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THE STATE OF TEXAS §
COUNTY OF GALVESTON §

RESERVATIONS AND RESTRICTIONS
OF
TERRAMAR BEACH, SECTION 5

55111

WHEREAS, JAMAICA RESORT CORPORATION (hereinafter called "Jamaica"), a Texas corporation, is the owner of all that certain 6.67-acre tract of land out of the Hall & Jones Survey, in Galveston County, Texas, a subdivision designated as TERRAMAR BEACH, Section 5, according to the map or plat thereof being filed with the County Clerk of Galveston County, Texas; and

WHEREAS, Jamaica desires the development of its property to be for the mutual benefit and pleasure of the present and future property owners in such subdivision and to protect the property values therein by imposing upon and against the property therein the reservations, restrictions and other provisions hereinafter set forth.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that JAMAICA RESORT CORPORATION does hereby make, adopt and establish the reservations, restrictions and other provisions (including without limitation reservations, restrictions, declarations, easements, limitations, charges, liens, agreements, covenants, conditions, preferential purchase rights and stipulations) as hereinafter set forth as applicable to the property in TERRAMAR BEACH, Section 5, a subdivision on Galveston Island, Galveston County, Texas, according to the map or plat being filed in the office of the County Clerk of Galveston County, Texas (hereinafter

sometimes referred to as the "Subdivision"). Said map or plat has been duly authenticated with proper certificates and dedicates the streets shown thereon to the public (except the areas designated "private drive" as shown thereon) subject to the reservations, restrictions and other provisions herein contained to the same extent as though copied at length in said dedication certificate and said map or plat is subject only to such minor changes as, in the judgment of Jamaica, are necessitated by the efficient installation of improvements.

RESERVATIONS

In so authenticating said map or plat for record and in so dedicating the streets shown thereon to the public (except the areas designated "private drive" as shown thereon), there was reserved and there is hereby expressly reserved in Jamaica the following rights, titles and easements (hereinafter collectively called the "Reservations"). The Reservations may be incorporated to the same extent as if set forth in full in any contract of sale, deed, lease or other transfer of any interest in any property in the Subdivision by reference to this instrument; and every contract of sale, deed, lease, or other transfer of any interest in any property in the Subdivision shall be conclusively deemed to have been executed, delivered and accepted subject to the following Reservations, even if the Reservations are not set out in full and are not incorporated by reference in such contract of sale, deed, lease or other transfer of any interest in any such property:

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- (1) The legal and fee simple title in and to each and all of said streets (except said private drives) as shown on said map or plat is hereby reserved in Jamaica subject to the dedication of the use of such streets to the public for ordinary roadway purposes only.
- (2) Jamaica reserves for itself, its successors and assigns, title in and to all water, sanitary sewer, storm sewer, drainage and gas pipes, mains, conductors, and all appurtenances thereto and all electric distribution, communication and television lines, wires, cables, conduits and all appurtenances thereto heretofore or hereafter constructed by Jamaica or its agents in all of said streets in the Subdivision, together with a perpetual easement to operate, maintain, inspect, repair, reconstruct, change the size of and remove such pipes, mains, conductors, lines, wires, cables, conduits and appurtenances thereto, as it or they may from time to time desire.
- (3) Jamaica reserves for itself, its successors and assigns, a perpetual nonexclusive easement to lay, construct, operate, maintain, inspect, repair, reconstruct, multiply, change the size of and remove such water, sanitary sewer, storm sewer, drainage and gas pipes, mains and conductors and all appurtenances thereto pertinent to the operation of waterworks, sanitary sewer, storm sewer and drainage systems, and pertinent to the operation of gas distribution systems and such electric distribution, communication and television lines, wires, cables, conduits, and appurtenances thereto pertinent to the operation of electric distribution, communication and cable television systems as it or they may from time to time desire, in, upon, along, under, over, across and through all of said streets in the Subdivision. Such pipes, mains, conductors, lines, wires, cables, conduits and appurtenances shall be buried to such reasonable depth as will not interfere with the use of the streets for ordinary roadway purposes.
- (4) Jamaica reserves for itself, its successors and assigns, perpetual utility easements or rights-of-way in, upon, along, under, over, across and through the front ten (10) feet of each lot or parcel of land in the Subdivision to lay, construct, operate, maintain, inspect, reconstruct, multiply, change the size of and remove such utility lines and facilities (including without

