

**SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
AND OTHER MATTERS
FOR
THE SHORES SUBDIVISION**

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FOR
THE SHORES SUBDIVISION**

STATE OF TEXAS §
 §
COUNTY OF CAMERON §

This Second Amended and Restated Declaration of Covenants, Conditions, Restrictions, and Other Matters for The Shores Subdivision (this “**Declaration**”) is made by Shores Development, Inc., a Texas corporation (“**Declarant**”).

RECITALS:

The Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivisions South Padre Island, Texas was filed of record in Volume 5149, Page 1 of the Official Records of Cameron County, Texas, as amended and supplemented from time to time (the “**Original Declaration**”).

The Amended and Restated Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivisions South Padre Island, Texas was filed of record under Document No. 00008695 in the Official Public Records of Cameron County, Texas, as amended by instruments recorded under Document Nos. 00055760, 00012447, 2010-2555, and 2021-7688, and amended and supplemented from time to time (the “**Amended and Restated Declaration**”).

The Amended and Restated Declaration encumbered that certain real property situated in Cameron County, Texas, which property is more particularly described by metes and bounds on **Exhibit A**, attached to and made a part of this Declaration for all purposes by this reference (“**Phase I**”).

Declarant is the owner of certain real property situated in Cameron County, Texas, which property is more particularly described on **Exhibit B**, attached to and made a part of this Declaration for all purposes by this reference (the “**Anchor Tract**” and, collectively with Phase 1, the “**Properties**” or “**The Shores**”, which terms include additional land as same has been and may be annexed into The Shores and made subject to this Declaration pursuant to a Supplemental Declaration or other instrument recorded in the Official Public Records of Cameron County, Texas).

As of the date of recording of this Declaration, this Declaration has been supplemented by:

1. Supplemental Declaration of: “The Lot 13 Beach-Side Phase” to the Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivision South Padre Island, Texas, filed of record under Document No. 00011166 in the Official Public Records of Cameron County, Texas;

2. Supplemental Declaration of: "The Marina Boat Docks at The Shores" An Exclusive Use Limited Common Element Project of The Shores Subdivision to the Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivision South Padre Island, Texas, filed of record under Document No. 00010312 in the Official Public Records of Cameron County, Texas, as amended by the First Amendment to "The Marina Boat Docks at The Shores" An Exclusive Use Limited Common Element Project of The Shores Subdivision to the Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivision South Padre Island, Texas, filed of record under Document No. 2023-4736 in the Official Public Records of Cameron County, Texas;
3. Supplemental Declaration Adding The 600 Series Marina Boat Docks at The Shores, An Exclusive Use Limited Common Element Project of The Shores Subdivision to the Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivision South Padre Island, Texas, filed of record under Document No. 2023-4737 in the Official Public Records of Cameron County, Texas;
4. Supplemental Declaration of: "The Marina Village Phase" to the Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivision South Padre Island, Texas, filed of record under Document No. 00008696 in the Official Public Records of Cameron County, Texas;
5. Supplemental Declaration of: "Lot 1, Block 1, Marina Village Phase, Section 3" to the Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivision South Padre Island, Texas, filed of record under Document No. 2023-44450 in the Official Public Records of Cameron County, Texas as such documents may be further amended or supplemented;
6. Supplemental Declaration of: "Island Number 2 Phase" to the Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivision South Padre Island, Texas, filed of record under Document No. 2024-38871 in the Official Public Records of Cameron County, Texas and corrected in the instrument filed of record under Document No. 2024-39429 in the Official Public Records of Cameron County, Texas as such documents may be further amended or supplemented; and
7. Supplemental Declaration Adding The 500 Series Marina Boat Docks at The Shores to the Marina Boat Docks at The Shores, An Exclusive Use Limited Common Element Project of The Shores Subdivision to the Declaration of Covenants, Conditions, Restrictions & Other Matters for The Shores Subdivision South Padre Island, Texas, filed of record under Document No. 2026-11059 in the Official Public Records of Cameron County, Texas (collectively, the **"Supplemental Declarations"**).

The property described in the Supplemental Declarations and any additional supplemental declarations that have been or may be recorded in the Official Public Records of Cameron County,

Texas are a part of the Properties and The Shores, as defined in this Declaration.

Declarant desires to develop the Properties, and any additional land that has been or may be annexed into the Properties and made subject to this Declaration, as a master-planned development featuring residential and commercial uses and to provide and adopt a general plan of development, including Assessments, conditions, covenants, easements, reservations, and restrictions designed to govern the Properties, as applicable.

Declarant deemed it desirable, for the efficient administration of the amenities in the Properties and the enforcement of the Dedicatory Instruments (defined in this Declaration), to create an Association to which was delegated and assigned the authority to administer and enforce these Assessments, conditions, covenants, easements, reservations, and restrictions, including levying, collecting, and disbursing Assessments.

Pursuant to Section 2.06 of the Amended and Restated Declaration, the Declarant holds the requisite vote to unilaterally amend the Amended and Restated Declaration.

Declarant has voted to amend and restate the Amended and Restated Declaration in its entirety and to replace the Amended and Restated Declaration with this Declaration pursuant to the authority retained by Declarant in the Amended and Restated Declaration.

The execution of this Declaration by the Secretary of The Shores Owners Association shall constitute a certificate of resolution by the Association adopting the Declaration.

DECLARATION:

The Properties will be held, owned, leased, transferred, sold, conveyed, and occupied subject to the covenants, Assessments, conditions, restrictions, charges, liens and other matters set forth in the Dedicatory Instruments (as defined in this Declaration), including, but not limited to, this Declaration. The Properties are subject to the jurisdiction of the Association and will be developed, sold, used, and enjoyed subject to the following plan of development, including the applicable Assessments, conditions, covenants, easements, reservations, and restrictions set forth in this Declaration, all of which are adopted for and placed upon the Properties and are covenants running with the land and are binding on all parties now and at any time having or claiming any right, title, or interest in the Properties or any part thereof, their heirs, executors, administrators, personal representatives, successors, and assigns, regardless of the source of, or the manner in which any such right, title, or interest is or may be acquired, and will inure to the benefit of each Owner of any part of the Properties.

The Properties are subject to this Declaration, which may be amended and supplemented from time to time. Additionally, the Properties are subject to the Dedicatory Instruments (as defined in this Declaration). If any conflict exists between any portion of this Declaration and any Dedicatory Instrument, the more restrictive provision will control. Notwithstanding the foregoing, in the event of a conflict between a Dedicatory Instrument and any amendment thereto, the amendment will control.

The provisions of this Declaration encumber the Properties, together with any additional

land which Declarant (with the joinder of the owner thereof) may subject to this Declaration by Supplemental Declaration. The provisions of the Amended and Restated Declaration that are not being amended by this Declaration are being restated in this Declaration for ease of reference and the purpose of completeness. The lien created in the Original Declaration is not disturbed by this Declaration and continues in full force and effect from the date the Original Declaration was recorded.

ARTICLE I. DEFINITION OF TERMS

The following words, when used in this Declaration, have the following meanings when capitalized (unless the context requires otherwise and then the term is not capitalized):

- A. ***“Articles of Incorporation”*** or ***“Articles”*** means the Articles of Incorporation of The Shores Owners Association.
- B. ***“Area of Common Authority”*** means all the properties and facilities for which the Association (i) has enforcement authority, (ii) may have responsibility under the Dedicatory Instruments, or (iii) otherwise elects to maintain or contribute to the cost of maintenance, repair, or replacement for the benefit of its Members, regardless of who owns such properties and facilities. The Area of Common Authority includes all the Common Area and may, by way of illustration and not limitation, also include Lots or portions of Lots and property dedicated to the public, such as public rights of way. Portions of Lots affected by easements held by the Association as set forth in this Declaration are considered Area of Common Authority.
- C. ***“Assessments”*** means the assessments levied against all Lots pursuant to this Declaration, a Supplemental Declaration, or another Dedicatory Instrument, for the purposes set out in the applicable Dedicatory Instrument, or any other charge authorized by this Declaration or other Dedicatory Instrument.
- D. ***“Association”*** means one or more nonprofit corporations, including its successors, assigns, or replacements, created under the laws of the State of Texas, with the first being The Shores Owners Association. Declarant is authorized to incorporate one or more entities to provide the functions of the Association. No more than one such nonprofit corporation will be in existence at any one time, provided, however, the formation of one or more sub-associations is permitted, subject to the terms set forth in this Declaration. The Association is a Texas nonprofit corporation that has jurisdiction over all properties located within The Shores, as same may be amended from time to time as additional property is annexed into The Shores as allowed under this Declaration. For purposes of clarity, when “Association” is used in this Declaration, that term includes the authority, rights, remedies, and obligations of the nonprofit corporation, and the authority of the Board, as defined in this Declaration, to carry out the authority, rights, remedies, and obligations of the Association.
- E. ***“Board”*** or ***“Board of Directors”*** means the Board of Directors of the Association, as provided in the Bylaws.
- F. ***“Boat House”*** means a structure located on a waterway which houses a boat. A two-story

Boat House may include a guest house on the second floor.

- G. **“Builder”** means an individual or entity that purchases a single or multiple Lots from Declarant or its affiliates for the purpose of constructing Living Units thereon, which Living Units will be offered for sale to purchasers. “Builder” does not include an individual or entity constructing additions onto a Living Unit already in existence, performing repairs or maintenance, or reconstructing or replacing a Living Unit after demolition or destruction, either partial or complete.
- H. **“Bylaws”** means the Bylaws of the Association.
- I. **“Common Areas”** means (i) those areas of land shown on any recorded plat or its equivalent of the Properties or any portion thereof filed or approved by Declarant and identified thereon as “Common Areas”; and (ii) all real property owned in fee or held in easement, lease, or license by the Association and all improvements thereon, including real property in which it otherwise holds possessory or use rights, for the common use and enjoyment of the Owners. Portions of Lots affected by easements held by the Association as set forth in this Declaration are not considered Common Area. As future Phases are added to The Shores, the Common Areas will increase in size. The Common Areas include but are not limited to certain areas or green spaces along State Highway 100, the beachfront located eastward of the building line, dune walkovers accessible to all Owners, streets and sidewalks, channels and bulkheads.
- J. **“Community Wide Standard”** means the standard of development, improvements, aesthetics, conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standards may but are not required to be defined in the Design Code or rules and regulations. Such standards may be specifically determined and modified by the Board, with the approval of Declarant during the Development Period.
- K. **“Declarant”** means Shores Development, Inc., a Texas corporation, and its affiliates, successors, and assigns, as same is required to be evidenced by a written instrument recorded in the Official Public Records of Cameron County, Texas.
- L. **“Declaration”** means this Second Amended and Restated Declaration of Covenants, Conditions, Restrictions and Other Matters for The Shores Subdivision, which encumbers the Properties, and any other property brought under the control of this Declaration, any Supplemental Declaration, and any amendments thereto.
- M. **“Dedictory Instrument”** means each governing instrument covering the establishment, maintenance, and operation of the Properties. The term includes this Declaration, any Annexation Agreement or Supplemental Declaration to the Declaration, any instrument (including all guidelines and the Design Code) subjecting the Properties to covenants, conditions, restrictions, or Assessments, the Articles of Incorporation, the Bylaws, or other instruments governing the administration or operation of the Association, all properly adopted policies, rules, and regulations of the Association, and any lawful amendments or modifications to the Dedictory Instruments.

- N. ***“Deed Restriction Violation”*** means any damage that an Owner or Occupant has caused to the Common Area or a condition on a Lot, a Living Unit, or an improvement located upon a Lot that does not comply with the terms and conditions of the Dedicatory Instruments covering the appearance, establishment, maintenance, and operation of the Properties. Failure to pay all amounts due and owing on a Lot, failure to construct improvements or modifications on a Lot in accordance with plans approved by the DRB, and failure to comply with any terms and conditions of a Dedicatory Instrument will also be considered Deed Restriction Violations.
- O. ***“Development Period”*** means the period of time during which Declarant reserves the right to facilitate the development, construction, and marketing of the Properties and the right to direct the size, shape, and composition of the Properties, which retained rights are vested in Declarant until Declarant no longer owns any portion of the Properties or such time as Declarant assigns or relinquishes all of its retained rights created in this Declaration or in any other Dedicatory Instrument. In the event the Development Period terminates pursuant to the above provisions and thereafter Declarant becomes record owner of any portion of the Properties, the Development Period will be restored until it again terminates as specified above.
- P. ***“Design Code”*** means the architectural, design, development, and other guidelines, standards, controls, and procedures, including, but not limited to, application and review procedures, adopted pursuant to this Declaration. There is no limitation on the scope of amendments to the Design Code, and such amendments may remove requirements previously imposed or otherwise make the Design Code less restrictive. The Design Code is enforceable by the Board.
- Q. ***“Design Review Board”*** or ***“DRB”*** means the Design Review Board of the Association as set forth in this Declaration and in the Design Code.
- R. ***“Exclusive Use Limited Common Element”*** means an interest in an area, structure, or improvement in an Exclusive Use Limited Common Element Project that is reserved for the use of an Owner to the exclusion of all others, and which is appurtenant to a Lot (or part thereof) or Living Unit. Exclusive Use Limited Common Elements may include, by way of example and not limitation, boat slips, storage lockers, and designated parking spaces.
- S. ***“Exclusive Use Limited Common Element Project”*** means an area, structure, or improvement within the Properties designated by Declarant or the Association as an Exclusive Use Limited Common Element Project and consisting of 2 or more Exclusive Use Limited Common Elements. Exclusive Use Limited Common Element Projects may be established and designated in a Supplemental Declaration.
- T. ***“Improvement”*** means, by way of illustration and not limitation, all buildings and roofed structures, parking areas, loading areas, fences, walls, hedges, mass plantings, poles, driveways, swimming pools, tennis courts, boat docks, boat lifts, Boat Houses and retaining walls, changes in any exterior color or shape and any new exterior construction or exterior improvements. “Improvement” does not include (i) any garden, shrub, or tree

replacement of the same kind that was previously in existence upon the Lot or any other normal replacement, or (ii) any repair which does not change exterior colors or exterior appearances. "Improvement" includes both the original Improvements and all subsequent changes thereto.

- U. **"Living Unit"** means all or a portion of a building situated upon a Lot or Lots designed and intended for use and occupancy by a single family. A Lot may contain one or more Living Units. Living Units may include, without limitation, a single-family home, a condominium unit, an apartment unit, a townhouse, a villa, or a multi-family structure with 2 or more Living Units under one roof.
- V. **"Lot"** means a parcel of property defined as one Lot by the applicable Plat for the Properties. Due to local platting requirements, Reserve Areas may be labeled on the applicable plat as a "lot", but in no event are such Reserve Areas considered a "Lot" as defined in this Declaration, and such parcels have no vote and no obligation to pay Assessments. No Lot may be further subdivided and separated into smaller Lots, and no portion less than all of a Lot may be transferred or conveyed without DRB approval. Notwithstanding anything contained in this Declaration to the contrary, this definition does not include any Lot for so long as it is being used by Declarant as a model home Lot, a sales information center, or for any other purpose.

The term "Lot" does not include any Common Area, provided, however, that Common Area may be placed on a Lot. Notwithstanding anything contained in this Declaration to the contrary, this definition does not include any Lot for so long as it is being used by Declarant as a model home Lot, a sales information center, or for any other purpose.

- W. **"Member"** or **"Membership"** means an Owner, as defined in this Article, subject to the provisions set forth in this Declaration.
- X. **"Member in Good Standing"** means Declarant, as well as a Member (a) who is not delinquent in the payment of any Assessment against the Member's Lot or Living Unit or any interest, late charges, costs, or reasonable attorney's fees added to such Assessment under the provisions of the Dedicatory Instruments or as provided by law, (b) who is not delinquent in payments made pursuant to a payment plan for Assessments, (c) who has not caused damage to the Common Area, (d) who does not have any condition on his Lot or Living Unit which violates any Dedicatory Instrument which has progressed to the stage of a written notice to the Owner of the Owner's right to request a hearing to be held by the Association, or beyond, and which remains unresolved as of the date of determination of the Member's standing, (e) who has not failed to pay any fine levied against the Member or the Member's Lot or Living Unit pursuant to the Dedicatory Instruments, and (f) who has not failed to comply with all terms of a judgment obtained against the Member by the Association, including the payment of all sums due the Association by virtue of such judgment. If one Occupant of a particular Living Unit does not qualify as a Member in Good Standing, then no Occupant of such Living Unit will be considered a Member in Good Standing. Additionally, if an Owner of multiple Lots or Living Units does not qualify as a Member in Good Standing as to one Lot or Living Unit, then such Owner will not qualify as a Member in Good Standing as to any Lot or Living Unit owned by the Owner.

- Y. **“Occupant”** means an Owner, resident, tenant, lessee, guest, or invitee of any Living Unit within the Properties for any period of time.
- Z. **“Outbuilding”** means an accessory building detached from the Living Unit, such as a garage or a garage with a guest house above the garage.
- AA. **“Owner”** or **“Living Unit Owner”** means the record owner, whether one or more persons or entities, of any portion of the Properties. Special purpose districts (by way of example and not limitation, special purpose districts owning one or more reserves within the Properties) and persons or entities holding title only as a lienholder are not considered Owners for purposes of this Declaration.
- BB. **“Phase”** means a specific portion of the Properties.
- CC. **“Properties”** or **“The Shores”** means The Shores subdivision located in Cameron County, Texas. As of the date of this Declaration, the Properties consist of the real property more particularly described on **Exhibit A** and **Exhibit B**, as well as any other real property that has been annexed into the Shores and made subject to the Dedicatory Instruments. The Properties may be supplemented as additional land is annexed into the Properties by the recording of an Annexation Agreement or Supplemental Declaration.
- DD. **“Public View”** means a condition, structure, item, or Improvement located on a Lot that is openly visible from or by an individual standing at ground level of (i) at least one neighboring Lot (such neighboring Lot need not be adjoining the Lot with any such condition, structure, item, or Improvement), (ii) a Common Area, or (iii) a street.
- EE. **“Reserve Areas”** means those areas existing throughout The Shores that may be used for, by way of illustration and not limitation, landscape, open space, drill site, recreation, drainage, detention, or utility purposes. Although the Reserve Areas may be labeled as “lots” on the applicable plat, for purposes of the Dedicatory Instruments governing The Shores, the Reserve Areas are not considered “Lots” as defined in this Declaration. Further, such Reserve Areas may constitute Common Area, Limited Common Element, or Area of Common Authority.
- FF. **“Supplemental Declaration”** or **“Annexation Agreement”** means an amendment or supplement to this Declaration that subjects additional property to this Declaration or imposes, expressly or by reference, additional or different restrictions, Assessments, or obligations on the land described therein. The term also refers to the instrument recorded by Declarant or the Association pursuant to the provisions of this Declaration to subject additional property to this Declaration.

