

Padre Island Investment Corporation, a Texas corporation, hereinafter called "Owner", is the owner of the surface estate in and to the following described property situated in Nueces County, Texas, to-wit:

Lots 1 thru 14 inclusive, Block 41, Lots 1 thru 32 inclusive, Block 42, Padre Island-Corpus Christi, Island Fairway Estates Blocks 41 & 42, a subdivision of Padre Island, Nueces County, Texas, as shown by map or plat thereof recorded in Volume 42, Pages 16-17, Map Records, Nueces County, Texas, such map or plat being a replat of Lot 2, Block 28, Padre Island-Corpus Christi, Island Fairway Estates, recorded in Volume 41, Pages 82-83, Map Records, Nueces County, Texas, reference to which is here made, hereinafter referred to as the "addition" or "subdivision";

subject to the Line of Credit, Deed of Trust and Mortgage instruments in favor of Westinghouse Credit Corporation as recorded in the Deed of Trust Records of Nueces County, Texas, which joins herein for the sole purpose of acknowledging, ratifying and approving the covenants and restrictions herein set forth.

Owner has subdivided the addition into lots and blocks, with streets, and easements, for the construction, operation-and maintenance of streets, utilities, drainage facilities and easements and Owner has dedicated said streets and utilities, drainage facilities and easements, as set forth on the above described map or plat.

I. SCOPE OF RESTRICTIONS

1. For the purpose of creating and carrying out a uniform plan for the improvement and sale of the addition as a high-quality, marina type subdivision, to be constructed by Owner on its property situated on Padre Island, Nueces County, Texas, being the property described in deed into Owner dated July 5, 1965, recorded in Volume 1097, Page 367, Nueces County Deed Records, reference to which is here made, which property is hereinafter referred to as the "Padre Island-Corpus Christi Project", or simply as "Padre Island-Corpus Christi", the following restrictions, conditions and use limitations are hereby established, adopted and imposed upon each lot in the addition as shown by said map or plat thereof.

2. The restrictions, conditions and use limitations hereinafter set forth shall constitute covenants running with the land, shall be binding upon and inure to the benefit of Owner and its successors and assigns, and upon all persons acquiring property in the addition, whether by purchase, descent, devise, gift or otherwise, and each person, by the acceptance of title to any lot out of the addition, shall agree and covenant to abide by and perform the terms, conditions, restrictions and covenants set forth herein. Such restrictions, conditions and use limitations shall be made a part of each contract and/or deed executed by or on behalf of Owner conveying any lot by reference to the place of record of this instrument, and by acceptance thereof, the grantee, and all persons claiming under such grantee shall be subject to and bound thereby, and each such contract and/or deed shall be conclusively held to have been executed, delivered and accepted subject to all the terms, conditions and restrictions hereof. In the event, however, of the failure of any contract and/or deed to any lot in the addition to refer to this instrument, this instrument shall nevertheless be considered a part thereof, and any conveyance of such lot shall be construed to be subject to the terms of this instrument.

II. DEFINITIONS

1. A "street" is any road, street, avenue or drive, designated as such on the recorded map of such subdivision.
2. A "utility easement" is any easement designated on the recorded map of such subdivision which such easement may be used for the construction, maintenance and/or installation of any and all utilities, sewage, telephone and water drainage facilities (surface and subsurface) unless the easement is designated for a specific use on the recorded plat of the subdivision, in which event such easement shall be used only for the purpose and in the manner designated on such plat.
3. A "lot" shall mean any lot platted and contained within the addition. Any lot, except a corner lot, shall be deemed to front the street upon which it abuts.
4. A "corner lot" is a lot which abuts more than one street. A corner lot shall be deemed to front on the street on which it has the smallest boundary dimension.

