

THIRD SUPPLEMENTAL DECLARATION
FOR ANNEXATION OF PROPERTY INTO THE
SIXTH SUBDIVISION OF
SOUTH SHORE HARBOUR COMMUNITY ASSOCIATION, INC.

This Supplemental Declaration is made as of the 22nd day of February, 1999, by South Shore Harbour Development, Limited, a Texas Limited Partnership ("Declarant").

P R E A M B L E:

A. Declarant is the Owner of certain real property described as the "Project Area" in that certain Community Declaration for south Shore Harbour Community Association, Inc. dated August 5, 1982, which was Recorded on August 6, 1982, in the Official Public Records of Real property of Galveston County, Texas, under Clerk's File No. 8222944 as amended by the First Amendment to the Community Declarations of Easements, Restrictions and Covenant dated as of May 5, 1983, which was recorded on May 26, 1983, in the Official Public Records Real Property of Galveston County, Texas, under Clerk's File No. 8318392, (collectively the "Community Declaration").

B. The Residential Sites and Common Area in that certain 73.380 acre tract ("Original Property") formerly owned by Declarant and described as South shore Barbour, Section 3, out of the Michael Muldoon Two League Grant, Abstract Number 18, League City, Galveston County, Texas, and further described on the Plat thereof recorded under Clerk's File No. 8549511 of the Galveston County Clerk Real Property Records, is part of the Project Area, and, pursuant to said plat and to the Supplemental Declaration for the Sixth Subdivision made by Declarant, dated October 11, 1985, recorded under Film Code No. 004-27-1181 in the Office of the County Clerk of Galveston County, Texas, ("Original Supplemental Declaration"), said Original Property and all other property annexed therein pursuant to the Original Supplemental Declaration is designated as the Sixth Subdivision. The Sixth Subdivision is part of the planned community known as "South Shore Harbour" to be developed in accordance with the terms of the Community Declaration.

C. Declarant owns that certain 2.8027 acre tract, more or less, in League City, Galveston County, Texas, described as South Shore Harbour, Section 20 on the plat thereof recorded in Plat Record 18, Map Number 847 of the Galveston County Map Records ("Annexed Property"), which is part of the Project Area. In furtherance of the plan for the development of the Community Association Area described in the Community Declaration, Declarant intends to annex the Annexed Property into the Sixth Subdivision and to improve such real property as part of the planned community known as "South Shore Harbour" in accordance with the terms of the Community Declaration. The Annexed Property is designated as part of the Sixth Subdivision. The Sixth Subdivision is part of the planned community known as "South Shore Harbour" to be developed in accordance with the terms of the Community Declaration. In furtherance of the

plan for the development of the Community Association Area described in the Community Declaration, Declarant intends to improve and sell the Privately Owned Sites in the Annexed Property as Residential Sites and to maintain other portions of the Annexed Property, if any, as Common Area for the primary use and benefit of (a) all owners of Privately Owned Sites in the Sixth Subdivision and (b) other owners of Privately Owned sites to be annexed into the Sixth Subdivision. The Owners who own Residential Sites in the Annexed Property and their Sites and the Common Area, if any, described herein shall be subject to the provisions of the Community Declaration and this Supplemental Declaration.

D. Pursuant to Article III of the Community Declaration, Declarant hereby declares the Annexed Property to be part of the Community Association Area, and designates the Annexed Property, and any portion of the "Development Land" hereafter annexed into the Sixth Subdivision, as part of Delegate District No. 6, subject to the provisions contained herein, and imposes additional covenants, conditions, restrictions and reservations on the Annexed Property, as hereinafter described.

E. The Annexed Property is within the Development Land, and Declarant desires to develop the Annexed Property to become subject to assessment in the same manner as is prevailing for the existing portion of the Sixth Subdivision. The requirements of the original Supplemental Declaration concerning the type Dwelling Units to be constructed on Lots within the Annexed Property and their value and cost will be met, and such Dwelling Units will be constructed in accordance with the architectural standards in harmony with, Dwelling Units located elsewhere in the Sixth Subdivision.

THEREFORE, DECLARANT HEREBY DECLARES AS FOLLOWS:

ARTICLE I

DEFINITIONS

Unless otherwise expressly provided herein, the capitalized terms in this Supplemental Declaration shall have the same meaning as any similarly capitalized and defined terms within the Community Declaration. The following words and phrases when used in this Supplemental Declaration shall have the meanings hereinafter specified.

Section 1.1. Annexed Property. "Annexed Property" or "Annexed Area" shall mean that certain 2.8027 acre tract consisting of nine (9) Residential Sites as described on the Plat and a 60' private street shown on the Plat as "Scottsdale Court".

Section 1.2. Common Household Group. "Common Household Group" shall mean one or more natural persons, each related to the other by blood, marriage or legal adoption, or a group of no more than four (4) such persons not all so related, together with his or their domestic servants, all of whom maintain a common household in a Dwelling Unit on a Residential site within the Annexed Property.

Section 1.3. Delegate District no. 1. "Delegate District no. 6" shall include all of the Sixth Subdivision together with such other portion of the Development Land with respect to which one or more Supplemental Declarations shall be Recorded, if at all pursuant to Section 3.3 of the Community Declaration, declaring such portion of the Annexable Area to be a portion of Delegate District No. 6. As further provided in the community Declaration, the Owners of Residential Sites in Delegate District No. 6 shall collectively be entitled to one (1) Delegate to the Community Association.

Section 1.4. Dwelling Unit. "Dwelling Unit" shall mean a residential building designed for, and limited and restricted to occupancy by a common household group on a Residential Site, not including an accessory building or garage.

Section 1.5. Related User. "Related user" shall mean any member of the Common Household Group of an Owner who resides with such owner, guests and invitees of any Owner; employees of any Owner; and occupants, tenants and contract purchasers residing in a Dwelling unit of an Owner who claim by, through or under an Owner.

Section 1.6. Plat. "Plat" shall mean the plat entitled "South Shore Harbour, Section Twenty (20), Amending Plat" recorded in Plat Record 18, Map Number 847 in the Map or Plat Records of Galveston County, Texas.

