

DURAND & ASSOCIATES, P. C.
ATTORNEYS AT LAW

DANIEL C. DURAND III*
CHARLES E. BEACHLEY III**

OF COUNSEL:
RUTH E. BROCK**

*MEMBER OF THE COLLEGE OF
THE STATE BAR OF TEXAS

**BOARD CERTIFIED:
RESIDENTIAL REAL ESTATE
COMMERCIAL REAL ESTATE

**BOARD CERTIFIED:
CIVIL TRIAL
FAMILY LAW

May 27, 1999

Denton County Clerk
P.O. Box 2187
Denton, Texas 76202

Re: Lakes of Shady Shores

Dear Clerk:

Enclosed for filing in the Real Property Records of Denton County, Texas, please find the original and one copy of the ~~Amended and Restated Declaration of Covenants, Conditions and Restrictions for the Lakes of Shady Shores.~~

Our check in the amount of \$58.00 is enclosed for filing fees. Please return a file-stamped copy of the Declaration to our office via the postage paid envelope enclosed.

Thank you for your assistance. please call if you have any questions.

Sincerely,



Ruth E. Brock

cc: Alan Newbrand, Director
Lakes of Shady Shores Homeowners Association (w/o Encl.)

A. Ben Pinnell, Jr. (w/Encl.) (Hand-delivered by Mr. Newbrand)

REB/pjs
0899:99116-ccl

~~COPY FOR LAM ANTE SEE H.O.A.~~

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

THIS AMENDED AND RESTATED DECLARATION is made this 11th day of April, 1999, by the following Owners, constituting not less than seventy-five percent (75%) of the votes of the Association:

Owner's Name:

1. Mark Russell
1. Susan C. Russell
2. Craig Hardy
2. Laurie Ann Hardy
3. Kenneth Davis
3. Kathy Davis
4. William A. Smith, Jr.
4. Paula L. Smith
5. Elizabeth Chandler
5. Paul G. Chandler
6. Arne J. Almquist
6. Sharon Almquist
7. Thurston A. Smith
7. Rose Anna Smith
8. Alfred R. Ramirez
8. Janet E. Ramirez

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

- Lot 6, Block B
- Lot 6, Block B
- Lot 7, Block B
- Lot 7, Block B
- Lot 16, Block A
- Lot 16, Block A
- Lot 4, Block A
- Lot 4, Block A
- Lot 18, Block A
- Lot 18, Block A
- Lot 5, Block A
- Lot 5, Block A
- Lot 6, Block D
- Lot 6, Block D
- Lot 10, Block D
- Lot 10, Block D

9.	Marvin J. Durham	Lot 3, Block B
9.	Gwendolyn K. Durham	Lot 3, Block B
10.	Rito M. Sepe	Lot 11, Block A
10.	Jeannie V. Sepe	Lot 11, Block A
11.	Roberta C. Boyd	Lot 8, Block D
11.	(NONE)	
12.	Jason B. Rieger	Lot 3, Block C
12.	Marcia Leigh Rieger	Lot 3, Block C
13.	Steven D. Raines	Lot 12, Block A
13.	Ruby H. Raines	Lot 12, Block A
14.	Don A. Bradley	Lot 8, Block C
14.	Ursula Bradley	Lot 8, Block C
15.	Gerlinda Hearn	Lot 2, Block D
15.	(NONE)	
16.	Terri Lynn Culp	Lot 14, Block A
16.	(NONE)	
17.	Helene A. Wenger	Lot 9, Block A
17.	(NONE)	
18.	Bobby Dean Saine	Lot 17, Block A
18.	(NONE)	
19.	Phillip Havens	Lot 4, Block D
19.	Jo Havens	Lot 4, Block D

20.	(NONE)	
20.	(NONE)	
21.	John A. Naab	Lot 7, Block A
21.	Sandra J. Naab	Lot 7, Block A
22.	Woodrow W. Burch	Lot 11, Block D
22.	Norma G. Burch	Lot 11, Block D
23.	Pamela K. Mintz	Lot 1, Block A
23.	(NONE)	
24.	Allen J. Newbrand	Lot 3, Block A
24.	Edith R. Newbrand	Lot 3, Block A
25.	William C. Roberts, Sr.	Lot 4, Block C
25.	Ellen R. Roberts	Lot 4, Block C
26.	Lee A. Miller	Lot 7, Block C
26.	Moreen R. Miller	Lot 7, Block C
27.	(NONE)	
27.	Raymond T. Fields	Lot 6, Block A
28.	Barry L. Caudill	Lot 6, Block C
28.	Beth A. Caudill	Lot 6, Block C
29.	Jerry V. Whittle, Jr.	Lot 5, Block D
29.	(NONE)	
30.	Philip B. Santogrossi	Lot 2, Block B
30.	Phyllis C. Santogrossi	Lot 2, Block B