ARTICLE II. PROPERTY SUBJECT TO RESTRICTIONS

A. Property Subject to this Declaration

The real property encumbered by this Declaration and therefore part of the Properties consists of (i) Phase 1 as described on **Exhibit A**, attached to and incorporated in this Declaration

for all purposes by this reference, (ii) that certain real property described on **Exhibit B**, attached to and incorporated in this Declaration for all purposes by this reference, and (iii) all property previously annexed into the Properties and made subject to the Declaration and to the jurisdiction of the Association by way of an Annexation Agreement or Supplemental Declaration or other instrument. All of the Properties and any rights, title, or interest therein will be owned, held, leased, transferred, sold, occupied and conveyed by Declarant, and any subsequent Owner of all or any part thereof, subject to this Declaration and to the covenants, conditions, restrictions, charges, and liens set forth in this Declaration.

B. Additions to Property Subject to this Declaration

Without the joinder of any other Owners or Members, Declarant reserves the exclusive right for 40 years following the recording of this Declaration to annex any additional property into the Properties. Such annexation will be accomplished by the execution and filing of record a Supplemental Declaration or Annexation Agreement setting forth the land being annexed and the specific restrictions relating to such land, if different. Any Supplemental Amendment or Annexation Agreement may contain Assessments, covenants, conditions, restrictions, and easements which apply only to the real property annexed or may create exceptions to, or otherwise modify, the terms of this Declaration as they may apply to the real property being annexed in order to reflect the different or unique character or intended use of such real property. In addition, a Supplemental Declaration or Annexation Agreement may restrict access or use to the Common Areas or any part thereof and may allocate voting and Assessments using a formula different than as provided for in this Declaration.

The right of Declarant to annex land under this Section will automatically pass to the Association upon the expiration of the 40-year term granted above.

Each Supplemental Declaration or Annexation Agreement that adds real property to the Properties must include a legal description of the real property being annexed.

If a Phase annexed into the Properties has or will have common expenses that are allocable to areas, projects, or Owners only within that Phase, then a separate budget and Assessment may be created for said expenses in such Phase.

C. Deannexation of Property

During the Development Period, Declarant, without the joinder of any other Owners or Members, may deannex from The Shores any property owned by Declarant. During the Development Period, property not owned by Declarant may be deannexed with the prior written consent of Declarant and the Owner thereof.

ARTICLE III. ASSOCIATION MEMBERSHIP, VOTING RIGHTS, AND BOARD OF DIRECTORS

A. Eligibility

Eligibility to vote or serve as a director or officer of the Board after the expiration of the term(s) of the Declarant-appointed directors is predicated upon a person being a Member of the

Association. Nothing contained in this Declaration creates a fiduciary duty owed by the Board to the Members of the Association.

B. Membership

Declarant and every person, firm, corporation, or other legal entity who is a record Owner will be a Member of the Association, excluding therefrom special purpose districts (by way of example and not limitation, special purpose districts owning one or more reserves within the Properties) and persons or entities holding an interest in the land merely as security for the performance of an obligation (such as a mortgagee, or holder of any other lien against property), unless the holder of the security interest foreclosed and thereby became the Owner of the Lot(s) or Living Unit(s).

Membership is appurtenant to and runs with the land. Membership is not severable as an individual right and cannot be separately conveyed to any party or entity. Each Owner has only one Membership in the Association. All duties and obligations set forth in this Declaration are the responsibility of each Member. No waiver of use of rights of enjoyment created by this Declaration relieves Members or their successors or assigns of such duties or obligations. Mandatory membership begins with the execution of this Declaration and passes with title to the land (regardless of any method of conveyance) to any subsequent grantee, successor, or assignee of a Member. Members in Good Standing have the right to the use and enjoyment of the Common Area in the Properties. Owners who are not Members in Good Standing may be prohibited from utilizing Common Areas in the Properties.

C. Sub-Associations

The creation of one or more sub-associations may take place as the Properties are developed over time. Members of any such sub-association will also be Members of the Association. During the Development Period, the merger of a sub-association with another association, the creation or termination of a sub-association, and the amendment to a sub-association's certificate of formation must have the approval of Declarant. After the expiration of the Development Period, the merger of a sub-association with another association, the creation or termination of a sub-association, and the amendment to a sub-association's certificate of formation must have the approval of the Association.

Approval by Declarant or the Association, as applicable, of the sub-association and the Dedicatory Instruments applicable thereto does not constitute a warranty or representation by Declarant, its affiliates, any successor Declarant, the Association, its officers, the Board, any committee, or any member of any of the foregoing as to the validity or enforceability of the sub-association or the Dedicatory Instruments applicable thereto. Further, each person or entity forming a sub-association releases Declarant, its affiliates, any successor Declarant, the Association, its officers, the Board, any committee, and any member of any of the foregoing for the approval, disapproval, or failure to approve or disapprove a proposed sub-association.

D. Classes of Voting Members

The Association has 2 classes of Members, being Class A Members and the Class B

Member, as follows:

1. Class A Membership

Class A Members will be all Lot Owners and Living Unit Owners. The Declarant is not a Class A Member until such time as Class B membership ceases as provided below.

Each Class A Member is entitled to 1 vote for each Lot owned; however, if a Lot is improved with more than 1 Living Unit, each Class A Member who owns a Living Unit is entitled to 1 vote per Living Unit. If more than 1 Living Unit exists on a Lot, the vote allocated to each Living Unit will be effective upon the issuance of certificate of occupancy by the applicable governing authority for such Living Unit.

2. Class B Membership

The Class B Member is Declarant. Declarant is entitled to 3 times the total number of votes allocated to Class A Members. Declarant's Class B Membership will terminate upon the earliest to occur of the following:

- a. When Declarant no longer owns any real property within The Shores development; or
- b. Such time as Declarant, in its sole discretion, so determines; provided, however, that Declarant may assign its rights, in whole or in part, permanent or temporary, at any time by a written instrument evidencing such assignment, recorded in the Official Public Records of Cameron County, Texas.

3. Development Period

During the Development Period, Class A Members shall have nonvoting membership in the Association unless otherwise allowed by law or provided in writing by the Declarant.

4. Membership Conferral

Declarant has the continuing right, at any time prior to the termination of Declarant's Class B Membership, without the joinder or consent of any other Owner, entity, lender, or other person, to create one or more Membership class in addition to Class A Membership and Class B Membership ("**Additional Membership Class**"), and to confer Additional Membership Class status in the Association on any Owner (with such Owner's consent), solely with respect to voting rights or Assessments (the "**Conferral**"). Provided, however, any such Conferral of Additional Membership Class status need not be uniform as to all

members of the Additional Membership Class. Declarant will evidence such Conferral by filing in the Official Public Records of Cameron County, Texas, an instrument specifying the name and address of the party upon which Additional Membership Class status has been conferred, setting forth a legal description for all of the real property to which such Conferral applies, and setting forth the terms of such Conferral. Unless otherwise set forth in the Conferral, the Additional Membership Class status so conferred by Declarant will terminate and such Owner will become a Class A Member of the Association upon the earliest occurring of the following:

- a. Termination of Declarant's Class B status in the Association, as provided in this Declaration;
- b. A material violation by the member of the Additional Membership Class of any terms and conditions of the Conferral, which violation has not been cured after the member has received notice of such violation and has failed to cure such violation; or
- c. Expiration of the term of the Conferral, if any, provided in the Conferral.

E. Voting Procedures

1. In general

Members will exercise their votes as set out in the Dedicatory Instruments.

2. Voting by Co-Owners

When 2 or more persons, firms, corporations, or other legal entities hold the fee simple title to any Lot or Living Unit as co-owners (including, but not limited to, as tenants by the entirety, joint tenants, or tenants in common), the vote or votes for such Lot or Living Unit will be voted as a group and exercised as the co-owners among themselves determine, and in no event may more votes be cast than allowed in this Declaration; such votes are not divisible. Where one or more co-owners signs a proxy or purports to vote for his or her co-owners, such vote will be counted unless one or more of the other co-owners is present and objects to such vote, or if not present, submits a proxy or objects in a writing delivered to the Secretary of the Association before the vote is counted.

3. Voting by Owners of Living Units Governed by a Sub-association

It is anticipated that certain Lots or Living Units may be made subject to the jurisdiction of a sub-association within the Properties that may have its own dedicatory instruments; however, owners of Lots and Living Units will vote individually on matters that affect the Association.

F. Right to Appoint and Elect Board of Directors

Declarant retains the authority to appoint all members of the Board until on or before the 120th day after the date that 75% of the Lots that may be created and made subject to the Declaration are conveyed to Owners other than Declarant or to a Builder in the business of constructing homes who purchased the Lots from Declarant for the purpose of selling completed homes built on the Lots, at which time 1/3 of the Board members (who must be Members of the Association) must be elected by the Owners other than Declarant.

After such date, Declarant will retain the authority to appoint the remaining 2/3 of the members of the Board until (i) the termination of the Development Period, or (ii) Declarant releases its status as a Class B Member and its authority to appoint members of the Board as evidenced by an instrument recorded in the Official Public Records of Cameron County, Texas, whichever occurs first. Declarant may assign to the Association its authority to appoint some or all (as applicable) members of the Board, with such assignment evidenced by an instrument recorded in the Official Public Records of Cameron, Texas.

Upon termination of Declarant's authority to appoint 2/3 of the members of the Board, any remaining members of any Additional Membership Class will be converted to Class A Members and elections will be held to elect the members of the Board (who must be Members of the Association) pursuant to the provisions of the Articles of Incorporation and the Bylaws of the Association. In the event Class B Membership terminates pursuant to the above provisions, and thereafter additional property is annexed into the jurisdiction of the Association, which results in Declarant owning property in The Shores, only Declarant's Class B Membership will be restored (no other previously designated Additional Membership Class will be restored), until it again terminates as specified above. Notwithstanding anything contained in this Declaration to the contrary, Declarant may assign, temporarily or permanently, all or a portion of its rights as Declarant to any person(s).

ARTICLE IV. ASSESSMENTS

A. Covenants for Assessments

The Owners of each Lot or Living Unit, by acceptance of a deed, contract, or other conveyance instrument therefore, whether or not it was so expressed in any such deed, contract, or other conveyance instrument, covenant and agree to pay to the Association: (i) Regular Assessments; (ii) Special Assessments; (iii) Benefitted Assessments; and (iv) Assessments Upon Sale, all of such assessments to be fixed, established, and collected from time to time as provided in this Declaration. Such Assessments (defined below) will initially be assessed against each Lot; however, if a Lot becomes improved with more than 1 Living Unit, the Assessments will be assessed against each Living Unit rather than against the Lot. In such case, the Assessments against the Living Unit will be imposed upon the issuance of a certificate of occupancy by the applicable governmental authority for such Living Unit.

The Regular Assessments, Special Assessments, Benefitted Assessments, Assessments Upon Sale, and any other assessment or charge set forth in this Declaration or in a Dedictory Instrument (individually sometimes referred to as an "**Assessment**" and collectively, the

“Assessments”), together with attorney’s fees, late fees, interest, and costs, are a charge and continuing lien in favor of the Association upon the Lot or Living Unit, as applicable, against which each such Assessment is made. Each such Assessment, together with attorney’s fees, late fees, interest, and costs, is also the personal obligation of the person or entity who was the Owner of the Lot or Living Unit at the time when the Assessment became due. No diminution or abatement of Assessments or set off may be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or to perform some function required to be taken or performed by the Association or the Board under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association. The obligation to pay Assessments is a separate covenant on the part of each Owner of a Lot or Living Unit.

Declarant or the Association, without the joinder of any Owner or mortgagee, has the authority, without the obligation, to assign the right to collect the Assessments created in this Declaration to a Texas nonprofit corporation which may hereafter be formed, and which has jurisdiction within the Properties.

B. Regular Assessments

1. Purpose

The Lots and Living Units within the Properties are subject to the **“Regular Assessment”**. Regular Assessments levied by the Association may be used for any legal purpose for the benefit of the Properties as determined by the Board and, in particular, may include installation, maintenance, repair, or improvement of any Common Area, Area of Common Authority, sidewalks, trail systems, pathways, fountains, parkways, private streets and roads, entry gates installed as a controlled access system, boulevards, esplanades, setbacks, entryways, street lighting, landscape architecture, greenbelts, fences, walls, regulatory signage, directional signage, signalization, special pavement markings, entrances and entrance monuments, public or private art or sculptures; patrol service, street cleaning, mosquito control, and other services as may be in the Properties’ and Owners’ interest; all buildings, services, Improvements, and facilities deemed necessary or desirable by the Board in connection with the administration, management, control, or operation of the Properties; and one or more reserve funds. The Association may, in its sole discretion, give one or more of the purposes set forth in this provision preference over other purposes, and it is agreed that all expenses incurred, and expenditures and decisions made by the Association in good faith are binding and conclusive on all Members. Parkway, fountains, private streets, roads, esplanades, setbacks, and entryways that are not contained in any Common Area may be included in the Association’s maintenance if, in the sole discretion of the Board, the maintenance of such areas benefits the Association’s Members. Such share agreements for maintenance and improvement require the consent of a majority of the total number of directors of the Association. Additionally, Regular Assessments levied by the Association may be used, in the sole discretion of the Association, to pay the Association’s fair allocation for costs related to the participation in any agreement with other property owners associations or with owners or operators of nearby property for the benefit of Association Members, such as to consolidate services, reduce costs, and provide consistency and economy of scale. Approval to enter such agreements requires a majority

vote of the Board, and the Board may act unilaterally to negotiate, execute, modify, or terminate such contractual arrangements.

2. Creation

Each Owner of any part of the Properties will pay to the Association the Regular Assessment on either a monthly, quarterly, semiannual, or annual basis, as directed by the Board.

3. Rate

Commencing on January 1st the year following the recordation of this Declaration, the rate of the Regular Assessment for each Lot or Living Unit, as applicable, within the Properties payable by Owners other than Declarant at the time this Declaration is recorded is \$1,320.00 per year. The Board will determine the amount of the Regular Assessment each subsequent year.

In the event property tax rates increase as to one or more Lots in the Properties (the "**Affected Lots**") as a result of (i) a portion of the Properties being annexed into the jurisdiction of a city or municipality, or (ii) one or more special purpose districts serving the Properties ceases to exist, the Board has the authority, without the obligation, to reduce the Regular Assessment rate for the Affected Lots in an amount commensurate with the increase in the property tax rate for the Affected Lots.

In the event that there is a deficit between the total approved operating budget for the year and the total amount of Regular Assessments due from Class A Members (the "**Deficit**"), Declarant must elect annually to either (i) pay the Deficit and not pay Regular Assessments, or (ii) pay Regular Assessments at the rate of 50% of the Regular Assessment amount assessed Class A Members for each Lot or Living Unit it owns within the Properties. Notwithstanding anything contained in this Declaration to the contrary, Declarant is vested with the authority, without the obligation, to elect to pay the lesser of the options set forth in the previous sentence, even if the option selected results in Declarant owing nothing. In the event that there is no Deficit, Declarant has no obligation to pay Regular Assessments as to any Lots or Living Units that it may own.

Declarant is required to provide written notice to the Board each year by September 1st of its elected option. Failure to provide such notice will result in Declarant being billed in the manner of the last option taken by Declarant. If no option has ever been taken by Declarant, then Declarant will be billed the difference between the total approved operating budget for the year, less the total amount due by Class A Members. Declarant's obligation to fund the Deficit automatically terminates without further action or consent by any party when Declarant no longer owns any portion of the Properties.

Notwithstanding anything contained in this Declaration to the contrary, any Lot or Living Unit being used by Declarant as a model home or sales office is not subject to any Assessments created in this Declaration. Upon conveyance of such model home or sales office Lot or Living Unit to a purchaser, the Lot or Living Unit is subject to all Assessments

and charges provided for in this Declaration and as secured by the lien created in this Declaration.

4. Commencement of Regular Assessment

The first Regular Assessment levied against a Lot or Living Unit will commence when the Lot or Living Unit becomes subject to this Declaration, as provided herein.

5. Due Date of the Regular Assessment

The Regular Assessment levied on a Lot or Living Unit is due and payable on January 1st each year and will be delinquent if not paid within 30 days of its due date. Notwithstanding anything contained in this Declaration to the contrary, Regular Assessments must be paid in such manner and on such dates as the Board may establish, which may include discounts for earlier payment or similar time/price and method of payment differentials. The Board may require advance payment of Regular Assessments at closing of the transfer of title to a Lot and may impose special requirements for Owners with a history of delinquent payment. Further, the Board reserves the right to allow Owners to pay Regular Assessments on a quarterly basis and to establish due dates for delinquency dates for such quarterly payments.

6. Levying of the Regular Assessment

The Regular Assessment is levied at the sole discretion of the Board. The Board is responsible for determining the sufficiency or insufficiency of the then-current Regular Assessment to reasonably meet the expenses for providing services and capital Improvements within the Properties. The Regular Assessment may be increased each year by the Board, in its sole discretion. The Board may, after consideration of current maintenance costs and future needs of the Association, fix the Regular Assessment for any year at a lesser amount than that established for the previous year.