limitation of the generality thereof, water, sanitary sewer, storm sewer, drainage and gas pipes, mains, conductors and all appurtenances thereto and electric distribution, communication and television lines, wires, cables, conduits, poles, towers, props, guys, connections and all appurtenances thereto), as it or they may from time to time desire. The term "front ten (10) feet of each lot or parcel of land in the Subdivision" as used in this paragraph is a strip of land ten (10) feet in breadth along each side of each lot or parcel of land adjoining a street. Jamaica further reserves for itself, its successors and assigns, such other utility easements in, upon, along, under, over, across and through each lot or parcel of land as are shown on the said map or plat of the Subdivision as perpetual utility easements or rights-of-way for the same purposes previously described. All utility easements hereby reserved are easements ten (10) feet in breadth at and below normal ground level and extending upward to a plane twenty feet above the ground, and from said plane and upward, the utility easements are unobstructed aerial easements twenty feet in breadth, extending five feet in breadth adjacent to and on both sides of the utility easements. All utility easements include the rights of ingress and egress thereto for the exercise thereof and include the right to remove from the utility easements all bushes, trees and parts thereof or any obstructions whatsoever which in the opinion of Jamaica or its successors or assigns, endanger or may interfere with the efficiency, safety or proper maintenance of the utility lines and facilities. Neither Jamaica, any utility company, nor any other successor or assign, using the utility easements shall be liable for any damage done by them or their assigns, agents, employees or servants to shrubbery, trees or flowers or other property situated in the part of a lot or parcel of land covered by such utility easements. All utility easements hereby reserved shall be divisible among two or more owners.

Jamaica further reserves the exclusive right to grant franchises and easements to utility companies to lay, construct, operate, maintain, inspect, reconstruct, change the size of, multiply and remove such utility lines in such utility easements. Such utility easements are not dedicated to the public in any manner.

- (5) Jamaica reserves for itself, its successors and assigns, a perpetual nonexclusive easement in, upon, along, under, over, across and through each lot or parcel of land in the Subdivision which is adjacent to the beach and the open Gulf of Mexico, being lots numbers 1 through 17, both inclusive (in common with the owner of any such lot or parcel of land), to the extent necessary to construct, operate, maintain, inspect, repair, change the size of and reconstruct bulkheads located in whole or in part on such lots or parcels of land for the purpose of maintaining and protecting the lots or parcels of land and the adjacent beach from erosion.
- (6) Jamaica reserves for itself, its successors and assigns, all of the underground water and underground water rights in, on, under and that may be recovered from any lot or parcel of land within the Subdivision exclusive of water rights in surface waters, but waives all rights of ingress and egress for the purpose of exploring, developing, drilling, mining for and producing such underground water from any such lot or parcel of land and shall have the right to recover such underground water only from any adjacent land.
- (7) There are certain areas shown on the map or plat of the Subdivision designated "Sidewalk." Jamaica hereby reserves and hereby conveys to Terramar Beach Community Improvement Association, a Texas nonprofit corporation, its successors and assigns, perpetual easements and rights-of-way in, along, under, over, across and through each area designated "Sidewalk" as shown on the map or plat of the Subdivision (in common with the owners of the two lots abutting each of such sidewalks) to construct, operate, maintain, inspect and reconstruct a common sidewalk for a passageway by foot for all licensees of said Corporation.
- (8) There are certain areas shown on the map or plat of the Subdivision which are designated "Private Drive," each of which adjoins two lots among Lots number 1 through 17, both inclusive (hereinafter collectively the "Beach Front Lots"). Jamaica hereby reserves the private drives with the benefit of the two adjoining Beach Front Lots as a common driveway for ingress and egress connecting the two adjoining Beach Front Lots and Gulf Drive, provided however, that in common therewith Jamaica hereby reserves and conveys to Terramar Beach Community Improvement Association, a Texas nonprofit corporation, its successors and assigns, perpetual easements

and rights-of-way in, along, under, over, across and through (1) the area between lots number 33 and 34 designated as "Private Drive" on the map or plat of the Subdivision and (2) the area between lots number 25 and 26 designated as "Private Drive" on a map or plat of the Subdivision to operate, maintain, repair and reconstruct the private drive as a common passageway by foot for all licensees of the said Corporation.

The conveyance by Jamaica of any lot or parcel of land in the Subdivision by contract of sale, deed, lease or other instrument transferring any interest shall not in any event be held or construed to include any of the rights, titles and easements heretofore reserved in any of the foregoing paragraphs, nor the title to water, gas, sanitary sewer, storm sewer, drainage and gas pipes, mains and conductors and all appurtenances thereto nor the electric distribution, communication and television lines, wires, cables, conduits, poles and all appurtenances nor any other utility or appurtenances thereto constructed by Jamaica or its agents, in, upon, along, under, over, across or through such easements, such property or any part thereof, or such streets, to serve any property within or without the Subdivision. The right to sell and lease all such rights, titles, easements, utilities and appurtenances is expressly reserved in Jamaica, its successors and assigns. The foregoing reservations of rights, titles and easements shall not, however obligate Jamaica to exercise any of such reserved rights and easements.

