

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE LAKES OF SHADY SHORES**

THIS AMENDED AND RESTATED DECLARATION is made this first day of November 2018, by the following Owners, constituting not less than seventy-five percent (75%) of the votes of the Associations:

Lot Owned by Owner I Lakes of Shady Shores Addition to the Town of Shady Shores, per Plat recorded at Cabinet K Slide 315, No. 94-R-0071936

WHEREAS, A. Ben Pinnell, Jr., Declarant, executed and recorded that certain Declaration of Covenants, Conditions and Restrictions for The Lakes of Shady Shores Homeowners Association, Inc. (the "Initial Declaration"), dated October 3, 1995, recorded as Document No. 064127, Real Property Records, Denton County, Texas; and

WHEREAS, Owners have acquired all of the right, title and interest in and to the real property encumbered by the Initial Declaration; and

WHEREAS, Owners, as the owners of all of the real property encumbered by the Initial Declaration, desire to amend, and restate in its entirety, the Initial Declaration; and

WHEREAS, Owners desire to, among other things, limit the right of the Association to annex additional properties and to correct certain technical errors; and

WHEREAS, Seventy-five percent (75%) of the Owners may amend the Initial Declaration, all in accordance with Article 2, SECTION 3 thereof.

WHEREAS, the undersigned desires to create an exclusive planned community known as The Lakes of Shady Shores on the Property pursuant to the terms and provisions of this Declaration

NOW, THEREFORE, the property described in Exhibit "A", which is attached hereto and incorporated herein by reference, is and shall be held, transferred, sold, conveyed and occupied, subject to the Covenants, Conditions, Restrictions, Easements, charges and liens (sometimes referred to as the "Covenants and Restrictions") hereinafter set forth as a restatement and a replacement of those in the Initial Declaration, and this Restated/Amended Declaration of Covenants, Conditions and Restrictions shall be deemed to be covenants running with the land and imposed and intended to benefit and burden each Lot and other portions of the property, such Covenants being binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, with such Covenants incurring to the benefit of each Owner.

ARTICLE 1 DEFINITIONS

SECTION 1. "Property" shall mean and refer to the real property described in Exhibit "A".

SECTION 2. "Association" shall mean and refer to The Lakes of Shady Shores Homeowners Association, Inc., a Texas not-for-profit Corporation established for the purpose set forth therein.

SECTION 3. "Lot" shall mean and refer to any plot of land indicated upon any recorded subdivision map of Property or any part thereof creating single-family home sites, with the exception of the Common Area and areas deeded to a governmental authority or utility, together with all improvements thereon.

SECTION 4. "Unit" shall mean and refer to any residential dwelling situated upon any Lot.

SECTION 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 6. "Common Area" shall mean and refer to that portion of the Property, if any, conveyed to the Association for the use and benefit of the Owners, including the following: The private streets, typically 24 feet in width, as shown on the Plat; The island at the Lakeside Drive/Shady Shores Road intersection and the Lakes 1, 2 and 3, as shown on the Plat.

SECTION 7. "Common Maintenance Areas" shall mean and refer to the Common Areas, if any, and the entrance monuments, lakes, drainage facilities, detention ponds, right-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection and enhancement of the property values and the general health, safety or welfare of the Owners.

SECTION 8. "Declaration" shall mean and refer to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Lakes of Shady Shores, and any amendments, annexations and supplements thereto made in accordance with its terms.

SECTION 9. "Plat" the final Plat of the Property, as filed in the Denton County records as No. 94-R0071936.

SECTION 10. "Member" shall and refer to each Owner as provided in Article II hereof.

ARTICLE 2

SECTION 1. MEMBERSHIP Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association.

SECTION 2. FUNDING Subject to the terms of this Article, each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (1) annual assessment or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Such assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of such Owner unless expressly assumed by them.

SECTION 3. ASSESSMENTS

(a) MAINTENANCE ASSESSMENT Subject to the terms of this Article, each Lot is hereby subject to an initial maximum maintenance charge of \$50 per month or \$600 per annum (until such maintenance charge shall be increased in the By-Laws of the Association), for the purpose of creating a fund to be designated and known as the "Maintenance Fund", which maintenance charge and assessment will be paid by the Owner or Owners of each Lot in advance in monthly, quarterly, or annual installments, commencing as to all Lots on which a completed Unit is then located or the conveyance of the first Lot to an Owner and as to all other Lots as of the Completion of the Unit thereon. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly, or annually, will be determined by the Board of Directors of the Association at least thirty (30) days in advance of each affected assessment period. Said rate may be adjusted from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Directors, require. The assessment for each Lot shall be uniform except as provided in Subsection (b) of this SECTION 3. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period.