C. Special Assessment

In addition to Regular Assessments, the Association may, by vote of its Members as set out below, levy in any Assessment year or years a Special Assessment ("***Special Assessment***") for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, modification, repair, or replacement of a capital Improvement in the Common Area or Area of Common Authority, or any unbudgeted expenses or expenses in excess of those budgeted, or unusual, infrequent expenses benefiting the Association, or for carrying out other purposes of the Association as stated in its Articles of Incorporation. Special Assessments must be approved by a majority of the total eligible votes of the Members voting in person or by proxy, at a meeting duly called for such purpose. During the Development Period, the written approval of the Declarant is also required. Written notice of the meeting must be given to all Members at least 30 days in advance of the meeting and must set forth the purpose of the meeting. Special Assessments are due and payable as set forth in the resolution authorizing such Special Assessment and may be levied only against those Owners subject

to the Regular Assessment as set forth above. The Association, if it so chooses, may levy a Special Assessment against only those Lots or Living Units benefited by or using the capital Improvement for which the Special Assessment is being levied. Special Assessments are due upon presentment of an invoice to the last known address of the Owner. Declarant is not obligated to pay Special Assessments.

D. Benefitted Assessments

The Association may levy Benefitted Assessments against one or more particular Lots or Living Units for the following purposes:

1. to cover the costs, including, without limitation, overhead and administrative costs, of providing services to a Lot or Living Unit pursuant to any special services which the Association may offer or pursuant to a Supplemental Declaration or Annexation Agreement;
2. to cover costs incurred in bringing a Lot or Living Unit into compliance with this Declaration (or a Supplemental Declaration or Annexation Agreement), or costs incurred as a consequence of the conduct of the Owner or Occupants of a Lot or Living Unit including, without limitation, legal costs;
3. to collect fines levied by the Association; and
4. to cover the costs, including, without limitation, overhead and administrative costs, of Exclusive Use Limited Common Element Projects.

Benefitted Assessments, except for those Benefitted Assessments referenced in subparagraph (3) above, may be levied in advance of the provision of the service.

E. Assessments Upon Sale

In addition to Regular Assessments, Special Assessments, and Benefitted Assessments, upon the initial conveyance of a Lot or any Living Unit, and upon all subsequent conveyances of each Lot or any Living Unit, the grantee acquiring title will pay to the Association the following Assessments at the closing of the conveyance:

1. a “**New Owner Assessment**” payable to the Association that will be paid into the Common Fund of the Association and will be used to defray Association expenses. The amount of the New Owner Assessment will be determined by the Board in its sole discretion.
2. a “**Community Fee**” payable to the Association, as provided in Article V of this Declaration.

Notwithstanding the foregoing, the New Owner Assessment is not due and payable for the following transactions (collectively, the “**Excluded Transactions**”):

1. a sale or conveyance to Declarant;

2. a transfer to the spouse of an Owner or to a direct lineal descendant of the Owner;
3. a transfer to a trust whose beneficiaries are solely the spouse and direct linear descendants of the Owner;
4. a transfer to an entity in which the Owner owns, directly or indirectly, not less than 51% of the ownership interest in such entity;
5. a transfer to any entity that owns, directly or indirectly, not less than 51% of the ownership interests in Owner;
6. a mortgagee acquiring title pursuant to a foreclosure action;
7. a mortgagee acquiring title pursuant to a conveyance in lieu of foreclosure;
8. during the Development Period, any transfer in which Declarant, in its sole discretion, waives in writing the New Owner Assessment; and
9. after the termination of the Development Period, any transfer which the Association, in its sole discretion, waives in writing the New Owner Assessment.

In the event a transfer of a Lot or Living Unit is deemed to be an Excluded Transaction, the subsequent transfer of that Lot or Living Unit will again be subject to the New Owner Assessment unless such subsequent transfer independently qualifies as a separate Excluded Transaction.

F. Owner's Personal Obligation for Assessments

The Assessments levied pursuant to the provisions of this Declaration are the personal and individual debt of the Owner of the property covered by such Assessments. If there is more than one Owner, each Owner is jointly and severally liable for such Assessments. No Owner may exempt himself from liability for such Assessments in any way, including by such Owner's nonuse of the Common Areas or abandonment of the Owner's Lot or Living Unit. In the event of default in the payment of any Assessment, the Owner of the property will be obligated to pay interest on the Assessment from the due date at a rate equal to at the lesser of (a) 18% or (b) the maximum non-usurious rate of interest, per annum, together with all costs and expenses for collection, including reasonable attorney's fees.

G. Assessment Lien and Foreclosure

The Assessments provided for in this Declaration, together with attorney's fees, interest, late fees, and costs as necessary for collection (including payment processing costs that may be charged by the Association, which may include pay-to-pay fees), are a continuing lien and charge on the property covered by such Assessment in favor of the Association, which charge and lien bind such property in the hands of the Owner, the Owner's transferees, heirs, devisees, personal representatives, successors, and assigns. The aforesaid lien is superior to all other liens and

charges against the said property, except only for ad valorem tax liens and all sums unpaid on a first mortgage lien or first deed of trust lien of record, securing in either instance sums borrowed for the purchase or improvement of the property in question. The Association has the power, in its sole and absolute discretion, to subordinate the aforesaid Assessment lien to any other lien.

To evidence the aforesaid Assessment lien, the Association may, but is not required to, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the property covered by such lien, and a description of the property. Such notice may be signed by one of the officers of the Association and may be recorded in the office of the County Clerk of Cameron County, Texas. Failure to prepare or file such a notice will not invalidate or void the Assessment lien. Such Assessment lien attaches with the priority above set forth from the date that such payment becomes delinquent as set forth above and may be enforced by the foreclosure of the defaulting Owner's property by the Association in like manner as a mortgage on real property subsequent to the recording of a notice of Assessment lien as provided above, or the Association may institute suit against the Owner personally obligated to pay the Assessment or for foreclosure of the aforesaid lien judicially.

In any foreclosure action brought under the power of sale provisions, the Association is deemed to be the holder and owner of the obligation secured by this Declaration. The President of the Association will be the trustee for all purposes of the foreclosure proceeding, and the Association has the power to appoint a substitute trustee if, for any reason, the Association desires to replace the trustee, and, in such event, the substitute trustee will succeed to all rights, powers, and duties of the trustee. The Association may request the trustee to sell the Lot or Living Unit subject to the lien at public auction for cash, after having first given such notice and advertising the time and place of the sale in such manner as may then be provided by law for mortgagees, and, upon such sale and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey to the purchaser in as full and ample manner as authorized by Title 5, Chapter 51 of the Texas Property Code Annotated. The trustee is authorized to retain an attorney to represent the trustee in such proceedings. The proceeds of the sale will, after the trustee retains its commission, together with any additional costs incurred by the trustee, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, Assessments, costs of recording, service fees, and incidental expenditures, the amount due on any note secured by the Lot or Living Unit, and any advancements made by the Association in the protection of the security.

In any foreclosure proceeding, whether judicial or not judicial, the Owner will be required to pay the costs, expenses, and reasonable attorney's fees incurred. The Association has the power to bid on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same. Upon the written request of any mortgagee holding a prior lien on any part of the Properties, the Association will report to said mortgagee any unpaid Assessments on the property remaining unpaid for longer than 30 days after the same are due.

The Association may also file a lawsuit to collect unpaid Assessments and other charges without foreclosing or waiving its Assessment lien.

H. Common Areas Exempt

All Common Areas and all portions of the Properties now or hereafter owned by or otherwise dedicated to any political subdivision, including the County of Cameron and the Town of South Padre Island, are exempted from the Assessments and liens created in this Declaration.

I. Budget

The Board or its designee will develop the budget annually which will be used to determine the Regular Assessments, Special Assessments, and Benefitted Assessments provided for in this Declaration. The budget will consider all costs for maintenance, repair, insurance, and pro rata shares of any expenses such as professional services, management services, ad valorem taxes, and other expenses deemed necessary by the Board.

The budget will encompass the following:

1. Common Areas. The common expenses will be shared among all Owners. The allocation of Assessments will be based upon the number of Class A votes to which the Lot or Living Unit would be entitled to if owned by a Class A Member in comparison to the total number of Class A votes that would be available to all eligible Lots and Living Units if owned by a Class A Member. Among the factors considered for the allocating of expenses under this budget is the fact that all Owners benefit either directly or indirectly from the Common Areas included in this budget in proportion to the Class A voting allocations.
2. Beach maintenance, enhancement, and nourishment. Expenses may further include maintenance of the Common Areas along the Gulf of Mexico, including sand dunes and vegetation. The common expenses will be shared among and funded by the payment of Assessments from every privately owned Lot in The Shores. The allocation of Assessments is based upon the number of Class A votes to which the Lot or Living Unit would be entitled to if owned by a Class A Member in comparison to the total number of Class A votes that would be available to all eligible Lots or Living Units, if owned by a Class A Member.
3. Special Interest Budget. The common expenses that are allocable to certain Phases, areas, projects, or Owners within The Shores. For example, a Special Interest Budget may be necessary for an Exclusive Use Limited Common Element Project. Unless Declarant or Board establish the budget otherwise, the common expenses covered under a Special Interest Budget will be shared based on the interest which each Owner has in the property or right covered by the budget in relation to the entire interest covered by the budget.

J. Sub-Association Assessments

Any assessments provided for by a sub-association are in addition to the Assessments provided for in this Declaration.

ARTICLE V. COMMUNITY COMMITTEE

Shores Foundation, a Texas nonprofit corporation (the “**Foundation**”), was incorporated on September 15, 2000, for the purpose of promoting the cultural enhancement of The Shores community. Pursuant to the terms of the Amended and Restated Declaration, a fee payable to the Foundation was established and imposed upon the Properties upon the initial conveyance and any subsequent conveyance of each Lot or Living Unit (the “**Transfer Fee**”). The payment of the Transfer Fee was secured by a continuing lien as set forth in the Amended and Restated Declaration.

The Foundation assigned all of its rights, duties, responsibilities, Transfer Fees, and assets to the Association via that certain Assignment of Rights by Shores Foundation, recorded under Clerk’s File No. 2026-20059 in the Official Public Records of Cameron County, Texas (the “**Assignment**”). The Foundation has been or will be wound up and terminated by a Certificate of Termination of Shores Foundation, to be filed in the Office of the Secretary of State of Texas.

Pursuant to the authority reserved to it in the Assignment, the Association assumed the responsibility of administering the Transfer Fee. To assist with the administration of the Transfer Fee, the Association created the Shores Community Committee (the “**Community Committee**”) via those certain Resolutions of the Board of Directors of The Shores Owners Association, recorded under Clerk’s File No. 2026-20058 in the Official Public Records of Cameron County, Texas.

The Association is responsible for administering the Transfer Fee, which Transfer Fee will hereinafter be referred to as the “**Community Fee**”. All references in this Declaration and in the Dedicatory Instruments to the “Transfer Fee” mean and refer to the “Community Fee”. The rights, obligations, and lien established in connection with the Transfer Fee are not changed by this Declaration. Rather, this Declaration only changes the name of the fee.

The Community Committee is a duly appointed committee of the Association and is administered by the Board. The Community Committee is vested with advisory powers only and is not authorized to act on behalf of the Association. The Community Fee, as set forth in this Declaration, is administered by, and subject to the jurisdiction of the Association, with the assistance of the Community Committee. The Board, in its sole discretion, has the authority to terminate the Community Committee at any time and to administer the Community Fee in accordance with the purposes set forth in this Declaration.

A. Number of Community Committee Members

The number of members of the Community Committee is no less than three (3) and no more than seven (7). The members are appointed by the Board.

B. Composition of Community Committee

Community Committee members may be Members or non-members of the Association;

however, all Members appointed to the Community Committee must be Members in Good Standing and must meet the following requirements:

1. Spouses or adults living in the same Living Unit may not serve on the Community Committee at the same time.
2. Community Committee members serve terms as established by the Board. The Board may establish staggered terms at the appointment of the initial Community Committee members. From and after the expiration of the term of office of the initial Community Committee members, each subsequently appointed Community Committee member serves until his or her successor is appointed by the Board.

C. Operation of Community Committee

The Community Committee may provide input to the Board with respect to proposed expenditures of the Community Fee. The Community Committee will serve as the contact point for Owners, individuals, and entities who make requests for funding with respect to discussing proposed expenditures of the Community Fee. The Community Committee members may, but are not obligated to, attend all meetings of the Board (while not in executive session) and may make recommendations to the Board.

D. Meetings of the Community Committee

The Community Committee may hold meetings and may keep records of such meetings at the office of the Association or at such other places as may be established by the Community Committee members. At all meetings of the Community Committee, a majority of Community Committee members constitutes a quorum.

E. Authority of Community Committee

The Community Committee operates only as an advisory body to the Board. A Community Committee member may not authorize any transaction, activity, expenditure of Association funds, or expenditure of any Community Fee on behalf of the Association unless expressly authorized to do so in writing by the Board. The Community Committee may not be involved in the routine management and operations of the Association. The Community Committee may make recommendations to the Board regarding making grants from Community Fees and establishing the recipient(s), means, and methods of distributing such grants from Community Fees.

F. Appointment, Removal, Resignations

A Community Committee member may be removed for cause from the Community Committee by the Board upon 30 days written notice. "Cause" includes, but is not limited to:

1. Any act of harassment toward any Community Committee member, Board member, Declarant, or any other Association volunteer;

2. Any detrimental or abusive attitude or behavior toward any Community Committee member, Board member, Declarant, an Association volunteer, the Association, or the Properties;
3. Attending a meeting of the Community Committee or the Board while under the influence of alcohol or illegal drugs;
4. Participating in the reckless or intentional misrepresentation of information relating to the Community Committee, the Association, the Board, Declarant, or the Properties;
5. Misusing information relating to the Community Committee, the Association, the Board, Declarant, or the Properties;
6. Using the contact information of any Owner within the Properties;
7. Soliciting personal business or gain while acting in the capacity of a Community Committee member;
8. Communicating directly with any vendor of the Association or requesting a vendor to submit a bid to provide services to the Association without the express written approval to do so from the Board;
9. Failing to fully disclose to the Association any personal or business relationship with a vendor of the Association;
10. Missing 3 consecutive meetings of the Community Committee; and
11. Failing to qualify as a Member in Good Standing of the Association.

G. Purposes

The purposes of the Community Committee and the Community Fees are (i) to invest in the future of The Shores and the surrounding community, (ii) to supplement and complement the functions of the Association, and (iii) to enhance services and resources for the community through the sponsorship of programs, activities, and events in and around The Shores.

All Community Fees are collected by the Association and are deposited into a segregated account used for such purposes as the Board, upon recommendation by the Community Committee, deems beneficial to the general good and welfare of The Shores community. By way of example and not limitation, such Community Fees may be used to assist the Association, one or more nonprofit entities, or community projects in funding:

1. The preservation and maintenance of natural areas, wildlife preserves, archaeological sites, areas of historical or cultural significance or similar conservation areas, and the sponsorship of educational programs and activities which contribute to the overall understanding, appreciation, and preservation of the natural environment at The Shores and the surrounding community;

2. Programs and activities which serve to promote a sense of community within The Shores, such as recreational leagues, cultural programs, educational programs, festivals and holiday celebrations and activities, a community computer network, and recycling programs;
3. Social services, community outreach programs, and other charitable causes;
4. The enhancement or improvement of infrastructure within The Shores, including but not limited to Common Area amenities;
5. Lifestyle enhancing programs, such as studio art and art appreciation, music, craft, nature, and vocational classes;
6. Enhancement of existing programs within an established institution, or the funding of programs that are entirely independent of an established institution, such as scholarships; and
7. Any other expenditure, service, enhancement, improvement, or program agreed to by the Board.

It is Declarant's expectation that the utilization of the Community Fees will evolve with the life cycle of the maturing of The Shores. The Community Committee will continually adjust its focus to provide the most relevant resident enrichments to the overall environment of The Shores and the surrounding community. The Community Committee will evaluate various options for program enhancements or supplementation and advise the Board of those programs that the Community Committee believes will contribute the greatest benefit to the overall community. The utilization of the Community Fees may be altered at any time by a decision of Declarant during the Development Period and thereafter by the Board.

H. Obligation to pay Community Fee

Community Fees are levied on every real estate transaction as set out below.

1. Authority

The Board has the authority to establish and collect a Community Fee from the grantee acquiring title upon each transfer of title to a Lot within The Shores (except transfers which are specifically exempted in this Declaration). Such Community Fee is payable to the Association on the date of the transfer of the Lot and is secured by the Association's lien for Assessments established in this Declaration. The transferring Owner must notify the Association's Secretary, or managing agent, of a pending title transfer at least 7 days prior to the transfer. Such notice must include the name of the purchaser, the date of title transfer, and other information as the Board may require.

2. Levying of the Community Fee

The Board, from time to time, will determine the amount of the Community Fee. The Community Fee may be set as a flat fee or be based upon a sliding scale which varies in accordance with the “**Gross Selling Price**” of the Lot or another factor as determined by resolution of the Board; provided, any such Community Fee may be equal to an amount not greater than 1.5% of the Gross Selling Price of the Lot. The Gross Selling Price is the total cost to the purchaser of the Lot including improvements, as indicated on the title company’s closing statement. The Board is responsible for determining the sufficiency or insufficiency of the then-current Community Fee amount and may, via Board resolution and without a vote by the Members, increase or decrease the Community Fee amount in any amount the Board deems beneficial to the general good and welfare of the community, as determined in the Board’s sole discretion. Any such increase or decrease in the Community Fee amount must be effectuated as to all Lots within the Properties on a uniform basis.

The amount of the initial Community Fee is 0.25% of the Gross Selling Price of the Lot and remains at this level until such time as the amount is changed by resolution of the Board.

The Community Fee is charged to the grantee acquiring title to a Lot, is due on the date of transfer of title of a Lot and is delinquent if not paid in full on the date of transfer of title for the Lot.

3. Exempt Transfers

Notwithstanding the above, no Community Fee may be levied upon transfer of title to a Lot:

- a. a sale or conveyance to Declarant;
- b. a transfer to the spouse of an Owner or to a direct lineal descendant of the Owner;
- c. a transfer to a trust whose beneficiaries are solely the spouse and direct linear descendants of the Owner;
- d. a transfer to an entity in which the Owner owns, directly or indirectly, not less than 51% of the ownership interest in such entity;
- e. a transfer to any entity that owns, directly or indirectly, not less than 51% of the ownership interests in Owner;
- f. a mortgagee acquiring title pursuant to a foreclosure action;
- g. a mortgagee acquiring title pursuant to a conveyance in lieu of foreclosure;

- h. during the Development Period, any transfer in which Declarant, in its sole discretion, waives in writing the Community Fee; and
- i. after the termination of the Development Period, any transfer which the Association, in its sole discretion, waives in writing the Community Fee.

