FILE NO. 243148
County Clerk, Aransas County, Texas

DECLARATION OF DEED RESTRICTIONS RELATING TO OLD COTTAGE BEACH DEVELOPMENT

1. BACKGROUND

OLD COTTAGE BEACH DEVELOPMENT, LLC (hereinafter referred to as "Developer"), is the owner and developer of the following Property: all of Tracts 3, 4, 5 and the South 40' of Tract 6 of Live Oak Point Tracts in Rockport, Aransas County, Texas, known as 4570 Hwy. 35 North (the "Property") and described as Lots 1-59 of Old Cottage Beach Development, according to the Plat thereof as recorded in Vol. 1, page 82, of the Public Records of Aransas County, Texas (hereinafter referred to as "Lot" or "the Lots of Old Cottage Beach").

Old Cottage Beach has been platted for the purpose establishing residential dwellings and is being created as a place built for the human scale and with a view to preserving the inherent beauty the land has to offer. The intent of the Developer is to create a place of sustainable character and charm. To meet these goals, the Lots of Old Cottage Beach necessarily require that their use and placement of improvements be strictly controlled. Accordingly, the Developer desires to establish certain restrictions upon the use and placement of improvements of the Lots of Old Cottage Beach in order to encourage residential construction while strictly controlling the ultimate use and appearance of Old Cottage Beach Development in order to assure its enjoyment by all owners.

For the purpose of enhancing and protecting the value, attractiveness and desirability of the Lots of Old Cottage Beach and improvements placed thereon, Developer hereby declares that all of the real property described above and each part thereof shall be held, sold, and conveyed only subject to the following easements, covenants, conditions, and restrictions, which shall constitute covenants running with the land and shall be binding on all parties having any right, title, or interest in the above-described property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

To further facilitate the enhancement and protection of the Lots of Old Cottage Beach, Developer has formed Old Cottage Beach Club (herein referred to as the

"Association"), a non-profit entity to act as a property owner's association for the Lots of Old Cottage Beach.

2. DEFINITIONS

2.1 "Association" shall mean and refer to the Old Cottage Beach Club, its successors and assigns.

2.2 "Board" shall mean and refer to the Board of Directors of the Association.

2.3 "Bylaws" shall mean and refer to the Bylaws of the Association.

2.4 "Common Area" shall mean all real property or improvements, if any, which is not within the boundary of any Lot along with any easement rights specifically granted to the Association or to which the Developer may grant a right of use and enjoyment to the Association. The Common Area may include parking areas, pedestrian paths, parks and recreational areas, and any designated bay access and beach area. The Common Area is not dedicated for the use of the general public. Notwithstanding the foregoing, all or any of such grant or grants of the right of use and enjoyment may, in the sole discretion of Developer, be non perpetual or perpetual and exclusive to the Association or non-exclusive and, therefore, in common with a grant or grants of right of use and enjoyment by Developer to others.

2.5 "Maintenance" shall mean the exercise of reasonable care to keep buildings, roads, travel ways, landscaping, lighting, docks, swimming pools, utilities, facilities and other related improvements and fixtures for which the Association is responsible in a condition comparable to their original condition, normal wear and tear excepted. Maintenance of landscaping shall further mean the exercise of generally accepted garden management practices

necessary to promote a healthy, weed-free environment for optimum plant growth.

2.6 "Member" shall mean every person or entity who holds membership in the Association.

2.7 "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of Old Cottage Beach Development, but shall not include those holding title merely as security for performance of an obligation.

3. PROPERTY RIGHTS AND RESTRICTIONS

3.1 Owners' Easement of Enjoyment. Every owner of a Lot shall have an easement and right of use and enjoyment in and to the Common Area, which right shall be appurtenant to and shall pass with the title to such Lot, subject to the following:

(a) The right of the Association to suspend such right and easement after assessments against his/her lot remain unpaid for a period of 30 days; and

(b) The right of the Association to suspend such right and easement, after hearing by the Board of Directors, for a period not exceeding 60 days for any infraction of the rules and regulations of the Association; and

(c) The right of the Association or Developer, with or without joinder of the Owners of Lots or their lien holders or mortgagees, to dedicate, transfer, or grant easements or licenses to any local, state or federal government, agency or authority, public or private utilities; and

(d) The right of Developer, in its sole discretion, to grant like rights and easements of use and enjoyment to all or any part of the Common Area to persons who are not Lot

Owners.

3.2 Delegation of Use. Each Owner may delegate his right of enjoyment in and to the Common Area to the members of his family, his guests, tenants, and invitees. This provision may not be modified without the written consent of the Developer and 75% of the Lot Owners.

3.3 Easements of Encroachment. There shall exist reciprocal appurtenant easements between adjacent Lots for encroachment of structural members of dwelling units to which another dwelling unit may be attached, which encroachments may result from minor inaccuracies in survey, construction, or reconstruction or due to settlement or movement; provided, however, that such encroachments shall not exceed one foot (1'). The encroaching improvements shall remain undisturbed for so long as the encroachment exists. There shall also exist reciprocal appurtenant easements between each Lot and any portion or portions of the common area adjacent thereto for any encroachment due to the unwillful placement, settling, or shifting of improvements constructed, reconstructed or altered thereon, provided such construction, reconstruction or alteration is in accordance with the terms of this Declaration. No easement for encroachment shall exist as to any encroachment occurring due to the willful conduct of an Owner but any easement for encroachment shall include an easement for the maintenance and use of the encroaching improvements by the Owner thereof.

3.4 Other Easements.

(a) Easements for water, sewer, gas, electric or other power source, telephone, cable, satellite dish and/or television antenna distribution and other public and/or private utility services servicing the subdivision are or will be specifically reserved in Common Areas to permit installation, maintenance and reconstruction of such facilities.

(b) Five (5) foot easements and rights of way for installation and maintenance of utilities and drainage facilities are

expressly reserved through all Lots and, with regard to utilities, from such five (5) foot easements to improvements now or hereafter constructed on any Lot, to permit the construction and maintenance by the Developer, its successors and assigns, and/or public or private utility companies of water, gas, drainage, sewer, electricity, telephone, televisions and other services of like nature. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation, maintenance and reconstruction of utilities, or which may damage, interfere with, or change the direction of flow of drainage facilities in the easements. The easement area of each Lot and all improvements therein shall be continuously maintained by the owner of such Lot, except for improvements the maintenance for which a public authority or utility company is responsible.

(c) No dwelling unit or other structure of any kind shall be built, erected, or maintained on any such easement, reservation, or right of way, and such easements, reservations, and rights of way shall at all times be open and accessible to utility corporations, their employees and contractors, and shall also be open and accessible to Developer, its successors and assigns, all of whom shall have the right and privilege of doing whatever may be necessary in, on, under, and above such locations to carry out any of the purposes for which such easements, reservations, and rights of way are reserved.

(d) Developer shall and does hereby reserve unto itself, its successors and assigns, a perpetual, nonexclusive easement under, over and across the common area and that portion of

lots described in subparagraphs (a) and, (b) and (c) above for the purpose of construction, reconstruction, maintenance, repair and replacement of sewage treatment and collection facilities and water distribution and water distribution facilities.

3.5 No partition. There shall be no judicial partition of the common area, nor shall declarant or any owner or any other person acquiring any interest in the subdivision or any part thereof, seek judicial partition thereof. However, nothing contained herein shall be construed to prevent judicial partition of any Lot owned in cotenancy.

3.6 In no event will any residential structure be placed or permitted within ten (10) feet of a platted road or travel way.

3.7 Lot Owners may not grant easements through their property without the written approval of the Developer.

4. LAND USE

4.1 No new construction, or alteration to the exterior of any existing building of any type on any lot, shall take place without prior written approval of the Developer. Approval will be given only after construction plans have been submitted to the Developer and only if such plans are in compliance with all stipulations contained herein.

4.2 Only one (1) residential structure is permitted on each lot. No accessory building (garage, carport, utility or storage room) free standing or attached by deck or trellis, will be permitted without prior written approval of the Architectural Review Board. Two or more adjacent Lots may be used as a single building site. Such a site may accommodate more than one residence (e.g., guest house), but only with written consent of the Developer and approval of the Architectural Review Board. To the extent that a garage or carport is approved, the garage or carport shall be limited to a single bay or "one car" design. Each residential structure shall be new construction. No residential structure, already

existing in whole or in part, may be moved onto a lot.

4.3 All of the Lots in Old Cottage Beach Development shall be used exclusively for residential purposes.

4.4 No unlawful, improper or immoral use shall be made of any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to any other Owner. No poultry, livestock or any animals of any kind shall be raised, kept, bred, or maintained, except that dogs, cats or other household pets may be kept, provided that the number of such household pets on the premises, either indoors or outdoors, shall not exceed a total of six (6), and further provided that such household pets are not kept, bred or maintained for any commercial purpose. Dogs must be kept in a kennel, dog run, or fenced area within the boundaries of the lot that confines the dog(s) to that area. The Architectural Review Board retains the right to direct the size and location on the premises of any kennel or dog run area. Each Owner shall be responsible for any and all damage caused by pets.

4.5 No structures of a temporary nature, including mobile homes, trailers, or recreational vehicles, shall be allowed. No camper or similar vehicle or boat shall be parked or kept, at any time. Commercial vehicles are not permitted. Automobiles may be parked only in designated parking areas and all automobiles shall be in good running condition. Repair of automobiles (other than emergency repair) or storage of disabled automobiles is not permitted.

4.6 No trade or business whatsoever shall be conducted on any Lot at any time. Notwithstanding the foregoing, Developer shall have the right to conduct reasonable sales and promotional activity as long as it owns any Lot or Lots offered in the ordinary course of business. Also, this provision shall not prohibit an Owner from using a portion of the premises constructed on the Lot as a home office, art studio or the like.

4.7 No Owner shall maintain an outdoor clothes line.

4.8 Owner shall erect fences in accordance with the direction of the Architectural Review Board. Fences shall be of white vinyl material and of such height and style as directed by the Architectural Review Board. No wood fences

or chain link fences shall be allowed. In general, the Architectural Review Board will require a "picket" fence along the front of the house and a privacy fence across the back of the Lot.

4.9 No private wells may be drilled.

4.10 Each Owner shall provide receptacles for garbage in a screened area not generally visible from the common travel ways.

4.11 Owners may rent their residences to others when not used by them. However, such rentals may be arranged only through the Owner himself or the Developer as his agent. To this end, Developer will establish a rental agency service, to be known as Old Cottage Beach Rentals, which agency shall be entitled to collect a fee for such rental agency services.

4.12 No Owner or guest shall bring or use any motorized mechanical conveyance. Specifically prohibited are go-karts and all terrain vehicles. This provision shall not preclude the use of bicycles and similar mechanical conveyance. Golf carts and similar vehicles may be permitted within the discretion of the Developer subject to such reasonable rules and regulations as may be promulgated by the Developer. Motorcycles of a cruising style shall be permitted but motorcycles of a dirt bike style are prohibited.

4.13 No Owner will be allowed to erect an exterior aerial or antenna for television or radio reception, except that a mini-dish satellite system (e.g., Direct-TV) may be installed provided that the dish is located so as to not be generally visible from the common travel ways.

4.14 Natural or manmade drainage facilities shall not be installed, altered or interfered with in any way by Owners without prior approval of the Developer.

4.15 No exterior antenna of any type shall extend above the highest point of the roof of the dwelling. Vapor security lights shall not be permitted.

5. ARCHITECTURAL REVIEW AND APPROVAL

5.1 Developer shall form an Architectural Review Board and appoint to it members in such numbers as Developer deems appropriate.

5.2 Basis for Decision. The Architectural Review Board shall approve or disapprove the application in its discretion, based on the nature, kind, shape, height, materials and location of the proposed improvements, harmony with surrounding structures and topography, and other factors, including purely aesthetic considerations, which in the sole opinion of the Architectural Review Board will affect the desirability or suitability of the construction. The Architectural Review Board shall also have the right to determine the type and number of structures which may be constructed on a Lot. The Architectural Review Board shall use as a guide the Architectural Style Guidelines set forth herein. The Architectural Review Board will strictly control the exterior appearance of any structures built in Old Cottage Beach Development. This may result in disapproval of designs that would be appropriate in other locations. It is specifically understood and agreed to by each Owner that the Developer, in its sole discretion, acting through the Architectural Review Board, has the right to approve or disapprove the design and color of any structure on any basis whatsoever. The Developer specifically reserves the right to require a specific color or shade of stain or paint if necessary to preserve the appearance or harmony of a given cluster of structures within the Old Cottage Beach Development.

5.3 Since individual Lots vary in size and location, standard setback regulations are not specified. However, in general, structures will be placed on the Lot in a "zero lot line" location. The absence of setback regulations allows the flexibility to ensure that the location of each structure will be optimum for the particular circumstances at hand. The Developer reserves the right to control absolutely and solely the precise location of any house, dwelling, or other structure upon any Lot. This responsibility will be invoked without hesitation to assure that the overall objectives of the Old Cottage Beach Development are met, provided, however, that this will be done only after a reasonable opportunity has

been afforded the Owner to recommend a specific location of the dwelling on the Lot. Further, the Developer reserves the right to specify the exterior location of any air conditioning equipment. Yet further, detached storage or other units may not normally be built on the Lot. Permission to do so will not be given unless the design hides such a structure from the view of other Owners.

5.4 Construction. If approval is given or deemed to have been given, construction of the improvements applied for may be begun, provided that all such construction is in accordance with the submitted plans and specifications. The Developer and the Association shall have the right to enjoin any construction not in conformance with approved plans and specifications, and shall have all other remedies available at law or equity.

5. 5 Liability. Approval by the Architectural Review Board shall not constitute a basis for any liability of the Developer or any officer, member or employee thereof as regards failure of the plans to conform to any applicable building codes or inadequacy or deficiency in the plans resulting in defects in the improvements.

5.6 Construction Subject to Review. No construction, modification, alteration or improvement of any nature whatsoever (except interior alterations not affecting the external structure or appearance of a house, other residential lot or commercial building) shall be undertaken on any Lot unless and until a plan of such construction or alteration shall have been approved in writing by the Architectural Review Board. Modifications subject to Architectural Review Board control specifically include, but are not limited to, painting or other alteration of a building (Including doors, windows and roof): installation of antennas, satellite dishes or receivers, solar panels or other devices; construction of fountains, swimming pools, whirlpools or other pools: construction of walls or fences: addition of awnings, gates, flower boxes, shelves, statues or other outdoor ornamentation or patterned or brightly colored window coverings: and any alteration of the landscaping or topography of the Lot, including without limitation any planting, cutting or removal of trees or plants.

5.7 Procedures. The plans to be submitted for approval shall include (a) the construction plans and specifications, including all proposed landscaping, (b) an elevation or rendering of all proposed improvements, and (c) such other items as the Architectural Review Board may deem appropriate. If the Architectural Review Board fails to approve or disapprove the plans within ninety (90) days after submission of all requested plans and specifications, approval shall be deemed to have been granted unless the applicant agrees to an extension. The Architectural Review Board shall have the right to charge a reasonable fee for its review of plans.

5.8 Completion. Upon commencement of construction of any improvement, the Owner shall diligently and expeditiously carry same to completion in accordance with the approved plans and specifications. Generally, such construction must be completed within a period of twelve (12) months, except where such completion would result in great hardship to the Owner due to strikes, fires, natural calamities or due to personal circumstances beyond the Owner's control. Upon request made in writing to the Developer, including specific identification of the reasons therefor, an Owner may seek an extension of time for completion beyond the twelve months period.

6. ARCHITECTURAL STYLE AND LANDSCAPE GUIDELINES

6.1 The general style of the structures in Old Cottage Beach shall be that of a cottage or carriage house as exemplified by the characteristics of a compact footprint that does not necessarily sacrifice a sense of spaciousness in the floor plan, a human-scale entry, well-crafted architectural details, high pitched roofs, and the presence of porches, patios, decks. More specifically, the style shall be that of a coastal cottage with architectural arrangements and details influenced by or adopted from the architectural vernacular styles of and found in and around the Caribbean; the West Indies; Old Florida; Key West, Florida; St. Augustine, Florida; Charleston, South Carolina; Beaufort, South Carolina "Low-Country"; and the Creole cottages of coastal Louisiana. The Architectural Review Board

will endeavor to maintain exemplary design materials to assist Owner in complying with the Architectural Style Guidelines for Old Cottage Beach.