(b) PURPOSE OF THE MAINTENANCE FUND The Association shall establish a maintenance fund composed of Owner's annual maintenance assessments and shall use the proceeds of such fund in providing the normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit of all members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following:

Normal, recurring maintenance of the common Maintenance Areas and Easements, (including but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping) and the improvements to such Common Maintenance Areas, such as sprinkler systems, and private/public streets, if any, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvement to the Common Maintenance Areas. Payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants,

restrictions, and conditions affecting the property to which the Maintenance Fund applies, payment of all reasonable and necessary expenses in connection with the collection and administration of policemen and watchmen, if any, caring for vacant lots, and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association to keep the Property neat and in good order. Whatever is considered of general benefit to the Owners or Occupants of the Property, it being understood that the judgment of the Board of Director, in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith. The Association shall, in addition, establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements of the Common Maintenance Areas. The fund shall be established and maintained out of regular and annual assessment.

(c) SPECIAL ASSESSMENT FOR WORKING CAPITAL FUND, NONRECURRING MAINTENANCE AND CAPITAL IMPROVEMENTS In addition to the annual assessments authorized above, the Association may levy special assessments as follows:

- (i) In any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any nonrecurring maintenance, or the acquisition, construction, reconstruction, repair, or replacement of a capital improvement upon any Common Maintenance Area, including fixtures and personal property related thereto may be assessed. The Association shall not commingle the proceeds of such special assessment with the Maintenance Fund. Such proceeds shall be used solely and exclusively to fund the nonrecurring maintenance or improvements in question.

SECTION 4. NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION Any Assessment not paid within ten (10) days after the due date shall bear interest from due date at the highest non-usurious rate of interest allowed by Texas law or 18% per annum, whichever is less. The Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien retained herein against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of his property.

SECTION 5. SUBORDINATED LIEN TO SECURE PAYMENT To secure the payment of the maintenance charge and assessment established hereby and to be levied on individual Lots as above provided, there is hereby reserved a lien for the benefit of the Association, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided however, that each such lien shall be specifically made secondary, subordinate, and inferior to all liens, present and future, given, granted, and created by or at the insistence and request of the Owner of any such Lot to secure the payment of moneys advanced or to be advanced on account of the purchase price and/or the improvement of any such Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding, valid and subsisting first mortgage, sixty (60) days' written notice of such proposed action, such notice, which shall be sent to the nearest office of the lien holder of which the Association has received written notice by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lien holder, the Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder hereof. Sale or transfer of a Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to Mortgage foreclosure shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale, foreclosure, or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of such Association in the official records of Denton County, Texas. The Association shall be entitled to enforce the lien securing assessments at such time as the Association complies with each requirement set forth in Section 51.002 of the Texas Property Code, as amended, which requirements are incorporated in this Declaration, as rights and/or obligations of the Association, by this reference as if fully set forth herein.

SECTION 6. VOTING RIGHTS.

- (a) OWNERS AS MEMBERS Member shall be all Owners and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, any such person shall be members, but the vote of such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot.
- (b) SUSPENSION All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to this Article or is otherwise in default hereunder or under the By-Laws or rules and Regulations of the Association and such suspension shall apply to the proxy authority of the Voting Representative, if any.

SECTION 7. NOTICE AND QUORUM Written notice of any meeting, called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At any such meeting called, the presence of members or of proxies of Voting Representatives entitled to cast two-thirds ($\frac{2}{3}$) of all 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 such subsequent meeting shall be two-thirds ($\frac{2}{3}$) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each subsequent meeting). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 8 MEDIATION If a dispute arises out of or relates to the enforcement of these Covenants, Conditions, and Restrictions, and if the dispute is not settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation within 30 days of Notice of the Dispute, before resorting to arbitration, litigation, or some other dispute resolution procedure. In the event that parties are unable to agree on a mediator, a mediator shall be appointed by vote of the Board of Directors. Mediation is non-binding, but is a condition precedent to a party bringing any litigation or adverse proceeding related to the enforcement of this Document.

