

*Section 2*

STATE OF TEXAS            )  
 COUNTY OF GALVESTON)

WHEREAS, HGC DEVELOPMENT CORPORATION, a Texas corporation, hereinafter referred to as "Developer", is the record owner of all of the lots, tracts and parcels of land shown upon that certain map or plat of a subdivision known and designated as TERRAMAR BEACH, SECTION TWO, a subdivision of 33,7831 acres out of Division 4 of the Hall & Jones Survey, Section 13, Galveston Island, Galveston County, Texas, according to the map or plat thereof filed for record in the office of the County Clerk of Galveston County, Texas on the 15th day of December 1965, and recorded in Volume 1616, Page 88, of the Map Records of Galveston County, Texas, to which map or plat and the record thereof reference is here made for all pertinent purposes:

NOW, THEREFORE, HGC DEVELOPMENT CORPORATION does hereby dedicate said property in accordance with the dedication appearing upon said map and agrees that the land shown to be subdivided into numbered lots according to said map is held and shall hereafter be conveyed subject to the covenants, conditions, stipulations and restrictions hereinafter set forth.

For the purpose of creating and carrying out a uniform plan for the improvement and sale of said property and said subdivision as a restricted subdivision, the following restrictions upon the use of said property are hereby established and adopted, and shall be made a part by appropriate reference to this instrument, of each and every contract, deed and lease by Developer covering the numbered lots set forth on said map, and same shall be considered a part of each contract, deed and lease, as though fully incorporated therein;

And the restrictions hereinafter set forth, except as herein otherwise provided, shall be and are hereby imposed upon each numbered lot in said subdivision, as shown by said map and as referred to herein, and same shall constitute covenants running with the land and shall be binding upon and shall inure to the benefit of Developer, its successors and assigns, and all subsequent purchasers of said property, their heirs, executors, administrators, successors and assigns, and each such party, by virtue of accepting a contract, deed or lease covering said property, shall be subject to and bound by such restrictions, covenants and conditions as hereinafter set forth.

1. Reservations: There is hereby reserved unto Developer, its successors and assigns, the exclusive right and easement into the streets shown on the recorded plat of TERRAMAR BEACH, SECTION TWO, to lay, construct, maintain, operate and remove utility lines (including but without limitation water lines, sewer lines, gas lines and electric lines); and, further, there is reserved the exclusive right and easement to grant franchises and easements to utility owners to lay, construct, maintain, operate and remove utility lines in said streets, and/or rear property lines.

It is further reserved unto the Developer, its successors and assigns, the exclusive right to transfer unto the TERRAMAR BEACH ASSOCIATION by deed or other legal means, the streets in the aforementioned Section Two of the recorded plat, and the reservations as designated unto Developer, its successors and assigns to lay, construct, maintain, operate and remove utility lines (including but without limitation water lines, sewer lines, gas lines and electric lines); and, further, the reservation of the exclusive right and easement to grant franchises and easements to utility owners to lay, construct, maintain, operate and remove utility lines in said streets and/or rear property lines.

2. Land Use and Building Type: None of the numbered lots set forth on said map or plat or improvements erected thereon shall be used for anything other than private single-family residential purposes, and no part thereof shall be used for business or commercial purposes of any nature whatsoever. All residences and other buildings must be kept in good repair, and must be painted when necessary to preserve the attractiveness thereof.

3. Temporary Structures: No tent, lean-to, house trailer or other portable building, shack or other temporary structure of any character shall be constructed or placed on any of said lots. No structure, other than a single family residence, designed and constructed for use by a single family, garages and other structures as may be suitable and proper for the use and occupancy of said residences as a single family dwelling, shall be constructed on any lot, nor shall any residences constructed thereon be converted or thereafter used as a duplex, apartment house or any form of multiple family dwelling, nor shall any residences on separate lots be advertised for use or used as a hotel, tourist cottage or cottages or as places of abode for transient persons, nor shall any structure or building erected thereon or any part thereof be used as a dwelling pending the completion of the main dwelling house to be constructed thereon.