Compatible landscaping for the architectural style of Old Cottage Beach shall be observed. In general, compatible landscaping shall be low maintenance and include such materials as ground cover, shrubs, palm trees of various species, and flowering plants (e.g., hibiscus and bougainvillea). Such landscaping as gravel and cactus, for example, does not constitute compatible landscaping and will not be approved by the Architectural Review Board. In addition, grass is considered inconsistent with the low maintenance landscape concept deemed appropriate for Old Cottage Beach. Each Lot owner shall be required to install an automatic landscape irrigation facility subject to approval of the Architectural Review Board.

6.2 The general statement of architectural style in paragraph 6.1 is intended to leave the latitude for individual decisions as to design. However, such designs must adhere to the following specific guidelines:

(a) Construction shall be of wood and all wood exposed to weather shall be pressure treated or of a species that is generally considered decay resistant, however styles adopting features of two-story St. Augustine, Florida architecture may use concrete block and stucco construction on the first floor level.

(b) Siding pattern may be rough or smooth and may be vinyl or wood selected from lapsiding, shingle siding, and vertical board and batten siding (brick and stone siding shall not be used and will not be approved).

(c) Roof cladding shall be standing seam metal sheeting of an approved color. No tile or composition shingle roofing is permitted.

(d) Main rooflines shall be symmetrical about their peaks and will be a hip or gable only. A shed type roof will be permitted only as applied to dormers extending from the

main roofline and a flat roof shall be permitted only when accessible from an adjacent enclosed space.

(e) Roof pitch above the main body of the structure and above wrap around porches and ancillary structures shall be from 4/12 to 10/12 depending upon the particular architectural style chosen.

(f) Exterior doors may be wood or fiberglass and may be French doors with or without divided lites. Front entry exterior doors may not be solid without glass. Windows may be casement or double-hung made of vinyl, wood or wood with cladding. Awning type windows of horizontal proportions may be used at clerestories. Individual windows and porch openings, when rectangular shall be square or of vertical proportions not less than 1 to 1.5 (no more squat than square). Aluminum or other sliding glass doors and windows are not permitted.

(g) Driveway surfaces shall be gray brick pavers.

7. MAINTENANCE

7.1 Each Owner shall be responsible for the maintenance of the exterior and interior maintenance of his home and improvements. Rubbish, trash or garbage shall be regularly removed and shall not be allowed to accumulate. If the Association determines in its discretion that any Owner has failed to maintain any part of his Lot, including improvements, in good order and repair, free from debris, the Association, by a majority vote of the Board and ten (10) days after notice to the Owner, shall have the right without liability to enter upon such Lot to correct, repair, restore, paint and maintain any part of the home and improvements, and to have any objectionable items removed. All costs related to such action shall be assessed to the Owner as an Individual Lot Assessment.

7.2 Landscape Maintenance. The Association shall maintain all landscaping for the Lots, including, but not limited to, trees and shrubs. In addition, walks, roads, parking areas, bay front area, painting and other maintenance and repair of improvements and equipment located in the Common Area shall be provided by the Association. More specifically, the Association shall provide turn-key landscape maintenance for which Lot owners will pay a Landscape Maintenance fee set by the Association.

7.3 Garbage Disposal. Garbage pick-up shall be provided by the Association and Lot owners will pay a Garbage Disposal fee set by the Association. The Association shall have the right to promulgate such rules and regulations relating to garbage disposal as deemed appropriate, including times and conditions of garbage pick-up.

7.4 Damage. If any Common Area or part thereof is damaged through the negligent or willfull acts of an Owner, his family, guest or invitee, the cost of any necessary repair shall be assessed to that Owner as an Individual Lot Assessment.

4 ASSOCIATION MEMBERSHIP AND ASSESSMENTS

8.1 Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

8.2 Management Agreements. The Association shall employ professional management, and each Owner agrees to be bound by the terms and conditions of all management agreements entered into by the Association. A copy of all such agreements shall be available to each Owner. Any and all management agreements entered into by the Association shall provide that said management agreement may be cancelled at any time by an affirmative vote of a majority of the Members of the Association voting in person or by proxy at a meeting for which notice is given and a quorum present in the same manner as is described Paragraph 8.7. In no event shall a management agreement be cancelled prior to

the Board effecting a new management agreement to become operative immediately upon the cancellation of the preceding management agreement. The Board shall also be responsible for effecting a new management agreement prior to the expiration of any prior management agreement. All management agreements shall be made with a responsible party or parties having experience adequate for the management of a project of this type.

8.3 Obligation for Assessments The Developer, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following (to be known collectively as "Assessments"):

(a) Annual General Assessments.

(b) Special Assessments for the purposes provided in this Declaration.

(c) Individual Lot Assessments for any charges particular to that Lot.

(d) Property Tax Assessments for real property taxes on the Common Area, unless such taxes are included in the individual Lot tax assessments by the assessing authority, together with a late fee, interest and cost of collection when delinquent, including a reasonable attorney's fee whether or not suit is brought.

8.4 Purpose of Assessments. The General Assessments levied by the Association, both Annual and Special, shall be used exclusively for the improvement, maintenance and operation of the Common Area and the management and administration of the Association. Such expenses may include, without limitation, the cost of wages, materials, insurance premiums, services, supplies and reasonable amounts, as determined by the Board, for working capital and for reserves. Each Owner shall be responsible for the improvement, maintenance and repair of his Lot or Lots and all improvements, including both the interior and exterior of buildings, and no such costs may be included within

the Annual or Special General Assessments. An Owner who fails to keep his Lot and all improvements in good order and repair shall be subject to an Individual Lot Assessment for any expenses incurred by the Association in performing such duties.

8.5. Maximum Annual General Assessment. Until January 1st of the year immediately following the conveyance of the first Lot to an Owner other than Declarant, the maximum Annual General Assessment shall be $600. For each succeeding year, the Board of Directors shall determine the Annual General Assessment. If, within 30 days of receiving notice of a proposed increase in the Annual General Assessment, members representing a majority of the votes of the Association disapprove of the increase in writing, the Board may not exceed the greater of the following two maximum assessment levels:

(a) An increase of not more than 15% above the assessment for the previous year, or

(b) An increase in conformance with the rise, if any, of the Consumer Price Index, as published the preceding July.

8.6 Special Assessments. In addition to the Annual General Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year and not more than the next four succeeding years for the purpose of defraying; in whole or in part, the following:

(a) the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or

(b) the cost of any unusual or emergency matters (including, after depletion of any reserves, any unexpected expenditures not provided in the budget or unanticipated increases in the amounts budgeted).

The Board's decision to levy a Special Assessment shall be deemed approved. by the membership unless, within 30 days of receiving notice of the proposed Special Assessment, members representing a majority of the votes of the Association disapprove in writing.

8.7 Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under Paragraph 8.5 or 8.6 shall be sent to all members not less than fourteen (14) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast a majority of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the first meeting.

8.8 Rate of Annual and Special General Assessments. Annual maintenance and special assessments shall be fixed at a uniform rate for all Lots.

8.9 Date of Commencement of Annual General Assessments: Due Date. (a) First Year. The Annual General Assessments shall commence as to all Lots on the first day of the month following the conveyance of the first Lot. The first Annual General Assessments shall be adjusted according to the number of months remaining in the calendar year. (b) Subsequent Years. The Board shall fix the amount of the Annual General Assessment for each Lot at least thirty days in advance of each calendar year and send notice of the assessment level to each Owner. The due dates shall be established by the Board, and unless the Board determines otherwise, each Owner shall be required to pay the stated assessment in a single, annual installment. The failure or delay of the Board in setting the Assessment level shall not constitute a waiver or release of an Owner's obligation to pay Annual General Assessments whenever the amount of such assessments is finally determined, and in the absence of notice of the new assessment level, each Owner shall continue to pay the assessment at the previous rate until notified otherwise.

8.10 Individual Lot Assessments. The Association may levy at any time an Individual Lot Assessment against a particular Lot for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the specific Lot, other special services to such Lot or any other charges designated in this Declaration as an Individual Lot Assessment.

8.11 Property Tax Assessment. Unless such taxes are included in the individual Lot Owner's tax assessment by the assessing authority, the state and local real property taxes assessed on the Common Area shall be paid by the Association, which shall charge to each Owner its pro-rata share on a per-lot basis. Any such tax assessments shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. Upon transfer of title to a lot, the real property taxes shall be adjusted and apportioned. In addition to the adjustment of taxes at the time of transfer of title to a Lot, the new Owner shall deposit, in escrow with the Association, a sufficient sum to pay his pro rata share of the next due property taxes on the Common Area.

8.12 Effect of Nonpayment of Assessments: Remedies of the Association. (a) Late Fees: Interest. Any Assessment not paid when due shall be delinquent. If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest from the date of delinquency at the maximum rate allowed by law (or such lower rate approved by the Board), plus late fees determined by the Board. (b) Nature of Obligation. All Assessments, along with any late fee, interest, and costs of collection when delinquent (including a reasonable attorney's fee, whether or not Suit is brought) shall be charged on the land and shall be a continuing lien upon the Lot to which the charges relate. In addition, all such Assessments and charges shall be the personal obligation of the person or entity who was the Owner of such Lot at the time when the Assessment was levied, and of each subsequent Owner. Each Owner, by acceptance of title, expressly vests in the Association the right and power to bring all actions against such Owner personally for the collection of the charges as a debt and to enforce the charges by all methods available for the enforcement of liens, including

foreclosure by an action brought in the name of the Association in a like manner as a foreclosure of a mortgage lien on real property. No Owner may waive or otherwise escape liability by non-use of the Common Area or abandonment of the Lot to which the Assessments or charges relate. (c) Action on Lien. The lien provided for in this Paragraph shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid at a foreclosure sale and to acquire and hold, lease, mortgage and convey the same, and to subrogate so much of its right to such liens as may be necessary or expedient for an insurance company continuing to give total coverage notwithstanding nonpayment of such defaulting owners' portion of the premium. Each Owner hereby expressly grants to the Association a power of sale in connection with such lien. (d) Transfer of Title Certificates. To assist the Association in maintaining a current list of Owners, any Owner (other than Declarant) who wishes to convey title to a Lot shall, at least thirty (30) days prior to the conveyance, provide the Association with the name and address of the intended purchaser. Failure to so notify the Association shall make the Owner liable for a fine of up to $250, which may be assessed to the Owner as an Individual Lot Assessment. The Association shall have the right but not the obligation to notify the intended purchaser of any unpaid assessments relating to the Lot being conveyed. In addition, the Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments for the specified Lot have been paid. Such certificates shall be conclusive evidence of payment of assessments therein stated to have been paid.

8.13 Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the first mortgage lien of any bank, savings and loan association or other institutional mortgagee. Sale or transfer of any Lot shall not affect the Assessment lien; however, the sale or transfer of any Lot pursuant to foreclosure of such a mortgage or any proceeding in lieu thereof shall extinguish the lien of such Assessments which became due prior to such sale or transfer. No sale or transfer shall relieve the transferees of

such Lot from liability for any Assessments thereafter becoming due or from the lien for such new Assessments.

9. ASSOCIATION INSURANCE OBLIGATIONS

9.1 Insurance on Common Area. The Board shall obtain casualty insurance for all Common Area improvements to cover the full replacement cost, which coverage may include extended coverage, vandalism, malicious mischief and windstorm endorsements and other coverage deemed desirable by the Board.

9.2 Public Liability. The Board may obtain public liability insurance in such limits as the Board may from time to time determine, insuring against any liability arising out of, or incident to, the ownership and use of the Common Area. Such insurance shall be issued on a comprehensive liability basis and shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association, Board or other Owners. The Board shall review limits of coverage once each year.

9.3 Director Liability Insurance. The Board may obtain liability insurance insuring against personal loss for actions taken by members of the Board in the performance of their duties. Such insurance shall be of the type and amount determined by the Board in its discretion.

9.4 Other Coverage. The Board shall obtain and maintain workman's compensation insurance if and to the extent necessary to meet the requirements of law, and such other insurance as the Board may determine or as may be requested from time to time by a majority of the Members.

9.5 Lots. The Board has the right but not the obligation to obtain comprehensive insurance for all Lots, and each Owner by acceptance of a deed for his Lot is deemed to authorize the Board to act as his agent for the obtaining of insurance if the Board elects to obtain coverage for all Lots. If the Board does not so elect, each Owner shall obtain and maintain at his own expense fire insurance and insurance against the perils customarily covered by an extended coverage endorsement in an amount not less than the full insurable value of the

improvements, based upon replacement, and if an Owner fails to do so, the Board has the right but not the obligation to purchase such insurance for Owner and assess the cost to him as an Individual Lot Assessment. Owners are responsible for insuring against personal property damage and loss, personal liability for that Lot and any other type of insurance the Owner may desire.

9.6 Premiums. The cost of all insurance stated above, except coverage of Lots, shall be an Association expense and shall be included in the Annual General Assessments. If the Board obtains comprehensive insurance for all Lots, each Lot's ratable share shall be assessed to that Lot Owner as an Individual Lot Assessment.

9.7. Repair and Reconstruction after Fire or Other Casualty.

(a) Common Area. If fire or other casualty damages or destroys any of the improvements on the Common Area, the Board shall arrange for and supervise the prompt repair and restoration of such improvements substantially in accordance with the plans and specifications under which the improvements were originally constructed, or any modification approved by the Architectural Review Board. The Board shall obtain funds for such reconstruction first from the insurance proceeds, then from reserves for the repair and replacement of such improvements, and then from any Special Assessments that may be necessary after exhaustion of insurance and reserves.

(b) Lots. If fire or other casualty damages or destroys a house, commercial building or any other improvements on a Lot, the Owner of that Lot shall immediately proceed to rebuild and restore the improvements to the condition existing immediately prior to such damage or destruction, unless other plans are approved by the Architectural Review Board. If such Owner refuses or fails to begin to repair and

rebuild any and all such damage within thirty days or fails to continue such repair or restoration in an expeditious manner, the Association, by and through its Board, is hereby irrevocably authorized by such Owner to repair and rebuild any such improvement, the cost of which shall be charged to the Owner as an Individual Lot Assessment.

(c) Insurance Proceeds: Performance of Work. All insurance proceeds received by the Association shall be deposited in a bank or other financial institution, the accounts of which are insured by a federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature authorized by the Board or an agent authorized by the Board. The Board may advertise for sealed bids with any licensed contractor, and may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair or reconstruction.

10. GENERAL PROVISIONS

10.1 Enforcement. The Association, Developer or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association, Developer or any Owner to enforce any provision shall not be deemed a waiver of the right to do so thereafter. If the Association fails or refuses to enforce any of its rights under this Declaration, including without limitation the right to require all Owners to keep their Lots in good order and repair, Developer shall have the right but not the obligation to act on behalf of the Association and shall have all rights and remedies permitted the Association, including but not limited to the right to assess the Owner for the Developer's costs and to secure that charge in the same manner

as an Individual Lot Assessment. Any and all costs, including but not limited to attorneys' fees and court costs, which may be incurred by the Association or the Developer in the enforcement of any of the provisions of this Declaration, regardless of whether such enforcement requires judicial action, shall be assessed as an Individual Lot Assessment to the Owner against whom such action was taken.

10.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

10.3 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then Owners holding 75% of the voting power in the Association and the Developer shall have been recorded, agreeing to terminate all of said provisions as of a specified date, which shall be not earlier than the expiration of an extended term of one (1) year from the date of such recording. Unless this Declaration is so terminated, the Association shall rerecord this Declaration or other notice of its terms at intervals necessary under Texas law to preserve its effect. This Declaration may be amended at any time by an instrument in writing signed by owners holding two-thirds of the total voting power of the Association, which amendment shall become effective upon recordation in the public records of Aransas County, Texas; provided, however:

(a) As long as Developer is an Owner of any unsold Lot, no amendment shall become effective without the written consent of Developer,

(b) No amendment may modify rights of the Developer without its written consent; and

(c) Developer specifically reserves the absolute and unconditional right, so long as it owns any Lot, to amend

this Declaration without the consent or joinder of any party (i) to conform to the requirements of the Federal Home Loan Mortgage Corporation, Veterans Administration, Federal National Mortgage Association or any other generally recognized institution involved in the purchase and sale of home loan mortgages, (ii) to conform to the requirements of institutional mortgage lenders or title insurance companies, or (iii) to clarify the provisions herein.