The invalidity, abandonment or waiver of any one or more of the foregoing Reservations, or any sentence, clause or part thereof shall not affect the remaining Reservations or sentences, clauses or parts thereof, which shall remain in full force and effect.

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RESTRICTIONS

For the purpose of creating and carrying out a uniform plan for the parceling and sale of all lots in the Subdivision as a district set aside for suburban homes and the uses ordinarily accessory thereto, the following restrictions, including without limitation restrictions, declarations, easements, limitations, charges, liens, agreements, covenants, conditions, preferential purchase rights and stipulations (hereafter collectively called the "Restrictions"), are hereby established and adopted to apply uniformly to the use, occupancy and conveyance of all of the lots in the Subdivision. The Restrictions may be incorporated to the same extent as though set forth in full in any contract of sale, deed, lease or other transfer of any interest in any lot in the Subdivision by reference to this instrument; and every contract of sale, deed, lease, or other transfer of any interest hereafter executed with regard to any lot in the Subdivision shall be conclusively deemed to have been executed, delivered and accepted subject to the following Restrictions, even if the Restrictions are not set out in full and are not incorporated by reference in such contract of sale, deed, lease or other transfer of any interest in any such lot:

Terramar Beach Community Improvement Association

The Terramar Beach Community Improvement Association, a Texas nonprofit corporation, has been incorporated with its initial registered office in Houston, Harris County, Texas, and with its principal office presently located at Suite 900, Sheraton-Lincoln Center, Houston, Harris County, Texas 77002. As used hereinafter, "Civic Association" shall mean the Terramar Beach Community Improvement Association, its successors and assigns, and where appropriate the Board of Directors thereof. The Civic Association shall have the powers and functions provided by applicable law, its Articles of Incorporation and its Bylaws, as heretofore or hereafter amended, respectively, including, at its option, the right to maintain streets, canals, utilities, recreational areas; to provide for garbage pickup (at a cost to the individual property owner), hire police protection, furnish power or gas for street lighting, maintain esplanades, mow lots; and to establish rules and regulations for the use of canals, streets, and other subdivision facilities, including but not limited to clubhouses, swimming pools and parks specifically erected and installed and designated to be controlled by the Civic Association. The Civic Association shall administer the Maintenance Fund hereinafter mentioned as provided within the Restrictions.

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Architectural Control

There is hereby created the Architectural Control Committee which shall consist of three members. The initial Architectural Committee is composed of:

Walter Grover;

William Jerome; and

Jack Wilson.

A majority of the Architectural Control Committee (hereinafter the "Committee") may designate a representative to act for it. In the event of the death or resignation or failure to serve by any member of the Committee, the remaining members shall have full authority to designate a successor, or if they cannot agree on a successor, Jamaica, its successors and assigns, shall designate a successor. Neither the members of the Committee nor its designated representatives shall be entitled to any compensation for services performed pursuant to this covenant. After fifteen (15) years from the date of this instrument, the power to designate members of the Architectural Control Committee will automatically pass to the Civic Association which shall have the authority to change the membership of the Committee and to authorize its powers and duties under the terms of the Restrictions. The Civic Association may appoint the same persons to serve on a single, central Architectural Control Committee for the Subdivision and all other sections of Terramar Beach. The Committee's approval or disapproval as required by the Restrictions shall be in writing.

No building or improvement shall be erected, placed or altered in the exterior design after being erected or placed on any lot

in the Subdivision until the construction plans, landscaping plans, or other plans, specifications and a plot plan showing the location and size of such building or improvement have been submitted to the Architectural Control Committee, or its designated representative, and have been approved in writing by such Committee or its designated representative as to the harmony of external design with the existing structures on lots in the Subdivision, as to type of exterior materials and exterior paint colors, as to quality of workmanship and materials, and as to location with respect to topography and finished ground elevations. The Committee may require a reasonable fee for performing the functions herein prescribed and may disapprove plans, specifications, designs, and plot plans for failure to pay such fee. Such fees shall be used by the Committee to discharge actual expenses incurred by the Committee and any excess shall be paid into the Maintenance Fund established herein. After approval in writing has been given, the erecting, placing, or altering of the buildings or improvements on any lots shall be made only in accordance with the approved plans, specifications and plot plans, unless variations or changes are also approved in the same manner.