III. ARCHITECTURAL CONTROL

1. The Architectural Control Committee, hereinafter called "the Committee", is composed of three (3) members. The initial members, each of whom shall serve until his successor is named as provided herein, are:
 - a. John T. Lavers, P. O. Box 8809, Corpus Christi, Texas, 78412
 - b. Raymond Lambert, P. O. Box 8809, Corpus Christi, Texas, 78412
 - c. Gene Graham, P. O. Box 8809, Corpus Christi, Texas, 78412

A majority of the Committee may designate a representative to act for it. In the event of the death or resignation of any member of the Committee, the remaining members shall have full authority to designate and appoint a successor. No member of the Committee, or his designated representative, shall be entitled to any compensation for services performed hereunder. At any time, the record owners of a majority of the lots or tracts into which Padre Island-Corpus Christi shall then be subdivided shall have the power to change the membership of the Committee, to withdraw powers and duties from the Committee, or to restore the powers and duties of the Committee. Such action shall be effective upon recordation of a written instrument properly reflecting same.

2. No building, structure or improvement of any nature shall be erected, placed, or altered on any lot until the construction plans and specifications and a plan showing the location of such building, structure or improvement have been approved by the Committee as to (i) quality of workmanship and materials, (ii) harmony of external design with existing structures, (iii) location with respect to topography and finish grade elevation, (iv) the method of erection or construction complying with generally recognized techniques and standards suitable for Padre Island, Nueces County, Texas, including without limitation, the Southern Standard Building Code and such other building codes as may be applicable or appropriate, and (v) compliance with the other standards set forth in this instrument. In addition, no substantial change in the originally approved finish grade elevation of any lot shall be made without the prior written approval of the Committee.

3. Final plans and specifications shall be submitted in duplicate to the Committee for approval or disapproval. At such time as the plans and specifications meet the approval of the Committee, one complete set of plans and specifications will be retained by the Committee and the other complete set of plans will be marked "Approved", and returned to the party submitting same. Any modification or change to the approved set of plans and specifications must again be submitted to the Committee for its inspection and approval.

4. The Committee's approval or disapproval as required in these covenants shall be in writing. If the Committee, or its designated representative, fails to approve or disapprove such plans and specifications within forty-five (45) days after they have been submitted to it, then approval is presumed.

5. The Committee shall have the right and authority to waive, modify, alter, change or approve any covenant, term, condition or restriction where, in the opinion of the Committee, such change is necessary or required for the advantage and best appearance of the subdivision or to protect the safety and welfare of occupants and users of improvements on any lot; provided, however, any such modification, alteration or change shall not require the removal or modification of any then existing improvements and shall apply only prospectively.

6. The Committee shall have the authority to make final decisions in interpreting the general intent, effect and purpose of these restrictions.

IV. GENERAL LAND USE

1. (a) Each lot within Block 41 of the subdivision shall be used solely for the operation of an "apartment" or a "multi-family dwelling" or any combination thereof, as hereinafter defined, subject to any further conditions or limitations set forth in the conveyance of any such lot out of Owner; provided, however a "Neighborhood Business", as hereinafter defined, may be operated on any lot within Block 41 provided such Neighborhood Business shall be located within and be an integral part of a "multi-family dwelling" building or an "apartment" building and is located solely on either the ground floor of such building or the lowest floor not used for building parking. Operation of an "apartment" means use as an apartment house or an apartment hotel with dwelling units available for rent or for ownership on a cooperative or condominium basis, or standard hotels. Operation of a "multi-family dwelling" means use for high density residential units, including duplexes, tri-plexes, four-plexes and row or cluster housing, available for rent or for ownership on a cooperative or condominium basis. Operation of a "Neighborhood Business" shall mean use for the purpose of providing facilities for retail sales and personal services for persons occupying, using or visiting lots or tracts in the immediate vicinity of such business, including for illustration and not for limitation, barbershops, beauty shops, camera stores, clothing stores, liquor stores, drug stores, souvenir-gift shops, sporting goods stores, restaurants, convenience grocery stores, dry-cleaning receiving stations, self-service laundries, dry-cleaning establishments.

(b) Each lot within Block 42 of the subdivision shall be used either (i) for the operation of an "apartment" or a "multi-family dwelling" or any combination thereof, as defined in subparagraph (a) above, or (ii) the operation of a small, personal service business or shop limited to a candy store, a flower shop, a camera shop, a souvenir-gift shop and such other specific small, personal service business use as may be approved in writing by the Committee and expressly excluding any use for, or operation of, a convenience grocery store, regular grocery store, lounge, bar, dance hall, gas service station, self-service laundries or dry-cleaning receiving station or establishment and any other use not approved in advance by the Committee, such uses being further subject to any further conditions or limitations set forth in the conveyance of any such lot out of Owner.