SECTION 9. MAINTENANCE OF THE DRAINAGE FACILITIES The Association is responsible for and shall assume all maintenance obligations with respect to the drainage facilities located within Common Areas, and the roadside drainage ditches adjacent to each street. It shall be the responsibility of each Owner to maintain a drainage culvert beneath each driveway crossing a roadside drainage ditch. Each Owner shall maintain the original grades of any drainage ditches or swales crossing their respective Lot.

ARTICLE 3 GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

SECTION 1. PURPOSE OF MAINTENANCE FUND The Board, for the benefit of the Owners, shall provide and shall pay out of the Maintenance Fund provided in Article I Section 3 above, any of the following:

- (a) Items such as trash removal, street lighting, landscaping, fair share of fire protection, care of lakes and drainage facilities.
- (b) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.
- (c) Care and preservation of the Common Maintenance Area.
- (d) Legal and Accounting services, if needed.
- (e) A policy or policies of insurance insuring the Association against any liability to the public or to the owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors, including a policy or policies of insurance as provided herein as Article 4 Section 3.
- (f) Worker's Compensation Insurance to the extent necessary to comply with any applicable laws, if needed.
- (g) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes, or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration.

SECTION 2. POWERS AND DUTIES OF THE BOARD The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the By-Laws of the Association:

- (a) To execute all Declaration of Ownership for Tax Assessment purposes with regard to the Common Areas, if any, on behalf of all Owners.
- (b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.
- (c) To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.
- (d) To protect or defend the Common Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements.
- (e) To make reasonable rules and regulations for the operation of the Common Maintenance Areas and to amend them from time to time; provided that any rule or regulation may be amended or repealed by an instrument in writing signed by Owners constituting a majority of the votes of the Association, or with respect to a rule applicable to less than all of the Common Areas, by a majority of the votes of the Owners in the portions affected. Any such amendment must have approval from the Town of Shady Shores.
- (f) To make available for inspection by Owners within sixty (60) days after the end of each year an Annual Report and to make all books and records of the Association available for inspection by Owners at reasonable times.
- (g) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.
- (h) To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.
- (i) To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.

SECTION 3. BOARD POWERS EXCLUSIVE The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the Maintenance Fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein.

SECTION 4. MAINTENANCE CONTRACTS The Board, on behalf of the Association, shall have full power and authority to contract with any Owner or other person or entity for the performance by the Association or services which the Board is not otherwise required to perform pursuant to the terms thereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE 4 TITLE TO COMMON AREAS

SECTION 1. ASSOCIATION TO HOLD Title to the Common Areas, described in the plat recorded under Clerk's File #94R0071936, Denton County Clerk's Office, on September 19, 1994, shall remain in the Association.

SECTION 2. MAINTENANCE OBLIGATIONS The Association shall assume all Maintenance obligations with respect to the Common Areas so designated on the Plat of The Lakes of Shady shores and provided for in this instrument.

SECTION 3. LIABILITY INSURANCE From and after the date on which Title to any Common Area vests in the Associations, the Association has the authority to purchase and carry a General Comprehensive Public Liability Insurance Policy for the Benefit of the Association and its members, covering occurrences on the Common Area. The policy limits shall be as determined by the Board of Directors of the Association. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of the members, directors, and the management company and other insured, as their interest may be determined.

SECTION 4. CONDEMNATION In the event of condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas to replace that which has been condemned or to take whatever steps that it deems reasonably necessary to repair or correct any damage suffered as a result of the condemnation. In the event that the Board of Directors of the Association determines that the funds cannot be used in such a manner due to lack of available land for additional Common Areas or for whatever reason, any remaining funds may be utilized by the Association for the General Maintenance Fund.

ARTICLE 5 EASEMENTS

SECTION 1. ENTRY EASEMENT In the event that the Owner fails to maintain the Lot as required herein, or in the event of emergency repairs and to do the work reasonably necessary for the proper maintenance and operation of the Property Entry upon the lot as provided therein shall not be deemed a trespass, and the Association shall not be liable for any damage so created unless such damage is caused by the Association's willful misconduct or gross negligence.

SECTION 2. DRAINAGE EASEMENT Easements for the installation and maintenance of utilities, storm water retention/detention ponds, and/or a conservation area are reserved as may be sworn on the recorded plat. Within these easement areas, no structure, plant or material shall be placed or permitted to remain which may hinder or change the direction or flow of drainage channels or slopes in the easements, including, but not limited to, Spray Irrigation in the eighteen foot (18') easement. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot.