In the event the Architectural Control Committee and any designated representative fail to approve or disapprove the plans, specifications, designs or locations within thirty (30) days after they have been submitted to such Committee or in the event the persons seeking approval cannot locate any members of such Committee, or any designated representative, after making a bona fide effort to do so, and shall file an affidavit reciting such facts in the Deed Records of Galveston County, Texas, or in any event, if no suit to enjoin the proposed building or improvements has been commenced prior to the completion thereof, such approval will not be required.

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The Architectural Control Committee, in its discretion, may exercise the limited right to approve minor deviations in building area, locations, facing of dwellings and setback in instances where, in its opinion, such deviation will result in a more commonly beneficial use. Such approval shall be filed in the Deed Records of Galveston County, Texas, and when so given and filed, shall be deemed to become a part of these Restrictions.

As used in this instrument, "Owner" includes any present or subsequent owner of any lot in the Subdivision or any part thereof or any interest therein, the purchaser of any such lot or part thereof or any interest therein under a contract of sale and any lessee occupying a lot or any part thereof.

Building and Construction Restrictions

- (1) Each lot shall be used only for singly family residential purposes. The term "residential purposes" excludes, without limitation, hospitals, clinics, duplex houses, apartment houses, garage apartments, hotels and excludes commercial and professional uses whether from homes, residences or otherwise, but includes any rental of a single family dwelling to a single family at any time and for such period of time as any Owner of a lot deems desirable. No building, other than a single family residential dwelling designed, constructed for use by a single family with such garages and other structures as may be suitable for use by a single family, shall be erected, placed, altered or permitted to remain on any lot.
- (2) No residence shall be constructed on any lot or building site which has a living area of less than 900 square feet, excluding porches, garages, patios and the like.
- (3) Only one single family dwelling shall be allowed on each lot and no such dwelling shall be allowed on any site consisting of less than an entire lot as platted. This shall not prohibit the construction of a single family dwelling on a portion of two or more adjoining lots with the approval of the Committee.

- (4) Each residential dwelling shall face the front side of the lot on which it is located. For the purposes of this paragraph, the "front side" of lots number 1 through 17, both inclusive, shall be deemed to be the side adjacent to the open beach and the open Gulf of Mexico and the "front side" of lots number 18 through 34, both inclusive, shall be deemed to be the side facing the said open beach and the said open Gulf of Mexico.

On Lots No. 18 through 33, both inclusive, no building shall be located nearer to the lot line on the front side of the lot than 20 feet; or nearer to either lot line on the side of the lot than 10 feet or nearer to the rear side lot line than 15 feet. On each of the following pairs of lots: Lots No. 2 and 3; Lots No. 4 and 5; Lots No. 6 and 7; Lots No. 8 and 9; Lots No. 10 and 11; Lots No. 12 and 13; Lots No. 14 and 15; and Lots No. 16 and 17, no building shall be located nearer the lot line on the front side than 10 feet; or nearer to the lot line on the rear side than 20 feet; or nearer to the line of the common side of the two lots composing each such pair of lots than 19 feet; or nearer to the other lot line of the other side than 10 feet. On Lot No. 1, no building shall be located nearer the lot line on the rear side than 40 feet; or nearer the lot line on the front side than 10 feet; or nearer the side adjoining the area designated "sidewalk" than 19 feet or nearer the lot line on the other side than 10 feet. On Lot No. 34, no building shall be located nearer the lot line on the front side or on the rear side than 20 feet; or nearer to the lot line either side than 10 feet.

- (5) Each lot which is served by a private driveway constructed over a drainage ditch or drainage way shall have open drainage under such driveway with a net drainage opening area of sufficient size to permit the free flow of water without back water, and shall be a minimum of 18-inch diameter pipe culvert, although the Committee may require a larger size of pipe and shall determine the grade of the pipe.
- (6) No building material of any type shall be placed or stored upon any lot until construction of a building or improvements is commenced. During construction, such building materials shall be placed within the property lines of the site on which the building or improvements are to be made, and shall not be placed in the street or

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between the pavement and the property line. Upon completion of construction such building or improvements, such building material must be immediately removed.