2. No lot, nor any improvements constructed thereon, shall ever be used, directly or indirectly, in the sale, purchase, leasing, or management of real property or in dealing in any other way with real property; provided, however, this paragraph shall not prohibit the operation of a combination management-rental office located within and solely for the benefit of an apartment or condominium project constructed upon the lot within which such management-rental office is located.

3. All buildings and other improvements placed on any of the lots shall be newly erected on such lot and no second-hand or used buildings or other improvements shall be moved onto any of the lots and no used or second-hand materials may be used in the exterior of such improvements unless specifically approved in advance, in writing, by the Committee.

4. No activity of any nature shall be carried on upon any lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No cattle, hogs, poultry, horses, or other animals may be kept on any part of the Subdivision, except that this paragraph shall not preclude the keeping of pets or animals other than the above mentioned such as are ordinarily kept as pets in residential subdivisions provided they are not kept or bred for any commercial purposes.

5. No outside toilet will be permitted, and no installation of any kind for disposal of sewage shall be allowed which would result in raw or untreated sewage being carried into water bodies, except as may be approved by the proper state and local authorities and by Owner. No septic tank or other means of sewage disposal may be installed unless approved by the proper authorities having jurisdiction with respect thereto (including, but not limited to, the Health Department of Nueces County, Texas, and the State of Texas). The drainage of septic tanks into any road, street, alley, public ditch or water body, either directly or indirectly, is strictly prohibited.

6. No sign of any kind shall be displayed to the public view upon any lot without the prior written approval of the Committee except one non-flashing sign of not more than 25 square feet.

7. No structure of a temporary character, nor any recreational vehicle, house trailer, bus, truck, trailer, basement, tent, shack, garage, barn or other outbuilding, or any part thereof, shall be used as a residence, dwelling or place of business, either temporarily or permanently.

8. House trailers, buses, trucks, recreational vehicles, boat trailers, or similar vehicles, shall be parked only as and where approved by the Committee.

9. No lot shall be used or maintained as a dumping ground for rubbish or trash.

10. No building material of any kind or character shall be placed or stored upon any lot until the owner of such lot is ready to commence improvements, and then such material shall be placed within the property lines of the building site upon which the improvements are to be erected and shall not be placed in the streets or between the roadbed and property line.

11. Garbage shall be kept in sanitary containers. Such containers shall be kept in a clean and sanitary condition and shall be stored so as not to be seen from a street or canal.

12. No clotheslines may be placed where they would be visible from a street or adjoining green area. Such clotheslines must be enclosed by a hedge or other type screening enclosure as may be approved by the Committee as a part of the plans for the improvements to be located on the property.

13. No radio or television aerial or guy wires shall be maintained on any portion of any lot forward of the front building line of the respective main building.

14. Construction must begin within three (3) months after the approval of the final plans and specifications by the Committee. After construction has commenced completion of such improvements must be completed no longer than twelve (12) months from the start of construction, unless delayed for some reason beyond the lot owner's control, in which event the Committee may extend the foregoing time limits.

15. No oil or gas drilling, development, storage or refining operations, quarrying or mining operations of any kind shall be conducted upon any lot by Owner or its successors.

16. No lot as platted may be further subdivided into smaller lots or tracts; provided, however, (a) the creation of a condominium regime or condominium ownership in accord with the laws of the State of Texas shall not be deemed or considered to be a subdivision of a lot, and (b) subject to the prior written approval of the Committee if the owner of adjoining lots desires to construct a multi-family dwelling in the nature of row or cluster housing or townhouses and desires to convey the underlying land to the respective purchasers of each such dwelling, then the lot may be subdivided into appropriate smaller parcels or tracts of land upon commencement of construction and as may be approved by the Committee.

V. SIZE, DESIGN AND PLACEMENT OF IMPROVEMENTS

1. Facing: All improvements on any lot shall be constructed so as to face the abutting street upon which such lot fronts as hereinabove defined unless approved otherwise by the Committee.

2. Foundations: The foundation must be enclosed at the perimeter with masonry or wood construction which is in harmony with the remainder of the main building.

