat Records of Medina County,
Texas

Initialed for Identification:

Buyer

Seller

ASSOCIATION AND DECLARATION

Each Buyer will be a member of Mountain Valley Ranch Owners Association, Inc., a Texas non-profit corporation (the "Association"), and each Buyer will be required to pay assessments as set forth in the Articles of Incorporation, Resolutions and Bylaws of the Association, the Declaration of Covenants, Conditions and Restrictions, that certain First Amendment to Mountain Valley Ranch Declaration of Covenants, Conditions and Restrictions for the Subdivision, that certain Second Amendment to Mountain Valley Ranch Declaration of Covenants, Conditions and Restrictions and that certain Third Amendment to Mountain Valley Ranch Declaration of Covenants, Conditions and Restrictions (as amended, the "Declaration"). The lot assessments as of this date are One Hundred Eighty and No/100 Dollars (\$180.00) per quarter-annual period per Lot. The Lot assessments are subject to changes as provided in the Declaration. The Subdivision is subject to numerous requirements, restrictions and rules which are set forth in the Declaration.

LOT INFORMATION

1. General Information. The Lot being purchased from the Partnership is located within the Subdivision. The Subdivision is located in Medina County in the State of Texas. The Subdivision has received final plat approval from the Medina County Commissioner's Court with certain variances having been granted with regard to street requirements and drainage structures. The Lot corners have been pinned with one-half inch (1/2") inch rebar with plastic caps. It is recommended that each Buyer have a surveyor flag the Lot lines in their exact location prior to constructing any Lot improvements. No further recreational facilities are planned for the Subdivision.

2. Availability of Water. Each Buyer will be responsible for all costs and permit requirements necessary to secure a water source and deliver it to the Lot. Water from groundwater lying beneath the Lot might be accessible by drilling individual well(s) on each Lot. Well permits must be purchased from the Medina County Groundwater Conservation District, 1613 Avenue K, Suite 105, Hondo, Texas 78861 (Telephone: 830-741-3162). An application for well construction registration currently requires a deposit. The depth to the water table varies depending upon the desired zone. It is possible that a Buyer may need to use water storage or water delivery in addition to a water well or as the sole source of water for a Lot. No Buyer has any assurance that groundwater can serve as either a source, or the sole source, of water for a Lot. The use of groundwater as a drinking water source from wells in the Subdivision could require the use of a water treatment unit, such as softening, filtration and/or reverse osmosis, to lower or remove the hardness and salts to acceptable levels. Each Buyer should make their own determination of the availability and cost of water for a Lot.

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Buyer

Seller

3. Availability of Sewage Disposal. Lots will not be served with wastewater sewage disposal. Individual septic systems will be required to dispose of wastewater and the cost of such systems will be the responsibility of each Buyer. Individual septic systems must be designed by an engineer who is licensed by the State of Texas. Each Buyer should investigate and determine all costs of installing a septic system.

4. Availability of Electric Service. The Partnership is installing overhead electrical service along all roads in the Subdivision. Each Buyer is solely responsible for obtaining and paying for all costs to provide electricity to any building or improvement from an adjacent road. Bandera Electric will provide utility service to Lots 1-14, inclusive, and Lots 46-52, inclusive. Bandera Electric is located at 3172 Highway 16 North, P.O. Box 667, Bandera, Texas 78003 (Telephone: 830-460-4141). Medina Electric Co-op will provide utility service to Lots 15-45, inclusive. Medina Electric Co-op is located at 2308 18th Street, Hondo, Texas 78861 (Telephone: 830-741-3334). Each Buyer should contact the appropriate electric company for the actual cost to bring electricity to a Lot.

5. Availability of Telephone Service. Telephone service via telephone lines is not available. Cellular phones might be an option in areas, if any, where a signal can be reached.

6. Ad Valorem Taxes. The Medina County Appraisal District is the taxing authority for the Subdivision. The current status of each unsold Lot is "Agricultural Land – Special Valuation." It is up to each Buyer to determine if an agricultural exemption for a Lot can be obtained or maintained by contacting the Medina County Tax Assessor to work out a program that complies with current rules in place. Failing to maintain an agricultural exemption on a Lot will result in significant rollback taxes, for which the Buyer will be responsible. For information regarding the tax status of a Lot, each Buyer should contact the Medina County Appraisal District at (830) 741-3035.

7. Fencing. The Declaration contains provisions that identify the type of fencing required within the Subdivision.

8. Road Status and Maintenance. Access to the Subdivision is via Medina County Road 253. Roads within the Subdivision are improved as gravel roadways constructed in accordance with Medina County specifications for private roads with certain variances granted by the Medina County Commissioner's Court. The roads within the Subdivision are private roads and must be maintained by the Association. The Partnership has seal coated a portion of the roads leading from the Subdivision's entryway (at the intersection of Medina County Road 253 and Private Road 2531) to the common area located on Lot Fifty-three (53) of the Subdivision. The Partnership will not seal coat or otherwise improve any other portion of any roads and all further improvements and maintenance to all roads is the responsibility of the Association.

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9. Bexar Medina Atascosa Authority. The Subdivision adjoins property that is owned by the Bexar Medina Atascosa Authority and which separates the waters of Medina Lake from the Subdivision. Medina Lake is under the jurisdiction of the Bexar Medina Atascosa Authority. The Association and each Buyer are subject to the terms of that certain Assignment of License Agreement dated effective March 1, 2005, and that certain License Agreement dated effective March 1, 2005, from Bexar-Medina-Atascosa Water Control Improvement District No. 1, copies of which are attached hereto as Exhibit "A." Buyer acknowledges receipt of the Assignment of License Agreement and the License Agreement.

10. Schools. All of the Subdivision is located in the Hondo Independent School District. For more information, each Buyer should contact the Hondo Independent School District at (830) 426-3904.

11. Trash Disposal. It will be the responsibility of each Buyer to arrange for trash pickup and disposal.

12. Acknowledgment. The undersigned has read and understands all of the items and information contained in this Lot Information Statement.

RECEIVED AND ACKNOWLEDGED:

Print Name: _____
Dated: _____, 2006

Print Name: _____
Dated: _____, 2006

Print Name: _____
Dated: _____, 2006

Print Name: _____
Dated: _____, 2006

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Buyer

Seller