- (7) No stumps, trees, underbrush or any refuse of any kind or scrap material from improvements being erected on any lot shall be placed on any adjoining lots, streets or easements.
- (8) The digging of dirt or the removal of any dirt or sand from any lot is prohibited, except when necessary in conjunction with landscaping of such lot, or in conjunction with construction being done on such lot, but no fill material shall be placed on or dirt or sand removed from any lot which will change the grade of such lot without the approval in writing of the Architectural Control Committee.
- (9) The bulkheading on any beach or any lot shall not be breached for any purpose without first having obtained the written approval of the Architectural Control Committee and Jamaica or if any other entity or governmental agency maintains such bulkheading, written approval of such entity or agency, together with written approval of the Architectural Control Committee, shall be sufficient. No docks, piers, boathouses or any structures shall be constructed into the Gulf of Mexico without written approval of the Architectural Control Committee and Jamaica, or if any other entity or governmental agency maintains the bulkheading on the beaches, approval of such entity or governmental agency, together with the written approval of the Architectural Control Committee, shall be sufficient.
- (10) The use of automotive tires or other unsightly material for holdoff fenders on any of the waterways is prohibited.
- (11) No trailer, basement, tent, shack, garage, barn, outbuilding of any character, any portable building or any structure of a temporary character, shall be placed, erected or used on any lot at any time as a temporary or permanent residence. Temporary buildings may be used during actual construction of a dwelling on a lot, but after completion of construction shall be removed immediately. No such temporary building shall, however, be used as a residence during construction.
- (12) No residential dwelling shall be occupied unless the residence is connected to the central water

system in the Subdivision. The drilling of any individual water wells on any lot shall not be permitted.

- (13) Underground electric service may be available to lots in the Subdivision. If such service is made available to a lot and an Owner of such lot desires to use such service, such Owner shall, at his own cost, furnish, install, own and maintain (all in accordance with the requirements of local governing authorities and the National Electric Code) the underground service cable and appurtenances from the point of the electric company's metering on such Owner's structure to the point of attachment at the electric company's energized secondary junction boxes, said point of attachment to be made available by the electric company at a point designated by the electric company at the property line of each lot. The electric company furnishing service shall make the necessary electric connections at said point of attachment and at the meter. In addition, such Owner shall, at his own cost, furnish, install, own and maintain a meter loop (in accordance with the then current standards and specifications of the electric company furnishing service) for the location and installation of the meter of the electric company furnishing service to the residence constructed on such Owner's lot. For so long as underground service is maintained, the electric service to each lot shall be uniform and exclusively of the type known as single phase, 120/240 volt, 3 wire, 60 cycle alternating current.

- (14) No residential dwelling shall be occupied unless toilet facilities are installed inside such dwelling and are connected to and use only the central sanitary sewer system in the Subdivision. No septic tanks, outdoor toilets, cesspools or individual disposal systems shall be constructed or used within the Subdivision.

General Restrictions

- (1) No noxious or offensive trade or activity shall be carried on upon any lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the Subdivision.
- (2) No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot except that

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dogs, cats or other household pets may be kept provided they are not kept, bred or maintained for any commercial purposes but only for the use and pleasure of the Owners of the lots on which they are kept.

- (3) No signs, billboards, posters or advertising devices of any character shall be installed, maintained or displayed to public view on any lot or parcel of land, provided, however, that with the written consent of the Committee, which consent shall be revocable at any time, there may be installed, maintained or displayed to public view on any lot one sign of not more than five (5) square feet in surface area to advertise such lot for sale or rent or for other purposes. The Committee may from time to time adopt and modify rules governing the terms and conditions under which written consent will be given or denied, as it deems appropriate. The Committee shall have, however, the right to permit, construct, maintain and display such signs, billboards, posters or advertising devices of any character as it deems appropriate in connection with the general sale or rental of property in the Subdivision and other sections of Terramar Beach. Further, builders may install, maintain and display to public view signs, billboards, posters or advertising devices to advertise such lot for sale during the period of construction and thereafter until completion of the sale of the property by such builders.
- (4) No Owner shall conduct oil or gas drilling or development operations, oil or gas refining, or quarrying or mining operations of any kind upon or in any lot, nor shall Owner create or operate oil wells, tanks, tunnels, mineral excavations or shafts upon or in any lot.
- (5) No vacant lot or part of the property shall be used or maintained as dumping grounds for rubbish. Trash, garbage or other waste materials shall be kept only in sanitary containers. All sanitary containers, incinerators or other equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.
- (6) Owners shall, at all times, keep all weeds and grass on their respective lots and property cut in a sanitary, healthful and attractive manner and shall in no event use any lot for storage of material and equipment except for normal residential requirements or permit the accumulation of garbage, trash, rubbish or unsightly obstacles on their respective lots or on the adjoining easements or on the adjoining alley or streets or on any area between the pavement of the street and the property. In the event of default on the part of an Owner in observing the above requirements or any of them, the Civic Association may without liability to any Owner, in trespass or

otherwise, enter upon a lot, cut or cause to be cut such weeds and grass and remove or cause to be removed such garbage, trash, rubbish or other material so as to place the lot in a sanitary, healthful and attractive condition, and may bill any Owner of such lot for the cost of such work. Each Owner agrees by the purchase or occupation of any lot to pay the cost of any such work immediately upon receipt of a statement or invoice covering same from the Civic Association.