ARTICLE II

ESTABLISHMENT OF GENERAL PLAN

Section 2.1. General Plan and Declaration. This Supplemental Declaration is hereby established as a part of, pursuant to and in furtherance of, a common and general plan created in accordance with the Community Declaration for the improvement and sale of the Annexed Property or of sites within the Sixth Subdivision, and for the purpose of enhancing and protecting the value, desirability and attractiveness of the Annexed Property, the Sixth Subdivision, and the Project Area. Declarant, for itself, its successors and assigns, hereby declares that the Annexed Property and each part thereof shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improve subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in the Community Declaration, and this Supplemental Declaration, for the duration thereof. The Annexed Property is hereby annexed into the Sixth Subdivision and made subject to the jurisdiction of the Community Association and the Community Declaration.

Section 2.2. Equitable Servitudes. The Covenants, Conditions and Restrictions of the Community Declaration and this Supplemental Declaration are hereby imposed as equitable servitudes upon the Annexed Property, as a servient estate, for the benefit of each and every other Privately Owned Site, Common Area and Community Association Properties within the Community Association Area, as the dominant estates.

Section 2.3. Covenants Appurtenant. The Covenants, Conditions and Restrictions of the Community Declaration and this Supplemental Declaration shall run with, and shall inure to the benefit of and shall be binding upon, all of the Annexed Property, and shall be binding upon and inure to the benefit of, (a) the Sixth Subdivision, (b) Declarant and its successors and assigns (c) the Community Association and its successors and assigns, and (d) all persons having, or hereafter acquiring, any right, title or interest in all or any portion of the Sixth Subdivision, including but not limited to the Annexed Property, and their heirs, personal representatives, successors and assigns.

Section 2.4. Land Classifications.

A. **Residential Sites.** Those portions of the Twenty First Subdivision consisting of Lots 1 through 9 in Block 1 in South Shore Harbour Section 20, Galveston County, Texas, according to the Plat, are hereby designated pursuant to Article III of the Community Declaration, to be Residential Sites. Each such Lot shall constitute a Residential Site and a Privately Owned site as defined in the Community Declaration.

B. **Community Association Area.** That certain portion of the Annexed Property improved or reserved per Plat for the purposes of streets as shown on the Plat shall be Community Association Area.

C. **Assessment Area.** The Sixth Subdivision, including the Annexed Property, is a separate Assessment Area for purposes of determining the date on which Assessments shall commence as to the Community Association. Subject to the provisions of Article VIII of the Community Declaration, the Common Assessments to the Community Association shall commence as to the Annexed Property as of the first day of the first month following the month in which the first recordation of a deed for the sale by Declarant to a purchaser of a Residential Site within the Annexed Property occurs.

Section 2.5. Recreational cost Center and Maximum RFCA. Owners of a Residential Site in Delegate District No. 6 shall be entitled to the nonexclusive use and enjoyment of Recreational Center No. 1. In accordance with Section 8.10 of the Community Declaration, each Residential Site in the sixth subdivision shall constitute one (1) RFCA Unit. The Board of Directors shall not levy, for any year, an RFCA against the members from the Sixth Subdivision entitled to use Recreational Center no. 1 and their residential Sites, in excess of the maximum RFCA hereinafter specified. The maximum RFCA for Recreational Center No. 1 shall not exceed the rate of \$14.00 per RFCA Unit per year until January 1, 2000, and increased for 2000, and any year thereafter by 20% per year over the maximum RFCA for the previous year. As provided in Section 8.17 of the

Community Declaration, the Board of Directors shall not levy against the Owners of the Residential Sites entitled to use the Recreational Center No. 1 and their residential Sites, any RFCA in any one calendar year which is greater, than 120% of the RFCA against any such Residential site and the Owner in the preceding year, except with the approval of delegates representing not less than 51% of the voting power of the Owners entitled to use Recreational Center No. 1 (inclusive of the voting power of Declarant). Each Owner shall, in addition, be responsible for "AFCAS" as provided in the Community Declaration.

Section 2.6. Sixth Subdivision Assessments. Those Owners of Residential Sites in the Sixth Subdivision representing not less than 67% of the entire voting power of the Owners in the Sixth Subdivision, by written instrument signed by such Owners, may, upon the determination of complementary or supplementary administrative functions are necessary to maintain the property values in the Sixth Subdivision, subject to all Residential Sites in the Sixth Subdivision to an assessment (the "Sixth Subdivision Assessment") in an amount (either as a one-time assessment or annual assessment) and for the purposes determined by such owners. Unless otherwise provided, the Sixth Subdivision Assessment collected by the Community Association for the benefit of the Sixth subdivision shall be in the same manner as special assessments and the payment of the Sixth Subdivision Assessments shall be secured by a lien described in Section 8.26 of the Community Declaration and enforceable in the manner as the assessments described in the Community Declaration; however, same shall affect the Residential Sites in the Sixth Subdivision.

Section 2.7. Delegate District. Pursuant to Section 3.3 of the Community Declaration, the Annexed Property is hereby declared to be part of Delegate District No. 6 of the Community Association. There is no Subassociation for the Sixth Subdivision, but Declarant reserves the right, but shall not have the obligation, to establish such a subassociation and, in such event, shall evidence same by amendment to this Supplemental Declaration so providing.

ARTICLE III

COMMUNITY ASSOCIATION PROPERTIES

Section 3.1. Member's Rights of Use and Enjoyment of Community Association Properties. Subject to the provisions of the Community Declaration, each owner of a Residential Site within the Sixth Subdivision shall have a nonexclusive right and easement for use and enjoyment of services provided by the community Association and of those Community Association Properties, if any, hereafter developed for the nonexclusive use and enjoyment of the Owners of Residential Sites within the Sixth Subdivision. Such right and easement shall be appurtenant to and pass with title to each Residential site of such Member.