The restriction against the use of dwellings for commercial or business purposes has not been incorporated for the purpose of restricting an owner from renting his property from time to time. The property owner may rent his dwelling to non-property owners, providing he does not violate the aforementioned restrictions with commercial or business intent.

4. Architectural Control: No building shall be erected, placed or altered on any lot until the construction plans and specifications and plot plans showing the location of the structure has been approved by the Architectural Control Committee hereinafter established as to the quality of workmanship and materials, harmony of external design with existing structures and as to the location with respect to topography and finished grade elevation.

5. Dwelling Size. The main floor area of the main structure, exclusive of open porches and garages, and exclusive of the area beneath the main floor, shall not be less than six hundred (600) square feet. In this connection it is expressly provided that all main residence buildings shall be constructed on piers or beams which will support the main floor area at least eight (8) feet but not more than ten (10) feet above the elevation of the building site within the building lines shown upon the map or plat of the subdivision herein referred to, and all such supporting beams shall be square or rectangular in shape, the use of round beams or poles of any type being expressly prohibited. No main residence building shall contain more than two (2) levels at or about an elevation eight (8) feet above the elevation of the building site within the building lines shown upon the map or plat of the subdivision.

6. Building Location: No building shall be located nearer to the respective boundaries of the respective lots than the minimum lines shown on the plat of the subdivision herein referred to, as said plat establishes the front and rear building set-back lines for each tract or lot. No building shall be located nearer than five feet to the respective side boundary lines of the respective lots, or the minimum building lines shown on the plat of the subdivision herein referred to. No fence more than eight (8) feet in height shall be constructed along or parallel to any rear or side lot line, and no fence shall be placed nearer to the front of any lot than the point at which an extension of the front building set-back line intersects the side lot lines.

7. Easements: Easements for installation and maintenance of private access roads, utilities and drainage facilities as reflected by said map or plat will be and are hereby reserved unto the Developer, successors and assigns, with the same rights enumerated within paragraph 1.

8. Nuisances: No noxious or offensive facilities shall be carried on or upon any lot, nor shall anything be done thereon which may become an annoyance to

the neighborhood.

9. Oil and Mining Operations: No oil drilling or development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any tract, nor shall oil wells, tanks or excavations of any kind be permitted upon any tract. No derrick or their structure designed for use or capable of use in exploring for oil, gas or other minerals shall be erected, maintained or permitted upon any tract.

10. Garbage and Sewage Disposal: No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste materials shall be kept only in sanitary containers, and all sanitary containers and incinerators shall be kept in a clean and sanitary condition. Each dwelling shall be attached to an adequate septic tank which shall be constructed, used and maintained in accordance with the specification and standards of the State Health Department and/or the Galveston County Health Department or any other governmental authority having jurisdiction thereof. No sewage will be drained into any ditch, canal, bay or other public water course. The digging of dirt or the removal of any dirt or sand from any lot is expressly prohibited, except when necessary in conjunction with the landscaping of such lot, or in conjunction with construction being done on such lot; but no fill material which will change the grade of the lot shall be placed thereon without approval in writing of the Architectural Control Committee. The owners or occupants of all lots in the subdivision shall, at all times, keep all weeds and grass thereon 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 or rubbish of any kind thereon. In the event of default on the part of the owner or occupant of any lot in this subdivision in observing the above requirements, or any of them, Developer may, without liability to the owner or occupant, in trespass or otherwise,

enter upon said lot, cut or cause to be cut, such weeds and grass, remove or cause to be removed such garbage, trash, rubbish and other materials so as to place said lot in a neat, attractive, healthful and sanitary condition, and may bill either the owner or the occupant of such lot for the cost of such work. The owner or occupant, as the case may be, agrees by the purchase or occupation of any lot in the subdivision to pay the cost of any such work immediately upon receipt of a statement or invoice covering same.