- (7) No spiritous, venous or malt liquor or medicated bitters capable of producing intoxication shall ever be sold or offered for sale on any lot, nor shall any lot be used for illegal or immoral purposes.
- (8) No radio or television aerial wire shall be maintained on any lot forward of the front building line or encroaching upon another lot.
- (9) No permanent clothes line which may be viewed from a street shall ever be installed or maintained on any lot.
- (10) No hunting and no use or discharge of firearms will be allowed from or in the Subdivision and Jamaica reserves for itself, its successors and assigns, all hunting rights on the property in the Subdivision.
- (11) No house trailer, and no truck, trailer or commercial vehicle having a rated load capacity in excess of one ton shall ever be parked or stored longer than forty-eight (48) hours on any lot; nor shall any such house trailer, truck, trailer or commercial vehicle be parked on any street at any time other than as may be reasonably required on a delivery or pickup of goods, wares, property or material to or from lands.
- (12) No boats, boat trailers or boat rigging shall ever be parked or placed (except temporarily) nearer to the street than the building setback lines, and no automotive vehicles shall be parked on road shoulders for a period of longer than twelve (12) hours.

Maintenance Charge

Each lot in the Subdivision, after its completion (roads,

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utilities) as a saleable lot by Jamaica, its assigns or designees, is hereby subjected to an annual maintenance charge of Forty and No/100 Dollars (\$40.00) per year, payable annually in advance by the owner or purchaser of each lot on the first day of January of each year, beginning January 1, 1968, and each succeeding year thereafter until terminated as provided below, to the Civic Association, its successors and assigns, at its principal office in Houston, Harris County, Texas, for the purpose of creating a fund described below, known as the "Maintenance Fund." The maintenance charge shall be a continuing affirmative covenant and charge running with each lot and shall also be a personal obligation of each Owner running with each lot, but shall be prorated between purchasers and sellers of lots. Any maintenance charges which are more than ten (10) days delinquent shall bear interest at the rate of ten per cent (10%) per annum, provided that until such time as Jamaica has conveyed any lot by deed, the maintenance charge for such lot may be paid in equal monthly installments without interest. Any transfer of a lot without payment of all maintenance charges and interest thereon shall be subject to a lien for such amounts.

The Civic Association may from time to time reduce the maintenance charge for a specified year or number of years pursuant to resolution applying uniformly to all lots in the Subdivision. The Civic Association may from time to time permit the maintenance charge to be paid in installments. The Civic Association may also from time to time reduce the maintenance charges payable for two or more lots owned by the same Owner pursuant to resolution applying uniformly to all maintenance charges payable for two or more lots

owned by the same Owner.

To secure the payment of the maintenance charge on each lot, a vendor's lien is hereby retained on each lot in favor of the Civic Association and it shall be the same as if a vendor's lien was retained in favor of Jamaica and assigned to the Civic Association without recourse in any manner on Jamaica for payment of such indebtedness. Said lien shall be enforceable through any appropriate proceedings at law or equity. Each such lien shall, however, be secondary, subordinate and inferior to all liens (and renewals and extensions thereof), present and future, given, granted and created by or at the instance and request of any Owner of any lot to secure the payment of moneys advanced or to be advanced on account of the purchase price and/or the improvement of any lot, and further provided that as a condition precedent to any proceeding to enforce such lien upon which there is an outstanding valid and subsisting first mortgage lien, the Civic Association or its successor or assign shall give the holder of such first mortgage lien sixty (60) days' written notice of such proposed action by mailing to the nearest convenient office of such first mortgage holder by prepaid United States Mail a statement of the delinquent maintenance charges upon which proposed action is based. Upon request of any first mortgage lienholder, the Civic Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof.

The maintenance charge shall continue for each year from January 1, 1968 through January 1, 2001, and shall be extended

automatically for successive periods of ten (10) years unless the owners of record of a majority of the said lots increase, change or discontinue such charge in the same manner hereafter provided for other Restrictions.

By acceptance of a contract of sale, deed, lease or other transfer of any interest in any lot in the Subdivision, each Owner agrees and consents to the maintenance charge and the lien as provided herein.

The Civic Association shall act as the custodian and administrator of the Maintenance Fund and shall have the right to collect, hold and expend any and all moneys paid or to be paid into the Maintenance Fund to carry out the provisions hereof. The Civic Association shall not be liable or responsible to any person or persons whomsoever for failure or inability to collect such maintenance charge or any part thereof from any person or persons.

