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SHADY HOLLOW WEST SUBDIVISION
DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

DANA DEBEAUVOIR
COUNTY CLERK
- TRAVIS COUNTY, TEXAS

THAT WHEREAS, Paratus/Harken-Shady Hollow Joint Venture, a Texas joint venture, hereinafter called the Declarant, is the owner of all lots in Shady Hollow West, a subdivision in Travis County, Texas, according to the map or plat recorded in Volume 102, Page 58-60 Plat Records of Travis County, Texas (the "Property"); and

WHEREAS, Declarant desires to record certain Declarations of Covenants, Conditions and Restrictions affecting the Property; and

WHEREAS, Declarant desires that the Property be included within and be part of the Shady Hollow Homeowners Association, and as a condition for inclusion of the Property within the Association, the Board has reviewed and approved of this Declaration; and

WHEREAS, the Declarant desires to convey the Property subject to certain protective covenants, conditions, restrictions, liens and charges hereinafter set forth.

NOW, THEREFORE, it is hereby declared that all of the Property shall be held, sold, conveyed and occupied subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the Property and shall be binding on all parties having any right, title or interest in or to the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof; and that each contract or deed which may hereafter be executed with regard to the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to the following covenants, conditions and restrictions regardless of whether or not the same are set out or referred to in said contract or deed.

ARTICLE ONE
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases where listed in this Declaration shall have the meanings hereinafter specified:

1.01 Architectural Control Committee. "Architectural Control Committee" and/or "Committee" shall mean and refer to the committee established pursuant to Article Six hereof.

1.02 Association. "Association" and/or "Homeowners Association" shall mean and refer to the Shady Hollow Homeowners Association, Inc., a Texas non-profit corporation.

1.03 Common Area. "Common Area" shall mean any portion of the Property designated by the Declarant and accepted by the Association for the primary benefit of the Owners as determined by the Board in its sole and absolute discretion.

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1.04 Declarant. "Declarant" shall mean Paratus/Harken-Shady Hollow Joint Venture, its duly authorized representatives or its respective personal representatives, successors or assigns; provided that any assignment of the rights as Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

1.05 Declaration. "Declaration" shall mean this instrument as it may be amended from time to time.

1.06 Lot. "Lot" or "Lots" shall mean a portion of the Property shown as a subdivided lot on a Plat other than Common Area and other property acquired by Shady Hollow Municipal Utility District or the Association.

1.07 Owner. "Owner" or "Owners" shall mean the person(s), entity or entities, including Declarant, but excluding the Shady Hollow Municipal Utility District, holding a fee simple interest in any portion of the Property.

1.08 Person. "Person" or "Persons" shall mean any individual, individuals, entity or entities having the legal right to hold title to real property.

1.09 Plat. "Plat" shall mean the subdivision plat of the Property as recorded in the Plat Records of Travis County, Texas, and any amendments thereto.

1.10 Water Quality Facilities. "Water Quality Facilities" shall mean those water quality, detention, retention and related facilities and areas described in that certain Water Quality Protection Approval recorded in Volume _____, Page _____ of the Real Property Records of Travis County, Texas.

1.11 Improvement. "Improvement" shall mean every structure and all appurtenances of every type, whether temporary or permanent, including but not limited to buildings, outbuildings, sheds, patios, swimming pools, garages, driveways, storage buildings, sidewalks, gazebos, signs, fences, gates, walls, decks, landscaping, landscape improvements, poles, mailboxes, antennae, exterior air conditioning equipment or fixtures, and exterior lighting fixtures.

1.12 Board. "Board" shall mean the Board of Directors of the Association.

1.13 Bylaws. "Bylaws" shall mean the duly adopted bylaws of the Association, as amended from time to time.

1.14 Subdivision. "Subdivision" shall mean the subdivision known as Shady Hollow West, according to the map or plat thereof, recorded at Book ____, Page ____, Plat Records of Travis County, Texas.

ARTICLE TWO
POWER IN DECLARANT

2.01 Declarant's Exemption. Notwithstanding anything herein to the contrary, prior to the sale of ninety percent (90%) of all Lots in the Subdivision (excluding Lots sold or transferred to the Shady Hollow Municipal Utility District), this Declaration shall not prevent or limit the right of the Declarant to excavate and grade Lots, to construct and alter drainage patterns and facilities, or to construct and maintain such structures and facilities as Declarant desires for itself and homebuilders in the Subdivision for constructing, selling and improving Lots and the Subdivision, including sales and construction offices and trailers, storage areas, model homes, signs, parking areas, portable toilets, portable buildings or sheds, fencing and other items which would make such work more convenient.