SECTION 3. MAINTAIN PROPERTY Owner of Lots contiguous to a lake shall maintain Property to water's edge, and all Owners contiguous to a road shall maintain Property to the roadway.

SECTION 4. NOTICE OF AIRPORT This is a notice to all that Hidden Valley Airport exists just northeast of this Development. Small planes may or may not be taking off and landing from time to time.

ARTICLE 6 PROPERTY RIGHTS

SECTION 1. OWNER'S EASEMENT OF ENJOYMENT Every Owner shall have the right and easement in and to the Common Areas and a right and easement of ingress and egress to, from and through said Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to establish and publish rules and regulations governing the use of the Common areas affecting the welfare of the Association members.
- (b) The right of the Association to suspend the right of use of the Common Areas and the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.
- (c) The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas, if any, to any public agency, authority or utility for such purposes and subject to the conditions as may be agreed by the Association. No such dedication or transfer shall be effective unless an instrument signed by Owner entitled to cast two-thirds ($\frac{2}{3}$) of the votes of the membership has been recorded agreeing to such dedication or transfer.
- (d) All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of and be binding upon the Owners, and all of their respective heirs, successors, personal representative and assigns, perpetually and in full force.

SECTION 2. EFFECT OF DECLARATION Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgages, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

SECTION 3. REZONING PROHIBITED No Lot shall be rezoned to any classification allowing commercial, institutional or other non-residential use without the express consent of the Association. The Association may

enforce this covenant by obtaining an injunction against any unapproved rezoning at the expense of the enjoined party.

ARTICLE 7 ARCHITECTURAL CONTROL

SECTION 1. ARCHITECTURAL CONTROL COMMITTEE The Members of the Association shall, in accordance with the Bylaws of the Association, have the authority to elect three (3) Members of the Association to serve as an Architectural Control Committee. The Committee shall use its best efforts to promote and insure a high level of taste, design, quality, harmony and conformity throughout the Property consistent with the Declaration. In the event of the death, resignation or removal of any member of the Committee, such committee member shall be replaced by the Board of Directors in accordance with the Bylaws. The Committee members shall serve for a term of office as determined by the Board of Directors in accordance with the Bylaws.

SECTION 2. APPROVAL OF PLANS AND SPECIFICATIONS No fence, building, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to, or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same have been submitted to, and approved in writing, by the Committee as to harmony of external design and location in relation to surrounding structures and topography.

Any request of variance to architectural control must be voted upon first by the Architectural Control Committee, then approved by a vote of the Board of Directors.

SECTION 3. STANDARDS The Committee shall have the sole discretion with respect to taste, design and all standards that are specified herein. One objective of the committee is to prevent unusual, radical, curious, odd, bizarre, peculiar or irregular structures from being built on the Property. Variations from the standards set forth in this Declaration shall be made in accordance with the general development standards as reflected in the plans, construction materials, landscaping and other matters approved by the Committee during its period of control.

SECTION 4. LIABILITY OF COMMITTEE The members of the Committee shall have no liability for the decisions made by the Committee so long as such decisions are made in good faith and are not arbitrary or capricious. Any errors in or omissions from the plans submitted to the Committee shall be the responsibility of the Owner of the Lot to which the improvements relate, and the committee shall have no obligation to check for errors in or omissions from any such plans, or to check for such plan's compliance with the general provisions of this Declaration, City Codes, State Statutes or the Common Law, whether the same relate to lot line, building line, easements or any other issue.

SECTION 5. FAILURE OF COMMITTEE TO ACT In the event that any plans and specifications are submitted to the Architectural Control Committee as provided herein, and such Committee shall fail either to approve or reject such plans and specifications for a period of thirty (30) days following such submissions, approval by the Committee shall not be required, and full compliance with the Article shall be deemed to have been had.

ARTICLE 8 USE RESTRICTIONS

SECTION 1. TYPES OF BUILDINGS PERMITTED All Lots shall be used for residential purposes only, and no building shall be erected, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling not to exceed two and one-half stories in height and a private garage for not less than two (2) automobiles and not more than six (6), and a detached servant's quarters, guest house, or pool cabana. Only one accessory type structure other than these mentioned is permitted provided such type structure is located behind the front line of the residential building, and minimum required side yard distance are maintained. This accessory type structure cannot adversely affect neighboring properties, and any additional dwelling unit may not be used as rental accommodations. Any accessory-type building must comply with the Town of Shady Shores Code of Ordinances as well as approved by the Architectural Control Committee and Board of Directors.