Payments of the maintenance charge shall be used by the Civic Association to create a "Maintenance Fund." All payments of the maintenance charge to the Civic Association from lots in the Subdivision or from lots in other sections of Terramar Beach may be pooled, merged and combined into a single Maintenance Fund without regard to the amount collected from each section. As used in this instrument, "other sections of Terramar Beach" shall mean any subdivisions heretofore or hereafter subdivided and designated as numbered sections of "Terramar Beach" according to a map or plat filed in the Plat or Map Records of Galveston County, Texas, which are situated on Galveston Island, Galveston County, Texas, and in which the lots are subjected to an annual maintenance charge which

is required to be paid to the Civic Association by applicable restrictions and reservations. The Maintenance Fund or any part thereof shall be applied, so far as sufficient, toward safety and/or health projects, for developing, improving and maintaining any and all recreation or other areas which the Owners of lots in the Subdivision or in any of the other sections of Terramar Beach may be privileged or shall have the right to use, regardless of who may own or the location of any such recreational or other area; for improving and maintaining the streets, roads, canals, utilities, waterways, beaches or other facilities in the Subdivision and any other section of Terramar Beach; beachfront areas and/or other recreation facilities; for providing various services to the Owners in various sections of Terramar Beach and, in general, for any and all purposes which the Civic Association may consider to be of general benefit or useful to the owners of the various sections of Terramar Beach, including without limitation, lighting, constructing, improving and maintaining any rights of way, easements, sidewalks, paths, fences, bulkheads, marinas, boat docking facilities, navigational facilities and aids, parkways, esplanades, areas between curbs and sidewalks, and any structures, facilities or area which in the opinion of the Civic Association can be used by or would benefit the various sections of Terramar Beach as a whole or the Subdivision or any other sections of Terramar Beach; collecting and disposing of garbage, ashes and rubbish (other than garbage, ashes, rubbish and the like from constructed residential dwellings), caring for vacant lots, subsidizing bus or transportation service, employing watchmen or any other action deemed desirable to protect persons and property.

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payment of legal and all other expenses in connection with the operation of the Civic Association, and the enforcement of all recorded charges, restrictions, covenants, agreements and conditions affecting property to which maintenance charges apply, payment of all expenses in connection with the collection and administration of the maintenance charges, and doing any other things necessary and desirable in the opinion of the Civic Association to keep property neat and in good order. The judgment of the Civic Association as custodian and administrator of the Maintenance Fund, when exercised in good faith in the expenditure of such Fund or any part thereof shall be binding, final and conclusive on all parties at interest. The Civic Association shall not be entitled to any compensation for acting as custodian or administrator of the Maintenance Fund, but shall be entitled to reimbursement for expenses of organization and other expenses incurred in good faith in connection with the exercise of its duties, powers and obligations hereunder.

Miscellaneous Provisions

The Restrictions are equally for the benefit of Jamaica, its successors and assigns, and all subsequent Owners of property in the Subdivision and accordingly, shall be covenants running with the land. Any Owner or lienholder of any of the property and the Civic Association shall have the power to prosecute in the appropriate court any proceeding at law or in equity to prevent any violation or attempted violation of the Restrictions and to recover damages for any violation or attempted violation including, but not limited to, reasonable attorneys' fees or to enforce any other remedy

available for such violation or attempted violation; provided, however, that this provision shall not restrict any governmental agency from acting to enforce any of the Restrictions.

The term of the Restrictions, except the Preferential Purchase Right, shall be for a period from the filing of this instrument for record in Galveston County, Texas, until the 1st day of January, 2001, after which date the Restrictions shall be automatically extended for successive periods of ten (10) years each, unless and until, by instruments which are executed by the then owners of legal title of two-thirds (2/3rds) of the lots in the Subdivision, as shown by the records of Galveston County, Texas, and which are duly recorded in the Deed Records of Galveston County, Texas, the Restrictions are changed or discontinued, in whole or in part. Such an instrument to change or discontinue the Restrictions shall be effective only if executed and recorded not more than five and not less than three years prior to the prescribed date of automatic extension. Such an instrument to change or discontinue the Restrictions shall be effective as of the prescribed date of automatic extension unless it is executed by owners of record of three-fourths of the lots in the Subdivision, in which event it may be effective as of the date of recording.

Any violation of any of the Restrictions shall not have the effect of impairing or affecting the rights of any mortgagee or trustee under any mortgage or deed of trust outstanding against the lot at the time of the violation.