10.4 Annexation of Additional Property. As development of Old Cottage Beach continues, it may be efficient to annex additional properties to the Property subject to this Declaration, so that the Property and the additional property would be considered as a single property, subject to this Declaration and administered by the Association. Alternatively, it may be desirable to combine the Association with other similar associations within Old Cottage Beach (either by consolidation or merger) so that the resulting single Association would administer two or more properties, each of which would be subject to separate declarations. Such annexation, merger or consolidation may be accomplished in either of the following ways:

(a) By Developer. Developer shall have, the right, but not the obligation, for a period of thirty (30) years from the date hereof, from time to time in its sole discretion, to annex to the Property other properties within Old Cottage Beach, or to merge or consolidate the Association with other similar associations within Old Cottage Beach. In the event of such annexation, consolidation or merger, Developer shall have the right to change the name of the Association or the Developer or both to more accurately reflect the interests of the resulting Association or Property. Developer's right to annex property specifically includes the right (but not the

obligation) to contribute additional Common Area or easement rights contiguous with the Property, or with a reasonable relationship to the Property.

(b) By Owners. Additional property may be annexed, or the Association merged with other similar associations, by the assent of a majority of the Members. The majority vote of Members shall be comprised of those Members present in person or by proxy at a regular meeting or a special meeting duly called for that purpose, or the consent in writing of Owners of a majority of the Lots.

10. 5 Notices. Any notice required to be sent to the Owner of any Lot under the provisions of this Developer shall be deemed to have been properly sent when mailed, postage prepaid, or hand delivered to the Lot and, if different, to the last known address of the person who appears as Owner of such Lot as that address is stated on the records of the Association at the time of such mailing.

10.6 Action Without Meeting: Telephone Conferences. Any action required under this Declaration to be taken by vote or assent of the Members may be taken in the absence of a meeting (or in the absence of a quorum at a meeting) by obtaining the written approval of the requisite percentage of the Membership. Any action so approved shall have the same effect as though taken at a meeting of the Members, and such approval shall be duly filed in the minute book of the Association. Members present by telephone conference shall be considered as present at a meeting for the purposes of a quorum, and may vote in any matters presented for a vote of the membership.

10.7 Gender and Number. The singular shall include the plural, wherever the context so requires, and necessary grammatical changes required to make the provisions of this Declaration apply either to individuals, corporations or other entities, masculine or feminine, shall in all cases be assumed as though in each case fully expressed.

10.8 Violation of Restrictions. The Developer, its successors and assigns, or the Association, shall have the right to proceed at law or in equity

against any person or persons who shall violate or attempt to violate these covenants and restrictions, and may enjoin or recover damages for such violations. In the event the Developer or the Association fails to take such action, then an Owner may commence such action.

10.9 Non-enforcement and Invalidation. Failure to enforce any of the foregoing restrictions shall not be deemed a waiver to do so thereafter, and the invalidation of any one or more of said restrictions by judgment or court order shall in no way affect any of the remaining restrictions and covenants which shall remain in full force and effect.

10.10 Duration of Restrictions. These restrictions shall continue for a period of twenty (20) years from the date of recording hereof, and shall automatically be extended for an additional twenty (20) years unless 80% or more of the Owners of all of the Lots and their mortgagees shall evidence their desire to terminate or change said restrictions in whole or in part by an instrument or instruments in writing executed with the formality of a deed pursuant to the laws of the State of Texas.

10.11 Right to Modify. The Developer may modify these restrictions prior to the time all Lots are sold. Additionally, after all Lots are sold, the Developer may modify these restrictions with the approval of 51% of the Owners.

OLD COTTAGE BEACH DEVELOPMENT, LLC

By: _____

Richard D. Dias, Member and Manager

Date: October 16, 2001

STATE OF TEXAS)
) SS:
COUNTY OF ARANSAS)

243148
FILE NO.
County Clerk, Aransas County, Texas

I, Pat C. Johnson, a Notary Public in and for said County and State, do hereby certify that Richard D. Dias, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged and swore that the statements set forth in the foregoing instrument are true and correct and that he signed and delivered the said instrument as his free and voluntary act for the uses and purposes therein set forth.

Given under my hand and official seal, this 16 day of Oct., 2001.

Pat C. Johnson
Notary Public

My commission Expires: 9/2/03

PAT C. JOHNSON
Notary Public, State of Texas
My Commission Expires
September 02, 2003

$61.00

FILED FOR RECORD
At 2:00P M.

OCT 16 2001 INDEXED

Peggy L. Friebele
PEGGY L. FRIEBELE
COUNTY CLERK, ARANSAS CO., TEXAS

Filed By & Return to
Richard Dias
P.O. Box 279
Tulia Tx.
78358

FILE NO. 247243
County Clerk, Aransas County, Texas

MODIFICATION TO DECLARATION OF DEED RESTRICTIONS RELATING TO OLD COTTAGE BEACH DEVELOPMENT

Pursuant to Paragraph 10.11 of the "Declaration of Deed Restrictions Relating to Old Cottage Beach Development," the Developer hereby modifies Paragraph 4.2 to read as follows:

4.2 Only one (1) residential structure is permitted on each lot. No accessory building (garage, carport, utility or storage room) free standing or attached by deck or trellis, will be permitted without prior written approval of the Architectural Review Board. Two or more adjacent Lots may be used as a single building site. Such a site may accommodate more than one residence (e.g., guest house), but only with written consent of the Developer and approval of the Architectural Review Board. To the extent that a garage or carport is approved, the garage or carport shall be limited to a single bay or "one car" design. Each residential structure shall be new construction. No residential structure, already existing in whole or in part, may be moved onto a lot. Any Owner of three (3) or more adjacent Lots may divide and partition such Lots into fewer Lots of larger size, each of which shall be used as a single building site. Specifically, an Owner of three adjacent Lots may divide them into two Lots of equal size with each parcel consisting of one and on-half of the original three Lots, such Lots being referenced herein as "Redrawn Lots". For purposes of the "Association and Assessments" provisions prescribed by Paragraph 8, when improvements are erected on a Redrawn Lot, the Redrawn Lot shall thereafter be treated as an Individual Lot.

OLD COTTAGE BEACH DEVELOPMENT, LLC

By: _____

Richard D. Dias, Member and Manager

Date: May 6, 2002

247243

FILE NO.
County Clerk, Aransas County, Texas

STATE OF TEXAS)
) SS:
COUNTY OF ARANSAS)

I, Juanita A. Petersen, a Notary Public in and for said County and State, do hereby certify that Richard D. Dias, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged and swore that the statements set forth in the foregoing instrument are true and correct and that he signed and delivered the said instrument as his free and voluntary act for the uses and purposes therein set forth.

Given under my hand and official seal, this 6th day of May, 2002.

Juanita A. Petersen
Notary Public

JUANITA A. PETERSEN NOTARY PUBLIC STATE OF TEXAS EXPIRES 11-30-2005

My commission Expires: Nov 11, 2005

RECORDER'S MEMORANDUM:
All or part of the text on this page was not clearly legible

FILED FOR RECORD $11.00
At 9:25A M.

MAY 09 2002

INDEXED

Peggy L. Friebele

PEGGY L. FRIEBELE
COUNTY CLERK, ARANSAS CO., TEXAS

Filed By & Return to:
Richard Dias Const. Co. Inc
P.O. Box 279
Sinton TX. 78358

FILE NO. 249624
County Clerk, Aransas County, Texas

MODIFICATION TO DECLARATION OF DEED RESTRICTIONS RELATING TO OLD COTTAGE BEACH DEVELOPMENT

Pursuant to Paragraph 10.11 of the "Declaration of Deed Restrictions Relating to Old Cottage Beach Development," the Developer hereby modifies Paragraph 3.4 to read as follows:

3.4 Other Easements.

(a) Easements for water, sewer, gas, electric or other power source, telephone, cable, satellite dish and/or television antenna distribution and other public and/or private utility services servicing the subdivision are or will be specifically reserved in Common Areas to permit installation, maintenance and reconstruction of such facilities.

(b) Fifteen (15) foot easements and rights of way for installation and maintenance of utilities and drainage facilities are expressly reserved through all Lots and, with regard to utilities, from such fifteen (15) foot easements to improvements now or hereafter constructed on any Lot, to permit the construction and maintenance by the Developer, its successors and assigns, and/or public or private utility companies of water, gas, drainage, sewer, electricity, telephone, televisions and other services of like nature. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation, maintenance and reconstruction of utilities, or which may damage, interfere with, or change the direction of flow of drainage facilities in the easements. The easement area of each Lot and all improvements therein shall be continuously maintained by the owner of such Lot, except for improvements the maintenance for wich a public authority or utility company is responsible.

(c) No dwelling unit or other structure of any kind shall be built,

erected, or maintained on any such easement, reservation, or right of way, and such easements, reservations, and rights of way shall at all times be open and accessible to utility corporations, their employees and contractors, and shall also be open and accessible to Developer, its successors and assigns, all of whom shall have the right and privilege of doing whatever may be necessary in, on, under, and above such locations to carry out any of the purposes for which such easements, reservations, and rights of way are reserved.

(d) Developer shall and does hereby reserve unto itself, its successors and assigns, a perpetual, nonexclusive easement under, over and across the common area and that portion of lots described in subparagraphs (a) and, (b) and (c) above for the purpose of construction, reconstruction, maintenance, repair and replacement of sewage treatment and collection facilities and water distribution and water distribution facilities.

Pursuant to Paragraph 10.11 of the "Declaration of Deed Restrictions Relating to Old Cottage Beach Development," the Developer hereby modifies Paragraph 3.4 to read as follows:

3.6 In no event will any residential structure be placed or permitted within fifteen (15) feet of a platted road or travel way.

OLD COTTAGE BEACH DEVELOPMENT, LLC

By: R. D. Dias

Richard D. Dias, Member and Manager

Date: August 20, 2002

STATE OF TEXAS)
) SS:
COUNTY OF ARANSAS)

249624
FILE NO.
County Clerk, Aransas County, Texas

I, Juanita A. Petersen, a Notary Public in and for said County and State, do hereby certify that Richard D. Dias, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged and swore that the statements set forth in the foregoing instrument are true and correct and that he signed and delivered the said instrument as his free and voluntary act for the uses and purposes therein set forth.

Given under my hand and official seal, this 20th day of August, 2002.

Juanita A. Petersen
Notary Public

My commission Expires: November 30, 05

JUANITA A. PETERSEN NOTARY PUBLIC STATE OF TEXAS EXPIRES 11-30-2005

FILED FOR RECORD
AT 1:25P M.

3/13 INDEXED

AUG 20 2002

Peggy L. Friebele
PEGGY L. FRIEBELE
COUNTY CLERK, ARANSAS CO., TEXAS

Richard Dias Const.
PO Box 279
Fulton TX 78358

DECLARATION OF DEED RESTRICTIONS RELATING TO OLD COTTAGE BEACH DEVELOPMENT

1. BACKGROUND

OLD COTTAGE BEACH DEVELOPMENT consists of the following Property: all of Tracts 3, 4, 5 and the South 40' of Tract 6 of Live Oak Point Tracts in Rockport, Aransas County, Texas, known as 4570 Hwy. 35 North (the "Property") and described as Lots 1-59 of Old Cottage Beach Development, according to the Plat thereof as recorded in Vol. 1, page 82, of the Public Records of Aransas County, Texas (hereinafter referred to as "Lot" or "the Lots of Old Cottage Beach").

Old Cottage Beach has been platted for the purpose of establishing residential dwellings and is being created, as a place built for the human scale and with a view to preserving the inherent beauty the land has to offer. The intent of the Development is to create a place of sustainable character and charm. To meet these goals, the Lots of Old Cottage Beach necessarily require that their use and placement of improvements be strictly controlled. Accordingly, the Development desires to establish certain restrictions upon the use and placement of improvements of the Lots of Old Cottage Beach in order to encourage residential construction while strictly controlling the ultimate use and appearance of Old Cottage Beach Development in order to assure its enjoyment by all owners.

For the purpose of enhancing and protecting the value, attractiveness and desirability of the Lots of Old Cottage Beach and improvements placed thereon, the Development hereby declares that all of the real property described above and each part thereof shall be held, sold, and conveyed only subject to the following easements, covenants, conditions, and restrictions, which shall constitute covenants running with the land and shall be binding on all parties having any right, title, or interest in the above-described property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

To further facilitate the enhancement and protection of the Lots of Old Cottage Beach, the Development has formed Old Cottage Beach Neighborhood Association (herein referred to as the "Association"), a non-profit entity to act as a property owner's association for the Lots of Old Cottage Beach.

2. DEFINITIONS

2.1 "Association" shall mean and refer to the Old Cottage Beach Neighborhood Association, its successors and assigns.

2.2 "Board" shall mean and refer to the Board of Directors of the Association.

2.3 "Bylaws" shall mean and refer to the Bylaws of the Association.

2.4 "Common Area" shall mean all real property or improvements, if any, which is not within the boundary of any Lot along with any easement rights specifically granted to the Association or to which the Developer may grant a right of use and enjoyment to the Association. The Common Area may include

parking areas, pedestrian paths, parks and recreational areas, and any designated bay access and beach area. The Common Area is not dedicated for the use of the general public.

2.5 Common Area "Maintenance" shall mean the exercise of reasonable care to keep buildings, roads, travel ways, landscaping, lighting, docks, swimming pools, utilities, facilities and other related improvements and fixtures for which the Association is responsible in a condition comparable to their original condition, normal wear and tear excepted.

2.6 "Member" shall mean every person or entity who holds membership in the Association.

2.7 "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of Old Cottage Beach Development, but shall not include those holding title merely as security for performance of an obligation.

3. PROPERTY RIGHTS AND RESTRICTIONS

3.1 Owners' Easement of Enjoyment. Every owner of a Lot shall have an easement and right of use and enjoyment in and to the Common Area, which right shall be appurtenant to and shall pass with the title to such Lot, subject to the following:

(a) The right of the Association to suspend such right and easement after assessments against his/her lot remain unpaid for a period of 30 days; and

(b) The right of the Association to suspend such right and easement, after hearing by the Board of Directors, for a period not exceeding 60 days for any infraction of the rules and regulations of the Association; and

(c) The right of the Association, with or without joinder of the Owners of Lots or their lien holders or mortgagees, to dedicate, transfer, or grant easements or licenses to any local, state or federal government, agency or authority, public or private utilities; and

3.2 Delegation of Use. Each Owner may delegate his right of enjoyment in and to the Common Area to the members of his family, his guests, tenants, and invitees. This provision may not be modified without the written consent of 75% of the Lot Owners.

3.3 Easements of Encroachment. There shall exist reciprocal appurtenant easements between adjacent Lots for encroachment of structural members of dwelling units to which another dwelling unit may be attached, which encroachments may result from minor inaccuracies in survey, construction, or reconstruction or due to settlement or movement; provided, however, that such encroachments shall not exceed one foot (1'). The encroaching improvements shall remain undisturbed for so long as the encroachment exists. There shall also

exist reciprocal appurtenant easements between each Lot and any portion or portions of the common area adjacent thereto for any encroachment due to the unwillful placement, settling, or shifting of improvements constructed, reconstructed or altered thereon, provided such construction, reconstruction or alteration is in accordance with the terms of this Declaration. No easement for encroachment shall exist as to any encroachment occurring due to the willful conduct of an Owner but any easement for encroachment shall include an easement for the maintenance and use of the encroaching improvements by the Owner thereof.

3.4 Other Easements.

(a) Easements for water, sewer, gas, electric or other power source, telephone, cable, satellite dish and/or television antenna distribution and other public and/or private utility services servicing the subdivision are or will be specifically reserved in Common Areas to permit installation, maintenance and reconstruction of such facilities.

(b) Easements and rights of way for installation and maintenance of utilities and drainage facilities are expressly reserved through all Lots as platted. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation, maintenance and reconstruction of utilities, or which may damage, interfere with, or change the direction of flow of drainage facilities in the easements. The easement area of each Lot and all improvements therein shall be continuously maintained by the owner of such Lot, except for improvements the maintenance for which a public authority or utility company is responsible.