11. Architectural Control Committee: The Architectural Control Committee shall consist of three (3) persons to be designated by the Developer who will serve for a period of fifteen (15) years.

The Initial Architectural Control Committee is composed of Donald Dean, Howard W. Horne and Cerald D. Hines. A majority of the Committee may designate a representative to act for it. In the event of the death or resignation of any member of the Committee, the remaining members shall have full authority to 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 designation of the Architectural Control Committee shall automatically pass to the Terramar Beach Association, who shall have the authority to change the membership of the committee and to authorize its powers and duties under the terms of these restrictions.

The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee, or its designated representatives, fail to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, or in any event if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required, and the related covenants shall be deemed to have been fully complied with.

The residence or building, however, must be constructed in compliance with all the other restrictive covenants herein stipulated. No sign, billboard, posters or advertising devices of any character shall be erected on any tract except one sign of not more than ten (10) square feet may be attached to property which is for sale or rent, or signs of no larger size may be used by a builder to advertise the property during construction and sales period. The right is reserved by Developer to construct and maintain such signs, billboards or other advertising devices as is customary in connection with the general sale of property in the area.

12. Culverts: Each tract will be served by a driveway constructed over a culvert which will provide open drainage under the driveway through a concrete pipe. The exact size of the concrete pipe and its grade are to be determined by the Architectural Control Committee.

13. Animals: No horses, cows, sheep, goats, swine, livestock or fowl of any kind may be kept or bred on any of said lots, except that dogs and cats (not to exceed two (2) of each category) 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 such lots.

14. The use of firearms on or from the properties designated within these restrictions is expressly prohibited.

15. Term: All of the restrictions and covenants herein set forth shall continue and be binding upon Developer, its successors and assigns, and upon the purchasers of said lots for a period of thirty-five (35) years from the date this instrument is filed for record in the Office of the County Clerk of Galveston County, Texas, and shall automatically be extended thereafter for successive periods of ten (10) years; provided, however, that the owners of the legal title to seventy-five (75%) per cent of the lots as shown by the records of Galveston County, Texas, may release all of the lots hereby restricted from any one or more of said

restrictions, and covenants, and may release any lot shown on said plat from any restriction or covenant at the end of the first thirty-five (35) year period and thereafter by executing and acknowledging any appropriate agreement or agreements in writing for such purposes and filing the same of record in the manner then required for the recording of such instruments.

16. Responsibility for Breach: The terms and provisions hereof shall be binding upon Developer, its successors and assigns, and all persons claiming by, through or under Developer, and all subsequent purchasers or owners of property in said Subdivision, each of whom shall be obligated and bound to observe the same, provided, however, that no such person shall be liable, except in respect to breaches committed during his or their ownership of said property.

17. Waiver: The waiver of invalidation of any one or more of these restrictions, covenants or conditions by judgment, court order or otherwise, shall in no wise constitute a waiver of or invalidate any other restriction, covenant or condition, but all such other restrictions, covenants and conditions shall continue to remain in full force and effect.

18. Property Owners Association: Developer will organize or cause to be organized a non-profit corporation which will be organized for the purposes herein-after mentioned, and such corporation is hereinafter referred to for convenience of reference as "TERRAMAR BEACH ASSOCIATION". The TERRAMAR BEACH ASSOCIATION shall have at its option the right to maintain streets, canals, utilities and recreational areas; to provide for garbage pickup (at a cost to the individual property owners), hire police protection, furnish power or gas for street lights, 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 club houses, swimming pools and parks specifically erected and installed and



designated to be controlled by the TERRAMAR BEACH ASSOCIATION. TERRAMAR BEACH ASSOCIATION shall administer the maintenance fund hereinafter mentioned as provided within the restrictions.

The membership of TERRAMAR BEACH ASSOCIATION shall be composed of all owners of lots in any section of TERRAMAR BEACH now or hereinafter existing, each one of whom shall have one vote per lot owned.