3. Exterior Walls: The design of and materials used in the exterior walls and surface areas of the main structure and any out-buildings constructed on any lots must be in keeping with the general architectural design of the main dwelling and other structures in the subdivision and must extend to the ground. Asbestos may be used only as approved by the Committee.

4. Roof: The pitch of the roof of all structures constructed on any lot must be approved by the Committee.

5. Fences or Walls: No fence or wall shall be erected, placed, altered or maintained on any building site nearer to the front property line than the building line for such lot as shown on the recorded subdivision plat. No fence shall be constructed higher than six feet (6'), unless approved by the Committee. The design, style and location of all fences shall be subject to approval by the Committee.

6. Building Lines: All buildings and improvements of any nature whatsoever must be constructed within the building lines specified with respect to each such lot on the plat of said addition and in the conveyance of such lot out of Owner except that, with the prior approval of the Committee, minor improvements, such as fences, screening materials, sidewalks, driveways and open parking, may be constructed between the building lines and the property lines.

7. Design and Quality: All improvements constructed shall be of a design and quality of construction to withstand wind loads of thirty (30) pounds per square foot so as not to cause undue hazard to neighboring structures; provided, however, such thirty pounds per square foot wind load standard is subject to modification by the shape factor modifications defined in the Southern Standard Building Code as of the date construction is commenced and as reasonably required or approved by the Committee.

8. Upkeep: The purchaser of property in the subdivision shall keep the weeds out of the particular property owned by him and shall not permit the accumulation of trash, rubbish or other unsightly articles on the premises, the easement or in the street abutting the same. The area in all the streets between the pavement and the property line shall at all times be kept clean and free of unsightly obstacles. Owner shall have the privilege of having such lots cleaned to comply with the above and any reasonable expense incurred in doing the same shall be paid by the owner of the respective lot or lots.

9. Parking: One parking space shall be provided for every apartment or dwelling unit without a separate bedroom, one and one-half parking spaces for every one bedroom apartment or dwelling unit, and two parking spaces for each apartment or dwelling unit containing two or more bedrooms, located within any improvements constructed on any of the lots. Either five parking spaces or one parking space for each two hundred square feet of floor area, whichever is the greater, shall be provided for all units and space used for the conduct of a "Neighborhood Business" (as herein defined located within any improvements constructed upon a lot.

10. Height: No building may exceed three stories or forty-five feet in height unless: (a) the total surface area used for the ground floor of any such building constructed in the subdivision (excluding walkways and parking areas) does not exceed fifty per cent (50%) of the total surface area of the lot upon which the building is located; and (b) the total living area (excluding patios, balconies, decks, walkways and parking areas) of any such building does not exceed an area which is twice the total surface area of the lot upon which the building is located.

11. Open Space: All improvements to be constructed on any lot shall be designed and constructed in such a manner so that each lot shall contain a minimum "open space", as hereafter defined, equal to twenty-five percent (25%) of the surface area of such lot. The phrase "open space" shall mean space without improvements of any nature upon the surface of the ground, unoccupied and unobstructed from the ground upward except for landscaping, vegetation, standard-size sidewalks and fountains.

12. Minimum Floor Elevation: The floor elevation of all structures and improvements constructed on any lot must be at an elevation above mean sea level not less than the minimum elevation for human habitation established for the area by the Commissioners Court of Nueces County Texas, or such other governing authority having jurisdiction with respect to establishing flood control elevations.

13. Minimum Floor Area: No dwelling shall be permitted on any lot unless the floor area of the enclosed main dwelling exclusive of porches, garages (whether attached or detached), breezeways, patios, balconies, decks and other appendages, complies with the following requirements:

(a) The area of the enclosed main dwelling of any one story, multi-family dwelling must contain not less than four hundred fifty (450) square feet per dwelling unit; and

(b) The first floor area of the enclosed main dwelling of any multi-family dwelling containing two or more stories must contain not less than four hundred (400) square feet per dwelling unit.