(c) No dwelling unit or other structure of any kind shall be built, erected, or maintained on any such easement, reservation, or right of way, and such easements, reservations, and rights of way shall at all times be open and accessible to utility corporations, their employees and contractors, and shall also be open and accessible to Association, its successors and assigns, all of whom shall have the right and privilege of doing whatever may be necessary in, on, under, and above such locations to carry out any of the purposes for which such easements, reservations, and rights of way are reserved.

(d) Association shall and does hereby reserve unto itself, its successors and assigns, a perpetual, nonexclusive easement under, over and across the common area and that portion of lots described in subparagraphs (a) and, (b) and (c) above for the purpose of construction, reconstruction,

maintenance, repair and replacement of sewage treatment and collection facilities and water distribution and water distribution facilities.

3.5 No partition. There shall be no judicial partition of the common area, nor shall declarant or any owner or any other person acquiring any interest in the subdivision or any part thereof, seek judicial partition thereof. However, nothing contained herein shall be construed to prevent judicial partition of any Lot owned in cotenancy.

3.6 In no event will any residential structure be placed or permitted within fifteen (15) feet of a platted road or travel way.

3.7 Lot Owners may not grant easements through their property without the written approval of the Association.

4. LAND USE

4.1 No new construction, or alteration to the exterior of any existing building of any type on any lot, shall take place without prior written approval of the Association. Approval will be given only after construction plans have been submitted to the Association and only if such plans are in compliance with all stipulations contained herein.

4.2 Only one (1) residential structure is permitted on each lot. No accessory building (garage, carport, utility or storage room) free standing or attached by deck or trellis, will be permitted without prior written approval of the Architectural Review Board. Two or more adjacent Lots may be used as a single building site. Such a site may accommodate more than one residence (e.g., guest house), but only with written consent of the Association and approval of the Architectural Review Board. Each residential structure shall be new construction. No residential structure, already existing in whole or in part, may be moved onto a lot. Any Owner of three (3) or more adjacent Lots may divide and partition such Lots into fewer Lots of larger size, each of which shall be used as a single building site. Specifically, an Owner of three adjacent Lots may divide them into two Lots of equal size with each parcel consisting of one and one-half of the original three Lots, such Lots being referenced herein as "Redrawn Lots". For purposes of the "Association and Assessments" provisions prescribed by Paragraph 8, the Redrawn Lot shall thereafter be treated as a lot plus whatever portion of another lot it contains. Assessment shall be for only the portion of a lot that is originally purchased.

4.3 All of the Lots in Old Cottage Beach Development shall be used exclusively for residential purposes.

4.4 No unlawful, improper or immoral use shall be made of any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to any other Owner. No poultry, livestock or any animals of any kind shall be raised, kept, bred, or maintained, except that dogs, cats or other household pets may be kept, provided that the number of such household pets on the premises, either indoors or outdoors, shall not exceed a total of three (3), and further provided that such household pets are not kept, bred or maintained for any

commercial purpose. Dogs must be kept in a kennel, dog run, or fenced area within the boundaries of the lot that confines the dog(s) to that area. The Architectural Review Board retains the right to direct the size and location on the premises of any kennel or dog run area. Each Owner shall be responsible for any and all damage caused by pets.

4.5 No structures of a temporary nature, including mobile homes, trailers, or recreational vehicles, shall be allowed. No camper or similar vehicle or boat shall be parked or kept, at any time. Large commercial vehicles are not permitted. Automobiles may be parked only in designated parking areas and all automobiles shall be in good running condition. Repair of automobiles (other than emergency repair) or storage of disabled automobiles is not permitted.

4.6 No trade or business whatsoever shall be conducted on any Lot at any time. Notwithstanding the foregoing, Developer shall have the right to conduct reasonable sales and promotional activity as long as it owns any Lot or Lots offered in the ordinary course of business. Also, this provision shall not prohibit an Owner from using a portion of the premises constructed on the Lot as a home office, art studio or the like.

4.7 No Owner shall maintain an outdoor clothesline.

4.8 Owner shall erect fences in accordance with the direction of the Architectural Review Board. Fences shall be of white vinyl material and of such height and style as directed by the Architectural Review Board. No wood fences or chain link fences shall be allowed. In general, the Architectural Review Board may allow a "picket" fence along the front of the house and a privacy fence across the back of the Lot.

4.9 No private wells may be drilled.

4.10 Each Owner shall provide receptacles for garbage in a screened area not generally visible from the common travel ways.

4.11 Owners may rent their residences to others when not used by them. No rentals or leases of less than one (1) year will be allowed without the approval of the Board of Directors.

4.12 No Owner or guest shall bring or use any motorized mechanical conveyance. Specifically prohibited are go-karts and all terrain vehicles. This provision shall not preclude the use of bicycles and similar mechanical conveyance. Golf carts and similar vehicles may be permitted within the discretion of the Association subject to such reasonable rules and regulations as may be promulgated by the Association. Motorcycles of a cruising style shall be permitted but motorcycles of a dirt bike style are prohibited.

4.13 No Owner will be allowed to erect an exterior aerial or antenna for television or radio reception, except that a mini-dish satellite system (e.g., Direct-TV) may be installed provided that the dish is located so as to not be generally visible from the common travel ways.

4.14 Natural or manmade drainage facilities shall not be installed, altered or interfered with in any way by Owners without prior approval of the Association.

4.15 No exterior antenna of any type shall extend above the highest point of the roof of the dwelling. Vapor security lights shall not be permitted.

5. ARCHITECTURAL REVIEW AND APPROVAL

5.1 Association shall form an Architectural Review Board and appoint to it members in such numbers as Association deems appropriate.

5.2 Basis for Decision. The Architectural Review Board shall approve or disapprove the application in its discretion, based on the nature, kind, shape, height, materials and location of the proposed improvements, harmony with surrounding structures and topography, and other factors, including purely aesthetic considerations, which in the sole opinion of the Architectural Review Board will affect the desirability or suitability of the construction. The Architectural Review Board shall also have the right to determine the type and number of structures which may be constructed on a Lot. The Architectural Review Board shall use as a guide the Architectural Style Guidelines set forth herein. The Architectural Review Board will strictly control the exterior appearance of any structures built in Old Cottage Beach Development. This may result in disapproval of designs that would be appropriate in other locations. It is specifically understood and agreed to by each Owner that the Association, in its sole discretion, acting through the Architectural Review Board, has the right to approve or disapprove the design and color of any structure on any basis whatsoever. The Association specifically reserves the right to require a specific color or shade of stain or paint if necessary to preserve the appearance or harmony of a given cluster of structures within the Old Cottage Beach Development.

5.3 Since individual Lots vary in size and location, standard setback regulations are not specified. However, in general, structures will be placed on the Lot in a "zero lot line" location. The absence of setback regulations allows the flexibility to ensure that the location of each structure will be optimum for the particular circumstances at hand. The Association reserves the right to control absolutely and solely the precise location of any house, dwelling, or other structure upon any Lot. This responsibility will be invoked without hesitation to assure that the overall objectives of the Old Cottage Beach Development are met, provided, however, that this will be done only after a reasonable opportunity has been afforded the Owner to recommend a specific location of the dwelling on the Lot. Further, the Association reserves the right to specify the exterior location of any air conditioning equipment. Yet further, detached storage or other units may not normally be built on the Lot. Permission to do so will not be given unless the design hides such a structure from the view of other Owners.

5.4 Construction. If approval is given or deemed to have been given, construction of the improvements applied for may be begun, provided that all such construction is in accordance with the submitted plans and specifications. The Association shall have the right to enjoin any construction not in conformance with approved plans and specifications, and shall have all other remedies available at law or equity.

5. 5 Liability. Approval by the Architectural Review Board shall not constitute a basis for any liability of the Association or any officer, member or employee thereof as regards failure of the plans to conform to any applicable building codes or inadequacy or deficiency in the plans resulting in defects in the improvements.

5.6 Construction Subject to Review. No construction, modification, alteration or improvement of any nature whatsoever (except interior alterations not affecting the external structure or appearance of a house, other residential lot or commercial building) shall be undertaken on any Lot unless and until a plan of such construction or alteration shall have been approved in writing by the Architectural Review Board. Modifications subject to Architectural Review Board control specifically include, but are not limited to, painting or other alteration of a building (Including doors, windows and roof): installation of antennas, satellite dishes or receivers, solar panels or other devices; construction of fountains, swimming pools, whirlpools or other pools: construction of walls or fences: addition of awnings, gates, flower boxes, shelves, statues or other outdoor ornamentation or patterned or brightly colored window coverings: and any alteration of the landscaping or topography of the Lot, including without limitation any planting, cutting or removal of trees or plants.

5.7 Procedures. The plans to be submitted for approval shall include (a) the construction plans and specifications, including all proposed landscaping, (b) an elevation or rendering of all proposed improvements, and (c) such other items as the Architectural Review Board may deem appropriate. If the Architectural Review Board fails to approve or disapprove the plans within ninety (90) days after submission of all requested plans and specifications, approval shall be deemed to have been granted unless the applicant agrees to an extension. The Architectural Review Board shall have the right to charge a reasonable fee for its review of plans.

5.8 Completion. Upon commencement of construction of any improvement, the Owner shall diligently and expeditiously carry same to completion in accordance with the approved plans and specifications. Generally, such construction must be completed within a period of twelve (12) months, except where such completion would result in great hardship to the Owner due to strikes, fires, natural calamities or due to personal circumstances beyond the Owner's control. Upon request made in writing to the Association, including specific identification of the reasons therefor, an Owner may seek an extension of time for completion beyond the twelve months period.

6. ARCHITECTURAL STYLE AND LANDSCAPE GUIDELINES

6.1 The general style of the structures in Old Cottage Beach shall be that of a cottage or carriage house as exemplified by the characteristics of a compact footprint that does not necessarily sacrifice a sense of spaciousness in the floor plan, a human-scale entry, well-crafted architectural details, high-pitched roofs, and the presence of porches, patios, decks. More specifically, the style shall

be that of a coastal cottage with architectural arrangements and details influenced by or adopted from the architectural vernacular styles of and found in and around the Caribbean; the West Indies; Old Florida; Key West, Florida; St. Augustine, Florida; Charleston, South Carolina; Beaufort, South Carolina "Low-Country"; and the Creole cottages of coastal Louisiana. The Architectural Review Board will endeavor to maintain exemplary design materials to assist Owner in complying with the Architectural Style Guidelines for Old Cottage Beach.

Compatible landscaping for the architectural style of Old Cottage Beach shall be observed. In general, compatible landscaping shall be low maintenance and include such materials as ground cover, shrubs, palm trees of various species, and flowering plants (e.g., hibiscus and bougainvillea). Such landscaping as gravel and cactus, for example, does not constitute compatible landscaping and will not be approved by the Architectural Review Board. In addition, grass is considered inconsistent with the low maintenance landscape concept deemed appropriate for Old Cottage Beach. Each Lot owner shall be required to install an automatic landscape irrigation facility subject to approval of the Architectural Review Board.

6.2 The general statement of architectural style in paragraph 6.1 is intended to leave the latitude for individual decisions as to design. However, such designs must adhere to the following specific guidelines:

(a) Construction shall be of wood and all wood exposed to weather shall be pressure treated or of a species that is generally considered decay resistant.

(b) Siding pattern may be rough or smooth and may be vinyl, synthetic or wood selected from lapsiding, shingle siding, and vertical board and batten siding (brick and stone siding and naturally weathering board shall not be used and will not be approved).

(c) Roof cladding shall be standing seam metal sheeting of an approved color. No tile or composition shingle roofing is permitted. Other types as developed may be approved by the Architectural Review Board.

(d) Main rooflines shall be symmetrical about their peaks and will be a hip or gable only. A shed type roof will be permitted only as applied to dormers extending from the main roofline and a flat roof shall be permitted only when accessible from an adjacent enclosed space.

(e) Roof pitch above the main body of the structure and above wrap around porches and ancillary structures shall be from 4/12 to 10/12 depending upon the particular architectural style chosen.

(f) Exterior doors may be wood or fiberglass and may be French doors with or without divided lites. Windows may be casement or double-hung made of vinyl, wood or wood with cladding. Awning type windows of horizontal proportions may be used at clerestories. Individual

windows and porch openings, when rectangular shall be square or of vertical proportions not less than 1 to 1.5 (no more squat than square). Aluminum or other sliding glass doors and windows are not permitted.

(g) Driveway surfaces shall be consistent with roadway.

7. MAINTENANCE

7.1 Each Owner shall be responsible for the maintenance of the exterior and interior maintenance of his home and improvements. Rubbish, trash or garbage shall be regularly removed and shall not be allowed to accumulate. If the Association determines in its discretion that any Owner has failed to maintain any part of his Lot, including improvements, in good order and repair, free from debris, the Association, by a majority vote of the Board and ten (10) days after notice to the Owner, shall have the right without liability to enter upon such Lot to correct, repair, restore, paint and maintain any part of the home and improvements, and to have any objectionable items removed. All costs related to such action shall be assessed to the Owner as an Individual Lot Assessment.

7.2 Landscape Maintenance. The Association shall maintain all mowing for the vacant Lots. In addition, walks, roads, parking areas, bay front area, painting and other maintenance and repair of improvements and equipment located in the Common Area shall be provided by the Association. Improved lots with structures shall provide their own landscape maintenance to keep their lot in compliance with neighborhood standards.

7.3 Garbage Disposal. A dumpster shall be provided by the Association and Lot owners will pay a Garbage Disposal fee set by the Association. The Association shall have the right to promulgate such rules and regulations relating to garbage disposal as deemed appropriate, including times and conditions of garbage pick-up.

7.4 Damage. If any Common Area or part thereof is damaged through the negligent or willfull acts of an Owner, his family, guest or invitee, the cost of any necessary repair shall be assessed to that Owner as an Individual Lot Assessment.

8 ASSOCIATION MEMBERSHIP AND ASSESSMENTS

8.1 Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

8.2 Management Agreements. The Association may employ professional management, and each Owner agrees to be bound by the terms and conditions of all management agreements entered into by the Association. A copy of all such agreements shall be available to each Owner. Any and all management agreements entered into by the Association shall provide that said management agreement may be cancelled at any time by an affirmative vote of a majority of

the Members of the Association voting in person or by proxy at a meeting for which notice is given and a quorum present in the same manner as is described Paragraph 8.7. In no event shall a management agreement be cancelled prior to the Board effecting a new management agreement to become operative immediately upon the cancellation of the preceding management agreement. The Board shall also be responsible for effecting a new management agreement prior to the expiration of any prior management agreement. All management agreements shall be made with a responsible party or parties having experience adequate for the management of a project of this type.

8.3 Obligation for Assessments. The Association, for each Lot or portion thereof, owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following (to be known collectively as "Assessments"):

(a) Annual General Assessments.

(b) Special Assessments for the purposes provided in this Declaration.

(c) Individual Lot Assessments for any charges particular to that Lot.

(d) Property Tax Assessments for real property taxes on the Common Area, unless such taxes are included in the individual Lot tax assessments by the assessing authority, together with a late fee, interest and cost of collection when delinquent, including a reasonable attorney's fee whether or not suit is brought.

8.4 Purpose of Assessments. The General Assessments levied by the Association, both Annual and Special, shall be used exclusively for the improvement, maintenance and operation of the Common Area and the management and administration of the Association. Such expenses may include, without limitation, the cost of wages, materials, insurance premiums, taxes, utilities, services, supplies and reasonable amounts, as determined by the Board, for working capital and for reserves. Each Owner shall be responsible for the improvement, maintenance and repair of his Lot or Lots and all improvements, including both the interior and exterior of buildings, and no such costs may be included within the Annual or Special General Assessments. An Owner who fails to keep his Lot and all improvements in good order and repair shall be subject to an Individual Lot Assessment for any expenses incurred by the Association in performing such duties.

8.5. Maximum Annual General Assessment. For each calendar year, the Board of Directors shall determine the Annual General Assessment. If, within 30 days of receiving notice of a proposed increase in the Annual General Assessment, members representing a majority of the votes of the Association disapprove of the increase in writing, the Board may not exceed the greater of the following two maximum assessment levels:

(a) An increase of not more than 15% above the assessment for

the previous year, or

(b) An increase in conformance with the rise, if any, of the Consumer Price Index, as published the preceding July.