SECTION 2. TIME OF CONSTRUCTION All residences, including driveways, shall be completed within eight (8) months from the time the building permit thereof is issued.

SECTION 3. MINIMUM FLOOR AREA, ROOFS AND EXTERIOR.

- (a) Minimum Floor Space Any single residence constructed on said Lots must have an area of not less than two thousand (2,000) square feet, exclusive of open or screened porches, terraces, patios, driveways, car ports and garages.
- (b) Roofs: All roofs shall be constructed of composite or tile architectural dimensional shingles or the equivalent thereof, and all composition shingles shall be in a variation of "weathered-wood color" and comply with the Town of Shady Shores shingle requirements. An exception to color or material may be granted, if in the view of the Architectural Control Committee, a particular color will better complement the architectural style of the house. Example: house with black shutters and black roof or a stucco house with colored roof.
- (c) Garages: No garage shall face the front street of a Lot unless set back twenty feet (20') from the front of the house or covered by a car port.
- (d) Walls: All residences are to have seventy-five percent (75%) masonry on the first floor.

SECTION 4. SETBACKS No building shall be located on any Lot nearer than sixty-eight feet (68') from the street right of way line. No side yard at the front building setback line shall be less than twenty feet (20') at the building line. For the purpose of the covenants, eaves, steps, and open porches, (defined as having no walls, covering, screening of any kind), shall be considered as part of the building. This shall not be construed to permit any portion of the building on any Lot to encroach upon another Lot. If two or more Lots, or fractions thereof, are consolidated to a building site in conformity with the provisions of SECTION 6, these building setback provisions shall be applied to such resultant building site as if it were one original platted Lot. In reference to the cul-de-sac Lots, the mean width of the Lot shall not be less than one hundred twenty feet (120').

SECTION 5. DRIVEWAYS AND CIRCULAR DRIVES All driveways are to be concrete, asphalt or masonry. All driveways must be completed prior to occupancy.

SECTION 6. RE-SUBDIVISION OR CONSOLIDATION None of said lots shall be re-subdivided in any fashion except that any person owning two (2) or more adjoining Lots may subdivide or consolidate such Lots into building site, with the privilege of construction improvements as permitted in SECTIONS 3 and 4 thereof on each resulting building site, provided that such subdivision or consolidation does not result in any building site having a Lot size of less than one (1) acre.

SECTION 7. EXTERIOR PROPERTY AREAS

- (a). It is unlawful and declared a nuisance for an Owner of property within the Lakes of Shady Shores to permit or allow any stagnant or unwholesome water, sinks, refuse, filth, carrion, weeds, rubbish, brush, trash, debris, junk, garbage, impure or unwholesome matter of any kind, or objectionable or unsightly matter of whatever nature to accumulate or remain upon such property.
- (b). Grass not cultivated of a height in excess of the limits set forth in this section are hereby defined as a nuisance.
- (c) It shall be the duty of every Owner to prevent weeds, grass, or other vegetation from growing on the premises so as to become a nuisance or fire hazard.
- (d) An Owner commits an offense if they fail to maintain shrubs and grass in a healthy condition.
- (e) It shall be the duty of every owner to maintain grass height at a maximum of eight (8) inches.
- (f) An owner commits an offense if they permit the accumulation or throws, dumps or deposits lawn trimmings, hedge trimmings, or other trimmings of weeds, flowers, or any other vegetation on or in a driveway, the street, or HOA water feature or common ground.
- (g) If the property owner fails to comply with the requirements of Article 8, Section 7, an HOA Board member may notify the property owner to cut the grass, weeds, or brush within seven days of the date the notice is posted at the front door of the property.
- (h). If the owner does not cut the weeds, grass, or plants, within seven days of receipt of the notice, the HOA may go on such property or authorize another to go on such property, and do or cause the work to be done

and charge the expenses incurred, including an administrative fee, to the owner of the property and assess the expenses against the real estate on which the work is done.

- (i) No lawn maintenance equipment, including push mowers, tractor mowers, tillers, trimmers, and blowers, shall be stored permanently outside on patios, side yards or backyard areas.

SECTION 8. TEMPORARY STRUCTURES No structures of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, motor home or mobile home or other outbuilding, shall be used on any Lot at any time as a residence, or as a business, either temporarily or permanently.