Section 3.2. Delegation of Rights of Use. A Member who owns a Residential Site in the Sixth Subdivision may delegate his nonexclusive rights and easements for use and enjoyment of the services provided by the Association and Community Association and the Common Area and Community Association Properties, if applicable, to: (a) any tenant who occupies a Dwelling Unit on the Residential Site; (b) any contract purchaser who occupies a Dwelling Unit on the Residential Site; (c) any person who is a part of the Common Household Group with an Owner, tenant, or contract purchaser who occupies a Dwelling Unit on the Residential Site; (d) if an Owner is a corporation, partnership or other such entity, such reasonable number of officers, directors, partners, shareholders, members or other natural Persons with an interest in such Owner who occupy a Dwelling Unit on the Residential site as may be permitted by the Rules and Regulations and Members of the Common Household Group of such Persons; and (e) guests of an Owner, tenant, contract purchaser or member of a Common Household Group to the extent permitted by the Rules and Regulations. In order to use the Community Association Properties and Common Areas, tenants, contract purchasers or subtenants by acceptance of the right to use and occupy a Dwelling Unit, a Community Service or a Community Association Property, have agreed to assume, and at the request of the Community Association, will accept the assumption in writing with the Community Association all of said Members' duties and obligations under the Community Declaration and this Supplemental Declaration, except for the obligation to pay Assessments. Mortgagees and other Persons holding an interest in a Residential Site in the Sixth Subdivision as security for a debt or for performance of an obligation shall not be entitled to use and enjoy Community Association Properties, Common Areas or services of the Community Association prior to the time such Person forecloses its security interest and becomes an owner of such Residential Site. A Member who does not reside on or occupy a Dwelling Unit on a Residential Site, shall not be entitled to use and enjoy any Community Association Properties or Common Areas, or services of the Community Association if a tenant or contract purchaser is occupying the Dwelling Unit on such Residential site and is, in accordance with the foregoing, entitled to use and enjoy such community Association properties or Common Areas and such services derived from such Member. Other Persons may be entitled, from time to time, to use such community Association Properties on a temporary or permanent basis, in accordance with the Rules and Regulations and subject to the provisions of the Community Declaration.

ARTICLE IV

USE RESTRICTIONS

All of the Sixth Subdivision shall be held, used and enjoyed subject to the restrictions in the Community Declaration (including, without limitation, the provisions of Article X of the Community Declaration relating to architectural approval of Improvements) as well as the following limitations and restrictions, except for the exemptions of Declarant set forth in the Community Declaration. To the extent that any of the following restrictions are more restrictive than any similar restrictions in the Community Declaration, the restrictions in this Supplemental Declaration shall control.

Section 4.1. Residential Use. Each Residential Site in the Annexed Property shall be improved with a Dwelling Unit and used solely for one (1) Common Household Group for residential living purposes and such purposes as are customarily incident thereto, and shall not be used at any time for business, commercial, educational, church or professional activities; provided, however, an Owner of a Residential Site in the Annexed Property may use his Dwelling Unit for professional or other home occupations such as the maintenance of a personal or professional library, the keeping of personal business or professional records or accounts, or for the handling of personal business or professional telephone calls or correspondence so long as there is no external evidence thereof (such as signs advertising a business or consultation in person with clients or customers at the Residential Site), and no unreasonable inconvenience to such Owner's neighbors is created.

Section 4.2. No Hanging Articles. No clothing or household fabrics or other articles shall be hung, dried or aired on any Residential Site in the Annexed Property in such a way as to be visible from other Residential Sites or from the Common Areas.

Section 4.3. No Further Subdivision. No Residential Site or Dwelling Unit thereon in the Annexed Property may be further subdivided nor may any easement or other interest therein less than the whole (including any timeshare estate) be conveyed by the Owner thereof (including the Community Association but excluding Declarant), without the prior written approval of the Architectural Committee. Nothing in this Section 4.3 shall be deemed to prevent an Owner from, or require the approval of the Architectural Committee for: (a) selling, or leasing, of an entire Residential site, or (b) transferring or selling any Residential Site to more than one Person to be held by them as tenants in common, joint tenants or tenants by the entirety.

Section 4.4. View Restrictions. No vegetation, landscaping or other Improvements shall be planted, constructed or maintained by the Owners upon any Residential Site in the Annexed Property in such location or of such heights as to unreasonably obstruct the view from any other Residential Site or the Community Association Area in the vicinity thereof, or to create a hazardous condition for the users of the sidewalks or streets. In the event of a dispute between Owners in the Annexed Property as to the obstruction of a view from a Residential Site, the

Community Association Area or the creation of a hazardous condition, such dispute shall be submitted to the Board of the Community Association ("Board"), whose decision in such matters shall be final and binding and not subject to appeal of any kind. Such Board may request any owner to remove from such Owner's Residential Site, or otherwise alter, any obstruction to the view from the Community Association Area or any hazardous condition. Any such obstruction or hazardous condition shall, upon request of the Board, be removed or otherwise altered to the satisfaction of the Board, by the Owner of the Residential Site upon which said obstruction is Owner fails to remove or otherwise alter such obstruction or located at Owner's sole cost; located at Owner's sole cost; provided, however, in the event the Owner fails to remove or otherwise alter such obstruction or hazardous condition, in which event the Community Association shall remove such obstruction or hazardous condition, charging the entire cost thereof to the Owner. Each Owner shall be responsible for periodic trimming and pruning of all hedges, shrubs and trees located on the Residential Sites so as to not unreasonably obstruct the view of adjacent Owners or to users of any streets. Such costs shall be a Reimbursement Assessment and shall create a lien on the Residential Site enforceable in the manner set forth in the Community Declaration.

Section 4.5. Landscaping. Within ninety (90) days after Recordation of a deed of a Residential Site in the Annexed Property to an Owner, such Owner shall install and shall thereafter maintain the landscaping on his site in a neat and attractive condition, including all necessary landscaping and gardening to properly maintain and periodically replace when necessary any trees, plants, grass and other vegetation which may be originally placed on such site by Declarant or required by the Architectural Committee or the Rules and Regulations. The Board may adopt Rules and Regulations proposed by the Architectural Committee to regulate landscaping permitted and required in the Residential Site in the Sixth Subdivision as provided in the Community Declaration and in the Bylaws. In the event that any Owner shall fail to install and maintain landscaping in conformance with the Rules and Regulations, or shall allow his landscaping to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, the Board, upon thirty (30) days prior written notice to such Owner, shall have the rights as hereinafter described. Provided, however, in the event that any Owner shall fail to mow and keep trimmed and neat the lawn and grass areas on his site or otherwise permit any of said lawn and grass area to deteriorate to an unsightly or unattractive condition, the Board upon ten (10) days prior written notice to such Owner, shall have the rights as hereinafter described. The Board shall have the right, upon the appropriate above-described written notice to an owner, either (a) to seek any remedies at law or in equity which it may have to correct such conditions, or (b) after Notice and Hearing, to enter upon such Owner's Residential Site for the purpose of correcting such condition, and such Owner shall promptly reimburse the Community Association for the costs thereof, or (c) both of the foregoing, or (d) impose such fines and penalties as exist under the Rules and Regulations or the Community Association. Such cost shall be a Reimbursement Assessment and shall create a lien enforceable in the manner set forth in the Community Declaration.