8.6 Special Assessments. In addition to the Annual General Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year and not more than the next four succeeding years for the purpose of defraying; in whole or in part, the following:

(a) the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and communal property related thereto, or

(b) the cost of any unusual or emergency matters (including, after depletion of any reserves, any unexpected expenditures not provided in the budget or unanticipated increases in the amounts budgeted).

The Board's decision to levy a Special Assessment shall be deemed approved. by the membership unless, within 30 days of receiving notice of the proposed Special Assessment, members representing a majority of the votes of the Association disapprove in writing.

8.7 Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under Paragraph 8.5 or 8.6 shall be sent to all members not less than fourteen (14) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast a majority of all of the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the first meeting.

8.8 Rate of Annual and Special General Assessments. Annual maintenance and special assessments shall be fixed at a uniform rate for all fifty-nine (59) Lots.

8.9 Date of Commencement of Annual General Assessments: Due Date. (a) First Year. The Annual General Assessments shall commence as to all Lots on the first day of the month following the Association accepting assignment and responsibility from the developer. The first Annual General Assessments shall be adjusted according to the number of months remaining in the calendar year. (b) Subsequent Years. The Board shall fix the amount of the Annual General Assessment for each Lot at least thirty days in advance of each calendar year and send notice of the assessment level to each Owner. The due dates shall be established by the Board, and unless the Board determines otherwise, each Owner shall be required to pay the stated assessment in a single, annual installment. The failure or delay of the Board in setting the Assessment level shall not constitute a waiver or release of an Owner's obligation to pay Annual General Assessments

whenever the amount of such assessments is finally determined, and in the absence of notice of the new assessment level, each Owner shall continue to pay the assessment at the previous rate until notified otherwise.

8.10 Individual Lot Assessments. The Association may levy at any time an Individual Lot Assessment against a particular Lot for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the specific Lot, other special services to such Lot or any other charges designated in this Declaration as an Individual Lot Assessment.

8.11 Property Tax Assessment. Unless such taxes are included in the individual Lot Owner's tax assessment by the assessing authority, the state and local real property taxes assessed on the Common Area shall be paid by the Association, which shall charge to each Owner its pro-rata share on a per-lot basis as a part of the Annual General Assessment. Any such tax assessments shall commence as to all Lots on the first day of the month following the conveyance of the Common Area.

8.12 Effect of Nonpayment of Assessments: Remedies of the Association. (a) Late Fees: Interest. Any Assessment not paid when due shall be delinquent. If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest from the date of delinquency at the maximum rate allowed by law (or such lower rate approved by the Board), plus late fees determined by the Board. (b) Nature of Obligation. All Assessments, along with any late fee, interest, and costs of collection when delinquent (including a reasonable attorney's fee, whether or not Suit is brought) shall be charged on the land and shall be a continuing lien upon the Lot to which the charges relate. In addition, all such Assessments and charges shall be the personal obligation of the person or entity who was the Owner of such Lot at the time when the Assessment was levied, and of each subsequent Owner. Each Owner, by acceptance of title, expressly vests in the Association the right and power to bring all actions against such Owner personally for the collection of the charges as a debt and to enforce the charges by all methods available for the enforcement of liens, including foreclosure by an action brought in the name of the Association in a like manner as a foreclosure of a mortgage lien on real property. No Owner may waive or otherwise escape liability by non-use of the Common Area or abandonment of the Lot to which the Assessments or charges relate. (c) Action on Lien. The lien provided for in this Paragraph shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid at a foreclosure sale and to acquire and hold, lease, mortgage and convey the same, and to subrogate so much of its right to such liens as may be necessary or expedient for an insurance company continuing to give total coverage notwithstanding nonpayment of such defaulting owners' portion of the premium. Each Owner hereby expressly grants to the Association a power of sale in connection with such lien. (d) Transfer of Title Certificates. To assist the Association in maintaining a current list of Owners, any Owner (other than Declarant) who wishes to convey title to a Lot shall, at least thirty (30) days prior to the conveyance, provide the Association with the name and address of the

intended purchaser. Failure to so notify the Association shall make the Owner liable for a fine of up to $250, which may be assessed to the Owner as an Individual Lot Assessment. The Association shall have the right but not the obligation to notify the intended purchaser of any unpaid assessments relating to the Lot being conveyed. In addition, the Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments for the specified Lot have been paid. Such certificates shall be conclusive evidence of payment of assessments therein stated to have been paid.

8.13 Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the first mortgage lien of any bank, savings and loan association or other institutional mortgagee. Sale or transfer of any Lot shall not affect the Assessment lien; however, the sale or transfer of any Lot pursuant to foreclosure of such a mortgage or any proceeding in lieu thereof shall extinguish the lien of such Assessments which became due prior to such sale or transfer. No sale or transfer shall relieve the transferees of such Lot from liability for any Assessments thereafter becoming due or from the lien for such new Assessments.

9. ASSOCIATION INSURANCE OBLIGATIONS

9.1 Insurance on Common Area. The Board may obtain casualty insurance for all Common Area improvements to cover the full replacement cost, which coverage may include extended coverage, vandalism, malicious mischief and windstorm endorsements and other coverage deemed desirable by the Board.

9.2 Public Liability. The Board may obtain public liability insurance in such limits as the Board may from time to time determine, insuring against any liability arising out of, or incident to, the ownership and use of the Common Area. Such insurance shall be issued on a comprehensive liability basis and shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of negligent acts of the Association, Board or other Owners. The Board shall review limits of coverage once each year.

9.3 Director Liability Insurance. The Board may obtain liability insurance insuring against personal loss for actions taken by members of the Board in the performance of their duties. Such insurance shall be of the type and amount determined by the Board in its discretion.

9.4 Other Coverage. The Board shall obtain and maintain workman's compensation insurance if and to the extent necessary to meet the requirements of law, and such other insurance as the Board may determine or as may be requested from time to time by a majority of the Members.

9.5 Premiums. The cost of all insurance stated above, except coverage of Lots, shall be an Association expense and shall be included in the Annual General Assessments. If the Board obtains comprehensive insurance for all Lots, each Lot's ratable share shall be assessed to that Lot Owner as an Individual Lot Assessment.

9.6 Repair and Reconstruction after Fire or Other Casualty.

(a) Common Area. If fire or other casualty damages or destroys any of the improvements on the Common Area, the Board shall arrange for and supervise the prompt repair and restoration of such improvements substantially in accordance with the plans and specifications under which the improvements were originally constructed, or any modification approved by the Architectural Review Board. The Board shall obtain funds for such reconstruction first from the insurance proceeds, then from reserves for the repair and replacement of such improvements, and then from any Special Assessments that may be necessary after exhaustion of insurance and reserves.

(b) Insurance Proceeds: Performance of Work. All insurance proceeds received by the Association shall be deposited in a bank or other financial institution, the accounts of which are insured by a federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature authorized by the Board or an agent authorized by the Board. The Board may advertise for sealed bids with any licensed contractor, and may negotiate with any contractor, who shall be required to provide a full performance and payment bond for the repair or reconstruction.

10. GENERAL PROVISIONS

10.1 Enforcement. The Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or any Owner to enforce any provision shall not be deemed a waiver of the right to do so thereafter. Any and all costs, including but not limited to attorneys' fees and court costs, which may be incurred by the Association in the enforcement of any of the provisions of this Declaration, regardless of whether such enforcement requires judicial action, shall be assessed as an Individual Lot Assessment to the Owner against whom such action was taken.

10.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

10.3 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then Owners holding 75% of the voting power in the Association shall have been recorded, agreeing to terminate all of said provisions as of a specified date, which

shall be not earlier than the expiration of an extended term of one (1) year from the date of such recording. Unless this Declaration is so terminated, the Association shall rerecord this Declaration or other notice of its terms at intervals necessary under Texas law to preserve its effect. This Declaration may be amended at any time by an instrument in writing signed by owners holding two-thirds of the total voting power of the Association, which amendment shall become effective upon recordation in the public records of Aransas County, Texas.

10. 4 Notices. Any notice required to be sent to the Owner of any Lot under the provisions of this Declaration shall be deemed to have been properly sent when mailed, email, fax, postage prepaid, or hand delivered to the Lot and, if different, to the last known address of the person who appears as Owner of such Lot as that address is stated on the records of the Association at the time of such mailing.

10.5 Action Without Meeting: Telephone Conferences. Any action required under this Declaration to be taken by vote or assent of the Members may be taken in the absence of a meeting (or in the absence of a quorum at a meeting) by obtaining the written approval of the requisite percentage of the Membership. Any action so approved shall have the same effect as though taken at a meeting of the Members, and such approval shall be duly filed in the minute book of the Association. Members present by telephone conference shall be considered as present at a meeting for the purposes of a quorum, and may vote in any matters presented for a vote of the membership.

10.6 Gender and Number. The singular shall include the plural, wherever the context so requires, and necessary grammatical changes required to make the provisions of this Declaration apply either to individuals, corporations or other entities, masculine or feminine, shall in all cases be assumed as though in each case fully expressed.

10.7 Violation of Restrictions. The Association shall have the right to proceed at law or in equity against any person or persons who shall violate or attempt to violate these covenants and restrictions, and may enjoin or recover damages for such violations. In the event the Association fails to take such action, then an Owner may commence such action.

10.8 Non-enforcement and Invalidation. Failure to enforce any of the foregoing restrictions shall not be deemed a waiver to do so thereafter, and the invalidation of any one or more of said restrictions by judgment or court order shall in no way affect any of the remaining restrictions and covenants which shall remain in full force and effect.

10.9 Duration of Restrictions. These restrictions shall continue for a period of twenty (20) years from the date of recording hereof, and shall automatically be extended for an additional twenty (20) years unless 80% or more of the Owners of all of the Lots and their mortgagees shall evidence their desire to terminate or change said restrictions in whole or in part by an instrument or instruments in writing executed with the formality of a deed pursuant to the laws of the State of Texas.

File No. 281943
County Clerk, Aransas County, Texas

OLD COTTAGE BEACH NEIGHBORHOOD ASSOCIATION, INC.

By: Jon Rappard
Jon Rappard, President

Date: 4/11/2006

STATE OF TEXAS)
) SS:
COUNTY OF ARANSAS)

I, LINDA K. VOIGT, a Notary Public in and for said County and State, do hereby certify that Jon Rappard, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged and swore that the statements set forth in the foregoing instrument are true and correct and that he signed and delivered the said instrument as his free and voluntary act for the uses and purposes therein set forth.

Given under my hand and official seal, this 11th day of April, 2006.

Linda K. Voigt
Notary Public

My commission Expires: 3-14-09

LINDA K. VOIGT
Notary Public, State of Texas
My Commission Expires
March 14, 2009

Return to:
Jon Rappard ✓
4 Old Cottage Beach Dr.
Rockport, TX 78382

FILED FOR RECORD
AT 10:45 A M.

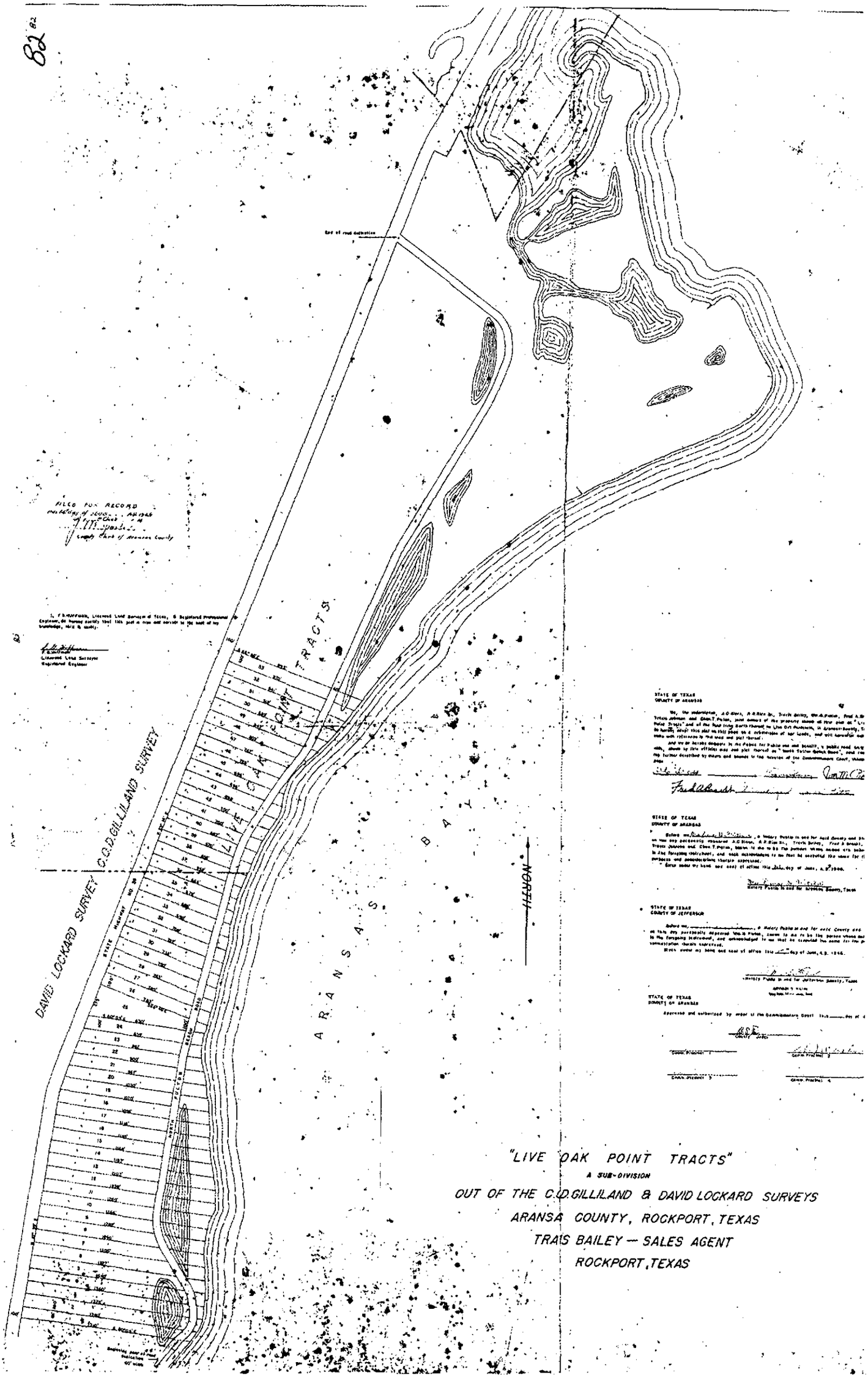
INDEXED APR 11 2006

16/76.00

Peggy L. Friebele
PEGGY L. FRIEBELE
COUNTY CLERK, ARANSAS CO., TEXAS

16 Jon Rappard

82 82


DAVID LOCKARD SURVEY
C.D.D.GILLILAND SURVEY
ARANSAS BAY
NORTH
"LIVE OAK POINT TRACTS"
A SUB-DIVISION
OUT OF THE C.D.GILLILAND & DAVID LOCKARD SURVEYS
ARANSA COUNTY, ROCKPORT, TEXAS
TRAIS BAILEY — SALES AGENT
ROCKPORT, TEXAS

THE STATE OF TEXAS)
(
COUNTY OF ARANSAS)

WHEREAS, by an order of the County Court of Aransas County, Texas, sitting in Matters Probate, made on the 4th day of March, 1963, directing the conveyance of real property belonging to the Estate of Lewis Erving Sanders, Deceased, which was then and is now pending in said court, pursuant to an Application to Convey Real Estate in Settlement of Claim made to said Court on the 21st day of February, 1963, I, FRANCES SANDERS, Independent Executrix of the Estate of Lewis Erving Sanders, Deceased, did on the 6th day of March, A.D., 1963, agree to convey, at Fulton, in the County of Aransas, State of Texas, said real property to JACK SANDERS in settlement of claim of JACK SANDERS in the amount of FIFTY-THREE THOUSAND FOUR HUNDRED TWENTY-FOUR AND 37/100 DOLLARS ($53,424.37) in accordance with said Order of Conveyance; and

WHEREAS, said Order of said Court directing said conveyance did direct that no bond be required of the Representative; and

WHEREAS, the Report of said conveyance, having been filed on the 6th day of March, 1963, and made to said Court, such conveyance was on the 12th day of March, 1963, in all respects confirmed by the Decree of said COURT, which Decree read and reads and was and is as follows, to-wit:

"No. 633

"IN RE: ESTATE OF
LEWIS ERVING SANDERS,
DECEASED

IN THE COUNTY COURT OF
ARANSAS COUNTY, TEXAS
SITTING IN MATTERS PROBATE

"DECREE CONFIRMING CONVEYANCE OF REAL PROPERTY
IN SETTLEMENT OF CLAIM

"This the 12th day of March, 1963, came on to be heard in the above entitled and numbered proceeding, at a regular

Vol R-4
Pg 514

Term of the above Court, the Report of Conveyance of Real Property of FRANCES SANDERS, Independent Executrix of the Estate of Lewis Erving Sanders, Deceased, hereinafter called 'Representative', of the following described property belonging to said estate, to-wit:

"All of that tract, or parcel of land, being a 1.56 acre tract out of Fulton Outlots 4, 5 and 6, according to the Paul McCombs Map of Aransas County, Texas, which is recorded in Volume E, Pages 540-541 of the Deed Records of Aransas County, Texas. Said tract is more particularly described by metes and bounds as follows:

"To reach the point of beginning proceed from the point of intersection of the East Boundary of State Highway 35 and the North line of Lot 6 of said Fulton Outlots according to said map, S 79° 52' E a distance of 900.00 feet to a 3/8 inch iron rod at the Northwest corner of the Sandollar Motel Site;

THENCE, S 10° 08' W a distance of 150.00 feet to an iron pipe, the Southwest corner of Sandollar Motel Site;

THENCE, S 79° 52' E a distance of 34.00 feet to an iron rod for the Northwest corner of this tract and the POINT OF BEGINNING;

"THENCE, continuing on the bearing of S 79° 52' E a distance of 196.00 feet to an iron rod for an interior corner of this tract;

THENCE, S 10° 08' W a distance of 15.00 feet to an iron rod for an interior corner of this tract;

THENCE, S 79° 52' E a distance of 70.00 feet to an iron rod for an interior corner of this tract;

"THENCE, N 10° 08' E a distance of 15.00 feet to an iron rod for the Northeast corner of this tract, said point being on the centerline of a power pole line and being 25.70 feet at right angles from the centerline of the centerline of the 20 foot pavement of the Shore Road;

THENCE, S 7° 37' E a distance of 301.96 feet to an iron rod for the Southeast Corner of this tract, said point being 15 feet from the centerline at right angles of a 20 foot asphalt road and being 1.60 feet nearer the centerline of the asphalt road than is the centerline of the power poles;

THENCE, N 79° 52' W a distance of 76.35 feet to an iron rod for an interior corner of this tract;

THENCE, N 5° 30' W at 104.00 feet pass an iron rod for a reference point and at a total of 10[illegible].00 feet a point in the center of a large Oak tree for an interior corner of this tract;

THENCE, N 79° 52' W at 2.00 feet pass an iron rod for a reference point and at a total of 90.00 feet an iron rod for an interior corner of this tract;

THENCE, S 5° 30' E a distance of 105.00 feet to an iron rod for an interior corner of this tract;

THENCE, N 79° 52' W at 110.00 feet pass an iron rod for a reference point and at a total of 111.24 feet a point for the Southwest corner of this tract;

THENCE, N 5° 30' W a distance of 298.63 feet to an iron rod for the POINT OF BEGINNING; said tract, or parcel of land contains 1.56 acres;

"SAVE AND EXCEPT, however, all oil gas and other minerals and the entire mineral estate;

Grantor RESERVES to herself, her heirs and assigns an easement for ingress and egress over and across the above described property from the County Road (designated 'Shore Road' in the above description) to Grantor's residence on adjacent property; such easement to be confined to the presently existing improved driveway from the County Road to Grantor's residence.

"made on the 6th day of March, 1963, in obedience to the Order of this Court made on the 4th day of March, 1963, and entered upon the minutes of the Court; and it appearing to the Court "that five (5) days have expired after the day of the filing of said report and that a general bond is not required of such Representative under the law and has not been filed in this proceeding for reason that the Representative is Independent Executrix of this Estate, and the Court, having venue and jurisdiction in all respects, inquired, into the manner in which said conveyance was made, and having heard evidence in support of and against said report, is satisfied that such report is true and correct, that the conveyance was properly made and after due notice and in conformity with law and was made in settlement of the claim of JACK SANDERS against the Estate of Lewis Irving Sanders, Deceased, and is satisfactory and in conformity with all provisions of Texas Probate Code applying thereto and that it should be confirmed, it is therefore ORDERED, ADJUDGED and DECREED by the Court that the said conveyance be, and the same is here now, in all respects APPROVED and CONFIRMED. It is further ORDERED that the said report be recorded by the Clerk of the Court, and that the proper conveyance of the above described property be made by said Representative to JACK SANDERS, the Claimant named in said report, upon his compliance with the terms of said conveyance, which terms are as follows: that the said JACK SANDERS shall execute

and deliver to the Clerk of this Court an instrument in writing stating that his claim in the amount of FIFTY-THREE THOUSAND FOUR HUNDRED TWENTY-FOUR AND 37/100 DOLLARS ($53,424.37) has been fully and finally settled and that no other claims are due and owing to him by the Estate of Lewis Irving Sanders, Deceased.

"And it appearing, on this the same day, the 12th day of March, 1963, that said Claimant JACK SANDERS, has fully and in all things complied with the terms of said conveyance and the law and that the Representative has fully complied with what is above and under the law required of her and that same ought to be and are hereby APPROVED, it is fully and finally ORDERED, ADJUDGED and DECREED that such conveyance be, and the same is hereby, APPROVED and CONFIRMED and the Representative is ordered to execute and deliver to the Claimant a proper deed conveying the property.

"SIGNED AND ENTERED this the 12th day of March, 1963.

"/s/ John D. Caldwell
John D. Caldwell, Judge
County Court of Harrison County, Texas
Sitting in Matters Probate"

Which Order appears in Volume _____, Page _____, of the Probate Minutes of said Court.

WHEREAS, such Claimant has complied with such terms of conveyance;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

THAT I,

FLORENCE SANDERS, Independent Executrix of the Estate of Lewis Irving Sanders, Deceased, for and in consideration of the sum of TEN DOLLARS ($10.00) to me cash in hand paid and the further consideration of the settlement of the claim of JACK SANDERS against the Estate of Lewis Irving Sanders, Deceased, in the

sum of FIFTY-THREE THOUSAND FOUR HUNDRED TWENTY-FOUR AND 37/100 DOLLARS ($53,424.37) and as evidence of such settlement of said Claim, Grantee herein has executed and delivered a Release, dated March 6, 1963, the same having been filed for record by me in the Probate Records of Aransas County, Texas, have GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL and CONVEY to the said JACK SANDERS of Aransas County, Texas, all of the right title and interest of the said Estate in and to all that certain tract or parcel of land lying and being situate in Aransas County, Texas, and described by metes and bounds as follows, to-wit:

All of that tract, or parcel of land, being a 1.55 acre tract out of Fulton Outlots 4, 5 and 6, according to the Paul McComb's Map of Aransas County, Texas, which is recorded in Volume 2, Pages 540-541 of the Deed Records of Aransas County, Texas. Said tract is more particularly described by metes and bounds as follows:

To reach the point of beginning proceed from the point of intersection of the East Boundary of State Highway 35 and the North line of Lot 6 of said Fulton Outlots according to said map, S 79° 52' E a distance of 300.00 feet to a 3/8 inch iron rod at the Northwest corner of the Sandollar Motel Site;

THENCE, S 10° 08' W a distance of 120.00 feet to an iron pipe, the Southwest corner of Sandollar Motel Site;

THENCE, S 79° 52' E a distance of 21.00 feet to an iron rod for the Northwest corner of this tract and the POINT OF BEGINNING;

THENCE, continuing on the bearing of S 79° 52' E a distance of 130.61 feet to an iron rod for an interior corner of this tract;

THENCE, S 10° 08' W a distance of 15.00 feet to an iron rod for an interior corner of this tract;

THENCE, S 79° 52' E a distance of 70.00 feet to an iron rod for an interior corner of this tract;

THENCE, N 10° 08' E a distance of 15.00 feet to an iron rod for the Northeast corner of this tract, said point being on the centerline of a power pole line and being 30.75 feet at right angles from the centerline of the 20 foot pavement of the access road;

THENCE, S 79° 37' E a distance of 391.96 feet to an iron rod for the Southeast Corner of this tract, said point being 11 feet from the centerline at right angles of a 20 foot asphalt road and being 1.00 foot normal to centerline of the asphalt road that is the centerline of the power poles;

THENCE, N 79° 52' W a distance of 76.35 feet to an iron rod for an interior corner of this tract;

THENCE, N 5° 30' W at 101.00 feet pass an iron rod for a reference point and at a total of 105.00 feet a point in the center of a Large Oak tree for an interior corner of this tract;

THENCE, N 79° 52' W at 2.00 feet pass an iron rod for a reference point and at a total of 90.00 feet an iron rod for an interior corner of this tract;

THENCE, S 5° 30' E a distance of 105.00 feet to an iron rod for an interior corner of this tract;

THENCE, N 79° 52' W at 110.00 feet pass an iron rod for a reference point and at a total of 111.24 feet a point for the Southwest corner of this tract;

THENCE, N 5° 30' W a distance of 293.63 feet to an iron rod for the POINT OF BEGINNING; said tract or parcel of land contains 1.56 acres;

SAVE AND EXCEPT, however, all oil, gas and other minerals and the entire mineral estate;

Grantor RESERVES to herself, her heirs and assigns an easement for ingress and egress over and across the above described property from the County Road (designated "Shore Road" in the above description) to Grantor's residence on adjacent property; such easement to be confined to the presently existing improved driveway from the County Road to Grantor's residence.

TO HAVE AND TO HOLD the above described property, premises and improvements together with all and singular, the rights and appurtenances thereto in anywise incident, appertaining or belonging unto the said JACK SANDERS, his heirs and assigns forever, and I do hereby bind myself, my successors, heirs, executors and administrators to WARRANT and FOREVER DEFEND, all and singular, the above described property, premises and improvements unto the said Grantee, his heirs and assigns, against all persons whomsoever lawfully claiming or to claim the same or any part thereof.

IN WITNESS WHEREOF, witness my signature at Fulton, Arkansas County, Texas, on this the 12th day of March, A.D., 1993.

PAULINE SANDERS, Independent Executrix of the Estate of Lewis Irving Sanders, Deceased

519

THE STATE OF TEXAS)
(
COUNTY OF ARANSAS)

BEFORE ME, the undersigned authority in and for said County and State, on this day personally appeared PEGGIE SANDERS, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same as Independent Executrix of the Estate of Lewis Erving Sanders, Deceased, for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 12 day of March, A.D., 1963.

Notary Public in and for Aransas County, Texas

43001

FRANCES SANDERS,
INDEPENDENT EXECUTRIX OF THE
ESTATE OF LEWIS ERVING SANDERS,
DECEASED
TO
JACK SANDERS

ASSIGNMENT OF LEASE

FILED FOR RECORD
At 11:45 A.M.
MAR 12 1963
Clerk County Court, Aransas County, Texas
By

ELLIS L. CLARK
ATTORNEY AT LAW
P. O. BOX 581
ROCKPORT, TEXAS

RECORDED: MARCH 20, 1963 ---

W. E. Beasley COUNTY CLERK
R. A. COUNTY, ARANSAS COUNTY, TEXAS

43002

THE STATE OF TEXAS)
(KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF ARANSAS)

THAT WE,

[illegible], of Aransas County, Texas, for and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration to us in hand paid by JACK SANDERS, III., the receipt and sufficiency of which is here by acknowledged and confessed, and for which no lien, express or implied, is all cases, have GRANTED, SOLD and DELIVERED, and by these presents do GRANT, SELL and DELIVER unto the said JACK SANDERS, III., of Aran-

And it is further agreed that Aransas County in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said premises.

WITNESS __ hands, this the 2 day of Sept, A. D. 1947.

SEAL

HIGH POINT OIL COMPANY
By Luther C. Turman, President.

THE STATE OF TEXAS)
:
COUNTY OF TARRANT)

BEFORE ME, R. T. Thornton, a notary public in and for said County and State on this day personally appeared Luther C. Turman, president of the High Point Oil Company, a corporation, known To me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and as the act and deed of said High Point Oil Company, and in the capacity therein stated.

Given under my hand and seal of office, this the 2nd day of September, 1947.

SEAL

R. T Thornton, Notary Public in and for Tarrant County, Texas.

FILED FOR RECORD: May 11, 1948 at 10:22 AM
RECORDED: May 13, 1948 at 11:00 AM

Jay C Herring.
County Clerk Aransas County, Texas.

13022
A.C. GLASS, TRUSTEE, TO
THE STATE OF TEXAS

X

RIGHT OF WAY EASEMENT
DATED: July 30, 1947
FILED: May 11, 1948 at 10:24 AM

RIGHT OF WAY EASEMENT

STATE OF TEXAS)
:
COUNTY OF ARANSAS)

KNOW ALL MEN BY THESE PRESENTS:

THAT, A. C. Glass, Trustee, of Aransas County, in consideration of the sum of TEN DOLLARS ($10.00) and other good and valuable consideration in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, do by these presents grant, bargain, sell and convey unto the State of Texas, the free and uninterrupted use, liberty and privilege of the passage in, along, upon and across the following lands in Aransas County, Texas, owned by __ and being subject to:

IMPORTANT NOTE: If no liens, easements or leases exist, insert the word"None"}

lien(s) held by __ None

Easement(s)held by ____

lease(s) held by _____

and being particularly described as follows; to-wit:

All of those three strips or parcels of land required for the construction of drainage channels out of Lots 6, 29, 30, and 53 of the "Live Oak Point Tracts", a subdivision out of the C. C. D. Gilliland and David Lockard Surveys in Aransas County, and being more particularly described as follows:

PARCEL NO. 1. Beginning at a point on the west line of Lot 6 of the Live Oak Point Tracts, said point bears N 10° 39' E a distance of 57.5' from the southwest corner of said Lot 6

Thence S 80° 04' E parallel with the north and south lines of Lot 6, a distance of approximately 1315 ' to the shoreline of Aransas Bay,

Thus describing the centerline of a 35' strip or parcel of land.

Said strip or parcel of land contains 1.057 acres, more or less, of which 0.060 acres are within the limits of a 60' dedicated road.

PARCEL NO. 2 Beginning at a point on the West line of Lot 30 of the Live Oik Point Tracts, said point bears N 23° 14' E a distance of 17.5' from the southwest corner of said Lot 30

Thence S 66° 46' E, parallel with the north and south lines of Lot 30, a distance of

225' to a point;

Thence S 47° 01 ' at 51.3' across the south line of Lot 30 and at 296.0' a point;

Thence S 66° 46' E parallel to and 17.5' north of the south line of Lot 29 a distance of approximately 324' to the shoreline of Aransas Bay.

Thus describing the centerline of a 35' strip or parcel of land.

Said strip or parcel of land lying partly in Lots 30 and 29, and containing in all 0.679 acres, more or less, of which 0.040 acres are within the limits of a 60' dedicated road.

PARCEL No. 3. Beginning at a point on the west line of Lot 53 of the Live Oak Point Tracts, said point bears N 23° 14' E a distance of 17.5' from the southwest corner of said Lot 53.

Thence S 66° 46' E parallel with the north and south lines of Lot 53, a distance of approximately 1035' to the shoreline of Aransas Bay;

Thus describing the centerline of a 35' strip or parcel of land.

Said strip or parcel of land containing 0.832 acres, more or less, of which 0.048 acres are within the limits of a 60' dedicated road.

Parcel No. 1 - - - - -	1.057 Acres
Parcel No. 2.- - - - -	0.679 Acres
Parcel No. 3 - - - - -	0.832 Acres
Total	2.568 Acres

For the purpose of opening, constructing and maintaining a premanent Drainage Ditch in; along upon and across said premises, with the right and privilege at all times of the Grantee herein his or its agents, employees, workmen and representatives having ingress, egress and regress, in, along, upon and across said premises for the purpose of making additions to, improvements inage ditch,or any part thereof.It is specifically understood that the state and its assigns shall be vest with and th on and repairs to the said right to take and use, without additional compensation, any stone, earth, gravel, caliche or any other materials or minerals upon, in and under said land, except oil, gas and sulphur, for the construction and maintenance of the Highway System of Texas.