VI. LANDOWNERS' AGREEMENT

In order to provide for the common use, enjoyment, benefit and maintenance of the canals (including the concrete bulkheads along such canals), parks, beautification areas, streets, and other common areas within Padre Island-Corpus Christi (hereinafter referred to as "common area") and for the preservation of a marina type community of the highest quality, Owner, for the benefit of itself and each successor owner of a lot or parcel out of the subdivision, hereby binds itself, its assigns and each successor owner, as follows:

1. At such time as any of the common areas in Padre Island-Corpus Christi have been improved and are not being maintained by Nueces County, a city, or other type of taxing authority within which such addition is located, Owner shall convey such common areas to Padre Island Investment Corporation, Trustee, hereinafter called "Trustee", which shall have such supervisory authority to provide for the proper maintenance of the common areas as may be appropriate to such subdivision. Trustee shall not be liable to an owner of any interest in such subdivision for any damage, claim or expense for the manner in which said common areas are maintained and repaired, or for failure to maintain or repair said common areas.

2. In order to provide a fund for the proper maintenance of such common areas, hereinafter called "Maintenance Fund", there is hereby imposed upon each lot in the subdivision an annual maintenance charge which shall not exceed two cents (\$0.02) per square foot contained in each lot. Such maintenance charge shall be determined annually by the Trustee based upon the projected cost of maintaining such common areas; however, no maintenance charge shall be assessed by Trustee until some portion of the common areas has been improved. Once assessed by the Trustee, one-twelfth (1/12) of such maintenance charge shall be payable monthly, in advance, on the first day of each month, by each beneficial owner of a lot in such subdivision. The maintenance charge hereby imposed shall not apply to Owner, or to lots to which Owner owns both the record and beneficial title.

3. Neither Owner nor Trustee shall be liable or responsible to any person or persons for failure or inability to collect the maintenance charge or any part thereof from any person or persons.

4. The Maintenance Fund may be pooled, merged or combined with the maintenance funds of other portions of the Padre Island-Corpus Christi Project as developed by Owner, provided the lots and/or owners of lots in such other portions of such Padre Island-Corpus Christi Project are subject to a maintenance charge, lien and administrative provisions substantially the same as set forth in this Part VI. Such pooled maintenance fund may be expended by the Trustee for the general benefit and common good of the various sections or units of Padre Island-Corpus Christi paying into such fund, without regard to the amount collected from each section or portion. Trustee may use such funds, or any part thereof, for safety and/or recreational projects and for developing, improving and maintaining any and all of the common areas which the owners and/or occupants of lots in any of the sections or portions of Padre Island-Corpus Christi may be privileged or shall have the right to use, regardless of who may own such common areas and regardless of their location within the entire Padre Island-Corpus Christi Project. It is agreed and understood that the judgment of the Trustee, as custodian and administrator of said Maintenance Fund, when used in good faith in the expenditure of said funds, or any part thereof, shall be binding, final and conclusive upon all parties in interest. Trustee shall receive no compensation for acting as custodian and administrator of said Maintenance Fund.

5. The payment of the maintenance charge hereby imposed shall be secured by an express lien in favor of Trustee, as custodian and administrator of the Maintenance Fund, which lien is placed and imposed upon each lot in the subdivision subject to such charge. There is hereby granted unto the Trustee an express lien against each lot or parcel of the subdivision to secure all obligations of the owner or owners of said lot or parcel imposed upon such owner, or lot, under the provisions hereof. Said lien may be foreclosed in the same manner as a vendor's lien, without prejudice, however, to any other rights, powers or causes of action which the holder of said lien may have against any part who is then or who has theretofore been the owner of the property affected thereby. Such lien and all other provisions of this agreement shall be secondary and subordinate, however, to any liens, deeds of trust and encumbrances whatsoever given to secure the purchase price of the lot or any part thereof, or given to any bank, savings and loan association, insurance company, trust company, fraternal benefit organization, or corporation with banking or related powers, lawfully lending money for the purpose of making repairs or constructing dwellings or any other improvements whatsoever on any portion of such lot, or acquiring any note or other evidence of indebtedness previously made for any such purpose. If any such lender or party acquiring such indebtedness should be in doubt as to the purpose for which such loan was made, or indebtedness incurred, or as to whether the lien herein granted is subordinate to any lien or deed of trust given for the purpose of securing any such mortgage or indebtedness, such lender or party acquiring such indebtedness may rely conclusively upon the written statement of the Trustee, with respect thereto. The trustee may release or subordinate said lien and any other provisions of this agreement, in whole or in part, with respect to any lot or lots, should it deem it advisable, for any reason whatsoever, without affecting said lien insofar as it applies to any other lot or lots in the subdivision.