I. General Provisions

No Community Committee member may receive any compensation from the Association for acting as a Community Committee member; provided, however, that a Community Committee member may be reimbursed for expenses incurred on behalf of the Community Committee upon approval of a majority of the Board.

J. Business Judgment Rule

Any act or thing done by any Community Committee member taken in furtherance of the purposes of the Community Committee and accomplished in conformity with the procedures set forth in this Declaration, with the laws of the State of Texas, and with the Bylaws of the Association, must be reviewed under the standard of the Business Judgment Rule, as established by the common law of Texas, and such act or thing done is not a breach of duty on the part of the committee member if it has been done within the exercise of his or her discretion and judgment.

The Business Judgment Rule means that a court may not substitute its judgment for that of the committee member. A court may not re-examine the quality of the decisions made by the committee member by determining the reasonableness of the decision as long as the decision is made in good faith in what the committee member believes to be the best interest of the Association.

K. Indemnity

The Community Committee members will be indemnified by the Association pursuant to the indemnification provision contained in the Association's Bylaws.

L. Amendment

Notwithstanding anything contained in this Declaration to the contrary, any amendment to any of the provisions in this Community Committee Article is void and of no effect unless approved by the Association, and for so long as the Development Period exists, with the consent and joinder of Declarant.

ARTICLE V. DESIGN CODE; DESIGN REVIEW BOARD; CONSTRUCTION STANDARDS

A. Designation of Design Review Board – “DRB”

The DRB is a committee of the Board. In the absence of a designation by Declarant, the DRB is composed of the individuals designated as the members of the Board; provided, however,

Declarant has the sole authority to designate all members of the DRB who need not be members of the Board. One member of the DRB may be designated as the representative to act on behalf of the DRB. During the Development Period, Declarant reserves the right to appoint replacements as necessary by reason of resignation, removal, or incapacity. At any time prior to the happening of the DRB Turnover (defined below), Declarant may, without obligation, assign to the Board, or to such other person Declarant deems appropriate, all or a portion of Declarant's DRB rights or the responsibility for review and approval of modifications to existing Units.

Declarant has the right of DRB appointment and removal until the first to occur of the following (the "**DRB Turnover**"):

1. Declarant no longer owns any portion of the Properties, or
2. Declarant relinquishes, in writing, its authority over DRB appointment.

Upon DRB Turnover, the Board has the right to replace the DRB members by duly appointing Owners who are Members in Good Standing with the Association. Provided, however, the Board may not appoint to the DRB an Owner who is (i) a current Board member, (ii) a current Board member's spouse, or (iii) a person residing in a current Board member's household. After the DRB Turnover, the Board reserves the right to appoint replacements as necessary by reason of resignation, removal, or incapacity. Such removal or appointment is at the sole authority and discretion of the Board. The Board has the right to review any action or non-action taken by the DRB and is the final authority as to all DRB matters, including aesthetics and determination of the Community Wide Standard.

The DRB has the authority, but not the obligation, to delegate review and approval or denial of plans for modifications of existing Improvements within the Properties to a Modifications Committee. The members of the Modifications Committee may be appointed and removed by Declarant during the Development Period, and thereafter by the Board. A denial by the Modifications Committee, if it is created, may be appealed to the DRB.

B. Improvements to Comply with Design Code

No Improvement may be commenced, erected, constructed, placed, altered (by addition or deletion), maintained, or permitted to remain on any portion of the Properties except Improvements that are in compliance with this Declaration and the Design Code. Further, no Improvement may be commenced, erected, constructed, placed, altered (by addition or deletion), maintained, or permitted to remain on any portion of the Properties until plans and specifications, in such form and detail as the DRB may deem necessary, have been submitted to and approved in writing by the DRB. The DRB has the power to employ professional consultants to assist it in discharging its duties. The decision of the DRB is final, conclusive, and binding upon the applicant.

C. Content of Plans and Specifications

The content of plans and specifications will be as stated in the Design Code, as it may be amended from time to time.

D. Review of Plans and Specifications by DRB

Plans and specifications will be reviewed in the manner set forth in the Design Code.

E. Time Constraints for Construction

1. As of the date this Declaration is recorded in the Official Public Records of Cameron County, Texas (the "**Recording Date**"), the following time constraints for commencement of construction apply to unimproved Lots:

a. The Owner of an unimproved Lot has 2 years from the Recording Date to commence construction on such Lot.

b. An Owner who acquires title to an unimproved Lot from Declarant after the Recording Date has 2 years from the date of acquisition of title to commence construction on such Lot.

As used in this Section E. "commence construction" means actual, physical, on-site work on the foundation of a Living Unit, specifically including but not limited to the pouring of concrete pilings, footings, slab, or other foundational elements for the Living Unit, for which final plans and specifications have been previously approved by the DRB.

Notwithstanding the foregoing, the time constraints for construction stated in this Section E. do not apply to Declarant or any current or prior partner or shareholder of Declarant.

2. In the event an Owner fails to comply with the time constraints established in this Section E., Declarant may exercise any or all of the following remedies, in its sole discretion:

a. To impose a monthly fine against the Owner, payable to Declarant. The fine will be \$100.00 per month for the first 12 months, \$200.00 per month for the next 12 months, \$300.00 per month for the following 12 months, and so on, until the Owner commences construction on the Lot. The fine is a charge and continuing lien in favor of the Association for the benefit of Declarant upon the Lot in the same manner as the Assessments provided for in this Declaration, as well as the personal obligation of the person or entity who was the Owner of the Lot at the time the fine became due.

b. To repurchase the Lot from the Owner at the appraised value of the Lot, as determined by the Cameron County Appraisal District as of the date the Declarant provides the Owner with a Repurchase Notice (defined below) less 10% of such appraised value (the "**Repurchase Price**") 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 by the Owner up to the date of the repurchase. At the time of the repurchase, the Owner must convey the Lot to Declarant by general warranty deed, free and clear of any liens or encumbrances. If Declarant exercises its option to repurchase the Lot from the Owner in accordance with this section, Declarant will send the

Owner a written notice delivered via certified mail, return receipt requested, stating that Declarant intends to repurchase the Lot pursuant to this Section and giving the date, time, and location for closing of the transaction (the “**Repurchase Notice**”). The Owner must 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 Declarant in the amount of the Repurchase Price, preparation of the general warranty deed, tax certificates, escrow fees, and recording fees. The right and option of Declarant to repurchase a Lot, subject to this Section, commences on the date the Owner defaults on the Owner’s obligation to commence construction pursuant to this Section and continues for as long thereafter as the Owner fails to comply with this Section. Declarant has 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.

- c. The failure to enforce any remedy provided in this Section E. in a particular instance shall not constitute a waiver of the right to enforce such requirements in the event of a future breach. Similarly, the election of a remedy hereunder shall not bind Declarant to the same remedy as to other Lots.

3. Exemption for Lots Used in Conjunction with Living Unit. An Owner may be exempt from the time constraints for construction set forth in this Section E. for a maximum of two (2) Lots. This exemption will only apply if: (i) an Owner owns a Lot that is improved with a Living Unit (the “**Primary Lot**”) and owns and utilizes a Lot that shares a common boundary line with the Primary Lot (an “**Adjacent Lot**”), or (ii) an Owner owns Primary Lot, an Adjacent Lot, and a Lot that either (x) shares a boundary line with an Adjacent Lot or (y) shares a different boundary line with the Primary Lot (the “**Second Adjacent Lot**”), and the Owner intends to utilize the Adjacent Lot and Second Adjacent Lot (if applicable) as additional Lots in conjunction with the Living Unit. In such case, such Adjacent Lot and Second Adjacent Lot (if applicable) may be considered “**Ancillary Use Lots**” and the Owner will be exempt from the building requirements stated in this Section if the Ancillary Use Lot(s) meets the following requirements (the “**Ancillary Use Lot Requirements**”):

- a. the Ancillary Use Lot(s) are:
 - i. fenced in the same manner and style as the Primary Lot, and with an indication of common use with the Primary Lot;
 - ii. fully landscaped in the same style as the Primary Lot, and with an indication of common use with the Primary Lot;
 - iii. maintained and continuously used in conjunction with the Primary Lot; and
- b. a written plan showing the proposed use and improvements of the Primary Lot, the Adjacent Lot, and the Second Adjacent Lot (if applicable) is submitted to and approved by the DRB.

In the event Ancillary Use Lot(s) cease to meet the Ancillary Use Lot Requirements, then such Lot(s) will no longer be exempt as Ancillary Use Lot(s) and the building requirements stated in this Section E. will apply, however the deadline for commencement of construction shall be six (6) months following the date on which such Lot(s) are no longer exempt as Ancillary Use Lot(s).

For the avoidance of doubt, Ancillary Use Lots remain subject to all Assessments applicable to a Lot under this Declaration.

F. Basis of Approval

In reviewing each application, the DRB may consider any factors it deems relevant, including, among other things, adequacy of site dimensions, structural design, conformity and harmony of external design and location with neighboring structures and sites, relation of finished grades and elevations to neighboring sites, and conformity to both the specific and general intent of the protective covenants set forth in this Declaration, in the Design Code, and in the Dedicatory Instruments, as amended from time to time. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability or attractiveness of particular Improvements. Subject to the Board's authority in this Declaration, the DRB has the discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations are not subject to judicial review so long as they are made in good faith and in accordance with required procedures.

G. Design Code

The Design Code applies to all construction activities within the Properties. Declarant has the sole and absolute authority to amend the Design Code during the Development Period. After the termination of the Development Period, the Board will have the authority to amend the Design Code.

The Design Code may contain general provisions applicable to all of the real property comprising the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon the location, unique characteristics, intended use, and any other applicable zoning ordinances, provisions of this Declaration, or provisions in any other Dedicatory Instrument. The Design Code is intended to provide guidance to Owners regarding matters of particular concern in considering applications pursuant to this Declaration. The Design Code is not the exclusive basis for decisions of the DRB and compliance with the Design Code does not guarantee approval of any application by the DRB.

Any amendments to the Design Code apply to construction and modifications commenced after the date of such amendment only and do not require modifications to, or removal of, structures previously approved once the approved construction or modification has commenced; however, such amendments will apply if an Improvement is later modified, repaired, repainted, or reconstructed. There is no limitation on the scope of amendments to the Design Code; the Design Code may be amended to remove requirements previously imposed or otherwise to make the Design Code more restrictive. Notwithstanding the foregoing provisions, all structures and

Improvements constructed within the Properties must be constructed in strict compliance with the Design Code in effect at the time the Owner commences construction of the Improvement on the Lot.

Each Owner acknowledges and agrees that the Design Code serves as a minimum set of standards for the Lots within the Properties and is intended to provide a general framework to illustrate common design objectives for a harmonious setting within the Properties. Each Owner acknowledges and agrees that the Design Code is incapable of providing exhaustive parameters and specifications for every Improvement or modification that may be submitted to the DRB for review, and, in some cases, there may be no parameters or specifications in the Design Code addressing a particular Improvement or modification submitted to the DRB for review. Each Owner acknowledges and agrees that the DRB has the discretion to make conclusive determinations as to Improvements and modifications submitted to it for review, regardless of whether a particular Improvement or modification is specifically addressed in the Design Code.

The Association will make the Design Code available to Owners and Builders who seek to engage in development or construction within the Properties and all such persons must conduct their activities in accordance with the Design Code.

H. Construction Standards

Construction and Improvements on all Lots must meet with the requirements set forth in the Design Code.

ARTICLE VI. LIMITATION OF LIABILITY

DECLARANT, THE ASSOCIATION, THE DRB, THE BOARD, AND THE RESPECTIVE OFFICERS, AGENTS, MANAGERS, PARTNERS, DIRECTORS, SUCCESSORS, OR ASSIGNS OF THE FOREGOING ARE NOT LIABLE IN DAMAGES OR OTHERWISE TO ANYONE SUBMITTING PLANS AND SPECIFICATIONS FOR APPROVAL TO ANY OF THE AFOREMENTIONED PARTIES, OR TO ANY OWNER AFFECTED BY THIS DECLARATION BY REASON OF MISTAKE OF JUDGMENT, NEGLIGENCE, OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL, DISAPPROVAL, OR FAILURE TO APPROVE OR TO DISAPPROVE OF ANY PLANS AND SPECIFICATIONS REQUIRING APPROVAL. APPROVAL BY THE DRB, THE BOARD, THE ASSOCIATION, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, MANAGERS, SUCCESSORS, OR ASSIGNS, IS NOT INTENDED AS ANY KIND OF REPRESENTATION, WARRANTY, OR GUARANTEE AS TO COMPLIANCE WITH LOCAL OR STATE LAWS AS TO THE INTEGRITY OR WORKABILITY OF THE PLANS OR AS TO THE CONTRACTORS USED.

EACH BUILDER, OWNER, AND OCCUPANT WITHIN THE PROPERTIES AGREES TO HOLD HARMLESS DECLARANT AND THE ASSOCIATION, INCLUDING THEIR RESPECTIVE COMMITTEES, OFFICERS, AGENTS, MANAGERS, PARTNERS, DIRECTORS, AFFILIATES, SUCCESSORS, AND ASSIGNS ("RELEASED PARTIES"), AND RELEASES THEM FROM ANY LIABILITY IN

CONNECTION WITH (i) THE APPROVAL, DISAPPROVAL, OR FAILURE TO APPROVE OR DISAPPROVE ANY MATTERS REQUIRING APPROVAL PER THE DEDICATORY INSTRUMENTS FOR THE PROPERTIES, AND (ii) THE EXISTENCE, PLACEMENT, CONSTRUCTION, DESIGN, OPERATION, REPLACEMENT, AND MAINTENANCE RELATED TO THE PROPERTY (“*RELEASED MATTERS*”), AND AGREES TO INDEMNIFY SUCH RELEASED PARTIES FROM ANY LIABILITY RELATED TO THE RELEASED MATTERS.

IT SHOULD BE NOTED THAT THE PROPERTIES ARE ADJACENT TO COASTAL WATERWAYS AND THAT THE PROPERTIES MAY BE AFFECTED BY FLOODING DUE TO THE OCCURRENCE OF TROPICAL STORMS AND HURRICANES. THESE CONDITIONS MAY NECESSITATE THE USE OF SPECIAL CONSTRUCTION TECHNIQUES TO BUILD ON OR USE THE PROPERTIES. OWNERS SHOULD SEEK PROFESSIONAL ADVICE AND ASSISTANCE PRIOR TO THE DESIGN AND COMMENCEMENT OF CONSTRUCTION OF ANY IMPROVEMENT ON THE PROPERTIES, INCLUDING, WITHOUT LIMITATION, TESTING OF SOILS.

ARTICLE VII. LANDSCAPING REGULATIONS

Owners must comply with landscaping regulations set forth in the Design Code.

ARTICLE VIII. USE RESTRICTIONS

The following provisions are applicable to all construction, Improvements, alterations, or additions to the Properties, to all Phases of The Shores, and to any additional property annexed into The Shores as provided in this Declaration.

A. Use Limitation

The following uses of are not permitted on any Lots within the Properties:

1. Trade, business or commerce conducted in or from any Lot or Living Unit, except such use within a Living Unit where (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Living Unit; (ii) the business activity conforms to all governmental requirements and other Dedicatory Instruments applicable to the Properties; (iii) the business activity does not involve visitation to the Lot of Living Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of Occupants of the Properties; and (iv) the business activity is consistent with the residential character and use of the Properties, does not constitute a nuisance or a hazardous or offensive use, and does not threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board. The uses set out in this Section A.1. are considered “*Incidental Business Use*”. At no time may an Incidental Business Use cause increased parking or traffic within the Properties. Any increased parking or traffic within the Properties as a result of an Incidental Business Use will be deemed to be a Deed Restriction Violation.
2. Warehousing and manufacturing.
3. Any use which involves a noxious odor or any excessive noise level.

4. Any use contrary to law or which violates any provisions of this Declaration.
5. The enclosure of a garage for living or for purposes other than storage of automobiles and related normal uses, as determined in the sole discretion of the Board.
6. Mooring, docking, and storing of commercial fishing boats, without approval by the Association.
7. Any noxious or offensive activity, or any activity which may become an annoyance, danger, or nuisance to the Properties.
8. The use of any temporary structure, recreational vehicle, mobile home, trailer, boat trailer, basement, tent, shack, garage, or barn as a residence either temporarily or permanently.
9. The display of a sign visible from Public View on any Lot or Living Unit except (i) one professional vendor's sign of not more than 1 square foot in area, (ii) one sign of not more than 1.5 square feet in area advertising the property for sale or rent, and (iii) signs used by Declarant to advertise the property during the construction and sales period.
10. The raising, breeding, or keeping of any animals, livestock, or poultry of any kind on a Lot or Living Unit, except dogs, cats, and other customary household pets, provided such pets are not kept, bred, or maintained for any commercial purposes and that such pets are kept in a fenced area or, when outside of a fenced area, on a leash or in a carrier held or controlled by a responsible person at all times. This provision is not intended to exclude from the Properties any animal that is authorized to so remain by any state or federal law. If it is found that this provision is in violation of any law, then this provision must be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.
11. The use of Lot or Living Unit as a dumping ground for rubbish, trash, garbage, or other waste. All garbage and trash must be kept in sanitary containers and kept for collection behind the front building line of the Lot and screened from view.
12. The overnight parking of trucks, trailers, mobile homes, and other types of vehicle, other than passenger automobiles, on the streets within the Properties.
13. The maintenance, storage, or permanent keeping of any motorboat, boat, trailer, recreational vehicle, mobile home, or other similar vehicle, unless such vehicle is housed completely within an enclosed and roofed structure approved by the DRB.
14. The use or maintenance of a clothesline or similar type structure.