Preferential Purchase Right

If the Owner of any lot in the Subdivision, at any time

or from time to time during the twenty-one (21) year period after such lot was first conveyed by Jamaica, its successors or assigns, to Owner or its predecessor in interest, either (i) receives an offer acceptable to Owner covering the purchase from Owner of all or any part or interest in such lot, or (ii) desires to transfer the ownership or the possessory rights to all or any part of interest in such lot by any means other than sale (except devise, descent, gift, and repossession by a mortgagee under a deed of trust, mortgage or vendor's lien after a bona fide default), Owner shall give Jamaica, its successors or assigns, written notice thereof at 800 Sheraton-Lincoln Center, Houston, Texas (or at the then registered office of Jamaica or of its successors and assigns, or such other address as Jamaica, its successors or assigns, shall designate by supplement to these restrictions filed in the Deed Records of Galveston County, Texas) prior to consummating either of the aforesaid transactions. Such notice shall set forth the name of the party or parties to which Owner desires to sell or otherwise transfer such interest, the terms and conditions under which such sale or transfer will be made, and the address of Owner. Jamaica, its successors and assigns, shall have, and by the acquisition from Jamaica of any lot in the Subdivision the party acquiring such lot hereby agrees that Jamaica, its successors and assigns, shall have and grants to Jamaica, its successors and assigns, a preferential right to purchase the lot or part thereof or interest therein referred to in the aforesaid written notice by giving Owner written notice of the exercise by Jamaica, its successor or assigns, of its rights hereunder at any time within the thirty (30) day

period next following receipt by Jamaica, its successors and assigns, of the aforesaid written notice from Owner. If Jamaica, its successors or assigns, exercises its preferential right to purchase the lot or part thereof or interest therein in accordance with the foregoing provisions hereof, the purchase price thereof shall be either (a) the amount set forth in the aforesaid offer if such preferential right to purchase arose from an offer to purchase such lot or part thereof or interest therein, or (b) the fair market value of such lot or part thereof or interest therein if such preferential right to purchase arose from the desire to transfer the ownership of such lot or part thereof or interest therein by means other than sale. If the parties do not agree on the fair market value thereof, such fair market value shall be determined by an appraiser appointed by the District Judge of the State of Texas then senior in years of service as a district judge in the state judicial districts having jurisdiction in the premises. If Jamaica, its successor or assigns, does not give written notice of its exercise of its preferential right to purchase within the aforesaid thirty (30) day period, it shall be deemed that Jamaica, its successors and assigns, has elected not to exercise such rights as to the transaction referred to in the aforesaid notice from Owner; provided, however, such preferential right to purchase shall continue in full force and effect and shall be applicable to all succeeding transactions with respect to such lot. Jamaica, its successors and assigns, shall have the right, without the consent of Owner, to assign or otherwise transfer the aforesaid preferential right to purchase. Any sale or other transfer by Owner, its heirs, successors

or assigns, to any party other than Jamaica, its successors and assigns, of any lot in the Subdivision or any part thereof or interest therein at any time during the period of time when the aforesaid preferential right to purchase is in effect, except pursuant to transactions as to which Jamaica, its successors or assigns, fails to give written notice of its exercise of its preferential right to purchase within the aforesaid thirty (30) day period in accordance with the foregoing provisions hereof, shall be void and of no force and effect, and the purchaser or other transferee thereof shall gain no rights thereunder. If Jamaica, its successors or assigns, exercises the preferential right to purchase set forth herein, the closing of such transaction shall occur in Harris County, Texas, offices of Jamaica, its successors or assigns, in Houston, Texas, on a date acceptable to Owner and Jamaica, its successors or assigns, within the thirty (30) day period next following the end of the aforesaid thirty (30) day period.

The invalidity, violation, abandonment or waiver of any one or more of or any part of the Restrictions shall in no wise affect or impair the remaining Restrictions or parts thereof which shall remain in full force and effect.

Walter M. Mischer Company, the only lienholder on the property within the Subdivision, does hereby join Jamaica and make, adopt and establish the foregoing Reservations and Restrictions (including without limitation reservations, restrictions, declarations, easements, limitations, charges, liens, agreements, covenants, conditions, preferential purchase rights and stipulations) as heretofore set forth as applicable to the property in the Sub-

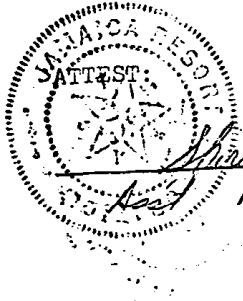
division.

EXECUTED as of this the 19 day of March,

1968.

JAMAICA RESORT CORPORATION

By [Signature]
President



[Signature]
Secretary

WALTER M. MISCHER COMPANY

By [Signature]
Vice Pres.



[Signature]
Asst Secretary

DEED OF TRUST
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