Section 4.6. Vehicle Restriction. No recreation vehicle, camper, camper not on a truck, boat, mobile home, horse trailer, or other trailer, tractor, motor home or truck (other than a pickup truck or van) shall be parked for longer than ten (10) hours anywhere within the Annexed

Property (including driveways) or on any public or private road or street in such a manner as to be visible from any other Residential Site or from any portion of the Common Area. Any such vehicle may be kept only within a garage, an enclosed or partially enclosed structure approved by the Architectural Committee or within a parking area designated by the Community Association for the storage and parking of such vehicles. No inoperable vehicle or vehicle kept stationary for a period in excess of forty-eight (48) hours shall be allowed to remain on any portion of the Annexed Property or on any private or public street or road in such a manner as to be visible from any Residential site other than the Residential Site on which such vehicle is located or from any portion of the Common Area. No vehicle, including, but not limited to, motorcycles, motorbikes, bicycles, automobiles, trucks and trailers may be kept or used anywhere within the Annexed Property in violation of any applicable Rules and Regulations. Such Rules and Regulations, among other things, may prohibit the keeping or use of motorcycles, motorbikes, dune buggies, golf carts or other loud or offensive vehicles, or may limit their use, and may regulate places of parking of such vehicles. Any vehicle found to be in violation of any of the provisions of this Section 4.6 may be towed away by or on behalf of the Community Association at the expense of the owner of such vehicle.

Section 4.7. Animals. No animals of any kind shall be raised, bred or kept in Annexed Property except as hereinafter provided. A reasonable number of dogs, cats or other household pets may be kept on a Residential Site, provided that (a) they are not kept, bred or maintained for commercial purposes, (b) they do not make objectionable noises, create any odor, or otherwise constitute a nuisance to other Owners, (c) they are kept within an enclosed yard on the Residential Site occupied by the Owner of such pets or on a leash being held by a person capable of controlling the animal, and (d) they are not in violation of any other provision of the Community Declaration and such limitations as may be set forth in the Rules and Regulations. A "reasonable number" as used in this Section 4.7 shall ordinarily mean no more than two (2) pets per Site; provided, however, that the Board of Directors (or the Architectural Committee or such other person as the Board may from time to time designate) may from time to time determine that a reasonable number in any instance may be more or less than two (2). The Association, acting through the Board, shall have the right to prohibit the keeping of any animal which, in the sole opinion of the Board, is not being maintained in accordance with the foregoing restrictions. Each Owner and/or Related User maintaining any animal shall be liable in accordance with the laws of the State of Texas to each and all remaining Owners and Related users of such Owners for any damage to person or property caused by any such animal; and it shall be the absolute duty and responsibility of each such Owner or Related User to clean up after such animals to the extent they have used any portion of the Privately Owned Site of another Owner or any Common Areas.

Section 4.8. Restriction on Exterior Lighting. Except as may be approved in advance in writing by the Architectural Committee, no exterior lighting shall be permitted anywhere within the Annexed Property, including lighting to accent landscaping features, lights at entrance doors to structures, lights at entrances to property, lights along paths or driveways and lights to illuminate permitted signs. Approval shall be given only if such lights shall be of attractive design and shall be as small in size as is reasonably practical and shall be placed or located as directed

or approved in writing by the Architectural Committee, and shall not allow light reflection or glare to be discernible from any place off the Residential Site where such lighting exists.

Section 4.9. Casualty Insurance for Improvements. Each Owner of a Residential Site within the Annexed Property shall be obligated to obtain and keep in full force and effect at all times casualty insurance with respect to all insurable Improvements on the Site for the full replacement value thereof, including coverage for fire and extended coverage, vandalism and malicious mischief and, if reasonably available and if deemed appropriate by the Community Association as evidenced by resolution of the Board of Directors, flood, earthquake or war risk coverage. In the event of damage or destruction to any insured Improvements, the proceeds of such insurance shall be applied by the Owner thereof, to the extent necessary, to cause the damaged or destroyed Improvement to be restored or replaced to its original condition or such other condition as may be approved in writing by the Architectural Committee or the Owner shall promptly cause the damaged or destroyed Improvement to be demolished and the Site to be suitably landscaped, subject to the approval of the Architectural Committee, so as to present a pleasing and attractive appearance, and to be well maintained, mowed, and edged to conform to occupied Residential Sites in the immediate vicinity.

Section 4.10. Solar Energy Installations. The Architectural Committee shall approve the plans and specifications for the installation of residential solar systems, provided that the Architectural Committee determines that such plans and specifications demonstrate the exercise of reasonable measures to minimize the potential adverse aesthetic impact of the installation on other portions of the Sixth Subdivision or on any other Community Association properties. Any such Architectural Committee approval shall have no effect upon the enforceability of any other use restriction in the Community Declaration or this Supplemental Declaration. The Committee shall promulgate reasonable standards and guidelines against which to examine any such plans and specifications, in accordance with Article X of the Community Declaration. Any such standards or guidelines restricting the installation or use of a solar energy system shall not significantly increase the cost of the system nor significantly decrease its efficiency.

Section 4.11. Drilling or Mining. No mineral drilling, development, refining or mining operations of any kind shall be permitted upon any Residential Site, nor shall any wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Residential Site. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Residential site.

Section 4.12. Common Area/Community Association Areas. No Owner of a Residential Site shall be permitted to place or construct or maintain any Improvement or any portion of any Improvement on any portion of any Common Area or Community Association Area.