15. The use of any carport, driveway, private or public street, or parking area that may be in front of, adjacent to, or part of any Lot as a habitual parking place for trucks, trailers, mobile homes, recreational vehicles, boats, or commercial vehicles. The term "commercial vehicle" includes vehicles and any associated machinery, trailers, and equipment that are used in a business enterprise and may be identified as being affiliated with a business (for example, by way of signage on the vehicle, design of the vehicle, or equipment on the vehicle). For illustrative purposes only, commercial vehicles may include cars, vans, or pick-up trucks with commercial signage on the vehicle, tow trucks, dump trucks, cement-mixer trucks, oil or gas trucks, delivery trucks, tractors, or tractor trailers. The Board has the sole discretion to determine whether a particular vehicle, associated machinery, or any signage related thereto is a commercial vehicle.
16. The construction or installation of above ground-level swimming pools, unless approved by the DRB.
17. The repair or overhaul of any automobile or boat in such manner as to detract from the appearance of the Properties.
18. The keeping or storage of inoperative cars, boats, or vehicles of any kind so as to be visible from Public View.
19. The construction or any prefabricated or modular Improvement, unless approved by the DRB.
20. The placement of any fence or wall higher than 36 inches on any Lot nearer to the street or streets adjoining such Lot than the distance that is permitted for the main building on such Lot, unless approved by the DRB.
21. The planting of any shrub or tree which obstructs sight lines at elevations between 2 and 6 feet above the roadway at any corner Lot within the triangular area formed by the curblines of such intersecting streets and a line connecting such curbline at points 20 feet from their intersection, or in the case of a rounded corner, from the intersection of the curblines as extended. The same sight line limitations apply on any Lot within 10 feet of the intersection of a street curbline and the edge of a driveway or alley.
22. Making or permitting to be made any disturbing noises on any Lot or in any Living Unit and doing or permitting anything within a Lot which will interfere with the rights, comforts, or conveniences of other Owners. No Owner may play upon or suffer to be played upon any musical instrument or operate or permit to be operated a phonograph or a radio or television set or other loud speaker in such Living Unit between the hours of 12:00 p.m. and the following 7:00 a.m. if the same disturbs or annoys other Occupants of the Properties.
23. The installation of an individual water supply system on any Lot.

24. The installation of any individual sewage disposal system, including septic tank, on any Lot.

B. Signs

1. For Sale and For Lease Signs. An Owner may erect 1 “For Sale” or “For Lease” sign on his Lot. The overall dimensions for the sign, including posts, may not exceed 1.5 square feet. The sign may have a maximum of 2 ground-mounted posts.
2. Political Signs. Pursuant to Texas Election Code §259.002 or its successor statute, political signs are approved as temporary signage on Lots for all local, state, or federal election purposes, provided that they meet the following criteria:
 - a. Only 1 sign per candidate or measure is allowed.
 - b. Maximum sign size may not exceed 4 feet by 6 feet.
 - c. Signs must be ground-mounted. No sign may be mounted on any exterior part of the Unit, garages, patios, fences, or walls.
 - d. Signs may be posted not more than 90 days prior to the election date and must be removed within 10 days after the election date.
 - e. Signs may not contain roofing material, siding, paving material, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component.
 - f. No sign may be attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object.
 - g. No sign may involve the painting of architectural surfaces.
 - h. No sign may threaten public health or safety or violate a law.
 - i. No sign may contain language, graphics, or any display that would be offensive to the ordinary person.
 - j. No sign may be accompanied by music or other sounds or by streamers or be otherwise distracting to motorists.
 - k. Political signs are prohibited on any Common Area or facility owned by the Association, including any public or private street right of way utility easement.
3. Security Signs and Stickers. Signs or stickers provided to an Owner by a commercial security or alarm company providing service to the Unit are permitted on a Lot so long as the sign is no larger than 8 inches by 8 inches, or the sticker is no larger than 4 inches by 4 inches. Stickers are permitted upon windows and doors

for pet notification purposes, a "Child Find" program, or a similar program sponsored by a local police or fire department. There may be no more than 1 sign on a Lot and no more than 6 stickers located on the windows or doors of a Unit.

Signs of a flashing or moving character will not be permitted. In addition, any sign or emblem placed or kept within the Properties must be kept in good condition and must be removed if it becomes faded, cracked, chipped, or otherwise is no longer in keeping with the Community Wide Standard. The Board has the discretion to determine whether a displayed item constitutes a sign or emblem and whether such sign or emblem falls within one of the above-permitted categories. It is recognized that trends change over time. As such, guidelines may be established from time to time addressing the display of signs, emblems, decorative flags, and other decorative embellishments on Lots and other portions of the Properties. In the event of a conflict between the provisions in this section of the Declaration and any guidelines, the guidelines will control.

Save and except Declarant and the Association, no Owner or Occupant may place any type of sign within the Common Area or Area of Common Authority without the prior written approval of the Board or Declarant (as addressed below). The Board and Declarant have the discretion to determine if an item placed by an Owner or Occupant in a Common Area or Area of Common Authority constitutes a sign under this provision.

If any sign is placed within the Properties, including the Area of Common Authority, the streets, street rights of way, and Common Areas, in violation of this Declaration or the Dedictory Instruments, the Board or its agents has the right, but not the obligation, to enter on the Lot, street, street right of way, Common Area, or Area of Common Authority, to remove or dispose of any sign and, in doing so, are not subject to any liability for trespass, other tort, or damages in connection with or arising from such entry, removal, or disposal, nor in any way is the Association or its agent liable for any accounting or other claim for such action.

A Builder or Declarant may place certain information and advertising signs on Lots without the prior permission of the DRB, so long as (i) such signs are similar to those listed as acceptable for Builder use in the Design Code, and (ii) such signs do not otherwise violate this Declaration. Additionally, Declarant (and Builders, with the permission of Declarant) may construct and maintain signs and other advertising devices on land owned by Declarant and on the Common Area as is customary in connection with the sale of developed tracts and newly constructed Units. In addition, Declarant and the Association have the right to erect and maintain directional and informational signs along the streets within the Properties and identification signs and monuments at entrances to the Properties.

C. Antennas

No exterior antenna, aerial, satellite dish, or other apparatus for the reception of television, radio, satellite, or other signals of any kind may be placed, erected, or maintained on a Lot if visible from Public View, unless it is impossible to receive an acceptable quality signal from any other location. In that event, the receiving device may be placed in the least visible location where reception of an acceptable quality signal may be received. The Board may require painting or screening of the receiving device if painting or screening does not substantially interfere with an acceptable quality signal. In no event are the following devices permitted: (i) satellite dishes which

are larger than 1 meter in diameter; (ii) broadcast antenna masts which exceed the height of the center ridge of the roofline; and (iii) MMDS antenna masts which exceed the height of 12 feet above the center ridge of the roofline. No exterior antenna, aerial, satellite dish, or other apparatus which transmits television, radio, satellite, or other signals of any kind is permitted on a Lot. This Section is intended to comply with the Telecommunications Act of 1996 (the "*Act*"), as the Act may be amended from time to time, and FCC regulations promulgated under the Act. This Section must be interpreted to be as restrictive as possible while not violating the Act or FCC regulations. The Board may promulgate guidelines which further define, restrict, or address the placement and screening of receiving devices and masts, provided such guidelines comply with the Act and applicable FCC regulations.

Declarant and the Association have the right, without the obligation, to erect an aerial, satellite dish, or other apparatus (of any size) for a master antenna, cable, or other communication system for the benefit of all or any portion of the Properties, should any master system or systems require such exterior apparatus.

D. Basketball Goals and Backboards

No basketball goal, net, or backboard may be kept, placed, or mounted upon any Lot or kept, placed, attached, or mounted to any fence or Living Unit.

E. Trash

Trash may only be placed outside for collection the evening before collection. Trash must be contained in trash cans to protect from animals or spillage, and trash cans must be removed from Public View the same evening of collection. No outdoor incinerators may be kept or maintained on any Lot.

F. Storage of Materials

The outside storage of equipment, machinery, materials, and trash receptacles on a Lot that is associated with the construction of a Living Unit is permitted during the time of construction of the Living Unit thereon. Otherwise, equipment, machinery, and materials must be stored out of Public View.

G. Drilling

No drilling or related operations of any kind are permitted upon, under, on, or in any Lot. No wells, tanks, tunnels, mineral excavations, or shafts are permitted upon or in any Lot, including water wells for potable or non-potable uses. Provided, however, Declarant, the Association, or the special purpose district (or other entity owning such land) has the right to drill water wells for non-potable uses upon the Common Area and Area of Common Authority (with any such landowner's approval) for purposes including irrigation of recreational fields, parks, and other open areas.

H. Exterior Seasonal Decorations

The Board may promulgate rules regarding the display of exterior seasonal decorations, including lights, banners, flags, and wreaths. Such rules may address the appearance and length of time of such display. Any display of exterior seasonal decorations must be maintained and kept in good condition at all times. If any exterior seasonal decoration is placed, or remains, within the Properties in violation of this Declaration or the Dedicatory Instruments, the Association (or its agents) is authorized to exercise its Self Help remedy, as set forth in this Declaration, to bring the Owner's Lot into compliance with this provision.

I. Fences

The installation of fencing closer to a street than the building setback line of the appurtenant Living Unit is prohibited unless (i) the address of the Living Unit is exempt for public disclosure under state or federal law, (ii) the Living Unit Owner provides to the Association documentation of the Owner's need for enhanced security measures from a law enforcement agency, or (iii) state or federal law allows for such fencing. Notwithstanding the foregoing, picket fences 4 feet high or less may be permitted in a location that is closer to a street than the building setback line of the appurtenant Living Unit with DRB approval.

J. Flags and Flagpoles

The size, number, and placement of flagpoles, and the display of flags within the Properties, are subject to guidelines, rules, and policies. It is not intended for this Section to violate any local, state, or federal law. This Section must be interpreted to be as restrictive as possible while not violating any laws of the State of Texas or the United States of America.

K. General Nuisances

No portion of the Properties may be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor may any substance, thing, animal, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, comfort, or serenity of the Owners or Occupants of surrounding Living Units and users of the Common Areas.

No noxious, illegal, or offensive activity may take place or exist upon any portion of the Properties, nor may anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. No plant, animal, device, or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature that may diminish or destroy the enjoyment of the Properties may be kept within the Properties. Outside burning of wood (except for wood burned in approved outdoor fire pits and fireplaces), leaves, trash, garbage, or household refuse is prohibited within the Properties. No speaker, horn, whistle, bell, or other sound device, except alarm devices used exclusively for residential monitoring purposes, may be installed or operated on the Properties, unless required by federal, state, or local regulation. The use and discharge of firecrackers and

other fireworks is prohibited within the Properties.

Each Owner has the obligation to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot or Living Unit. The pursuit of hobbies or other visible activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices that might tend to cause disorderly, unsightly, or unkempt conditions, may not be pursued or undertaken on any part of the Properties. Notwithstanding the above, the disassembly and assembly of motor vehicles to perform repair work may be permitted provided such activities are not conducted on a regular or frequent basis and are either conducted entirely within an enclosed garage or, if conducted outside, are begun and completed within 12 hours.

Notwithstanding anything contained in this Declaration to the contrary, the Association has the right, but not the obligation, to enter upon any Common Area, Area of Common Authority, or street right of way to remove signs not authorized by the Board in advance, and to regulate (including the prohibition of) street vending and similar non-approved activities that are not in compliance with Texas law.

No portion of the Properties may be used, in whole or in part, in a way that creates a nuisance within the Properties. Activities or conditions constituting a nuisance are incapable of exhaustive definition which will fit all cases, but they may include those activities and conditions that endanger life or health, give unreasonable offense to senses, or obstruct reasonable use of property. Those activities or conditions that cause minor or infrequent disturbances resulting from ordinary life activities within a deed restricted community are not intended to constitute a nuisance. Whether such activity or condition constitutes a nuisance will be determined by the Board. The Board may adopt rules or policies to further define what constitutes a nuisance, as warranted.

L. Generators

The size, number, placement, and other characteristics of standby electric generators within the Properties are subject to any applicable guidelines, rules, or policies adopted by the Board.

M. Outside Storage

No equipment, machinery, or materials of any kind or nature may be stored on any Lot, or on any Living Unit forward of the fence at the front wall of the Living Unit situated thereon, unless the equipment, machinery, or materials are being used temporarily (not more than 1 week) and are incident to repair or construction of the Living Unit. Equipment, machinery, and materials must be stored out of sight of every other Living Unit immediately after use of such item, and all trash, debris, excess, or unused materials or supplies must be disposed of immediately off of the Lot or stored out of view until trash collection occurs.

Notwithstanding the foregoing, the outside storage of equipment, machinery, materials, and trash receptacles on a Lot that is associated with the construction of a Living Unit by a Builder is permitted during the time of construction of the Living Unit.

N. Screening

No Owner or Occupant of any portion of the Properties may permit the keeping of articles, goods, materials, utility boxes, refuse, trash, storage tanks, or like equipment on the Properties which may be considered a nuisance or hazard in the sole discretion of the Board. Air conditioners, utility boxes, garbage containers, antennas to the extent reasonably possible and pursuant to the terms set forth in this Declaration, or like equipment, may not be kept in Public View and must be placed in a location first approved in writing by the DRB. Added screening must also be provided to shield such stored materials and equipment from grade view from adjacent Living Units or the Common Area. Utility boxes must be screened so that they are not visible from the street and as may be set out in the guidelines. Such screens must be of a height at least equal to that of the materials or equipment being stored, but in no event may such screen be more than 6 feet in height. A combination of trees, hedges, shrubs, or fences should be used as screening material, as may be set out in the guidelines. All screening designs, locations, and materials are subject to prior written DRB approval. Any such screening installed must be maintained in a clean and neat manner at all times and may not detract from the appearance of the Properties.

O. Swimming Pools, Hot Tubs, and Spas

No above ground swimming pools are permitted. All swimming pools, hot tubs, and spas require prior written approval by the DRB.

P. Tree Removal

No trees greater than 3 caliper inches to be measured at a point 6 inches above grade may be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons, unless approved in writing by the DRB. In the event of an intentional or unintentional violation of this Section, the violator may be required to replace the removed tree with 1 or more comparable trees of such size and number and in such locations as the Board, in its sole discretion, may determine necessary to mitigate the damage.

Q. Window Air Conditioning Units

No window or wall type air conditioners may be used, placed, or maintained on or in any building on the Lots, with the exception that a window or wall type air conditioner may be permitted for the benefit of a garage if such air conditioning unit is located at the rear of the garage unit and is screened from Public View. Window and wall type air conditioning units require prior written DRB approval.

All living areas within the Living Unit, including any room additions, must be centrally air-conditioned, unless otherwise approved by the DRB. Units that are alternatives to centrally air-conditioned units must be screened from Public View and will require prior written DRB approval.

R. Wind Turbines

No device used to convert wind into energy, including wind turbines, wind pumps, wind

chargers, and windmills, is permitted to be used, placed, or maintained in any location within the Properties; provided, however, this provision does not apply to Common Areas within the Properties. The Board has the sole discretion to determine what devices are prohibited pursuant to this provision.

S. Window Treatments

An Owner may install window treatments on the windows of the Owner's Living Unit provided that such window treatments are in keeping with the Community Wide Standard, as determined in the discretion of the Board and approved by Declarant during the Development Period. Appropriate permanent window treatments may include curtains and draperies with backing material of white, light beige, cream, light tan, or light gray; blinds or miniblinds of the same colors or natural wood; or shutters of the same colors or natural wood. No other window treatment color may be visible from the exterior of the Living Unit. Temporary or disposable window coverings may be installed on a Living Unit provided that the temporary or disposable window covering (i) is white, light beige, cream, light tan, or light gray in color, (ii) is in keeping with the Community Wide Standard, and (iii) is only used on a temporary basis (generally, no longer than 3 months), as determined in the sole discretion of the Board. Reflective materials, newspapers, shower curtains, fabric not sewn into finished curtains or draperies, other paper, plastic, cardboard, or other materials not expressly made for or commonly used for window coverings in a residential subdivision of the same caliber as the Properties are not considered to be window coverings in keeping with the Community Wide Standard and may not be installed on any Living Unit.

The Community Wide Standard may change with the latest products and trends in design, and, in some circumstances, no window treatments may be called for. The Board has the discretion to determine what type of and under what circumstances window treatments are appropriate. In making its determination, the Board may consider factors including the configuration of the Lot, the location of the Lot in the Properties, the location of the Living Unit on the Lot, and the visibility of the window covering from streets, other Lots, or the Common Areas. Declarant or the Board may opt to address window treatments in guidelines. In the event of any conflict between the guidelines and this provision addressing window treatments, the guidelines will control.

**ARTICLE IX. COMMON AREA; AREA OF COMMON AUTHORITY;
EXCLUSIVE USE LIMITED COMMON ELEMENTS**

A. Common Area

The Association, subject to the rights of the Members set forth in this Declaration and any amendments or Supplemental Declarations, is responsible for the exclusive management and control of the Common Area and all Improvements thereon and will keep it in good, clean, attractive, and sanitary condition. No Owner or Occupant may appropriate any portion of the Common Area or any Improvement thereon for his or her own exclusive use. Any Owner or Occupant that causes damage to the Common Area is financially responsible for the damage. The cost of repair, if not timely paid by the Owner (subject to any notice that may be required by law), will be assessed against the Owner's Lot or Unit and secured by the continuing lien set forth in this Declaration. The Association may permit use of Common Area facilities by persons other than

Owners and Occupants of Lots and Units and may charge use and consumption fees to any person (whether an individual, corporation, partnership, trustee, or other legal entity) using Association services or the Common Area. The Association may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners). Any such fees charged to Owners are considered a Benefitted Assessment against the Lots or Units owned by such Owners.

Declarant, and its designees, may convey interests in real or personal property within or for the benefit of the Properties at any time to the Association, and the Association must accept such transfers or conveyances, even if such transfers or conveyances occur after the termination of the Development Period. Fee simple ownership of Common Areas will only be vested in the Association through a deed. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests. Real property transferred to the Association by Declarant, or its designees, may be transferred via a deed without warranty; provided, however, the property must be transferred free and clear of all liens and mortgages at the time of such transfer. Upon Declarant's written request, the Association must reconvey to Declarant any real property that Declarant originally conveyed to the Association for no payment, to the extent conveyed in error or needed to make minor adjustments in property lines or to accommodate changes in the development plan.