And it is further agreed that Aransas County in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said premises.

TO HAVE AND TO HOLD unto the said State of Texas as aforesaid for the purposes aforesaid the premises above described.

WITNESS my hand, this the 30th day of July A. D. 1947.

A. C. Glass, Trustee.

THE STATE OF TEXAS)
:
COUNTY OF ARANSAS)

BEFORE ME, Mrs. Leona D. Critcher, a notary public in and for said County and State, on this day personally appeared, A. C. Glass, known to me to be the person whose name is subscribed is-subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 30 day of July, 1947.

SEAL

Mrs. Leona D. Critcher,
Notary Public in and for Aransas County, Texas.

FILED FOR RECORD: May 11, 1948 at 10:24 AM
Recorded May 13, 1948 at 11:45 AM

Jas C. Herring
County Clerk, Aransas County, Texas.

13023
L. R. GRINAGE TO
THE STATE OF TEXAS

RIGHT OF WAY DEED
DATED: August 15, 1947
FILED: May 11, 1948 at 1025 AM

RIGHT OF WAY DEED

1019 13th st., C.C.

STATE OF TEXAS)
: KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF ARANSAS)

THAT I, L. R. Grinage, of the County of Nueces, State of Texas, for and in consideration of the sum of ____DOLLARS, to me in hand paid by the State of Texas, acting by and through

capacity stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 7th day of November, 1947.

(SEAL)

* $1.10 U.S.I.R. DOC *
* STAMPS *
* CANCELED *
FILED FOR RECORD: NOV. 12, 1947 at 10:00 A. M.
RECORDED: NOv. 12, 1947 at 4:20 P. M.

Byron Poulis
Notary Public in and for Bexar County, Texas

Jay C Herring
County Clerk, Aransas County, Texas.

#11536
MRS. J. D. KINSLAR TO
PLACID OIL CO.

X

OIL, GAS AND MINERAL LEASE
DATED: NOV. 6, 1947
FILED: NOV. 12, 1947 at 10:05 A. M

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT, Made and entered into as of this Nov. 6 day of November, 194 7, by and between Mrs. J. D. Kinsler a widow (Lester E. Kinsler, one and the same person) of 424 E. Ashby San Antonio, Texas, hereinafter called Lessor (whether one or more, and Placid Oil Company, hereinaftercalled Lessor,

WITNESSETH: That the Lessor, for and in consideration of Ten and no/100 DOLLARS ($10.00) cash in hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained has demised, leased and let, and by these presents does demise, lease and let exclusively *unto the said Lessee*, its successors or assigns, the hereinafter described land, with the exclusive right of exploring for mineral indications, and to employ therein the Torsion Balance, Seismograph, or other device or method, and with the right of operating for and producing therefrom oil, gas, sulphur, and all other minerals, with rights of way and easements for pipe lines, telephone and telegraph lines, tanks, power houses, stations, gasoline plants and fixtures for producing, treating, saving, owning, marketing and caring for such products, and housing and boarding employees, erecting and using buildings and storages tanks and reservoirs for the storing of oil and salt water which may be produced from said land or land pooled therewith, and any and all other rights and privileges necessary, incident to, or convenient for the operation of said land for oil, gas, sulphur and all other minerals; said land being situated in the County of Aransas, State of Texas, and more particularly described as follows:

Lots 3,4,5, South 40' of Lot 6 of "Live Oak Point Tracts" a Subdivision out of the C.C.L. Gilliland & David Lockard Surveys

and for rental paying purposes and all other purposes of this lease estimated to contain 11 acres, whether the same be more or less than the estimated acreage. It is the intention hereof to describe and to cover and include and the Lessors do hereby lease not only the above described land but also all lands owned or claimed by the Lessors and located in said survey or adjoining surveys, and adjoining the herein specifically described land up to the boundaries of the abutting landowners.

1. Subject to the other provisions herein contained, this lease shall for a term of ten years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder or land pooled therewith.

2. The royalties to be paid by lessee are: (a) on oil, one-eighth of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipe line to which the wells may be connected; lessor's interest in either case to bear its proportion of any expenses for treating the oil to make it marketable as crude; (b) on gas, one-eighth of the proceeds from the sale of the gas, as such at the well for gas from wells where gas only is found, and where not sold shall pay Fifty ($50.00) Dollars per annum as royalty from each such well, and while such royalty is so paid, such well shall be held to be a

VOL 16

producing well under paragraph one hereof. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product, one-eighth of the market value of such gas, or if said gas is sold by the lessee, one-eighth of the proceeds of the sale thereof; (c) on all other minerals mined and marketed, one-eighth either in kind or value at the well or mine, at lessee's election, except that on sulphur the royalty shall be fifty cents (.50) per long ton.

3. If operations for drilling or mining are not commenced on said land or on land pooled therewith on or before one year from this date, this lease shall terminate as to both parties, unless on or before one year from this date lessee shall pay or tender to lessor a rental of Eleven and no/100 Dollars ($11.00) which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of the same number of months, each during the primary term. Payment or tender may be made to the lessor/or to the credit of Lessor in National Bank of Commerce Bank at San Antonio, Texas, which bank, or any successor thereof shall continue to be agent for the lessor, and lessor's successors and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason fail or refuse to accept rental, lessee shall not be held in default until thirty days after lessor shall deliver to lessee a recordable instrument, making provision for another method of payment, or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, on or before the rental paying date. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases but all lands so released shall remain subject to easements for rights of way necessary or convenient for lessee's operations on the lands retained by it.

4. If, prior to the discovery of oil, gas, sulphur, or other minerals on said land or on land pooled therewith, Lessee should drill a dry hole or holes thereon, this lease shall not be terminated thereby, if Lessee, on or before the next ensuing rental paying date commences further drilling operations on said land or on lands pooled therewith or commences or resumes the payment or tender of rentals. If after the discovery of oil, gas, sulphur or other minerals the production thereof should cease from any cause, this lease shall not be terminated thereby, if Lessee commences additional drilling operations within sixty days thereafter on said land or on lands pooled therewith, or (if it be withing the primary term) commences or resumes the payment or tender of rentals on or before the next ensuing rental paying date, or fulfills the obligations in lieu of drilling or production. If at the expiration of the primary term oil, gas, sulphur or other minerals have not been found on said land or on land pooled therewith, but Lessee is then engaged in drilling operations thereon, this lease shall remain in force so long as drilling operations are prosecuted, and, if they result in the finding of oil, gas, sulphur or other minerals, so long thereafter as oil, gas, sulphur or other minerals are or can be produced from any well on said land or on land pooled therewith, but if such well, being drilled when the primary term expires, should have to be abandoned or should be a dry hole, then lessee shall have the option to commence other drilling operations within sixty days from the completion or abandonment of such attempt, for drilling of another well on said land or on land pooled therewith, in search of oil, gas, sulphur or other minerals and in like manner this lease may be maintained in existence after the primary term

by the drilling of other wells until oil, gas, sulphur or other minerals are found in paying quantities, provided not more than sixty days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of another.

5. Lessee is hereby granted the right as to all or any part of the land described herein, without lessor's joinder, to combine, pool or unitize the leasehold estate and the lessor's royalty estate created by this lease, or any portion thereof, with any portion thereof, with any other land, lease or leases, royalty or mineral estate or estates in or under any other tract or tracts of land in the vicinity thereof, whether owned by lessee or some other person or corporation, so as to create, by the combination of such lands and leases, one or more operating units, provided that no one operating unit shall, in the case of gas, including condensate, embrace more than six hundred forty (640) acres, and in the case of oil embrace more than forty (40) acres; and provided further, however, that if any spacing or other rules and regulations of the State or Federal Commission, Agency, or regularory body having or claiming jurisdiction has heretofore or shall at any time hereafter prescribe a drilling or operating unit or spacing rule in the case of gas, including condensate, greater then six hundred forty (640) acres, or in the case of oil greater than forty (40) acres, then the unit or units herein contemplated may have, or may be redesigned so as to have, as the case may be, the same surface content as, but not more than, the unit or the acreage in the spacing rule so prescribed However, it is further specifically understood and agreed, anything herein to the contrary notwithstanding, that the lessee shall have the right to, and the benefit of an acreage tolerance of ten per cent, in excess of any drilling or operating unit authorized herein. In the event such operating unit or units is/are so created by lessee, lessor agrees to accept and shall receive out of the production from such operating unit or units, such portion of the one-eighth royalty or other royalty specified herein and such portion of the shut-in royalty or rental as the number of acres (mineral acres) out of this lease placed in any such operating unit or units bears to the total number of acres included in such operating unit or units. The commencement of a well, or the completion of a well to production of either oil, gas or other minerals on any portion of an operating unit in which all or any part of the land described herein is embraced, shall have the same effect under the terms of this lease as if a well were commenced or completed, on the land embraced by this lease. Lessee shall execute in writing and file for record in the records of the County in which the lands herein leased are located, an instrument identifying or describing the pooled acreage, or an instrument supplemental there to redesignating same, as the case may be. The provisions hereof shall be construed as a covenant running with the land and shall inure to the benefit of and be binding upon the parties hereto, their heirs, representatives, successors and assigns.

6. If lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee and this clause shall apply to and include any amounts which may be paid to continue this lease in effect during the primary term without drilling.

7. Lessee shall have free use of oil, gas, coal and water from said land, except water from lessor's wells, for all operations hereunder, including repressuring, pressure maintenance and recycling, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling

thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors or assigns, but no change or divisions in ownership of the land, rentals, or royalties, howeveraccomplished shall operate to enlarge the obligations or diminish the rights of lessee. No such change or division in the ownership of the land rentals or royalties shall be binding upon lessee for any purpose until such person acquiring any interest has furnished lessee with the instrument or instruments, or certified copies thereof, constituting his chaim of title from the original lessor. In the event of an assignment of this lease as to a segregated portion of said land, or as to an undivided interest therein, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, or according to the undivided interest of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee, or assignee, or fail to comply with any other provisions of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall make payment of said rentals.

9. In case of suit, adverse claim, dispute or question as to the ownership of the rentals or royalties (or some part thereof) payable under this lease, lessee shall not be held in default in payment of such rentals or royalties (or the part thereof in doubt) until such suit, claim, dispute or question has been finally disposed of, and lessee shall have thirty (30) days after being furnished with the original instrument or instruments disposing of such suit, claim or dispute (or a certified copy or copies thereof), or after being furnished with proof sufficient, in lessee's opinion, to settle such question, within which to make payment. Should the right or interest of lessee hereunder be disputed by lessor, or any other person, the time covered by the pendency of such dispute shall not be counted against lessee either as affecting the term of the lease or for any other purpose, and lessee may suspend all payments without interest until there is a final adjudication or other determination of such dispute.

10. When drilling, production or other operations are delayed or interrupted by storm, flood or other act of God, fire,war, rebellion, insurrection, riot, strikes, differences with workmen, or failure of carriers to transport or furnish facilities for transportation, or as a result of some order, requisition or necessity of the government, or as a result of any cause whatsoever beyond the control of lessee, the time of such delay or interruption shall not be ocunted against lessee, anything in this lease to the contrary notwithstanding.

11. It is expressly understood and agreed that the premises leased herein shall, for all purposes of this lease, be considered and treated as owned in indivision by the lessors and shall be developed and operated as one lease, and there shall be no obligation on the part of lessee to offset wells on separate tracts into which the land covered by this lease may be now or hereafter divided by sale, devise or otherwise, or to furnish separate measuring or receiving tanks, and all rentals, royalties and other payments accruing hereunder shall be treated as an entirety and shall be divided among and paid to lessors in the proportion that the acreage (mineral rights) owned by each bears to the entire leased acreage. Lessee may at any time pr times pay or tender all rentals or other sums accruing hereunder to the joint credit of lessors.

12. Notwithstanding the death of any party lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.

13. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee at its option shall have the right to redeem for lessor, by payment, any mortgage, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof. In case of payment of any such mortgage, taxes or other liens by lessee, in addition to the right of subrogation herein granted, lessee shall also have the right to retain any rentals or royalties which become due lessor hereunder and to repay itself therefrom, and the retention of such rentals or roylaties by lessee shall have the same effect as if paid to the lessor in whose behalf payment of any mortgage, taxes or other liens was made.

14. This lease shall be binding upon all who execute it, whether or not named in the body hereof as lessors, and without regard to whether this same instrument, or any copy hereof, shall be executed by any of the other lessors named above.

15. The Lessee shall give a free over-riding Royalty of 1/32 X.7/8ths of all the Oil and Gas Produced and Saved on this Land. Mrs. J. D. K.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Mrs. J. D. Kinsler

THE STATE OF TEXAS)
(
COUNTY OF BEXAR)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Mrs. J.D. Kinsler known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 6th day of November A. D. 1947.

(SEAL)

Teola Simpson
Notary Public in and for Bexar County, Texas.

* $1.65 USIR DOC: *
* STAMPS *
* CANCELED *

FILED FOR RECORD: NOV. 12,1947 at 10:05 A. M.
RECORDED: NOV. 13, 1947 at 11:00 A. M.

Jan C Herring
County Clerk, Aransas County, Texas.

#11537

J. LYMAN BURTON ET AL TO
ATLANTIC REFINING CO

OIL, GAS AND MINERAL LEASE
DATED: SEPT. 9, 1947
FILED: NOV. 12, 1947 at 10:10 A.M.

OIL, GAS AND MINERAL LEASE

B.C. 15564
T. X. 11212

THIS AGREEMENT made this 9th day of September 1947, between J. Lyman Burton and Wm. Seipel Independent Executors of E. O. Burton Estate, Lessor (whether one or more) and The Atlantic Refining Company Lessee, WITNESSETH:

1. Lessor in consideration of Ten and no/100 Dollars ($10.00) in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save take care of, treat, transport, and own said products, and housing its employees, the following described land in Aransas County, Texas, to-wit:

Farm Lot Two (2), in Land Block Two Hundred Thirty-one (231) of the Burton & Danforth Subdivision, as shown by map or plat prepared by P. L. Telford and of record in the County Clerk's office of Aransas County, Texas.

and containing 10 acres, more or less, In the event a resurvey of said lands shall reveal the existence of excess and/or vacant alnds lying adjacent to the lands above described and the lessor, his heirs or assigns, shall by virtue of his ownership of the lands above described,

CP 503
Rev. 4-83

FILE NO. 241317
County Clerk, Aransas County, Texas

CENTRAL POWER AND LIGHT COMPANY
P.O. Box 2121
Corpus Christi, Texas 78403

CONTRACT, EASEMENT, AND USE RESTRICTION

THE STATE OF TEXAS §
§
COUNTY OF Aransas §

This Contract this day made and entered into by and between CENTRAL POWER AND LIGHT COMPANY, a Texas corporation, hereinafter called "Company," and Richrd Dias, hereinafter called "Owner,"

WITNESSETH:

WHEREAS, Owner owns and is developing Old Cottage Beach, a residential subdivision of the city of Rockport, Texas hereinafter called "Project," to be located on the tract of land described in Exhibit B, which is attached hereto and made a part hereof by reference; and

WHEREAS, Company is the certified supplier of electric service in the city of Rockport, Aransas County, and normally extends and furnishes electric service by and through an overhead electric system consisting of primary, secondary, and service electric lines; and

WHEREAS, Owner has requested Company to install at the Project the underground electric cables, lines, and other facilities described and identified below in Paragraph 1, instead of the usual overhead electric system, and Company is willing to do so;

NOW, THEREFORE, it is agreed as follows:

1. Company will furnish, install, own, maintain, and operate at the Project an Underground System consisting of the following components, as required: primary terminal pole(s) and raceway riser(s) on terminal pole(s); associated primary facilities located between the terminal pole(s) and the service transformer(s) including the primary cable which will be installed in the trenches and/or raceways to be provided by Owner; necessary padmounted or other Company standard transformer foundation(s) and installation(s), secondary cable between transformer installation(s) and service pedestal(s); and service laterals from transformer(s) or service pedestal(s) to each dwelling unit; all as shown on the plat of said Project attached hereto and made a part hereof for all purposes, and identified as "Exhibit A."

The service laterals will be installed from time to time as the dwelling units are constructed on lots at the Project. For each lot, Company will provide one service lateral as hereinafter specified in Paragraph 2.