ARTICLE V

CONSTRUCTION RELATED RESTRICTIONS

Section 5.1. Heights and Character of Dwelling Unit. No Dwelling Unit shall be erected, altered or permitted to remain on any Residential Site other than one Common Household Group Dwelling Unit, not in excess of two (2) stories in height or more than thirty-five (30) feet in height measured from the finished grade of the Residential Site, together with a private garage or other covered parking facility and within exterior boundary of the Residential site serving not more than four (4) automobiles.

Section 5.2. Minimum Square Footage. The living area of the main residential structure (Dwelling Unit) in the Annexed Property, exclusive of porches (whether open or screened), and the garage, terraces and driveways, shall not be less than two thousand two hundred (2,200) square feet. Measurements shall be to the face of the outside walls of the main residential structure.

Section 5.3. Masonry and Roof Requirements. Except as may be otherwise approved in advance in writing by the Architectural Committee, the exterior finish of each Dwelling Unit shall be at least fifty-one percent (51%) brick, stone or other masonry, however, in computing such percentage, the garage shall be excluded. All Dwelling Units within the Annexed Property shall be roofed with composition shingles, and no roof shall be composed of wooden shingles. The color, quality and manufacturers specifications of such roof materials shall be subject to the approval of the Architectural Committee, and unless the color and quality of such roof materials comply with the terms of any Supplemental Declaration or any applicable Rules and Regulations.

Section 5.4. Building Set-Back Lines. No Improvements shall be located on any Residential Site nearer to the front property line than twenty-five (25) feet. No Improvement shall be located nearer than ten (10) feet to the rear property line or to any street side property line or near therein five (5) feet to an interior side property line. For purposes of this Section 5.4 and other provisions of this Supplemental Declaration, the "front property line" is the common boundary of any Residential Site with a street, and in the case of a corner lot (with a common boundary on two streets or one street and a cut-de-sac) the boundary from which the Improvement set-back distance is larger. All Dwelling Units built in the Annexed Property shall face the front line of the Residential site on which each such Dwelling Unit is built unless a deviation from this provision is provided by a specific provision of a Supplemental Declaration or unless the deviation is approved in advance in writing by the Architectural Committee. The term "Improvements" solely as used in this Section 5.4 shall not include concrete drives, walks, landscaping, air conditioning units, fences, eaves, ducts and unroofed terraces; provided, however, in no event shall any portion of any Improvements to any Residential Site on a Residential Site encroach upon another Residential site.

The Architectural Committee shall have the right to grant exceptions or variances to the building set-back lines shown on the plat when doing so will not be inconsistent with the overall plans for development of the Sixth Subdivision and such exceptions or variances are permitted by law.

Section 5.5. Composite Building Site. In the event that the Architectural Committee approves, in writing, the consolidation of one (1) or more adjoining Residential Sites (or portions thereof) into one Residential Site, with the privilege of placing or constructing one (1) Dwelling Unit on such resulting Residential Site, then the side set-back lines for such Residential Site shall be measured from the resulting side property line of such Residential Site rather than from the set-back line indicated on the Plat or described in Section 5.4 above. The required building set-back line for the front property lines of such composite Residential Sites shall remain twenty-five (25) feet. Upon receipt of written approval of the Architectural Committee to consolidate one (1) or more Residential sites into one (1) Residential Site, such composite Residential Site shall thereupon be regarded as one (1) Residential Site for all purposes under this Supplemental Declaration and the Community Declaration.

Section 5.6. Visual Obstruction at the Intersections of Streets. No object or thing which obstructs sight lines at elevations between two (2) feet and six (6) feet above the streets and private access rights-of-way in the Annexed Property, within the triangular area formed by the intersecting street property lines and the line connecting them at points twenty-five (25) feet from the intersection of the street lines (or extensions thereof) shall be placed, planted or permitted to remain on corner lots.

Section 5.7. Walls, and Fences. (A) No fence or wall may be built on any Residential Site except as may be expressly permitted from time to time by written approval of the Architectural Committee at its sole and absolute discretion. Provided, however, the Architectural Committee shall not permit nor approve (i) any fence or wall constructed of chain link or any other material which is not, in the sole opinion of the Architectural Committee, aesthetically compatible with structures, fences or walls located on or adjacent to or visible from the particular Residential Site; nor (ii) any fence or wall to be located nearer to the front property line than the front building set back line; nor (iii) any fence or wall which, in the sole opinion of the Architectural Committee, unreasonably obstructs the adjacent property owner's visibility of the golf course area; nor (iv) any fence or wall which, in the sole opinion of the Architectural Committee, is, by design or construction, aesthetically or architecturally incompatible with any fence, wall or structure located on adjoining lots or visible from the particular Residential Site. No Owner shall construct a fence so as to enclose any portion of a Landscape Reserve as shown on the Plat. Authorization of the construction of any one or more fences or walls pursuant to this section shall not in any way obligate the Architectural Committee to authorize the construction of any other fence or wall. The Architectural Committee is hereby authorized to draft, publish and amend, from time to time, at its sole and absolute discretion, fence and wall requirements which Residential Sites located in the Sixth Subdivision. Such requirements shall in every way be consistent with the dual objectives of permitting high visibility of golf course and other Common Areas from all Residential Sites and permitting only high quality architectural construction and design.

(B) If fencing is installed, fencing shall be constructed and maintained on Lots within the Annexed Property as follows: (i) six (6) foot high cedar fencing and four (4) foot high decorative metal fencing of a design, materials and construction specifications stipulated by the Architectural Committee, to be located in general conformance with Exhibit "A", attached hereto made a part hereof. The point of terminus of any fencing shall be determined by the Architectural Committee in its sole and absolute discretion. With respect to Lots 5 and 6 per Plat, the Architectural Committee's discretion will be to determine the location and points of terminus of cedar and metal fencing so as to permit reasonable visibility of the golf course area from said Lots 5 and 6 and from a portion of South Shore Harbour Section 19, adjacent thereto.

Section 5.8. Removal of Trash and Debris During Construction. During the construction, repair and/or restoration of Improvements, each owner or party constructing Improvements for an Owner ("Builder") shall remove and haul from the Residential sites all tree stumps, trees, limbs, branches, underbrush and all other trash or rubbish cleared from the Residential site to permit construction of the Improvements, including landscaping. No burning of trash or other debris is permitted on any Residential Site, and no materials or trash hauled from any Residential Site may be placed elsewhere within the project Area, unless approved in writing by the Architectural Committee. Additionally, each Owner or Builder, during construction of Improvements, shall continuously keep the Residential Site in a reasonably clean and organized condition. Papers, rubbish, trash, scrap and un useable building materials are to be kept, picked up and hauled from the Residential Site on a regular basis. Other useable building materials are to be kept stacked and organized in a reasonable manner. No trash, materials or dirt shall be placed in any street. Any such trash, materials or dirt inadvertently spilling or getting into the street or street gutter shall be removed, without delay, not less frequently than daily.