Declarant (during the Development Period) or the Association (after the expiration of the Development Period) reserves the sole and exclusive right to amend existing Common Areas, add new Common Areas, and amend any permissible activities within or rights to access the Common Areas. Declarant and Association make no representations, guarantees, or warranties of any nature as to the longevity and mortality of habitats found throughout the Properties.

During the Development Period, Declarant may convey record title or easements to some or all of the Common Areas to the Association if, as, and when deemed appropriate by Declarant or as may be required by governmental officials, and Declarant has at all times during the Development Period the right (i) to effect redesigns or reconfigurations of the Common Areas (particularly along the edges), (ii) to execute any rules or restrictions applicable to the Common Areas which may be permitted in order to reduce property taxes, and (iii) to take whatever steps may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem or income taxes.

Each Member of the Association has the right and an easement of enjoyment in and to the Common Areas. The right and easements of enjoyment created in this Declaration are subject to the following:

1. The right of the Association to prescribe rules and regulations for the use, enjoyment, and maintenance of the Common Areas;
2. The right of the Association to sell and convey the Common Areas or any part thereof, as provided above;
3. The right of the Association to borrow money for the purpose of improving the Common Areas or any part thereof, and to mortgage the Common Areas or any

part thereof;

4. The right of the Association to take such steps as are reasonably necessary to protect the Common Areas or any part thereof, against foreclosure;
5. The right of the Association to suspend the right and easements of enjoyment of any Owner or any Occupant of a Lot or Unit on which an Assessment has not been paid;
6. The right of the Association to dedicate the Common Areas in whole or in part, to the public for public use and maintenance if necessary;
7. Any other provisions of this Declaration, the Articles of Incorporation, or Bylaws of the Association.

Owners covenant (i) not to possess any Common Area in any manner adverse to the Association, and (ii) not to claim or assert any interest or title in any Common Area. Owners waive their right to adversely possess any Common Area and acknowledge and agree that any claim of adverse possession by an Owner of any Common Area is void.

B. Area of Common Authority

Subject to (i) anything to the contrary in a Dedicatory Instrument, (ii) an agreement with the owner of the relevant Area of Common Authority, or (iii) any covenant set forth in the deed or other instrument transferring the property to the Association, the Association may manage, operate, and control the Area of Common Authority. The Association may adopt rules and policies and enter into leases, licenses, and operating agreements with respect to portions of the Area of Common Authority and Common Area, for payment or no payment, as the Board deems appropriate. For purposes of clarity, the Area of Common Authority may include areas that are subject to the Association's rule making authority and enforcement rights set forth in the Dedicatory Instruments, such as the sidewalks within public rights of ways, even though persons or entities other than the Association may have the obligation to maintain such areas. The Area of Common Authority may include:

1. the Common Area;
2. any sidewalks, walking paths, or trail systems located within or in proximity to The Shores;
3. landscaping within public rights of way within or in proximity to The Shores (save and except those rights of way abutting Lots within the Properties) to the extent that governmental authorities do not maintain it to the Community Wide Standard;
4. such portions of any additional property as set forth by Declarant, this Declaration, any Dedicatory Instrument, or any covenants or agreements for maintenance entered into by, or otherwise binding on the Association; and
5. any property and facilities that Declarant owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its

Members. Declarant must identify any such property and facilities by written notice to the Association, and such property and facilities will remain part of the Area of Common Authority until Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property it does not own, including Lots, property dedicated to the public, and property owned or maintained by another association, if the Board determines that such maintenance is necessary or desirable to maintain the Community Wide Standard. To the extent permitted by Texas law, the Association is not liable for any damage or injury occurring on or arising out of the condition of property it does not own.

C. Exclusive Use Limited Common Elements

An Exclusive Use Limited Common Element will be owned and used only by an Owner of a Lot or Living Unit within the Shores Subdivision.

An Exclusive Use Limited Common Element will be appurtenant to a Lot (or part thereof) or Living Unit. Said interest is not severable from the ownership of a Lot (or part thereof) or Living Unit.

Exclusive Use Limited Common Elements may be sold, transferred, traded, exchanged and reassigned among Owners and become appurtenant to another Lot (or part thereof) or Living Unit but in no instance may an Exclusive Use Limited Common Element be sold, transferred, traded, exchanged or reassigned to any party other than an Owner.

Should an Owner who holds an Exclusive Use Limited Common Element convey his or her Lot or Living Unit to which the Exclusive Use Limited Common Element is appurtenant, the Exclusive Use Limited Common Element will automatically be conveyed with the Lot or Living Unit to which it is appurtenant to, unless prior to the conveyance of the Lot or Living Unit, the Owner assigns the Exclusive Use Limited Common Element to another Lot or Living Unit, either owned by the selling Owner or owned by a different Owner.

Governance of Exclusive Use Limited Common Element Projects will be in accomplished in the manner prescribed in the Supplemental Declaration creating the Exclusive Use Limited Common Element Project, which Supplemental Declaration may provide additional covenants, conditions, restrictions, charges or liens.

A separate budget may be established for each Exclusive Use Limited Common Element Project, or the facilities supporting the Exclusive Use Common Element.

ARTICLE X. DEED RESTRICTION ENFORCEMENT

A. Promulgation of Rules and Regulations

The Board has the authority, without the obligation, to adopt, promulgate, amend, cancel, limit, create exceptions to, and enforce rules, regulations, and policies regarding the administration

of the Properties, the enforcement of the Dedicatory Instruments, the use and enjoyment of the Properties, limitations on the use of the Common Area, and establishment and setting the amount of fines for violations of the Dedicatory Instruments and all fees and costs generated in the enforcement of the Dedicatory Instruments. Such rules, policies, and guidelines are binding upon all Owners and Occupants. The rights and remedies contained in this Article are cumulative and supplement all other rights of enforcement under applicable law.

B. Attorney's Fees and Fines

In addition to all other remedies that may be available, after giving notice and an opportunity to be heard as may be required by §209 of the Texas Property Code, as same may be amended, the Association has the right to collect attorney's fees and fines as set by the Board from any Owner that is in violation of the Dedicatory Instruments, any applicable Supplemental Declaration, the Design Code, or any other rule or regulation promulgated by the Board pursuant to the provisions set forth in this Declaration. The attorney's fees and fines will be added to the violating Owner's Assessment account and are secured by the continuing lien on the Lot or Unit.

C. Remedies

In the event of a violation by an Owner of any of the provisions of this Declaration, the Articles of Incorporation, bylaws, or adopted rules and regulations, the Association, by direction of its Board of Directors, may, at its option, exercise one or more of the following remedies:

1. An action at law to recover for its damage on behalf of the Association or on behalf of the other Owners;
2. An action in equity to enforce performance on the part of the Owner;
3. An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief;
4. Assessments of fines; or
5. Limitations or cancellation of use of the Common Areas, Amenities or Exclusive Use Limited Common Elements until full compliance.

The Board has the sole discretion to determine whether to pursue enforcement action in any particular case. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

1. the Association's position is not strong enough to justify taking any, or further, action;
2. although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

3. that it is not in the Association's best interests, based upon hardship, expense, or other criteria, to pursue enforcement action.

Such a decision is not a waiver of the Association's right to enforce such provision at a later time under other circumstances and does not preclude the Association from enforcing any Dedicatory Instrument.

D. Enforcement by Owners

Each Owner, at his or her own expense, is empowered to enforce the covenants, conditions, and restrictions contained in this Declaration, any amendment to this Declaration, any Supplemental Declaration to this Declaration, and any amendment to any Supplemental Declaration; provided, however, no Owner has the right to enforce the lien rights retained in this Declaration or any Supplemental Declaration in favor of the Association or other rights, regarding Assessments, fines, or other charges retained by the Association.

E. Self Help

If, in the opinion of the Association, any Owner or Occupant has failed in any of the Owner's or Occupant's duties or responsibilities set forth in this Declaration, then the Association may give such Owner or Occupant written notice of such failure and such Owner or Occupant must, within 10 days after receiving such notice, perform the care and maintenance required. Should any such person fail to fulfill this duty and responsibility within such period, then the Association, through its authorized agent or agents, has the right (but not the obligation) to enter onto the Lot or Unit and perform such care and maintenance without any liability for wrongful entry, trespass, other tort, damages, or otherwise to any person ("***Self Help***"). The Owners and Occupants of any of the Properties on which such work is performed are jointly and severally liable for the actual cost expended of such work and must promptly reimburse the Association for such actual expended cost. If such Owner or Occupant fails to reimburse the Association within 30 days after receipt of a statement for such work from the Association, then said indebtedness will be a debt of all of said persons jointly and severally and will be supported by the lien on the Lot or Unit on which said work was performed as set forth in this Declaration.

The Association has the right, but not the obligation, to enter into any Lot, Unit, or other area for emergency, security, and safety reasons, and to inspect for the purpose of ensuring compliance with the Dedicatory Instruments, which right may be exercised by the Board, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties.

ARTICLE XI. MAINTENANCE

A. General Maintenance

Each Owner must maintain and keep in good repair his or her Lot (or part thereof), or Living Unit, as applicable, and all structures, parking areas, and other Improvements thereon, including the driveway and its apron portion forward of the building line. All structures and other Improvements designed to be painted must be kept painted and the paint may not be allowed to

become faded, cracked, flaked, or damaged in any manner. Grass, shrubs, trees, and other landscaping on each Lot (or part thereof) or Living Unit, as applicable, must be trimmed as often as necessary to maintain the same in a neat and attractive condition. Grass growing onto or over sidewalks, driveways, and curbs is presumed to be unattractive. Each Owner must ensure that weeds on his or her Lot (or part thereof) or Living Unit, are treated or removed.

Sidewalks, curbs, and driveways servicing a particular Lot (or part thereof) or Living Unit, as applicable, whether constructed within the boundaries of such Lot (or part thereof) or Living Unit, or within the street right of way adjacent thereto, must be maintained, repaired, and replaced, as needed, by the Owner thereof, subject to prior written approval of the DRB. Where applicable, each Owner is also responsible for maintaining and irrigating the landscaping within the adjacent public right of way located between the boundary of their Lot (or part thereof) or Living Unit, , as applicable, and the street. Owners may not remove grass, trees, shrubs, or similar vegetation from this area without prior written approval from the DRB.

Each Owner's maintenance obligation specifically includes, but is not limited to, the following:

1. Prompt removal of all litter, trash, refuse, and wastes;
2. Lawn mowing;
3. Tree and shrub pruning;
4. Keeping lawn and garden areas alive, free of weeds, and attractive;
5. Watering;
6. Keeping parking areas, driveways, and roads in good repair and properly surfaced;
7. Complying with all government health, fire; and police requirements;
8. Repainting of exterior Improvements;
9. Repairing of exterior damages to Improvements;
10. Repairing exterior doors and sidewalks;
11. Keeping exterior lighting and any mechanical facilities in good working order;
12. Repairing any boat docks, boat slips, boat lifts, Boat Houses, and retaining walls;
13. Maintaining all boats in a presentable condition; and
14. Removing all sunken boats and other debris from the channels and waterways.

B. Negligence or Carelessness of Lot Owner or Unit Owner

Owners are liable for the expense of any maintenance, repair, or replacement rendered

necessary by such Owner's act, neglect, or carelessness, or by that of any Occupant of the Owner's Lot (or part thereof) or Living Unit, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability includes any increase in insurance rates occasioned by use, misuse, occupancy, or abandonment of any Lot or Unit or its appurtenances. Nothing in this Declaration, however, may be construed to modify any waiver by any insurance company of rights of subrogation. The expense for any maintenance, repair, or replacement required, as provided in this Section, will be charged to said Owner as a specific item, and will be secured by the lien against the Owner's Lot or Unit with the same force and effect as if the charge were a part of the Assessments.

C. Landscaping

In the event an Owner fails to maintain the landscaping, grass, or vegetation on his Lot or Unit in a manner consistent with the Community Wide Standard established within the Properties and satisfactory to the Board, the Board, after providing notice as may be required by law setting forth the action intended to be taken by the Association and after approval by a majority vote of the Board, has the right, but not the obligation, through its agents, contractors, or employees, to exercise its Self Help remedy to bring the Owner's Lot or Unit into compliance with this provision.

D. Living Unit and Improvement Exteriors

In the event an Owner fails to maintain the exterior of his Unit or other Improvement on the Lot (including the exterior of the Unit, other structures on the Lot, and the parking areas) in a manner consistent with the Community Wide Standard established within the Properties as solely determined by the Board, the Board, after providing notice as may be required by law setting forth the action intended to be taken by the Association and after approval by a majority vote of the Board, has the right, but not the obligation, through its agents, contractors, or employees, to enter upon the Lot or Unit and exercise its Self Help remedy to bring the Owner's Lot or Unit into compliance with this provision.

E. Other Hazards

To the extent necessary to prevent pest infestation, diminish fire hazards, or diminish hazards caused by structural damage, the Association has the right, but not the obligation, through its agents, contractors, or employees, to enter any unoccupied Unit or other Improvement located upon the Lot, without notice, to take the action necessary to prevent such pest infestation, diminish such fire hazards, or diminish hazards caused by structural damage at the Owner's expense. Any such expenses, including administrative fees set by the Board, incurred by the Association are secured by the continuing lien created in this Declaration.

F. Liability, Cost, and Approval

Neither the Association, nor its agents, contractors, or employees are liable, and are expressly relieved from any liability, for trespass or other tort in connection with the exercise of its Self Help remedy, including the performance of the exterior maintenance, landscaping, or other work authorized in this Declaration. The cost, including administrative fees set by the Board, of such exterior maintenance, interior hazard diminution, and other work is the personal obligation

of the Owner of the Lot or Unit on which it was performed and is part of the Assessment payable by the Owner and secured by the lien retained in the Declaration. Alternatively, the Association or any Owner may bring an action at law or in equity to cause the Owner to bring the Lot or Unit into compliance with these restrictions.

All Owners' replacement, repair, and restoration practices as to the Improvements on property within The Shores are subject to the prior written approval of the DRB and must comply with the Design Code which may change from time to time, as found necessary and appropriate in the discretion of the Board.

G. Casualty Losses

It is the Owner's obligation to have repaired or reconstructed any damage or destruction to his or her Lot or Unit.

If a Unit, landscaping, Outbuilding, or any other Improvement located on a Lot is damaged by fire, storm, or any other casualty, the Owner must bring the affected Lot and all Improvements thereon, as applicable, into compliance with the Dedicatory Instruments within the time period established by the Association on a case-by-case basis, pursuant to the architectural requirements and approval process set forth in the Dedicatory Instruments. Regarding a Unit that is totally destroyed due to casualty, the Owner(s) of the Unit must have the Living Unit or Unit portions of the Unit razed within the time period established by the Association on a case-by-case basis and replaced within the time period established by the Association on a case-by-case basis, with such replacement subject to DRB prior written approval.

ARTICLE XII. EASEMENTS; UTILITIES

A. Easements

All easements for the installation and maintenance of utilities, Common Areas, and other facilities are reserved as shown on the applicable plat for a Phase of the Properties.

Any shrubbery, fence, or other obstruction placed in any easement is placed at the Owner's risk and is subject to immediate removal, if necessary.

B. Blanket Easement

There is created a blanket easement upon, across, over and under all of the Properties for ingress, egress, installation, replacing, repairing, and maintaining all utilities, including, but not limited to, water, sewer, gas, telephone, electricity, and a meter or cable television antenna system. By virtue of this easement, it is expressly permissible for the company providing electrical, water, sewer, gas, electrical or cable television antenna, or telephone service to install, erect, and maintain all necessary pipes, conduits, and other necessary equipment on the Properties and to affix and maintain electrical, cable television, and telephone wires, circuits, and conduits on, above, across and under the roofs and exterior walls of Living Units or Nonliving Units and meters and shut-offs at or inside said Units.

An Easement is further granted to all police, fire protection, ambulance and all similar

persons, companies, or agencies performing emergency services to enter upon the Properties in the performance of their duties. Further, an easement is reserved in favor of Declarant and the Association, their directors, its officers, agents, employees, and to any management company selected by the Association to enter in or to cross over the Common Areas and the Lots and to enter any Unit, during reasonable hours and upon request (except in an emergency), when occupied to inspect and to perform the duties of maintenance and repair as provided for in this Declaration.

Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties except as initially programmed and approved by Declarant or thereafter approved by Declarant or the Board. Should any utility furnishing a service covered by the general easement provided for in this Section request a specific easement by a separate recordable document, Declarant has right to grant such easement on the Properties without conflicting with the terms of this Section. The easements provided for in this Section shall in no way affect any other recorded easement on the Properties.

Easements and rights of way are expressly reserved to Declarant, its successors and assigns in, on, over, and under the Easement Area, as defined below, for the following purposes:

1. For the erection, installation, construction, and maintenance of (i) wires, lines and conduits, and the necessary or proper attachments in connection with the transmission of electricity, telephone, community antenna, television cables and other utilities and other similar facilities and (ii) storm-water drains, land drains, public and private sewers, pipe lines for supplying gas, water and heat, and for any other public or quasi-public utility facility, service or function, whether above ground or underground; and
2. For slope control purposes, including the right to grade and plant slopes and to prevent the doing of any activity which might interfere with slope ratios approved by Declarant, its successors and assigns, or which might create erosion or sliding problems, or changes, obstruct or retard drainage or waterway flow.

Declarant and its respective agents, successors and assigns, have the right to enter upon all parts of the Easement Area for any of the purposes for which said easement and rights of way are reserved.

C. Easement Area

The term “**Easement Area**”, as used in this Section, means those areas shown on the recorded subdivision plat relating thereto.

D. Electric System

The Owner of each Lot must, at his, her, its, or their own cost and expense, furnish, install,

own, and maintain (all in accordance with the requirements or local governmental authorities) an underground service cable and appurtenances from the meter installed upon the Lot by the electrical company to such point as may be designated by such company on the property line of such Lot.

ARTICLE XIV. WATERWAYS AND CHANNELS

A. Water Interface

No structure, planting, or other material may be placed or permitted to remain within the waterways and channels, and no activities may be undertaken which may damage, interfere with, create erosion or sliding problems, or change the direction of flow of waterways or channels or obstruct or retard the flow of water through waterways or channels.