19. Maintenance Charge: There is hereby imposed upon each residential lot in this subdivision and each residential lot is hereby subjected to an annual maintenance charge not to exceed eight (8) mills (0.8 cents) per square foot of lot for the purpose of creating a fund to be known as the TERRAMAR BEACH Maintenance Fund; and, except as hereinafter stated, such maintenance charge shall be paid by each lot owner to TERRAMAR BEACH ASSOCIATION as the custodian and administrator of such fund, and advance, on the first day of each calendar year, except, however, that the foregoing charge shall not apply to Developer as owner of or holder of title to any such lots; and such maintenance charge shall apply and begin to accrue against such lots only as and when the same are sold or leased by Developer, and except, further, that the foregoing maintenance charge provision shall not apply to any lots or lots purchased by any person, firm or corporation primarily engaged in the building and construction business for the purpose of constructing improvements on and thereafter selling the same, but upon any sale of any such lot by such builder or upon the occupancy of any such lot, whether sold or not, then such maintenance charge shall become effective and accrue against such lot or lots. It is further provided that any transfer of titles to any lots by Developer to any person, firm or corporation succeeding it as "Developer" shall not be deemed a sale of any such lots for the purpose of the foregoing provisions and shall not cause the foregoing maintenance charge to attach to such lots so transferred. Developer reserves the right at all times to use its own judgment and discretion as to the

exemption of any lot from said maintenance charge, and the exercise of such judgment and discretion when made in good faith shall be binding and conclusive upon all persons at interest. It is further provided that TERRAMAR BEACH ASSOCIATION shall have the right at any time to adjust, alter or waive said maintenance charge from year to year, as in its judgment the maintenance needs of the various sections of TERRAMAR may require; moreover, TERRAMAR BEACH ASSOCIATION shall have the right at any time to discontinue and abandon such maintenance charge with out incurring liability to any person whomsoever, by filing a written instrument in the office of the County Clerk of Galveston County, Texas, declaring such discontinuance and abandonment.

TERRAMAR BEACH ASSOCIATION shall act as the custodian and administrator of said maintenance fund, and shall have the right to collect, hold and expend any and all moneys paid or to be paid into said maintenance fund to carry out the provisions hereof. TERRAMAR BEACH 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.

All funds collected from said maintenance charge from the various sections of TERRAMAR BEACH situated in Division 4 of the Hall & Jones Survey, Section 13, Galveston Island, Galveston County, Texas, now or hereafter platted, may be pooled, merged and combined into a single maintenance fund, without regard to the amounts collected from each section. TERRAMAR BEACH ASSOCIATION may use such funds or any part thereof, as far as the same will go, towards safety and/or health projects, for developing, improving and maintaining any and all recreation or other areas which the owners and/or occupants of lots in any of the 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 any section of TERRAMAR BEACH now or hereafter created; beach front areas and/or other recreational facilities; for providing various services to the owners and/or occupants of lots in the various sections of TERRAMAR BEACH, and, in general, for any and all purposes which TERRAMAR BEACH ASSOCIATION may consider to be of general benefit or useful to the owners and/or occupants of the lots in the various sections of TERRAMAR BEACH, it being agreed and understood that the judgment of the TERRAMAR BEACH ASSOCIATION as custodian and administrator of said maintenance fund, when exercised in good faith in the expenditure of said funds or any part thereof shall be binding, final and conclusive on all parties at interest. TERRAMAR BEACH ASSOCIATION shall not be entitled to any compensation for acting as custodian or administrator of said 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.

The payment of the maintenance charge hereby imposed shall be secured by the vendor's lien which is hereby placed and imposed upon each and every lot in this subdivision which is subject to such charge, and such lien shall and is hereby reserved and retained in favor of the TERRAMAR BEACH ASSOCIATION.