Section 5.9. Access Easement for owners. A nonexclusive easement is hereby granted to each Owner in and to Residential Sites for the purpose of reasonable and necessary access to such Owner's Residential Site for construction, maintenance and repair of Improvements thereon, provided that the Owner using an adjacent Residential Site for access purposes (the "Easement site") shall keep such Easement Site free of any trash, rubbish and/or any other materials at all times during or after construction. Prior to any exercise of the access easement granted in this Section 5.9, the owner or Builder of the Residential Site intending to exercise such easement upon, over or across the Easement Site shall give notice of such intent to the Owner (or Occupant) of the Easement Site. Unless otherwise authorized in writing by the Owner of the Easement site, such access easement may be utilized only between the hours, local time, of 7:00 a.m. to 8:00 p.m. Monday through Friday, and 9:00 a.m. to 6:00 p.m. Saturday, and may be utilized only if the Owner (or Occupant) intending to use such access easement gives at least twenty-four (24) hour's notice (oral or written) to the Owner (or occupant) of the Easement Site (except in the case of an emergency or in the event that no Improvements have been constructed on the Easement Site, in which case no notice need be given). In all events, the use of the Easement site shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use or enjoyment of the Easement Site by the Owner (or Occupant) of such Easement Site.

Section 5.10. Approval of Improvements. No Improvement of any kind whatsoever shall be permitted to be constructed, placed, replaced, restored or remodeled on any Residential Site or other property within the Annexed Property without prior approval of the Architectural Control Committee.

ARTICLE VI

EASEMENTS AND UTILITIES

Section 6.1. Utility Easements on Plat. The utility easements shown on the Plat are dedicated with the reservation that such utility easements are for the use or benefit of any public or private utility operating within the Project Area in Galveston County, Texas, as well as for the benefit of the Association and the Owners to allow for the construction, repair, maintenance and operation of a system or systems of electric light and power, telephone lines, gas, water, sanitary sewers, storm sewers and any other utility or service which the Declarant or Association may find necessary or proper.

Section 6.2. Title of Utility Lines. The title conveyed to any Residential Site within the Annexed Property shall not be held or construed to include the title to the water, gas, electricity, telephone, storm sewer or sanitary sewer lines, poles, pipes, conduits or other appurtenances or facilities constructed by the Declarant or Association, or public or private utility companies upon, under, along, across, or through such utility easements; and the right (but no obligation) to construct, maintain, repair and operate such systems, utilities, appurtenances and facilities is reserved to the Declarant or Association and their successors and assigns. The Owners of the respective Residential Sites shall not be deemed to separately own pipes, wires, conduits, or other service lines running through their property which are utilized for or serve other Residential Sites, but each owner shall have an easement in and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Residential Site.

Section 6.3. No Improvements to be Constructed Over Easements. No improvements shall be located over, under, upon or across any portion of any utility easement, except as otherwise provided herein. The Owner of each Residential Site shall have the right, subject to other provisions of the Community Declaration and this supplemental Declaration covering architectural approval of Improvements, to construct, keep and maintain landscaping, paving and drives across any utility easements across the front of his Residential Site and shall be entitled to cross such utility easements at all times for the purpose of gaining access to his Residential Site. The Owner of each Residential site shall also have the right, subject to other provisions of the Community Declaration and this Supplemental Declaration covering architectural approval of Improvements, to construct, keep and maintain landscaping, air conditioning units and equipment and similar equipment over, across or upon any utility easements along the side of a residential site (other than along any side of a Residential Site which is adjacent to a street right-

of-way) and shall be entitled to cross such utility easements at all times for the purpose of gaining access to his Residential Site.

Section. 6.4. No Liability to Owners. Neither the Declarant or Association, nor their successors or assigns, shall be liable to the Owners for any damage done by any utility company or any of their agents or employees to shrubbery, trees, flowers or other property of any Owner situated on a portion of a Residential Site covered by a utility easement.

ARTICLE VII

ANNEXATION OF DEVELOPMENT LAND

Section 7.1. Further Development. Reference is hereby made to the fact that Declarant, and certain affiliates of Declarant or Declarant's general partners, currently own other tracts or parcels of land situated within the Project Area or may hereafter acquire other land within the vicinity of the Project Area (which land now owned by Declarant or hereafter acquired by Declarant is collectively herein referred to as the "Development Land"). It is currently contemplated by Declarant and the aforementioned affiliates that a portion of the Development Land will be developed in various stages or phases for residential purposes; however, the foregoing is only a current intention and is subject to change without notice. It is also the present intention development of occurs, Declarant mutual and such easements affiliates (including that if utility such easements), licenses and rights shall be granted for the benefit of the Association and Owners of Dwelling Units in the project, and the present and future owners and tenants owning or leasing improvements in any developments now or hereafter constructed on the Development Land. In order to effectuate such intentions, certain easements are herein retained and granted, and provision is made for certain rights to be granted to the Association or the Owners to acquire easements and rights with respect to current and future development on the Development Land.

Section 7.2. Easements and Rights Presently Reserved. Declarant hereby reserves unto itself, its successors and assigns, a nonexclusive easement and right-of-way for ingress, egress and parking over, across and through all streets, rights-of-way and roadways (private or otherwise) shown on the Plat.

Section 7.3. Obligation to Grant Reciprocal Rights. Declarant may, iron time to time, assign one or more of the easements set out in this Article VII to such persons or entities as its desires, including but not limited to an owner's associations, but in no event to any person or entity that does not have an interest in a tract or parcel of land situated within the Development Land, it being intended that the right to use such easements be limited to parties residing on or using the Development Land or the Project, and their guests and invitees. No assignment of any

such easement or easements shall be made unless concurrently therewith the parties, or thereof, who are being granted such rights also grant to the representatives Owners in the Sixth Subdivision or the Association a reciprocal easement or easements with respect to any similar facilities, if any, owned by such parties and located on the Development Land, or any part thereof. Subject to all of the provisions of this Article VII, Declarant and its successors and assigns may make multiple nonexclusive assignments of the easements herein granted to it.