Without diminishing the personal obligations of any owner for any sum imposed under the terms hereof, the lien hereby granted upon any lot shall not secure any sum in excess of the unpaid assessments made under the terms hereof for the four years next preceding the date that such lien is sought to be asserted or foreclosed.

6. Any person negligently or willfully damaging or destroying all or any portion of the common areas, including the bulkheads and tie backs, shall be responsible to the Trustee for damages, and the Trustee shall use any funds collected by claim, lawsuit or settlement agreement growing out of such damage or destruction, to repair such damage or destruction, to the extent of such funds.

7. Trustee shall have, and it is hereby granted, the full right, power and authority to convey all of its right, title and interest in and to the common areas and the Maintenance Fund as well as all of its powers, rights, liens, responsibilities, duties and authority under the terms of this Part VI to: (a) a non-profit corporation, or other organization, formed by Owner for the purpose of maintaining the common areas in any portion of the Padre Island-Corpus Christi Project, provided that such corporation or organization offers membership rights to owners of property in the Padre Island-Corpus Christi Project; or (b) a public or quasi-public corporation or entity with the power to tax such as a city, Nueces County or a public district having such powers.

8. All references to "Trustee" in this Part VI shall apply with equal force and effect to any successor in interest to Trustee, as provided in paragraph 7, of this VI.

VII. DURATION

The restrictions and covenants herein set forth shall continue and be binding upon the addition and upon Owner, its successors and assigns, for a period of thirty-five (35) years from the date hereof. At the expiration of such term of thirty-five (35) years, the restrictions and covenants herein set out shall automatically be extended for an additional ten (10) year period and for successive periods of ten (10) years thereafter, unless same are nullified or revised as herein provided. After the expiration of thirty-five (35) years from the date of this instrument, the owners of a majority in interest of the lots in this subdivision, may execute and acknowledge an agreement in writing terminating or revising these restrictions and covenants and file the same in the Office of the County Clerk of Nueces County, Texas, or in such office as conveyances of real estate may be required to be filed, at such time, thereupon, these restrictions and covenants shall be null, void and of no further force and effect, or shall be modified or revised as such instrument may direct.

VIII. AMENDMENT

At any time the owners of the legal title to fifty-one percent (51%) of the lots with the subdivision (as shown by the records of Nueces County, Texas) may amend the restrictions, covenants, conditions, and matters set forth herein by filing an instrument containing such amendment in the office of the County Clerk of Nueces County, Texas, except that, prior to the expiration of fifteen (15) years from date hereof, no such amendment shall be valid or effective without the joinder of Owner, its successors or assigns.

IX. ENFORCEMENT

The restrictions, conditions and use limitations herein set forth shall be binding upon Owner, its successors and assigns, and all parties claiming by, through, or under them and all subsequent owners of each lot, each of whom shall be obligated and bound to observe such restrictions, conditions and use limitations, provided, however, that no such persons shall be liable except in respect to breaches committed during his or their ownership of such lot. The violation of any such restriction, condition or use limitation, shall not operate to invalidate any mortgage, deed of trust, or other lien acquired and held in good faith against such lot or any part thereof, but such liens may be enforced

against any and all property covered thereby, subject, nevertheless, to the restrictions, conditions and use limitations herein mentioned. Owner, or the owners of any lot within this subdivision, or Trustee, its successors and assigns, shall have the right to enforce observance or performance of the provisions of this instrument. If any person or persons violates or attempts to violate any of the restrictions, conditions or use limitations contained herein, it shall be lawful for any person or persons owning any lot in the addition to prosecute proceedings at law or in equity against the person violating or attempting to violate the same, either to prevent him or them from so doing, or to correct such violation, or to recover damages, or to obtain such other relief for such violations as then may be legally available.

X. SEVERABILITY

Invalidation of any of the terms, provisions or covenants contained in this instrument by judgment or court order shall not in any way affect any of the other terms, provisions or covenants set forth in this instrument which shall remain in full force and effect.

XI. DEDICATION

This instrument of dedication related to and affects only the above described property.

DATED as of March 24th , 1978, but effective as of August 24, 1976.