SECTION 9. SIGNS AND PICKETING Permitted signage or emblem of any kind are:

- (a) For Sale Signs: An Owner may erect one (1) sign not exceeding 2'x3' in area, fastened only to a stake in the ground and extending not more than three feet (3') above the surface of the ground advertising the Property for sale.
- (b) Political Signs: Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such sign shall not be erected more than forty-five (45) days in advance of the election to which they pertain and are removed within five (5) days after the election.
- (c) Subcontractor Signs: Subcontractors, such as landscaping or swimming pool, can temporarily erect their signs not to exceed 2'x3' These signs are to be removed within thirty (30) days.
- (d) Community Support Signs: An owner may erect sign or signs supporting school event, school athlete or first responder services.

In addition to the foregoing, to protect the safety and harmony of the community, no person shall engage in picketing on any Lot, easement, right-of-way or Common Area within or adjacent to the property, nor shall any vehicle parked, stored or driven in or adjacent to the Property bear or display any sign, slogans, symbols, words or decorations intended to create controversy, invite ridicule or disparagement, or interfere in any way with the exercise of the Property rights, occupancy or permitted business activities of any Owner.

SECTION 10. CAMPERS, TRUCKS, BOATS, AND RECREATIONAL VEHICLES.

- (a) Definitions:

Park or parking means to stand an occupied or unoccupied vehicle, other than temporarily while loading or unloading merchandise or passengers.

Person any person, firm, partnership, association, corporation, company or organization of any or short-term occupancy for travel, recreation or vacation including, but not limited to, recreational vehicles, travel trailers, boats, boat trailers, utility trailers or other trailers, in excess of eight and one-half feet kind.

Recreational Vehicle means a vehicular portable structure designed for a temporary or short-term occupancy. Trailers shall not measure in excess of eight and one-half feet in width, or 14 feet in height, or 36 feet in length. The term "recreational vehicle/travel trailer/camper" does not include mobile homes and/or HUD-Code manufactured homes, as these terms are defined by Texas Occupations Code Ch. 1201, which are designed for year-round occupancy. The term recreational vehicle shall include travel trailers, campers, motor homes or any other type of mobile dwelling unit, specifically excluding HUD-Code manufactured dwellings and/or mobile homes, not otherwise defined in this Code.

Stand or standing means to halt an occupied or unoccupied vehicle, other than temporarily while receiving or discharging passengers.

Trailer means every vehicle without motor power, designed for carrying persons or property on its own structure exclusively and for being drawn by a motor vehicle and so constructed that no part of its weight and that of its load rests upon or is carried by another vehicle including, but not limited to, pop-up campers/tent trailers, flatbeds and other similar vehicles.

Vehicle means every mechanical device in, upon, or by which any person or property is or may be transported or drawn or moved upon a public street, highway, waterway or airway, except devices moved

exclusively by human power, or used exclusively upon stationary rails or tracks including, but not limited to, a motor vehicle, truck-tractor-trailer or semitrailer.

- (b) Perform repair work, dismantle (wholly or partially), or assemble a motor vehicle, recreational vehicle, watercraft, or trailer or other machinery or equipment on a driveway or street shall constitute an offense. Such work shall be permitted, in the open, behind the front line of the house and not in the back yard, and must be completed within 72 hours of commencement of repair work.
- (c) All motorized vehicles, recreational vehicles, trailers, and watercraft parked on any street or driveway must be currently licensed and registered as required by state and federal law, and belong to the property owner or a non-paying guest.
- (d) Infrequent overnight parking of truck, bus, trailer or vehicle of any kind in the street in front of any Lot is permitted including construction and repair equipment while a residence or residences are being built or repaired in the immediate vicinity. Infrequent overnight guest parking on a temporary basis is permitted. The parking of no more than two trailers, such as one recreational trailer or boat and one utility trailer, shall be permitted behind the front line of the house.

SECTION 11. LIVESTOCK AND POULTRY No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that a reasonable number of dogs, cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

SECTION 12. GARBAGE AND REFUSE DISPOSAL No Lot shall be used or maintained as a dumping ground for rubbish Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

SECTION 13. SIGHT DISTANCE AND INTERSECTIONS No fence wall, hedge, or shrub planting which obstructs sight lines at elevations between one (1') and ten (10') feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street boundary lines and a line connecting them at points forty-five feet (45') from the intersection of the street boundary lines, or in the case of a rounded property corner, from the intersection of the street boundary lines extended. The same sign line limitations shall apply on any Lot within twenty feet (20') from the intersection of a street boundary line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

SECTION 14. PARKING No vehicles, trailer, implements or apparatus may be driven or parked in the Common Maintenance Area or on any easement.