Section 7.4. Development Land. This Supplemental Declaration, including without limitation this Article VII, shall have no force or effect and shall not constitute any encumbrance with respect to the Development Land or any part thereof. Reference is made herein in this Article VII to the Development Land solely for purposes of describing certain reciprocal easements and other rights that may hereafter arise as between the Project Area and the Development Land and limiting the parties to whom the easements hereby reserved with regard to the Project may be assigned. No easements or rights are hereby granted or reserved as to the Development Land, and no easement or other right referred to in this Article VII with respect to the Development Land or any part thereof shall be of any force or effect unless set forth in a document executed by the owner or owners of the part of the Development Land to be subject to such right or easement, which document, or a memorandum thereof, is hereafter recorded in the office of the Clerk and Recorder of Galveston County, Texas.

Section 7.5. Allocation of Expenses. If any of the easements and rights granted by this Article VII are assigned to other entities or persons in connection with developments on the Development Land asset out in Section 7.1 above, all such assignments shall provide that the assignees thereunder shall bear their proportionate share of the costs of maintaining, using and operating the street, road, recreational facility or other facility, as the case may be, as to which such right is granted. Such sharing of costs and expenses shall be based upon the actual costs of ownership, operation and maintenance of the facility in question, and shall be borne pro rate by all persons having the right to make use thereof based upon the number of Residential Sites or other residential units owned or leased by such assignee and the number of Residential Sites having said rights. The time of payment of such costs, and the methodology of ascertaining same, shall be specified in the instrument from Declarant or its successors and assigns to its assignee and shall be binding upon the Owners and the Community Association and such assignees provided that the cost allocation shall be based upon the basis as hereinabove provided or some other equitable basis.

Section 7.6. Authority of Board. The Board shall have, and is hereby granted, the necessary and requisite authority to enter into such cross-easement and cross-use agreements, or other agreements howsoever designated, as may be necessary to effectuate the intents and purposes of this Article VII.

ARTICLE V111

GAS SERVICE

Section 8.1. Gas Service. Entex, Inc. has agreed to provide natural gas service to all Residential Sites, provided certain minimum usage is made of such service. Pursuant to the contract providing such service, all Dwelling Units shall have a minimum of gas water heating, and gas central comfort heating, or pay a non-utilization fee. If, however, any Dwelling Units completed in the Annexed Property do not utilize both gas water heating and gas central comfort heating appliances, then the Owner of such Dwelling unit at the time of constructing such improvements shall pay to Entex, Inc. the non-utilization of gas facilities charge set by Entex, Inc. for such Dwelling Unit. This non-utilization charge shall be due thirty (30) days from completion of such Dwelling unit. In the event this non-utilizing charge is not timely paid by the Owner of the non-utilizing Dwelling Unit, after demand is made for such payment, the Declarant or the Association may, at their option, pay such charge and the payment so made, if any, shall subject such Dwelling Unit to a Reimbursement Assessment.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1. Amendment and Duration. This Supplemental Declaration may be amended or repealed at any time only by complying with the requirements of Sections 11.2, 11.3 (including the provisions of Section 11.3 of the Community Declaration pertaining to Recreation Cost Centers, if applicable) and 11.4 of the Community Declaration as if they applied to this Supplemental Declaration; provided, however, that the approval under Section 11.3 of the Community Declaration shall require only the approval of not less than seventy-five percent (75%) of the voting power, present in person or by proxy, of the Owners of Residential sites within the Sixth Subdivision (inclusive of the voting power of Declarant) and shall not require the approval of any Government Mortgage Agencies. Unless amended or repealed as provided herein, this Supplemental Declaration shall continue and remain in full force and effect for so long as the Community Declaration remains in effect, in accordance with Article XI, Section. 11.1 of the Community Declaration. In addition to Section 7.1 (b) hereof, all or a portion of the Annexed Property may be withdrawn from the coverage of this Supplemental Declaration by Declarant and/or the Owners, as applicable, by complying with the same procedure for withdrawing property from the coverage of the Community Declaration, as set forth in Section 3.5 of the Community Declaration. All references to "this Community Declaration" in Sections 3.5, 11.1, 11.2, 11.3 and 11.4 of the Community Declaration shall be deemed to refer to this Supplemental Declaration to the extent applicable. Furthermore, the reference to the "Appointment Period" in Section 11.2 of the Community Declaration shall be deemed to refer to the Election Date and the reference to the "Community Association Area" in Section 11.4 the

Community Declaration shall be deemed to refer to the Sixth Subdivision, and references to "Members" of the Community Association shall be deemed to refer to Owners of property within the Sixth Subdivision, and references to meetings of the Delegate District shall be deemed to refer to meetings of Owners of property within the Sixth Division.

Section 9.2. Enforcement and No Representations. Reference is hereby made to the provisions of Sections 11.14, 11.15, 11.16, 11.17, 11.18, 11.19, 11.20, 11.21 and 11.22 of the Community Declaration, which sections are hereby incorporated in this Supplemental Declaration by such reference as though set forth fully herein, with all references to "this Community Declaration" in such sections of the Community Declaration being deemed to refer to this Supplemental Declaration.

Section 9.3. Mortgage Protection. Reference is hereby made to the provisions of Sections 11.6, 11.7, 11.8, 11.9, 11.10, 11.11 and 11.12 of the community Declaration, which sections are hereby incorporated in this Supplemental Declaration by such reference as though set forth fully herein, with all references to "this Community Declaration", "the Community Association Area", "the Community Association Properties", "the Community Association" in such sections of the community Declaration being deemed to refer to this Supplemental Declaration, and the Annexed Property. Additionally, the reference to "the liens described in Article VIII of this Community Declaration" in Section 11.8 of the Community Declaration shall be deemed to refer to the liens described in Article II of this Supplemental Declaration.

