

**THIRD AMENDMENT TO THE  
DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS & OTHER MATTERS**

**FOR**

**THE SHORES SUBDIVISION**

**South Padre Island, Texas**

STATE OF TEXAS           §  
COUNTY OF CAMERON   §

WHEREAS, on September 15, 1998, Shores Development, Inc., a Texas Corporation, as "Declarant," executed a Declaration of Covenants, Conditions, Restrictions & Other Matters (hereinafter called the "Declaration"), which said Declaration being filed for record in Volume 5149, Page 1, Official Records of Cameron County, Texas;

WHEREAS, the Declaration was amended on June 21, 2000 in the "First Amendment to the Declaration of Covenants, Conditions, Restrictions & Other Matters for the Shores Subdivision," which said first amendment to the Declaration being filed for record in Volume 6368, Page 261, Official Records of Cameron County, Texas;

WHEREAS, the Declaration was later amended on November 5, 2004 in the "Second Amendment to the Declaration of Covenants, Conditions, Restrictions & Other Matters for the Shores Subdivision," which said second amendment to the Declaration being filed for record in Volume 10737, Page 29, Official Records of Cameron County, Texas;

WHEREAS, the Declarant has sole and exclusive control over affairs and other matters of the Association; i.e., all members of the Association, other than Declarant, are non-voting members during the "Period of Declarant Control" as provided in Section 2.06 of the Declaration;

WHEREAS, the Declarant has voted to amend the Declaration by voting all of its Class B membership shares for all Lots owned by Declarant;

NOW, THEREFORE, the Declarant hereby amends the Declaration as follows:

1. **ADDITION OF SECTION 5.02.** A new Section 5.02 is added to the Declaration to provide for a time line setting forth deadlines for the commencement of construction by purchasers of vacant residential Lots:

**SECTION 5.02. Construction Deadlines Applicable to Vacant Residential Lots.** Upon the Date of Acquisition, as hereinafter defined, of a vacant residential Lot in the Subdivision, by a Third Party Consumer, as hereinafter defined, the following construction deadlines shall begin to run:

A. **FRONT YARD FENCE.** A Front Yard Fence shall be constructed on each vacant Lot within the earlier of: (i) twelve (12) months from and after the Date of Acquisition or (ii) the date of completion of the construction of the residential unit on the Lot. Provided, however, that in the event that said Third Party Consumer is in the process of constructing a Primary Residence or Outbuilding at the twelve (12) month deadline imposed above, the construction of the Front Yard Fence need only be completed by the date the Third Party Consumer completes construction of the residential unit on the Lot. The Front Yard Fence shall be constructed in accordance with applicable provisions of the Design Code, as amended.

B. **PRIMARY RESIDENCE.** A Primary Residence or Outbuilding shall be constructed on each vacant Lot within two (2) years from the Date of Acquisition by the Third Party Consumer. Notwithstanding, a Third Party Consumer may comply with this covenant by commencing construction of an Outbuilding within said two (2) years and completing construction of the Primary Residence within five (5) years from and after the Date of Acquisition.

C. **RESALE OF LOT BY THIRD PARTY CONSUMER.** In the case of a Third Party Consumer re-selling a vacant Lot, subject to all applicable provisions in this Declaration, the recipient of said vacant Lot shall be afforded one (1) year from the Date of Acquisition by said recipient to construct a Primary Residence or Outbuilding.

D. **DEFAULT BY THIRD PARTY CONSUMER.** In the event that a Third Party Consumer, or recipient of a vacant Lot from a Third Party Consumer, does not meet the above deadlines, then, in such event, Shores Development, Inc., at its sole election, shall have the right, but not the obligation or duty, to purchase the Lot at the original purchase price that the Lot was sold to the Third Party Consumer with no interest or carrying costs and with all ad valorem taxes, assessments, charges and any other expenses relating to the Lot to be fully paid current up to the date of the purchase. At the time of the purchase, the Third Party Consumer shall convey the Lot to Shores Development, Inc. by General Warranty Deed, free and clear of any liens or encumbrances, in the same manner as the original conveyance to the Third Party Consumer. If Shores Development, Inc. exercises its option to purchase the Lot from the Third Party Consumer in accordance with this section, then Shores Development, Inc. shall send the Third Party Consumer a written notice to be delivered in person or via certified mail, return receipt requested, stating that Shores Development, Inc. intends to purchase the Lot pursuant hereto and giving the date, time and location for closing of the transaction. The Third Party Consumer shall pay all closing costs, including but not limited to the following: the premium for an Owner's Policy of Title Insurance to be issued to Shores Development, Inc. in the amount of the purchase price, preparation of the general warranty deed, tax certificates, escrow fees, and recording fees. The right and option of Shores Development, Inc. shall commence on the date the Third