SECTION 15. COMMERCIAL OR INSTITUTIONAL USE No Lot and no building erected or maintained on any Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes. A Home-based Business shall meet the following requirements:

- a. The nature of a home-based business must be disclosed to the Board of Directors.
- b. No persons other than members of the family residing on the premises shall be engaged in such business;
- c. The use of the dwelling unit for the home-based business shall be clearly incidental and subordinate to its use for residential purposes by its occupants, and not more than 500 square feet or ten percent (10%) of the square footage of the dwelling area, whichever is greater, shall be used in the conduct of the home-based business;
- d. There shall be no change in the outside appearance of the building or premises, or other visible evidence of the conduct of such home-based business;
- e. No sign advertising a home-based business shall be placed on property where a home-based business is conducted. Only one vehicle (motorized or non-motorized), one ton carrying capacity or less may advertise for the home-based business;
- f. Any sales in connection with such home-based business shall be clearly secondary to occupancy. Merchandise shall not be offered or displayed for sale on the premises. Sales incidental to a service shall be allowed; and orders previously made by telephone or at a sales party may be filled on the premises;

- g. No traffic shall be generated by a home-based business in greater volumes than would normally be expected in a residential neighborhood, and any need for parking generated by the conduct of a home-based business shall be met off the street and other than in a required front yard;
- h. No equipment, process or work shall be used or conducted in such home-based business which creates noise, vibration, glare, fumes, odors, or electrical interference detectable to the normal senses off the lot. In the case of electrical interference, no equipment, process or work shall be used or conducted which creates visual or audible interference in any radio or television receivers off the premises, or causes fluctuations in line voltage off the premises.
- i. No Outside Storage or Outside Display of any type shall be permitted with any home-based business.

SECTION 16. EXTERIOR STRUCTURE

- (a) The exterior of any structure, including accessory structures, on private property within the subdivision shall be maintained in good repair, structurally sound and sanitary so as not to pose a threat to the public health, safety or welfare, or cause an unsightly appearance.
 - 1. There shall be no evidence of deterioration, or damaged or loose elements.
 - 2. There shall be no loose or collapsing pieces.
 - 3. There shall be no accumulation of litter or debris on porches and other parts of the exterior structure.
- (b) Exterior surfaces, including but not limited to, doors, door and window frames, cornices, porches, trim, balconies, decks and fences, shall be maintained in good condition. Exterior wood surfaces shall be protected from the elements of decay by painting or other protective covering or treatment. Peeling, flaking and chipped paint shall be eliminated and surfaces repainted. Siding and masonry joints, as well as those between the building envelope and the perimeter of windows, doors, skylights, shall be maintained, weather resistant and water tight. Metal surfaces subject to rust or corrosion shall be coated to inhibit such rust and corrosion, and surfaces with rust or corrosion shall be stabilized and coated to inhibit future rust and corrosion.
- (c) Exterior walls shall be free from holes, breaks, and loose or rotting materials, and maintained weatherproof and properly surface coated where required to prevent deterioration.
- (d) The roof and flashing shall be sound, tight and not have defects that admit rain.
- (e) Mercury-vapor lights and similar outdoor light fixtures are not permitted.

SECTION 17. FENCES AND WALLS No fence shall be built in front of the front building line or the front of the house. Owner may run a perpendicular fence to waters' edge of normal pool elevation of any lake. Any rear fences parallel to any lake shall be open wrought iron, unless located one hundred feet (100') or more from the rear lot line. All fences must be open fences; no wooden fence materials. All retaining walls built in front of the house (meaning also the front sides are to be of brick, concrete or stone. Railroad ties, landscape timbers, etc. are permitted from the house back line to the rear of the Property. Corner lots shall not be allowed to have fences nearer than ten percent (10%) of the width of the Lot for the side lot lines. All fencing walls and fences shall be of first quality residential type which is harmonious and compatible with the residential character of the development. The Architectural Control Committee must pass in writing on the type, character, location and height of any fence or wall that is proposed for construction in the development. All fences and walls shall be maintained in a sound state by the Owner, and the Committee shall have the right to order compliance with this provision. Failure to maintain a fence or wall in a sound, orderly and secure state shall constitute a violation of this restriction.