The Underground System will be installed at the locations and in accordance with the plans shown on said Exhibit A.

2. Owner will stake all easements and appropriate control points and prepare the site for the installation of the Underground System prior to actual construction by Company. Owner will be responsible for obtaining all necessary permits from governmental agencies.

Owner will furnish, in accordance with Company standards, all necessary trenching and backfilling for the installation of the Underground System including the primary and secondary cable, and in addition, Owner will furnish a rigid raceway, constructed in accordance with Company's standards, when required under paved, enclosed or otherwise inaccessible areas, or when required due to marina construction unstable soil conditions. All raceways must be specifically approved by Company. Such installations and routings will be in complete conformance with the drawings and details provided by Company.

Trenching and backfilling for service laterals from transformer, pedestal or other designated point to the individual dwelling units on the various lots in the subdivision will be performed by Owner, or the applicant for electric service (hereinafter referred to as "Applicant"), in accordance with the specifications below at such time as the individual dwelling units are constructed. Such trenching and backfilling may be required to be performed by Owner or Applicant on adjacent lots within company easements. Owner or Applicant will reimburse Company for any additional costs incurred by Company as a result of any local codes, ordinances or soil conditions requiring a higher investment in the service lateral than would be required under Company's normal installation practices.

Sewer lines which parallel primary and/or secondary electrical raceways or cable will have a horizontal clearance of not less than 24 inches from the sewer line to the nearest electrical raceway. Water, gas, telephone, cable television, and/or any other foreign utility paralleling primary and/or secondary electrical raceways or cable will have vertical clearance of not less than 12 inches from the electrical raceway. Where the 12 inch minimum vertical clearance cannot be provided, a 24 inch horizontal clearance from the electrical raceway or cable will be maintained. The above specified minimum clearances will be maintained at the time of initial installation of utilities except where local building officials, codes, or ordinances require other clearances for utility installations in easements. All trenches will be a minimum of 4 inches wide and will be sufficiently deep so as to provide a minimum cover of 48 inches to finished grade for primary raceway or cable and 36 inches to finished grade for secondary raceway or cable.

For each lot, Company will provide a maximum of ninety feet (90') of service lateral (measured along the service lateral from the lot line to the meter) to be installed in the trenches and/or underground raceways to be provided by Owner or the Applicant on each lot. Any required additional service lateral will be paid for by Owner of Applicant, but will be installed, owned, operated, and maintained by Company.

Company will furnish and Owner or Applicant will install, in accordance with Company's standards, one meter socket for each family dwelling unit. Owner or Applicant will furnish and install the service entrance raceway as required by Company, and all secondary distribution facilities beyond the load terminals of the meter. Service entrance feeder(s) and service entrance equipment for each dwelling unit will have a minimum rating of 150 amperes.

All installations by Owner or Applicant will conform to the current edition of the National Electrical Code, together with current revisions thereof, and all other applicable codes or ordinances. Company will not be obligated to and does not hereby assume a duty to inspect or approve such installations.

Owner agrees to indemnify and hold harmless Company for and from all claims for damages to other underground facilities or utilities of any nature, except such claims and damages resulting solely from the negligence of Company. Owner agrees and understands that it will indemnify the Company and hold it harmless from claims arising in part from the negligence of the Company.

3. The parties agree and stipulate that only the Underground System will be authorized and installed to serve the lots as shown on Exhibit A. Owner hereby restricts said lots to underground electric service and the parties agree and stipulate that the filing of this instrument in the Deed Records of Aransas County, Texas will have the same force and effect as a deed restriction running with said lots to the effect that only underground electric service will be furnished thereto, except such overhead facilities as are shown on Exhibit A. Areas in the Project not served from the Underground System will be served by Company from the usual overhead electric distribution system, and areas outside said project are not covered by this contract.

4. Owner agrees to indemnify and reimburse Company for any loss or damage suffered by Company to its installed facilities, which loss is caused or occasioned by the willful or negligent acts of Owner, its agents, servants, or employees, or of any independent contractor used by Owner during any construction, reconstruction, or improvement operations on the property described on Exhibit B.

5. The parties agree that Company is obligated to furnish nominal 120/240 volts, single-phase, three-wire, 60 Hertz electric service to the Project. In the event Owner, its heirs, successors or assigns, should desire a different type of service to the Project in the future, then Company will have a reasonable time after notice is given that such service is desired in which to submit the terms and conditions upon which it will furnish such service.

6. Company will make underground electric service available and supply the applicants at the above described Project under Company's standard terms and conditions, on standard electric service agreements, at its regular published applicable rates at the nominal secondary service voltage specified in Paragraph 5 hereof, and at the load terminals of the individual meters.

FILE NO. 241317
County Clerk, Aransas County, Texas

7. In consideration of Company's installing the Underground System instead of the usual overhead electric system, Owner grants to Company easements for the Underground System and the overhead electric system in, over, under, and across those parts of the Project which are necessary for the purposes of installation, operation, inspection, repair, maintenance, replacement, enlargement, renewal, and removal of Company's facilities, as shown on Exhibit A, together with the rights of ingress, and egress thereto from any adjacent lands and easements to effect such purposes. All of Company's lines and equipment are to be installed in the general locations as shown on Exhibit A, which locations are mutually acceptable to the parties hereto. Owner also grants to Company an easement and right of way for the installation, operation, inspection, repair, maintenance replacement, renewal, and removal of an underground electric service lateral on and under each of the lots shown on Exhibit A, together with the rights of ingress and egress for such purposes, which easement and right of way will extend in as nearly a direct route as practicable from a point below ground at the meter location on the improvement to a point of connection with Company's facilities shown on Exhibit A, and will be five feet (5') in width. In the event any action by Owner requires relocation of all or any part of Company's facilities, Owner agrees to reimburse Company in full for all of Company's expenses incurred in effecting such relocation.

8. Owner warrants that it is the record owner of the property described in Exhibit B and that the easements and use restrictions granted herein are superior to any other interests in said property, including the interests of a lienholder, mortgagee or trustee under a deed of trust, if any. If the property is subject to a lien, mortgage or deed of trust, the lienholder, mortgagee or trustee for good consideration hereby joins in the execution of this Contract, but solely for the purpose of subordinating its interest in the property to the interests granted to Company herein.

9. In further consideration of Company's installing the Underground System, Owner agrees to pay Company the sum of

10. Company agrees and declares that nothing contained in this Contract is intended to or will constitute a lien against the above described property, and Company does not have or claim any lien on or against said property under this Contract.

11. This Contract and the benefits and obligations hereof will be binding upon and inure to the benefit of the parties hereto, their heirs, successors, and assigns, as the case may be, and this Contract will not be assigned by either party without the written consent of the other party.

IN TESTIMONY WHEREOF, witness our hands to quadruplicate originals, this the 28th day of MAY, 20 01.

CENTRAL POWER AND LIGHT COMPANY

By R. P. Verret VICE PRESIDENT

COMPANY

OLD COTTAGE BEACH, LLC.

By Richard Dias

Richard Dias

Title: Owner

OWNER

RECORDER'S MEMORANDUM:
All or part of the text on this page was not clearly legible.

ACKNOWLEDGMENT FOR CENTRAL POWER AND LIGHT COMPANY

THE STATE OF TEXAS §
§
COUNTY OF NUECES §

This instrument was acknowledged before me on this 19 day of June, 20 01, by R. P. Verret, General Manager-President of CENTRAL POWER AND LIGHT COMPANY, a Texas corporation, on behalf of said corporation.

Nancy C. Johnson
NOTARY PUBLIC, State of Texas

NANCY C. JOHNSON
Notary Public, State of Texas
My Commission Expires 10-21-04

Typed or Printed Name

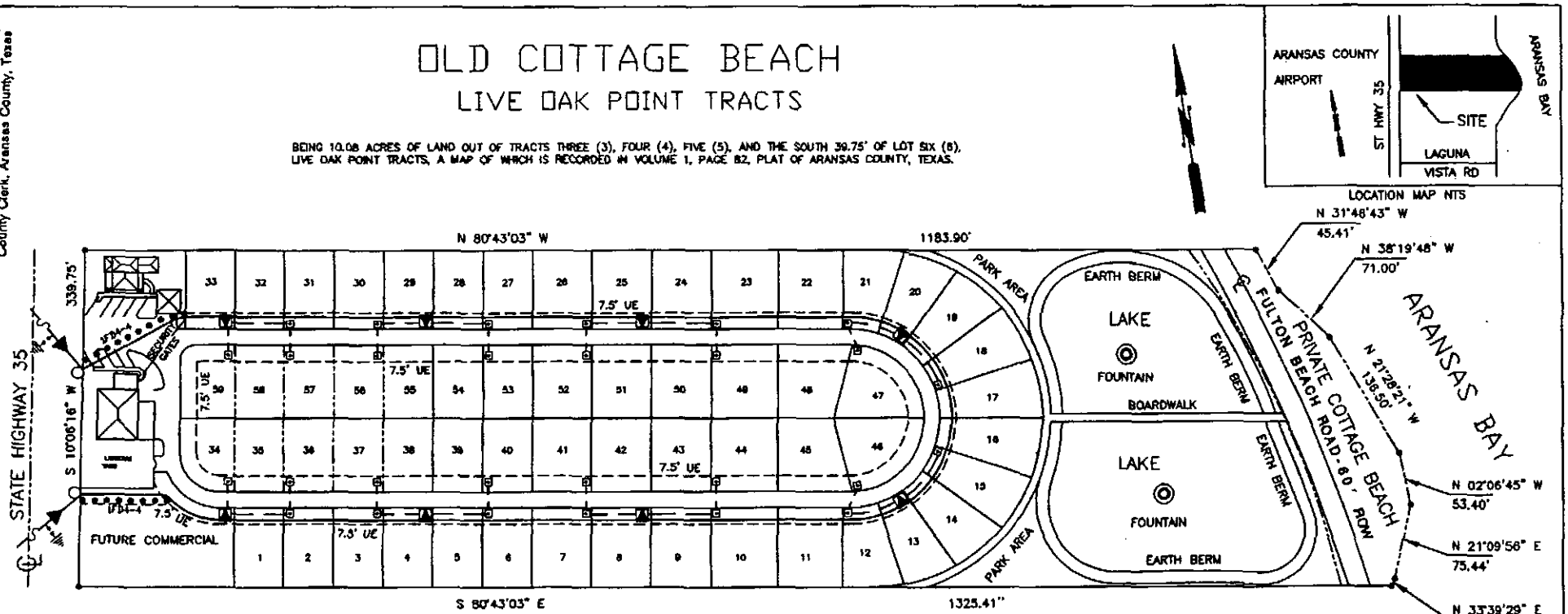
My Commission Expires:

FILE NO. 241317
County Clerk, Aransas County, Texas

OLD COTTAGE BEACH

LIVE OAK POINT TRACTS

BEING 10.08 ACRES OF LAND OUT OF TRACTS THREE (3), FOUR (4), FIVE (5), AND THE SOUTH 39.75' OF LOT SIX (6), LIVE OAK POINT TRACTS, A MAP OF WHICH IS RECORDED IN VOLUME 1, PAGE 82, PLAT OF ARANSAS COUNTY, TEXAS.



LOCATION MAP NTS

NOTES

1. DEVELOPER TO DIG AND BACKFILL ELECTRICAL DISTRIBUTION DITCH, 4 FT. DEEP (4' COVER FOR PRIMARY CONDUCTORS, 3 FT. DEEP (3' COVER) FOR SECONDARY AND SERVICE LATERALS
2. DEVELOPER TO PROVIDE AND INSTALL 4 INCH PVC, SCH 40, GREY DUCTS FOR STREET CROSSINGS AND UNDER ALL PAVED OR CONCRETE AREAS
3. DEVELOPER TO STAKE STREET CROSSING
4. CPL TO STAKE CENTERLINE OF ELECTRICAL DISTRIBUTION DITCH
5. DEVELOPER TO PROVIDE FINISH GRADE ELEVATIONS FOR ALL CPL TRANSFORMER AND EQUIPMENT FOUNDATIONS
6. DEVELOPER TO PROVIDE AND INSTALL ALL SECONDARY AND SERVICE LATERALS TO ALL NON-RESIDENTIAL LOTS, BUILDINGS AND LANDSCAPE AREAS

NOTE

METES AND BOUNDS, AND LEGAL DESCRIPTION ARE TAKEN FROM A PROPERTY (BOUNDRY) SURVEY PREPARED (6-6-2000) BY J. L. BRUNDRETT, COUNTY SURVEYOR FOR ARANSAS COUNTY, TEXAS, PREPARED FOR RICHARD DIAS, AND WAS NOT INTENDED FOR RECORDING PURPOSES AS A REPLAT. INTERIOR PROPERTY DESIGN PREPARED BY OTHERS. DESIGNATED UTILITY EASEMENTS AS SHOWN ON CPL EXHIBIT "A" MAY OR MAY NOT BE DEDICATED TO THE PUBLIC. IT IS THE DEVELOPER'S RESPONSIBILITY TO PROVIDE EASEMENTS (UTILITY OR CPL SPECIFIC) FOR ALL CPL'S ELECTRICAL DISTRIBUTION EITHER BY PLAT DEDICATION OR BY SEPARATE INSTRUMENT, EITHER IN WHOLE OR FROM EACH INDIVIDUAL LOT OWNER.

NOTE

CENTRAL POWER AND LIGHT COMPANY IS HEREBY GRANTED AN EASEMENT AND RIGHT OF WAY ON EACH LOT IN SAID SUBDIVISION FOR AN UNDERGROUND ELECTRICAL SERVICE LATERAL, TOGETHER WITH RIGHT OF INGRESS AND EGRESS FOR SUCH PURPOSES AT THE LOCATION WHERE SUCH SAID SERVICE LATERAL IS TO BE OR IS INSTALLED AND MAINTAINED FROM TIME TO TIME.

LEGEND

- PRIMARY CABLE/DUCT
- SECONDARY UNDERGROUND CABLE/DUCT
- PADMOUNT TRANSFORMER
- SECONDARY SERVICE PEDESTAL
- TERMINATOR FUSE & ARRESTER
- 1FD4-4 DNE FABRICATED DUCT, 4", 4' COVER
- CPL POLE

CENTRAL REGION 533 RESIDENTIAL NON-NETWORK

EXHIBIT A

WO 23852882

INSTALL UNDERGROUND ELECTRICAL DISTRIBUTION TO PROVIDE SERVICE TO OLD COTTAGE BEACH, 99 LOTS LOCATED BETWEEN FULTON BEACH ROAD AND STATE HIGHWAY 35, NEAR FULTON, ARANSAS COUNTY, TEXAS.

AEP/CENTRAL POWER AND LIGHT COMPANY
CENTRAL REGION ENGINEERING
CORPUS CHRISTI, TEXAS

60 0 60 120 180

BY: CW/JGF 5-15-2001
LOC. 2471/880 & 882

EXHIBIT "B"

FILE NO. 241317
County Clerk, Aransas County, Texas

OLD COTTAGE BEACH
LIVE OAK POINT TRACTS

BEING 10.08 ACRES OF LAND OUT OF TRACTS THREE (3), FOUR (4), FIVE (5), AND THE SOUTH OF 39.75 OF LOT SIX (6), LIVE OAK POINT TRACTS, A MAP OF WHICH IS RECORDED IN VOLUME 1, PAGE 82, PLAT OF ARANSAS COUNTY, TEXAS.

241317
FILE NO.
County Clerk, Aransas County, Texas

ACKNOWLEDGMENT FOR CORPORATIONS, ASSOCIATIONS, ETC.

STATE OF TEXAS §
COUNTY OF §

BEFORE ME, the undersigned authority, on this day personally appeared Richard Dias, Owner of Old Cottage Beach, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 30th day of May, 2001.

Carey D. Dietrich
Notary Public in and for

CAREY D. DIETRICH
NOTARY PUBLIC
STATE OF TEXAS
Commission Expires 7-31-01

Aransas
~~Nueces~~ County, Texas.

My Commission Expires: 7-31-01

FILED FOR RECORD
At 8:35A M.
JUL 23 2001
INDEXED
5/17

Peggy L. Friebele
PEGGY L. FRIEBELE
COUNTY CLERK, ARANSAS CO., TEXAS
INDEXED

CPL
PO Box 1600
Aransas Pass TX 78335
Attn Hilda Bernal