31.	Hoyt Y. Bedingfield	Lot 8, Block B
31.	Nancy T. Bedingfield	Lot 8, Block B
32.	William Allen Marmet	Lot 7, Block D
32.	Barbara Ann Marmet	Lot 7, Block D
33.	Danny K. Reid	Lot 3, Block D
33.	Theresa F. Reid	Lot 3, Block D
34.	Deborah G. Logan	Lot 8, Block A
34.	Brent Allen Logan	Lot 8, Block A
35.	George Allen McDonald	Lot 15, Block A
35.	(NONE)	
36.	Kyle C. Riley	Lot 5, Block B
36.	Mariana G. Riley	Lot 5, Block B
37.	Martha Anderson	Lot 1, Block D
37.	(NONE)	
38.	Laura White	Lot 4, Block B
38.	William White	Lot 4, Block B
39.	Hussein Moradi	Lot 2, Block C
39.	(NONE)	
40.	Mick Currey	Lot 13, Block A
40.	Cathy Currey	Lot 13, Block A
41.	(NONE)	
41.	(NONE)	

- 42. (NONE)
- 42. (NONE)
- 43. (NONE)
- 43. (NONE)
- 44. (NONE)
- 44. (NONE)
- 45. (NONE)
- 45. (NONE)
- 46. (NONE)
- 46. (NONE)

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 X, Section 2 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 inuring to the benefit of each Owner.

ARTICLE I 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 herein.

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 homesites, 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 an interest merely as security for the performance of an obligation.

Section 6. "Common Areas" 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 this 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 mean and refer to each Owner as provided in Article II hereof.

ARTICLE II THE LAKES OF SHADY SHORES HOMEOWNERS ASSOCIATION, INC.

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 Assessments.** Subject to the terms of this Article, each Lot is hereby subject to an initial maximum maintenance charge of \$50.00 per month or \$600.00 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 for 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 improvements 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 Directors 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 assessments.

(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 nonusurious 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 lienholder 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 thereof. 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.** Members 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 persons 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 (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 (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. 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 III 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 II 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 in Article IV.
- (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 of services which the Board is not otherwise required to perform pursuant to the terms hereof, 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 IV 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 Association, 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 Areas. 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 insureds, 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 V 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 herein 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 shown 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. 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 VI 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) 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 Owners entitled to cast two-thirds (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 representatives 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, mortgagees, 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 VII 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 appoint 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 satellite dish, 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.

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 submission, approval by the Committee shall not be required, and full compliance with the Article shall be deemed to have been had.

ARTICLE VIII 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 distances are maintained. This

accessory type structure cannot adversely affect neighboring properties, and any additional dwelling unit may not be used as rental accommodations.

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, carports and garages.

(b) **Roofs:** All roofs shall be constructed of shake, wood or tile architectural dimensional shingles or the equivalent thereof, and all composition shingles shall be in a "Weathered Wood Color", and shall be constructed of fire retardant material. An exception to color can be granted if in the view of the Architectural Control Committee, a particular color will better compliment the architectural style of the house. Example: Georgian 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 porte-cochere.

(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. Resubdivision or Consolidation. None of said Lots shall be resubdivided in any fashion except that any person owning two (2) or more adjoining Lots may subdivide or consolidate such Lots into building sites, with the privilege of construction improvements as permitted in Section 3 and 4 hereof 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. Nuisances. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done which may be or may become an annoyance or nuisance to the neighborhood.

Section 8. 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 9. 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 10. Signs and Picketing. No sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Unit, fence or other improvement upon such Lot so as to be visible from public view except the following:

(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.

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 12. Campers, Trucks, Boats, and Recreational Vehicles. No truck, bus, trailer or vehicle of any kind shall be left parked in the street in front of any Lot except for construction and repair equipment while a residence or residences are being built or repaired in the immediate vicinity. The parking of one camper, travel trailer or recreational vehicle designed for recreational use shall be permitted behind the front line of the house. The storage of one pleasure boat and boat trailer shall be permitted, in the open, behind the front line of the house.

Section 13. 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 14. 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 15. 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 16. Parking. No vehicles, trailers, implements or apparatus may be driven or parked in the Common Maintenance Area or on any easement.

Section 17. 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.

Section 18. Building Standards. No building shall be erected or maintained on any Lot unless it complies with all applicable standards, including any governmental ordinances.