B. Boat Slips

All boat slips cut through the channel bulkheads must be approved by the DRB. All boat slips must be completely bulkheaded and all bulkheads must be constructed of materials similar to the adjacent channel bulkhead. No wooden bulkheading may be used in any portion of such boat slips.

C. Channels and Slips

Each Owner is responsible for maintaining that portion of any channel contiguous to the Owner's property and any boat slip or other structure on the Owner's property free of all debris, trash, rubbish, garbage, or any other unsightly or unsanitary materials or any hazard to navigation. The channels and boat slips in the Properties may not be used for dumping any foreign matter of any type and nothing may be at any time deposited or left in any slip or channel other than properly tended or moored boats. No Owner may moor a boat in any area of any channel in such a way that obstructs traffic.

The Association has the right but not the obligation to dredge and maintain the channels and boat slips.

D. Speed Limits

The Board may set the speed limits for boats being used in the channels, and Owners and Occupants must strictly observe said speed limits and endeavor to make sure all others using such channels observe such speed limits.

E. Docks, Piers, and Other Structure

Other than docks, piers, and other structures constructed by or at the direction of Declarant, its successors or assigns, boat docks, piers, and walkways of any type may not protrude more than 10 feet beyond the water side of the bulkhead into the channel. All boat docks, piers, and walkways and the manner of construction of same are subject to prior written approval by the DRB. No opening may be made through the bulkhead without the written approval of the DRB. No Boat Houses are permitted, except where boat slips have been opened into the bulkhead and the Boat House is located behind the bulkhead. No

overhead boat lifts are permitted except inside a Boat House. Only “self-supported” boat elevators are permitted at a bulkhead or dock. The term “self-supported”, as used in this Section, means elevators that are not attached to the bulkhead or the bulkhead cap and are supported by sufficient piling to sustain the elevator.

ARTICLE XV. HIGH WIND, SQUALL, STORM AND HURRICANE PREPAREDNESS; DAMAGE PREVENTION AND DEBRIS CLEAN UP

The following additional restrictions apply to the Properties due to the location of the Properties in a tropical area near the Gulf of America and the extreme weather events that may result in connection with such location:

1. At the occurrence of any property damage or debris caused by an extreme weather event, each Owner will commence immediate clean-up procedures and return the Owner’s Lot or Unit to its original state or to an orderly and attractive condition;
2. Any decking, dock facilities, piers, wharfs, Boat Houses, and the like should also be repaired immediately after property damage caused by an extreme weather event;
3. Any damaged decking, dock facilities, piers, wharfs, Boat Houses, boats or other debris in the canals or waterways must be removed immediately after the conclusion of an extreme weather event in order to facilitate proper navigation;
4. Materials with little or no damage may be used again after the conclusion of an extreme weather event in any required reconstruction with the approval of the DRB;
5. At all times during the year, any articles and items subject to movement by high winds must be securely lashed or placed in the interior of the Living Unit;
6. Hurricane preparedness and awareness should be practiced during the entire year, whether or not a threat exists; and
7. During the planning and construction of any Living Unit, hurricane damage protection should be considered for the protection of the individual Owner as well as all other Owners within the Properties.

ARTICLE XVI. BEACH MAINTENANCE, CARE, AND NOURISHMENT

A. Purpose and Intention

One of the major amenities of The Shores is approximately 2,500 feet of beach on the Gulf of America. Chapters 61 and 63 of the Texas Natural Resources Code provide that the public, individually and collectively, has the free and unrestricted right of ingress and egress from and to the state owned beaches bordering on the seaward shore of the Gulf of America and that area extending from mean low tide and defined as the “**Public Beach**” by Chapter 61

of the Natural Resources Code. The law prohibits private structures or other private appropriations of the Public Beach. In accordance with Texas law, no private structure or other device should ever encroach upon or impair the Public Beach. If any private structure becomes located within or encroaches upon the Public Beach, then said structure must be removed by the owner thereof. If said Owner fails to remove the same, the Association may remove the same and the cost of removal will be secured by the lien created in this Declaration. This provision is in addition to powers that the State of Texas and any other governmental agency having any regulatory power over the Public Beaches may have to enforce the law in its own name.

B. Dunes and Vegetation

The Association will maintain a dune system in the beach system located in The Shores. The Association will maintain and insure a dune system running the entire length of the Properties. No portion of said dune system may be artificially stimulated to extend seaward more than approximately 20 feet from the 440-foot building line established in the Beach and Dune plan for The Shores. The Association is granted an easement upon said property for the purpose of maintaining the dune system and for the purpose of erecting and maintaining any sand fences and other devices that will help nourish the growth of the dune system. The Association will also, if necessary, plant and irrigate the same in order to foster the growth of vegetation which will help stabilize the dune system. In order to protect the dune system, the Association may erect dune walk overs after obtaining the required permits from all necessary governmental agencies.

C. Beach Maintenance and Cleaning

Consistent with the provisions of Chapter 63 of the Texas Natural Resources Code and any other lawful rules and regulations pertaining to beaches within the State of Texas, the Association will assist in cleaning and maintaining the general condition of the beaches located within The Shores and the costs related to such cleaning and maintenance will be paid for out of the General Assessments paid by Owners.

D. Easements

There is reserved in favor of the Association an easement upon all property within the Properties as reasonably necessary to carry out the purpose and intention of this Section.

ARTICLE XVII. ASSOCIATION'S RIGHT OF FIRST REFUSAL

A. Sales and Mortgages

If the Owner of any Lot or Living Unit desires to sell his Lot or Living Unit and receives an offer for the purchase of same which he would be willing to accept, such Owner may not sell the Lot or Living Unit without first giving the Board the right of first refusal to purchase the Lot or Living Unit and any Improvements thereon on behalf of the Association for the same price and on the same terms and conditions as stipulated in the offer received. Such right of first refusal must be given by written notice to the Board or its managing agent, if any, and be transmitted by U.S. registered or certified mail, with return receipt requested, and must set out the price, terms and conditions stipulated in the offer received and the name and address of the

person making the offer, and contain a copy of the contract containing the offer. Such notice is deemed given as the date of such registered or certified mailing as evidenced by the post office receipt thereof. If the Board does not elect to purchase the Lot or Living Unit for the price and on the terms and conditions specified in the notice within 30 days from date of the notice is given, then the Owner may sell the Lot or Living Unit to the person or persons making the offer, and, in such case, if required, it will be the duty and obligation of the managing agent, if any, or President or Secretary of the Board to certify in writing, duly acknowledged and in recordable form, that the selling Owner has complied with all the provisions of this Declaration and that the Board has declined to purchase the Lot or Living Unit. If the Lot or Living Unit is not sold, then the Owner will re-offer the Lot or Living Unit to the Board upon each and every offer and proposed sale by the Owner.

B. Exceptions

The provisions of Section A above do not apply with respect to any gift, sale, or conveyance by an Owner of his Lot or Living Unit to his spouse or to any of his children, whether by blood or legal adoption, or the spouse of any such person, or any one or more of them, or to the Association, nor to any sale of a Lot or Living Unit by Declarant, nor to the acquisition or sale of a Lot or Living Unit by a mortgagee who acquires title to the Lot or Living Unit by foreclosure or by deed in lieu of foreclosure. However, the provisions of Section A above apply with respect to any purchaser of any Lot or Unit from such mortgagee and to any resale thereafter. Owners are free to devise the Owner's Lot or Living Unit by will, or to pass the same by intestacy, without compliance with Section A above.

C. Sales Voidable

Any purported sale of a Lot or Unit in violation of Section A above is voidable at the election of the Board or, at its election, the Association has the right and option to purchase the Lot or Living Unit from the purchaser in any such purported sale in violation of Section A above at the same price and upon the same terms at which such purported purchaser acquired any such interest in such Lot or Living Unit.

D. Consent of Owners to Purchase Lot or Unit by Board

After the termination of the Development Period, the Board may not exercise its repurchase option to purchase any Lot or Living Unit without the prior approval of a majority of the Owners or such greater number as may be specified in the Bylaws of the Association. Prior approval of the Owners is not required for the Board to exercise its repurchase option during the Development Period.

E. Release by Board of Right of First Refusal

The right of first refusal contained in this Article may be released or waived by the Board, in which event the Lot or Living Unit, together with the appurtenant interest therein, may be sold and conveyed, free and clear of the provisions of this Article.

F. Certificate of Termination of Right of First Refusal

A certificate, executed and acknowledged by the President or Secretary of the Board or its managing agent stating that the provisions of this Article have been met by an Owner or have been duly waived by the Board and that the rights of the Association under this Article have terminated, is conclusive upon the Association and its Board and its Board members in favor of all persons who rely thereon in good faith. Such certificate may be furnished to any Lot or Living Unit Owner who has, in fact, complied with the provisions of this Article or in respect to whom the provisions of such election have been waived upon request.

G. Financing of Purchase of Lot or Living Unit by Association

Acquisition of a Lot or Living Unit by the Association may be made from the assets, if any, or on the credit of the Association, as such, or from the common fund (if on behalf of the co-Owners as such) or if such funds are insufficient, the Board may levy a Special Assessment against each Lot or Living Unit Owner; or the Board, in its discretion, may cause the Association to borrow money to finance the acquisition of such Lot or Living Unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Lot or Living Unit, so to be acquired by the Association, or as may be required in the acquisition of real property, above described.

ARTICLE XVIII. MODIFICATION AND TERMINATION OF COVENANTS

Notwithstanding anything contained in this Declaration to the contrary, in the event this Declaration or a Supplemental Amendment is amended and restated in the future, such amendment and restatement will not affect or disturb the lien created in this Declaration or any annexation accomplished by the Supplemental Amendment, which lien and annexation will continue to be in full force and effect from the date the Declaration and Supplemental Amendment were recorded.

A. Amendment by Declarant

In addition to the specific amendment rights granted elsewhere in this Declaration, until termination of the Development Period, Declarant may unilaterally amend this Declaration and any Supplemental Declaration for any purpose; provided, however, any such amendment may not adversely affect the title to any Lot or Living Unit in a material way unless the Owner consents to the amendment in writing.

After the expiration of the Development Period, Declarant may unilaterally amend this Declaration and any Supplemental Declaration at any time without the joinder or consent of any Owner, entity, lender, or other person if such amendment is (i) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on Lots and Living Units; (iii) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots or Living Units; (iv) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on Lots or Living Units; or (v) necessary for the purpose of clarifying or resolving any ambiguities or conflicts in this Declaration or in any Supplemental Declaration, or for correcting any inadvertent

misstatements, errors, or omissions in this Declaration or in any Supplemental Declaration.

Any amendment to the Declaration or a Supplemental Declaration made by Declarant must be recorded in the Official Public Records of Cameron County, Texas, whereupon, to the extent of any conflict with this Declaration or Supplemental Declaration and any amendment thereto, the amendment will control.

Any amendment made by Declarant becomes effective upon recording unless otherwise specified in the amendment.

B. Amendment by Owners

During the Development Period, this Declaration and any Supplemental Declaration may be amended, modified, or terminated by the approval of the Owners of a majority of the Lots and the written consent of Declarant. After the termination of the Development Period, approval by the Owners of a majority of the Lots is required to amend, modify, or terminate this Declaration and any Supplemental Declaration; provided, however, any such amendment must be approved in writing by the Association. Upon approval of the Owners, as set out above, of the amended declaration or amended Supplemental Declaration (as evidenced by the President's or Vice-President's signature), the amended declaration or amended Supplemental Declaration must be recorded in the Official Public Records of Cameron County, Texas, whereupon, to the extent of any conflict with this Declaration or Supplemental Declaration and any amendment thereto, the amendment will control. For purposes of this Section B, the approval of multiple Owners of a Lot may be reflected by the signature of any one Owner of such Lot.

Notwithstanding anything contained in this Declaration to the contrary, the Association is entitled to use any combination of the following methods to obtain approval of the Owners for an amendment to the Declaration and any Supplemental Declaration:

1. written ballot, or electronic ballot as same may be established by the Board, which states the substance of the amendment and specifies the date by which a written or electronic ballot must be received to be counted;
2. a meeting of the Members of the Association, if written notice of the meeting stating the purpose of the meeting is delivered to the Owners of the Lots; such notice may be hand-delivered to the Owners, sent via regular mail to the Owner's last known mailing address, as reflected in the Association's records, or sent via email to the Owner's email address as reflected in the Association's records;
3. door-to-door circulation of a petition by the Association or a person authorized by the Association; or
4. any other method permitted under this Declaration or applicable law.

No amendment to the Declaration or to any Supplemental Declaration may limit the rights of Declarant pertaining to the Declaration and any Supplemental Declaration. Particularly reserved to Declarant is the right and privilege of Declarant to designate the use and architectural restrictions applicable to any portion of the Properties, as provided in this Declaration; and such designation,

or subsequent change of designation, may not be deemed to adversely affect any substantive right of any existing Owner.

C. Amendment by the Board

After the termination of the Development Period, this Declaration and any Supplemental Declaration may be amended by the affirmative vote of at least 2/3 of the directors of the Board, without the joinder or consent of any Owner, entity, lender, or other person, if such amendment is (i) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on Lots and Living Units; (iii) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots or Living Units; (iv) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on Lots or Living Units; or (v) for the purpose of clarifying or resolving any ambiguities or conflicts in this Declaration. For purposes of this provision, the affirmative vote of at least 2/3 of the directors of the Board (who are Owners entitled to vote on any such amendment) satisfies the "lower percentage" requirement of Texas Property Code 209.0041(h-1) or its successor statute.

Any amendment to the Declaration or a Supplemental Declaration made by the Board must be recorded in the Official Public Records of Cameron County, Texas, whereupon, to the extent of any conflict with this Declaration or Supplemental Declaration and any amendment thereto, the amendment will control.

ARTICLE XVIII. ALTERNATE DISPUTE RESOLUTION

It is the intent of the Association and Declarant to encourage the amicable resolution of disputes involving the Properties and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, the following dispute resolution procedures control and attempt to resolve all claims, grievances, or disputes involving the Properties, including claims, grievances, or disputes arising out of or relating to the interpretation, application, or enforcement of the Dedicatory Instruments.

A. Dispute Resolution

No dispute between any of the following entities or individuals may be commenced until the parties have submitted to non-binding mediation: Owners, Members, the Board, officers in the Association, or the Association; provided, however, the Board has discretion to determine whether the Association will participate in the dispute resolution procedures regarding claims made by the Association or enforcement of the Dedicatory Instruments. Disputes between Owners that are not regulated by this Declaration are not subject to the dispute resolution process.

B. Outside Mediator

In a dispute between any of the above entities or individuals, the parties must voluntarily

submit to the following mediation procedures before commencing any judicial or administrative proceeding. Each party will represent himself/herself individually or through an agent or representative or may be represented by counsel. The dispute will be brought before a mutually selected mediator. Such mediator will either be an attorney-mediator skilled in community association law, a Professional Community Association Manager as certified by the Community Associations Institute, or a Certified Property Manager as certified by the Institute of Real Estate Managers. In order to be eligible to mediate a dispute under this provision, a mediator may not reside in the Properties, work for any of the parties, represent any of the parties, or have any conflict of interest with any of the parties. Costs for such mediator must be shared equally by the parties. If the parties cannot mutually agree upon the selection of a mediator after reasonable efforts (not more than 30 days), each party must select their own mediator and a third will be appointed by the two selected mediators. If this selection method must be used, each party will pay the costs of their selected mediator and will share equally the costs of the third appointed mediator.

C. Mediation is Not a Waiver

By agreeing to use this Dispute Resolution process, the parties in no way waive their rights to extraordinary relief, including temporary restraining orders or temporary injunctions, if such relief is necessary to protect or preserve a party's legal rights before a mediation may be scheduled.

D. Failure to Pursue Alternative Dispute Resolution

In the event any party violates the provisions of this alternative dispute resolution Article and commences litigation without pursuing alternative dispute resolution, the party commencing the litigation must reimburse all other parties to such litigation for their costs and expenses, including attorney's fees, incurred in seeking abatement of such litigation and in enforcing the alternative dispute resolution provisions of this Article. In addition, any violation of the provisions of this alternative dispute resolution Article will be considered a Deed Restriction Violation.

E. Assessment Collection and Lien Foreclosure

The provisions of this Declaration dealing with alternate dispute resolution do not apply to the collection of Assessments or the foreclosure of the lien by the Association as set out in this Declaration.

F. Term

This Article is in full force and effect during the Development Period. Thereafter, this Article remains in full force and effect unless, at the first open meeting of the Association after such initial period, a majority of the Board votes to terminate the provisions of this Article.

ARTICLE XIX. MISCELLANEOUS

A. Severability of Provisions

If any paragraph, section, sentence, clause or phrase of the Declaration is or becomes

illegal, null, or void for any reason or is held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses, or phrases of this Declaration will continue in full force and effect and will not be affected thereby. The remaining paragraphs, sections, sentences, clauses, and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases become or be illegal, null or void.

B. Compliance with Laws

At all times, each Owner must comply with all applicable federal, state, county, and municipal laws, ordinances, rules, and regulations with respect to the use, occupancy, and condition of the Lot, Living Unit, and any Improvements thereon. If any provision contained in this Declaration or any supplemental declaration or amendment is found to violate any law, then the provision must be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

C. Construction

Whenever the context requires, the masculine will be construed to include the feminine and neuter or vice versa, and the singular will be construed to include the plural and conversely.

D. Interpretation

The Board has the right to construe and interpret the provisions of this Declaration, and in the absence of an adjudication by a court of competent jurisdiction to the contrary, its construction or interpretation will be final and binding as to all persons or property benefited or bound by the provisions of this Declaration. Any conflict between any construction or interpretation of the Board or any other person or entity to enforce the provisions of this Declaration will be resolved in favor of the construction or interpretation of the Board.

For purposes of this Declaration, (a) "include", "includes", and "including" are deemed to be followed by the words "without limitation", (b) "or" is not exclusive, (c) "any" means "any and all", and (d) "may not" is a prohibition and does not mean "might not" or its equivalents.

E. Titles

The titles, headings, and captions used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof.

F. Governing Law

The provisions in this Declaration are governed by and enforceable in accordance with the laws of the State of Texas, and venue is mandatory in Cameron County, Texas. Any obligations performable pursuant to this Declaration are to be performed in Cameron County, Texas.