Party Consumer defaults and shall continue for as long thereafter as the Third Party Consumer fails to comply with this Section. Shores Development, Inc. shall have the right to enforce this Section by bringing a suit for specific performance or by exercising any other right or legal remedy available to it.

E. **APPLICABILITY.** The deadlines imposed by this Section 5.02 shall only apply to vacant lots within residential portions of the Subdivision.

F. **DEFINITIONS APPLICABLE TO THIS SECTION 5.02.**

- i) "Date of Acquisition" shall mean the date of the closing of the transaction resulting in the transfer and acquisition of the Lot to a Third Party Consumer.
- ii) "Third Party Consumer" shall refer to any individual or entity other than Shores Development, Inc., Padre Shores, Ltd., or Franke, Inc., or any current or prior partner or shareholder of said entities, or any successor to said entities.
- iii) "Primary Residence" shall refer to the primary dwelling structure on a Lot as permitted and further defined in the Design Code, as amended.
- iv) "Outbuilding" shall mean a guest house detached from the Primary Residence as permitted and further defined in the Design Code, as amended.

2. **AMENDMENT TO SECTION 1.01, SUBSECTION "G."** Subsection "g" of Section 1.01 of the Declaration is amended as follows:

- g. "Phase", when followed by a numeral, or preceded by a descriptive phrase or title, shall mean and refer to a specific portion of the Properties, the exact geographic location of which shall have been described as defined in Exhibit "A" referred to in Section 1.02 of Article 1 or in a Supplemental Declaration provided for in Section 1.03 of this article.

3. **AMENDMENT TO SECTION 1.03, SUBSECTION "A."** The last sentence of Subsection "a" of Section 1.03 is amended as follows:

Each Supplemental Declaration shall include a geographical description of property added and shall designate said area with the term "Phase" followed by a numeral, or preceded by a descriptive phrase or title, so as to differentiate each respective Phase from other Phases within the properties.

EXECUTED AND EFFECTIVE THIS 14<sup>th</sup> DAY OF DECEMBER, 2004

**DECLARANT:**

SHORES DEVELOPMENT, INC.

BY: [Signature]  
Richard J. Franke, President

**AGREED:**

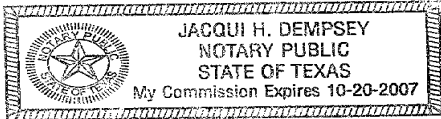
PADRE SHORES, LTD.  
By Its General Partner,  
Franke, Inc.

By: [Signature]  
Dennis A. Franke,  
President

**ACKNOWLEDGMENT**

STATE OF TEXAS §  
COUNTY OF CAMERON §

This instrument was acknowledged before me on the 14 day of December, 2004, by RICHARD J. FRANKE, President of Shores Development, Inc., on behalf of said corporation.

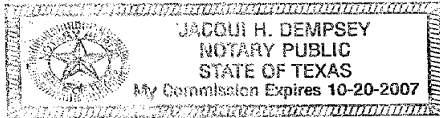


[Signature]  
Notary Public, State of Texas

**ACKNOWLEDGMENT**

STATE OF TEXAS §  
COUNTY OF CAMERON §

This instrument was acknowledged before me on the 14 day of December, 2004, by DENNIS A. FRANKE, President of Franke, Inc., General Partner to Padre Shores, Ltd., on behalf of said entities.



[Signature]  
Notary Public, State of Texas

FILED AND RETURNED  
OFFICIAL PUBLIC RECORDS  
On: Dec 15, 2004 at 04:29P

Document Number: 00070295

By  
Ivan Guerra  
Joe B Rivera, County Clerk  
Cameron County