Section 19. 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 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 set-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 or screening 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 20. Antennae, Satellite Dishes and Solar Collectors. No Owner may erect or maintain a television radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot unless such

apparatus is 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 21. 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 22. Aerobic Treatment System. Only National Sanitation Foundation (NSF) approved systems may be used. A maintenance contract shall be required at all times.

Section 23. Window Treatment. No aluminum foil, reflective film or similar treatment shall be placed on window or glass doors.

Section 24. 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 others, 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 25. 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 26. Floor Elevation. Minimum finished floor elevation for each Lot is shown on the recorded final plat.

ARTICLE IX 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, and may prosecute any action or other proceedings against such defaulting Owner and/or others 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, including court costs and attorney's fees and other fees and expenses, and all damages, permitted 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 of 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) year 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. This 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. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

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 to 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.

DATE: 5/13/99

Jason Russee

OWNER (1)

Craig Hardy

OWNER (2)

~~James A. Hardy~~

OWNER (3)

Carol A. Hardy

OWNER (4)

Paul G. Gault

OWNER (5)

~~James A. Hardy~~

OWNER (6)

James A. Hardy

OWNER (7)

Carol A. Hardy

OWNER (8)

James A. Hardy

OWNER (9)

~~James A. Hardy~~

OWNER (10)

Roberta C. Bayl

OWNER (11)

James A. Hardy

OWNER (12)

Mark A. Russee

OWNER (1)

Laurie A. Hardy

OWNER (2)

Kathy M. Hardy

OWNER (3)

Paula D. Smith

OWNER (4)

Elizabeth Chandler

OWNER (5)

Sharon H. C. J.

OWNER (6)

Rose Anna Smith

OWNER (7)

Carol A. Hardy

OWNER (8)

Guendolyn K. Durb

OWNER (9)

James A. Hardy

OWNER (10)

OWNER (11)

Marcia L. Pieger

OWNER (12)

St. O. R.

OWNER (13)

Don A. Banks

OWNER (14)

Gertrude H. Harte

OWNER (15)

John J. Alf

OWNER (16)

Helene A. Wenger

OWNER (17)

Elly Dean Seie

OWNER (18)

Phillip Havens

OWNER (19)

OWNER (20)

John A. Maat

OWNER (21)

Woodward E. Burch

OWNER (22)

Daniel K. Mint

OWNER (23)

Allen J. Mawbrard

OWNER (24)

William Robert

OWNER (25)

Fr. Dink

OWNER (26)

Ronald F. Felt

OWNER (27)

Ruby H. Laines

OWNER (13)

Mrs. M. M. Moller

OWNER (14)

OWNER (15)

OWNER (16)

OWNER (17)

OWNER (18)

Jo Havens

OWNER (19)

OWNER (20)

John A. Maat

OWNER (21)

Thomas P. Smul

OWNER (22)

OWNER (23)

Edith R. Newbrand

OWNER (24)

Green A. Roberts

OWNER (25)

Moreen R. Miller

OWNER (26)

OWNER (27)

Barry R. Cudill
OWNER (28)

Barry V. Whittle Jr.
OWNER (29)

Phyllis C. Santogrossi
OWNER (30)

W. Redmond Hill Jr.
OWNER (31)

William J. McArthur
OWNER (32)

[Signature]
OWNER (33)

Robert L. Allen, Jr.
OWNER (34)

H. Alan Ripstein
OWNER (35)

[Signature]
OWNER (36)

[Signature]
OWNER (37)

[Signature]
OWNER (38)

Shirley M. Davis 5/13/99
OWNER (39)

[Signature]
OWNER (40)

[Signature]
OWNER (41)

Beth A. Candell
OWNER (28)

Phil B. Santogrossi
OWNER (29)

Nancy Bedingfield
OWNER (30)

Barbara A. Marmet
OWNER (31)

Theresa Fay Reid
OWNER (32)

Deborah D. Kopp
OWNER (33)

[Signature]
OWNER (34)

Marciona Arley
OWNER (35)

Martha Anderson
OWNER (36)

Laura White
OWNER (37)

[Signature]
OWNER (38)

Catherine A. Cuneo
OWNER (39)

[Signature]
OWNER (40)

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OWNER (41)

OWNER (42)

OWNER (42)

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OWNER (46)

OWNER (46)

STATE OF TEXAS

§

§

COUNTY OF DENTON

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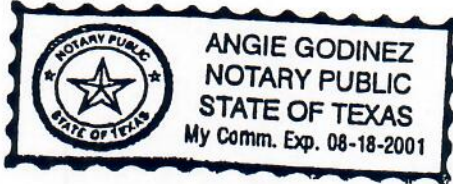
This instrument was acknowledged before me by each of the below named individuals on the date indicated opposite each name respectively:

Mark Russell	4/11/99
Susan C. Russell	4/11/99
Craig Hardy	4/11/99
Laurie Ann Hardy	5/7/99
Kenneth Davis	4/11/99
Kathy Davis	4/11/99
William A. Smith, Jr.	4/11/99
Paula L. Smith	4/11/99
Elizabeth Chandler	5/13/99
Paul G. Chandler	4/11/99
Arne J. Almquist	4/11/99
Sharon Almquist	4/11/99
Thurston A. Smith	4/11/99
Rose Anna Smith	4/11/99
Alfred R. Ramirez	4/11/99
Janet E. Ramirez	4/11/99
Marvin J. Durham	4/11/99
Gwendolyn K. Durham	5/7/99
Rito M. Sepe	4/11/99
Jeannie V. Sepe	4/11/99

Roberta C. Boyd	4/11/99
Jason B. Rieger	4/11/99
Marcia Leigh Rieger	4/26/99
Steven D. Raines	4/11/99
Ruby H. Raines	4/11/99
Don A. Bradley	4/11/99
Ursula Bradley	4/11/99
Gerlinda Hearn	4/11/99
Terri Lynn Culp	5/13/99
Helene A. Wenger	4/11/99
Bobby Dean Saine	4/11/99
Phillip Havens	4/11/99
Jo Havens	5/6/99
John A. Naab	4/11/99
Sandra J. Naab	4/11/99
Woodrow W. Burch	4/11/99
Norma G. Burch	4/11/99
Pamela K. Mintz	4/11/99
Allen J. Newbrand	4/11/99
Edith R. Newbrand	4/11/99
William C. Roberts, Sr.	4/11/99
Ellen R. Roberts	4/11/99
Lee A. Miller	4/11/99
Moreen R. Miller	4/11/99
Raymond T. Fields	4/14/99
Barry L. Caudill	4/26/99
Beth A. Caudill	4/26/99
Jerry V. Whittle, Jr.	4/26/99
Philip B. Santogrossi	4/26/99
Phyllis C. Santogrossi	4/26/99
Hoyt Y. Bedingfield	4/26/99
Nancy T. Bedingfield	4/26/99
William Allen Marmet	4/26/99
Barbara Ann Marmet	4/26/99
Danny K. Reid	4/26/99
Theresa F. Reid	4/26/99
Deborah G. Logan	5/10/99
Brent Allen Logan	5/10/99
George Allen McDonald	5/10/99
Kyle C. Riley	5/13/99
Mariana G. Riley	5/13/99
Martha Anderson	5/13/99
Laura White	5/13/99
William White	5/13/99
Hussein Moradi	5/13/99

Mick Currey
Cathy Currey

5/13/99
5/13/99



Angie Godinez
Angie Godinez, Notary Public
State of Texas

Secretary's Certificate of Compliance

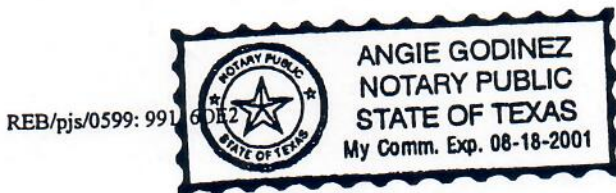
I, Pamela Mintz, certify that I am the duly qualified Secretary of THE LAKES OF SHADY SHORES HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation. I am the custodian of the records of the Corporation and, at this date, the records of the Corporation reflect that there are 46 Lots within The Lakes of Shady Shores, 46 Members of the Association, and the signatures of the above Owners constitute the signatures of at least seventy-five percent (75%) of the Owners of the Association, and constitute at least seventy-five percent (75%) of the votes of the Association, each Owner being entitled to one (1) vote.

DATED: 5-28-99, 1999.

Pamela K. Mintz
Pamela Mintz, Secretary

STATE OF TEXAS §
COUNTY OF DENTON §

The foregoing instrument was acknowledged before me on the 28th day of May, 1999, by Pamela Mintz as Secretary, on behalf of said corporation.



REB/pjs/0599: 9916 DE 2

Angie Godinez
Notary Public in and for the State of Texas

Filed for Record in:
DENTON COUNTY, TX
CYNTHIA MITCHELL, COUNTY
CLERK

On Jun 01 1999
At 1:11pm

Doc/Num : 99-R0054207
Doc/Type : DEC
Recording: 53.00
Doc/Mgmt : 6.00
Receipt #: 21997
Deputy - MARY