G. Notice

Whenever written notice is permitted or required under this Declaration, such notice will be given in person or by the mailing of the notice by first class mail to the Owner at the address of such Owner appearing on the records of the Association, unless such Owner has given written notice to the Association of a different address, in which event such notice will be sent to the Owner at the address so designated. In such event, such notice will conclusively be deemed to have been given by the Association by placing same in the United States mail, properly addressed, whether received by the addressee or not within any times specified in this Declaration.

H. Bulletins

Declarant and the Association may from time to time deem it necessary to issue bulletins containing explanations of the covenants, conditions, restrictions and other such matters contained in this Declaration, or notifications of amendments and other such matters. These bulletins are supplemental to this Declaration. Should there be any discrepancy between the covenants, conditions, restrictions and other matters contained in this Declaration and any bulletin issued by Declarant or the Association, the Declaration will prevail.

I. Provision of Services to Lots or Living Units

The Association may provide or provide services, utilities, and facilities for all or any of the Owners and their respective Lots or Living Units and may enter into contracts or agreements with other entities, including, without limitation, Declarant, including Declarant's affiliates, to provide such services, utilities, and facilities. The Board may charge use or service fees for any such services, utilities, and facilities, or may include the costs in the Association's budget as a common expense and assess it as part of the Regular Assessment, if provided to, or determined by the Board to be a benefit to all Lots or Living Units. Alternatively, the Board may include the costs in a specific budget such as a Special Interest Budget if provided to or determined by the Board to be a benefit to only certain Owners or certain Lots or Living Units. The Association may also arrange for the costs of such services, utilities, and facilities to be billed directly to Owners by the provider(s) of such services and utilities. By way of example, such services, utilities, and facilities might include a beach club or other social facility, landscape maintenance, housekeeping services, pest control service, cable or satellite television service, telephone, internet access, security patrols and monitoring, caretaker, transportation, fire protection, utilities, trash collection and recycling and other services, utilities, and facilities.

Nothing in this Section may be construed as a representation by the Association as to what, if any, services, utilities, or facilities will be provided. In addition, subject to the contract terms, the Board may modify or cancel existing contracts for services in its discretion, unless the services are otherwise required by the Declaration, Bylaws, or other Dedicatory Instrument. Nonuse of services, utilities, or facilities provided to Owners or Lots or Living Units by the Association does not exempt any Owner from the obligation to pay Assessments for such services, utilities, or facilities.

J. Relationships with Other Properties

The Association may enter into an agreement, contract or covenant between the

Association and an owner or operator of property adjacent to, in the vicinity of, or within the Properties for the allocation of expenses that benefit both the Association (or its Members) and the owner or operator for such property (hereinafter a “***Cost Sharing Agreement***”). Such Cost Sharing Agreements may establish rules and regulations regarding the use of any shared or mutually beneficial property or services. If the Association is obligated to make payments under a Cost Sharing Agreement, such payments may be assessed to Owners as a common expense which is shared by all Owners or may be assessed to certain, but not all Owners, as deemed appropriate by the Board. Approval to enter such Cost Sharing Agreements requires a majority vote of the Board, and the Board may act unilaterally to negotiate, execute, modify, or terminate such contractual arrangements.

K. Rights To Use Names; Licenses Agreements

The name “The Shores” and all similar or derivative names, along with all associated logos, are the proprietary trade names and service marks of Declarant or its affiliates. No person may use such trade names or service marks for advertising or for any other purpose in any promotional material, whether printed, audio, video, or otherwise, in any signage, or in any logo or depiction without the prior written consent of Declarant who owns such mark. In addition, due to the integrated nature of The Shores as a planned community and the public identification of the Lots and Living Units within The Shores, any name or “logo” to be used in connection with or displayed on any Lot or Living Unit, and any sales or other materials or documentation related to the use of the Lot or Living Unit, is subject to Declarant’s prior written consent. Such approval may be given or withheld in Declarant’s sole discretion and may be subject to such terms and conditions as Declarant deems appropriate.

Notwithstanding the above, Owners may use the name “The Shores” where such term is used solely to specify that a particular property is located within the Properties (subject, however, to such terms and conditions as Declarant may impose in order to protect its trade names and service marks) and the Association may use the word “The Shores” in its name. Other use by the Association or any Owner is subject to the restrictions set out in this Section.

L. Right to Transfer or Assign Declarant Rights

Any or all of the special rights and obligations of Declarant set forth in this Declaration, in the Bylaws, or in another Dedicatory Instrument may be transferred by Declarant to other persons or entities, provided that the transfer may not reduce an obligation or enlarge a right beyond that contained in this Declaration, the Bylaws, or another Dedicatory Instrument. No such transfer is effective unless it is in a written instrument signed by the Declarant and duly recorded in the Cameron County Clerk’s Office.

M. Waiver

The failure of Declarant, the Association, or the Owner of any Lot or Living Unit included in the Properties, their representatives, legal representatives, heirs, successors, and assigns, to enforce any restriction contained in this Declaration will in no event be considered a

waiver of the right to do so thereafter, as to the same violation or breach or as to such a violation or breach occurring prior or subsequent.

N. Election of Remedies

All rights, remedies and privileges granted to Declarant, the Association, or the Members pursuant to any terms, provisions, covenants, or conditions of this Declaration are deemed to be cumulative and the exercise of any one or more of such rights, remedies, and privileges is not deemed to constitute an election of remedies, nor does it preclude the party exercising the same from exercising such other and additional rights, remedies, or privileges as may be granted to such party by this Declaration, the Dedicatory Instruments, or by law.

O. Exclusive Rental Agent

Franke Rentals, a separate series of Franke II LLC, a Texas series limited liability company and its successors or assigns ("***Franke Rentals***") in South Padre Island, Texas, is the sole and exclusive rental agent for all the Properties ("***Exclusive Rental Agent***"). The appointment of the Exclusive Rental Agent serves several essential functions for the benefit of The Shores, including, but not limited to, (i) uniformity and quality control to promote the reputation and investment stability in The Shores, (ii) efficient, centralized management for streamlined processes, reducing administrative burdens on individual owners and promoting compliance with community rules and regulations, (iii) enhanced oversight to monitor and manage tenant activities, (iv) community cohesion and cooperation among owners, (v) market stability in rental rates and occupancy levels, which helps shield all owners against rental market fluctuations.

All leasing or rentals of houses, Lots or Living Units, by any Owner within the Properties must be negotiated by and through the Exclusive Rental Agent and the customary commission must be paid by the leasing or renting Owner to the Exclusive Rental Agent for such services rendered. By accepting a deed to property within The Shores, each Owner acknowledges and agrees that Franke Rentals is the Exclusive Rental Agent. This section will be enforceable in the manner prescribed by Article X of this Declaration

P. Exclusion of Declarant's Other Properties

By accepting a deed to a Lot or Living Unit, each Owner specifically acknowledges that nothing contained in this Declaration in any way either expressly or by implication, restricts, limits, or otherwise affects the use or disposition by Declarant or any of Declarant's affiliates of any property owned by Declarant or Declarant's affiliates, whether contained within or contiguous to The Shores. Declarant and its affiliates have full, free, and unrestricted use of their other land, notwithstanding any incompatibility of such use with restrictions this Declaration imposes upon the Properties. By accepting a deed to a Lot or Living Unit, each Owner, specifically and expressly disclaims any reciprocal negative easement in any other property that Declarant or Declarant's affiliates owns.

Q. Number of Lots Subject to this Declaration

The number of Lots that may be created within The Shores and made subject to this

Declaration is 2,000, which Lots will contain single family and multi-family structures of various types, including structures which contain Living Units and commercial areas. Provided, this Section does not constitute a warranty or representation by Declarant as to the total number of Lots that will ultimately be created and subjected to the provisions of this Declaration.

R. Development Plan

Each Owner acknowledges that the development of The Shores may extend over a number of years and agrees and consents to all changes in (a) uses or density of Lots or Living Unit within The Shores, and (b) the general development plan for The Shores. Notwithstanding anything contained in any written letter, document or materials, or oral statement received by any Owner, each Owner acknowledges and agrees that the present plans and themes for the Subdivision's development may change and that such Owner has not relied on any representation, warranty, or assurance by any person or other entity (a) that any Lots or Living Units, or other property or facilities, will be added, modified, or eliminated within The Shores, or (b) as to the financial or other impact of such action on any Owner. Each Owner acknowledges and agrees that it is not entitled to rely upon and has not received or relied upon any representations, warranties, or guarantees whatsoever as to the current or future: (a) design, construction, completion, development, use, benefits, or value of property within The Shores, (b) number, types, sizes, prices, or designs of any residential or non-residential structures or Improvements built or to be built in any part of the Properties, or (c) use or development of any property adjacent to or within the vicinity of the Properties.

S. View Impairment

Neither Declarant, the Association, nor any owner or operation of a Private Amenity, guarantee or represent that any view over and across the Lots, Living Units, Common Areas, Areas of Common Authority, Reserve Areas, or open spaces within the Properties will be preserved without impairment. Declarant and the Association have no obligation to relocate, prune, or thin trees, shrubs, or other landscaping. The Association has the right, without the obligation, to relocate, prune, thin, or add trees and other landscaping or improvements to the Common Area. There are no express or implied easements for view purposes or for the passage of light and air. No Owner has the right to object to the construction of improvements on any adjacent or nearby Lot, Area of Common Authority, or Common Area, based on the impact of such improvements on the Owner's view.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 22nd day of May, 2026.

DECLARANT:

Shores Development, Inc., a Texas corporation

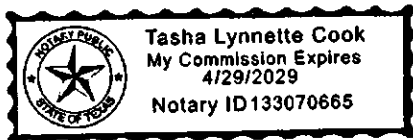
By: _____

Richard J. Franke, Sr.
President

STATE OF TEXAS §
 §
COUNTY OF CAMERON §

BEFORE ME, the undersigned authority, on this day personally appeared Richard J. Franke, Sr., the President of Shores Development, Inc., a Texas corporation, known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that s/he executed the same for the purposes expressed in this Declaration and in the capacity expressed above.

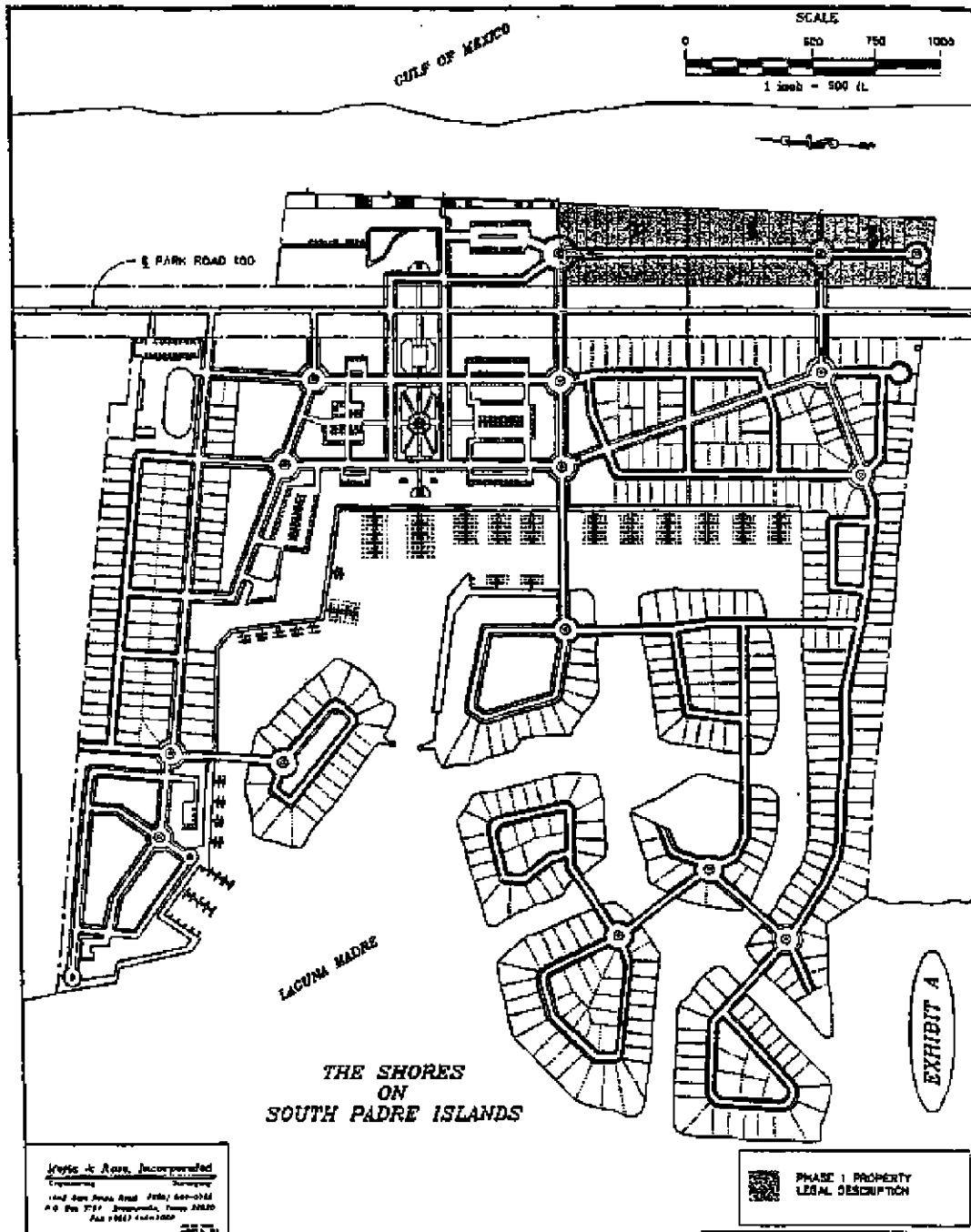
GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 22nd day of May, 2026.



Tasha Cook
Notary Public – State of Texas

EXHIBIT A

Description of Phase 1



Mejia & Rose, Incorporated

Engineering

Surveying

Padre Shores, Ltd.
10.683 Acres out of
The Shores Subdivision, Phase One
(Sections One, Two and Three)

July 28, 1997
Job No. 8556

METES AND BOUNDS DESCRIPTION

A 10.683 Acre Tract of land out of a certain 53.15 Acre Tract described as "Tract No. 1" in Warranty Deed with Vendor's Lien dated October 16, 1985 and recorded in Volume 1433, Page 591 of the Cameron County Deed Records and being out of the "South 2000 Acres of the King 6000 Acres" on South Padre Island in Cameron County, Texas; said 10.683 Acre Tract being more particularly described as follows:

COMMENCING at the intersection of the centerline of Park Road No. 100 and the South line of the King 6000 Acres marked with a bolt found, said point being the Southwest corner of said 53.15 Acre Tract; **THENCE**, North 89 Deg. 24 Min. 01 Sec. East, a distance of 100.58 feet to a concrete monument with a one-half inch iron pin with a yellow plastic cap stamped "M&R, Inc." set on the East right-of-way line of Park Road No. 100, for the Southwest corner and **POINT OF BEGINNING** of this tract herein described;

THENCE, North 06 Deg. 47 Min. 04 Sec. West, along the East right-of-way line of Park Road No. 100, a distance of 1521.27 feet to a one-half inch iron pin with a yellow plastic cap stamped "M&R, Inc." set on the East right-of-way line of Park Road No. 100 set, for the Northwest corner of this tract;

THENCE, North 83 Deg. 12 Min. 56 Sec. East, a distance of 62.94 feet to a one-half inch iron pin with a yellow plastic cap stamped "M&R, Inc." set, for a point of curvature;

THENCE, along a curve to the left having a chord bearing, North 52 Deg. 29 Min. 09 Sec. East, a distance of 15.33 feet, a radius of 15.00 feet and an arc length of 16.09 feet to a one-half inch iron pin with a yellow plastic cap stamped "M&R, Inc." set, for a point of reverse curvature;

THENCE, along a curve to the right having a chord bearing, South 87 Deg. 18 Min. 40 Sec. East, a distance of 141.77 feet, a radius of 75.00 feet and an arc length of 185.70 feet to a concrete monument with a one-half inch iron pin with a yellow plastic cap stamped "M&R, Inc." set, for a corner of this tract;

THENCE, North 83 Deg. 12 Min. 56 Sec. East, a distance of 113.73 feet to a concrete monument with a one-half inch iron pin with a yellow plastic cap stamped "M&R, Inc." set, for the Northeast corner of this tract;

P. O. Box 3761 • Brownsville, Texas 78523 • (210) 544-3022

10.683 Acre Tract

Page 2

THENCE, South 04 Deg. 36 Min. 17 Sec. East, a distance of 1536.27 feet to a point on the South line of said 53.13 Acre Tract, for the Southeast corner of this tract;

THENCE, South 89 Deg. 24 Min. 01 Sec. West, along the South boundary line of said 53.13 Acre Tract, a distance of 272.84 feet to the **POINT OF BEGINNING**.

CONTAINING 10.683 Acres of land, more or less.


Eduardo H. Mejia
Reg. Prof. Land Surveyor No. 3900

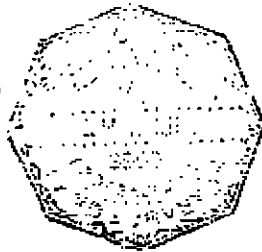


EXHIBIT B

Anchor Tract

Block 3, Common Area, Market Village Phase 1, Section 1, according to the Final Plat thereof recorded in Cabinet 1, Slot 2673B of the Map Records of Cameron County, Texas

**Cameron County
Sylvia Garza-Perez
Cameron County Clerk**

Instrument Number: 2026-20617

eRecording - Real Property

Recorded On: June 09, 2026 07:49 AM

Number of Pages: 74

" Examined and Charged as Follows: "

Total Recording: \$323.00

******* THIS PAGE IS PART OF THE INSTRUMENT *******

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 20617
Receipt Number: 20260608000187
Recorded Date/Time: June 09, 2026 07:49 AM
User: Karla G
Station: CCLERK19_20

Record and Return To:

CSC Global
835 E LEVEE

BROWNSVILLE TX 78520



**STATE OF TEXAS
COUNTY OF CAMERON**

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of County, Texas.

Sylvia Garza-Perez
Cameron County Clerk
Cameron County, TX