EACH SUCH LIEN shall be specifically made 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 the owner of any such lot to secure the payment of moneys advanced or to be advanced on account of the purchase price and/or improvements of any such lot, and further provided that as a condition precedent to any proceedings to enforce such lien on any lot upon which there is an outstanding valid and subsisting first mortgage lien, said beneficiary shall give the holder of such first mortgage lien sixty (60) days written notice of such proposed action.

such notice, which shall be sent to the nearest office of such first mortgage holder by prepaid U. S. registered mail to contain the statement of the delinquent maintenance charges upon which the proposed action is based

Upon the request of any first mortgage lien holder, said beneficiary shall acknowledge in writing its obligation to give the foregoing notice with the respects to the particular property covered by such first mortgage lien to the holder thereof.

The maintenance charge hereby imposed shall be in effect for the duration of the restrictions, covenants and conditions imposed by this instrument, and such duration shall be governed by the provisions contained herein for the extension or renewal or continuance thereof.

20. Applicability: This instrument of dedication and the restrictions and covenants herein contained relate to and effect the numbered lots designated on the subdivision map herein referred to and described and, except as otherwise herein specifically provided, and except for the provisions of paragraphs 18 and 19 hereof relating to the use and ownership of same and the imposition of a maintenance charge with respect to same, which paragraphs are hereby specifically made applicable thereto, shall not affect any areas described therein as "Reserve".

If the parties hereto, or any of them, or their heirs, successors or assigns, shall violate or attempt to violate any of the covenants herein, it shall be lawful for any other person or persons owning any real property situated in said development or subdivision to prosecute any proceeding at law or in equity against the person or persons violating or attempting to violate any such covenants; and in order to prevent him or them or it from so doing or to recover damages or to enforce any other remedy available for such violation or attempted violation.

We, the undersigned, JESSE B. JOHNSON, JR., and LULU L. JOHNSON, a feme sole, individually and as Co-Independent Executors and Co-Trustees of the Estate of JESSE B. JOHNSON, deceased, of Galveston County, Texas, owners and holders of a lien or liens upon all or various portions of the property covered by the subdivision plat hereinabove mentioned and described do hereby ratify the restrictions and covenants hereinabove set out and here now by the execution of this instrument subordinate such indebtedness to the restrictions above set out, and give consent to restricting of such property in the manner aforesaid.

EXECUTED this 5th day of Jan., 1966

DEVELOPER: HGC DEVELOPMENT CORP.

By: s/ Glenn W. Leggins  
It vice President

ATTEST:

s/ Eileen Anderson  
Its asst. Secretary

LIEN HOLDERS: s/ Jesse B. Johnson, Jr.  
JESSE B. JOHNSON, JR.  
Individually and as Co-Independent Executor and Co-Trustee of the Estate of Jesse B. Johnson, deceased.

s/ Lulu L. Johnson  
LULU L. JOHNSON, a feme sole, individually and as Co-Independent Executor and Co-Trustee of the Estate of Jesse B. Johnson, deceased.

DEED OF TRUST  
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THE STATE OF TEXAS )  
COUNTY OF HARRIS )

BEFORE ME, the undersigned authority, on this day personally appeared GLENN W. LOGGINS, Vice President, and EILEEN ANDERSON, Assistant Secretary, of HGC DEVELOPMENT CORPORATION, known to me to be the persons whose names are subscribed to the foregoing instruments, and acknowledged to me that they executed the same for the purposes and considerations therein expressed, and in the capacity therein and herein set out, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of January, A. D., 1966.

s/ William B. Strickland  
Notary Public in and for Harris  
County, TEXAS

THE STATE OF TEXAS )  
COUNTY OF GALVESTON )

BEFORE ME, the undersigned authority, on this day personally appeared JESSE B. JOHNSON, JR., and LULU L. JOHNSON, a feme sole, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and considerations therein set forth.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 31 day of January, A. D., 1966.

s/ Gaynelle Fuiel  
Notary Public in and for Galveston  
County, TEXAS

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