Section 9.4. Vacating of Plat or Correction of Plat by Declarant and Owners. No provision of this Supplemental Declaration shall preclude the Declarant and/or Owners of Residential Sites in the Annexed Property from filing a replat to correct any error in the original platting or replatting of such Annexed Property, or for any other reason deemed appropriate by Declarant provided that such vacating or replatting is done in accordance with applicable state law.

Section 9.5. Restrictions Construed Together. All of the provisions of this Supplemental Declaration shall be liberally construed together with the Community Declaration to promote and effectuate the fundamental concepts of the Community Association Area, as set forth in the Community Declaration.

Section 9.6. Severability. Each of the provisions of this Supplemental Declaration shall be deemed independent and severable and the invalidity or unenforceability or partial invalidity or partial unenforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

Section 9.7. Number and Gender. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

Section 9.8. Captions for Convenience. The titles, headings and captions used in this Supplemental Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Supplemental Declaration.

Section 9.9. Notices. Reference is hereby made to Section 11.13 of Community Declaration, which section is hereby incorporated in this Supplemental Declaration by such reference as though set forth fully herein, with all references to "this Community Declaration" in such section of the Community Declaration being deemed to refer to this Supplemental Declaration.

Section 9.10. Delay in Enforcement. No delay in enforcing the provisions of this Supplemental Declaration as to any breach or violation thereof shall impair, damage or waive the right of any party entitled to enforce the same to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at and later time or times.

Section 9.11. Governing Law. This Supplemental Declaration shall be construed and governed under the laws of the State of Texas.

EXECUTED as of this the 22nd day of February, 1999.

SOUTH SHORE HARBOUR DEVELOPMENT,
LIMITED, A Texas Limited Partnership

By: Anrem Corporation,
a Texas Corporation,
General Partner

By: _____
Michael W. McCroskey,
President

THE STATE OF TEXAS §

COUNTY OF GALVESTON

BEFORE ME, _____, on this day personally appeared Michael W. McCroskey, President of Anrem Corporation, a Texas corporation, which is a General partner of South Shore Harbour Development, Limited, a Texas limited partnership, known to me (or proved to me on the oath of _____ or through _____), 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.

GIVEN under my hand and seal of office this the 22nd day of February, 1999.

NOTARY PUBLIC for the
State of Texas

013-34-1787

FENCING LEGEND

- XXXXX CEDAR FENCING
- OOOOO METAL FENCING

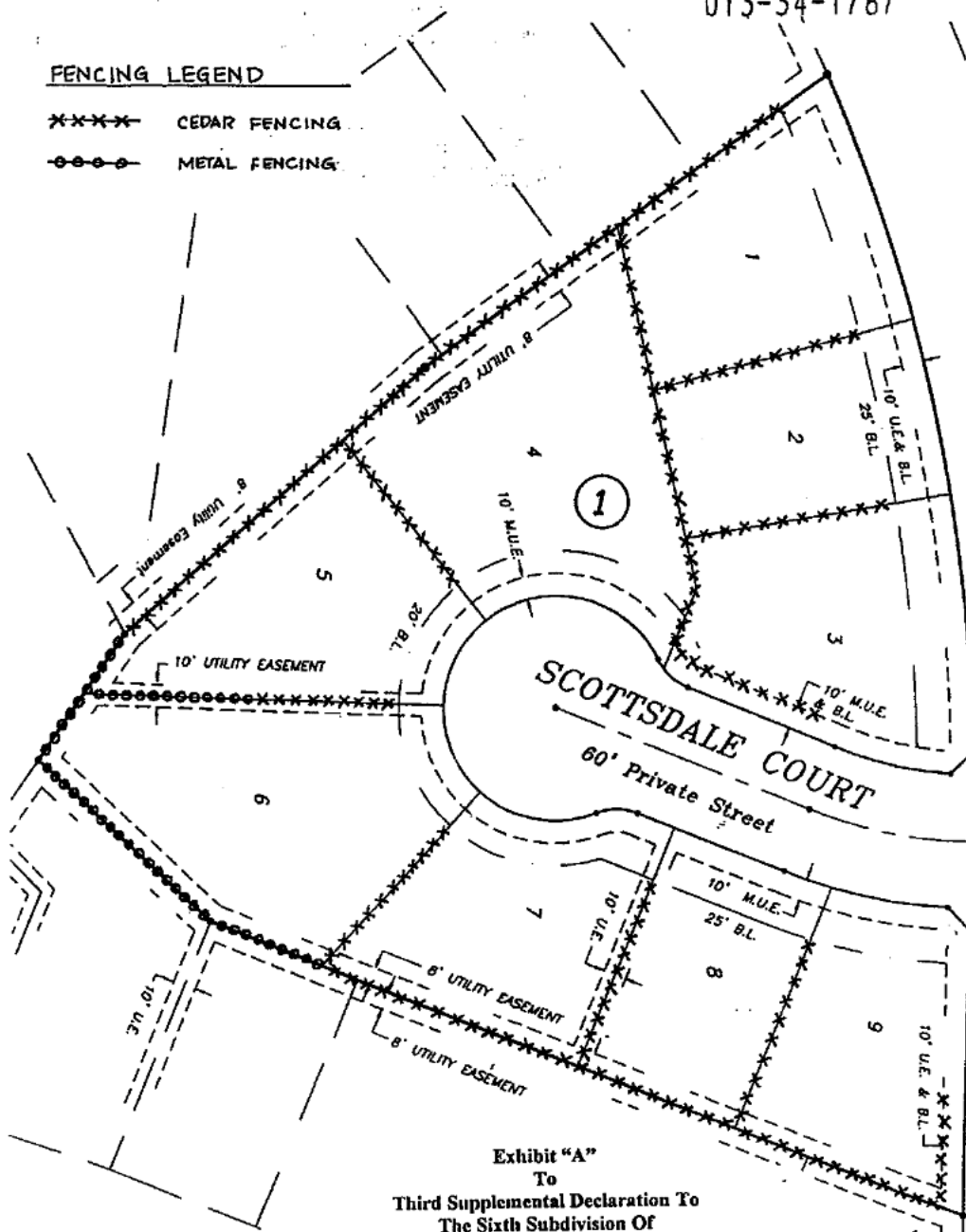


Exhibit "A"
To
Third Supplemental Declaration To
The Sixth Subdivision Of
The South Shore Harbour Community Association, Inc.