SECTION 18. ANTENNAE AND SIMILAR IMPLEMENTS Owner must comply with Town of Shady Shores ordinances regarding the erection or maintenance of a television radio receiving or transmitting antenna, or similar implement or apparatus. Such apparatus must be erected and maintained in such a way that it is screened from public view at a point in the center of the public right-of-way directly in front of the house erected on such Lot.

SECTION 19. CHIMNEYS All fireplaces, flues, smoke stacks, and spark aerators shall be completely enclosed and concealed from public view in finished chimneys of materials architecturally compatible with the principal finish material of the exterior walls of the dwelling.

SECTION 20. AEROBIC TREATMENT SYSTEM Only National Sanitation Foundation (NSF) approved systems may be used. A maintenance contract shall be required at all times.

SECTION 21. WINDOW TREATMENT No aluminum foil, reflective film or similar treatment shall be placed on window or glass doors.

SECTION 22. NO DAM OR OTHER OBSTRUCTION No dam or other obstruction shall be erected in or across a creek by any Owner without the consent of the Architectural Control Committee in writing being obtained first, and the Declarant shall never be liable to any Owner in the Subdivision because of any overflow or flooding of said creek, even though the flow of said creek shall be increased because of development of adjacent or nearby Properties by the Declarant, or other, or because of any act of omission of the Town of Shady Shores, or the County of Denton, in handling of storm drainage water.

SECTION 23. ELECTRICAL BOXES AND TRANSFORMERS The Homeowner and/or Contractor shall place the Electrical Box to the side of the structure where the existing Transformer sets, as shown on the dedicated plat.

SECTION 24. FLOOR ELEVATION Minimum finished floor elevation for each lot is shown on the recorded final plat.

ARTICLE 9 GENERAL

SECTION 1. REMEDIES In the event of any default by any Owner under the provisions of the Declaration, By-Laws or rules and regulations of the Association, the Association shall have each and all of the rights and remedies which may be provided for in this Declaration, the By-Laws and said rules and regulations, and those which may be available at law or in equity, for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such owner, or for damages or injunction, or specific performance or for judgment for the payment of the money and collection thereof, or for any combination of the remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Association in connection with any such actions or proceedings, by law but, with reference to any Lots financed by FHA insured loans, not in excess of the maximum rate of FHA loans at the time of delinquency, from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of the respective maintenance assessment (to the same extent as the liens provided herein for unpaid assessments, upon the lot and upon all of the Owners' additions and improvements thereto, and upon all of the owners' personal property upon the lot. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner .

SECTION 2. TERM AND AMENDMENTS The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless seventy-five percent (75%) of the votes outstanding shall have voted to terminate the covenants and restrictions of this Declaration and prior approval has been obtained from the Town of Shady Shores upon the expiration of the initial twenty-five (25) years period and of any extension thereof, which termination shall be by a written instrument signed by seventy-five percent (75%) of the Owners and countersigned by a duly authorized representative the Town of Shady Shores and properly recorded in the Denton County, Texas land records. The Declaration may be amended by an instrument signed by Owners constituting not less than seventy-five percent (75%) of the votes of the Association. Any amendment must be recorded.

SECTION 3. SEVERABILITY Invalidity 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.

SECTION 4. RIGHTS AND OBLIGATIONS The provisions of this Declaration and the Articles of Incorporation and By-Laws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording of the acceptance of a deed conveying a Lot of any ownership interest in the Lot whatsoever, the person to whom

such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and By-Laws, whether or not mention thereof is made in said deed.

SECTION 5. FAILURE OF ASSOCIATION OF PERFORM DUTIES Should the Association fail to carry out its duties as specified in this Declaration, The Town of Shady Shores or its lawful agents shall have the right and ability, after sixty (60) days' prior written notice to the Association to remove any landscape systems, features or elements that cease to be maintained by the Association; to perform the responsibilities of the Association if the Association fails to do so in compliance with any of the provisions of this Declaration or of any applicable City Codes or Regulations; to assess the Association for all costs incurred by the Town in performing said responsibilities if the Association fails to do so; and/or will avail itself or any other enforcement action available to the Town pursuant to state law or city codes and regulations. Should the Town exercise its rights as specified above, the Association shall indemnify and hold harmless the Town of Shady Shores from any and all costs, expenses, suits, demands, liabilities or damages, including attorney's fees and costs of suit, incurred or resulting from the Town's removal of any landscape systems, features or elements that cease to be maintained by the Association or from the Town's performance of the aforementioned operations, maintenance or supervision responsibilities of the Association due to the Association's failure to perform said duties.