ARTICLE THREE
PROPERTY RIGHTS IN THE COMMON AREAS

3.01 Reserved Easements. Declarant reserves the right to make changes in and additions to the said easements and rights-of-way for the purpose or most efficiently and economically developing the Property. Declarant reserves the right, without the necessity of the joinder of any Owner or other person or entity, to grant, dedicate, reserve or otherwise create, at any time or from time to time, rights-of-way and easements for public utility purposes (including, without limitations, gas, water, electricity, telephone and drainage), in favor of any person or entity, along and on either or both sides of any Lot line, which said easement shall have a maximum width of five (5) feet on each side of such Lot line.

3.02 Installation and Maintenance. There is hereby created an easement upon, across, over and under all of the Property for ingress and egress in connection with installing, replacing, repairing, and maintaining all utilities, including, but not limited to, water, gas, telephones, electricity and appurtenances thereto. By virtue of this easement, it shall be expressly permissible for the utility companies and other entities supplying service to install and maintain pipes, wires, conduits, service lines or other utility facilities or appurtenances thereto, on, above, across and under the Property, within the public utility easements from time to time existing and from service lines situated within such easements to the point of service on or in any Improvement. Notwithstanding any provision contained in this section, no electrical lines, water lines or other utilities or appurtenances thereto may be relocated on the Property until approved by Declarant or the Architectural Control Committee. The utility companies furnishing service shall have the right to remove all trees situated within the utility easements shown on the Plat, and to trim overhanging trees and shrubs located on portions of the Property abutting such easements. Declarant shall have the right to create specific easements, which shall control over the general easements herein reserved and created, and in such event, the general easements herein reserved and created shall terminate.

3.03 Drainage Easements. Each Owner covenants to provide easements for drainage and water flow, as contours of land and the arrangement of Improvements approved by the Architectural Control Committee thereon, require. Each Owner further covenants not to disturb or displace any trees or other vegetation within the drainage easements as defined in this Declaration and shown on

the Plat. There shall be no construction of Improvements, temporary or permanent, in any drainage easement, except as approved in writing by the Architectural Control Committee.

3.04 Surface Areas of Easements. Neither the Declarant nor any supplier of any utility service using any easement area shall be liable to any Owner for any damage done by them or either of them, or their respective agents, employees, servants or assigns, to any of the aforesaid vegetation as a result of any activity relating to the construction, maintenance, operation or repair of any facility in any such easement area.

3.05 Roadway Easement. There is hereby created and reserved an easement upon, across, over and under the portion of the Property indicated on a Plat as a roadway, for use of ingress and egress by Owners of all Lots in the Property and each of their guests, family members and invitees.

3.06 Water Quality Facilities. There is hereby created and reserved an easement upon, across, over and under the portion of the Property necessary to fully comply with the detention facility requirements of the Plat and of the City of Austin and the Texas Natural Resource Conservation Commission (TNRCC).

3.07 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area to the members of his family, his tenants, or contract purchasers who reside on such Owner's Lot.

3.08 Owners' Use. An Owner's use of its Lot and the Common Area is subject to the terms and provisions of this Declaration, and the rules and regulations for use of the Common Area established by the Board from time to time.

ARTICLE FOUR MEMBERSHIP AND VOTING RIGHTS

4.01 Membership. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Members will have full membership rights in the Association; provided, however, that an Owner shall not be entitled to use property or recreational facilities owned or held by the Association, other than the Common Area except as provided below. A Lot Owner shall be entitled to use property or recreational facilities owned or held by the Association for the benefit of its members who reside outside the Property upon such Owner's payment to the Association of a one time initiation fee established by the Board from time to time. Until the sale of seventy-five percent (75%) of the Lots to Owners other than Declarant, the initiation fee will be \$1,250.00, after which it is subject to increase or decrease by resolution of the Board.

4.02 Responsibilities of Declarant. Declarant shall pay a one time membership fee of \$250.00 per Lot to the Association on the date Declarant transfers or conveys a Lot to a third party. Unless otherwise provided herein, Declarant shall be exempt from the payment of assessments to the Association.

4.03 Multiple Ownership. When more than one (1) person, with the exception of Declarant, holds an interest in a Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

ARTICLE FIVE
COVENANT FOR MAINTENANCE, ASSESSMENTS

5.01 Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) regular assessments or charges as determined by the Association, and
- (b) special assessments to be established and collected as hereinafter provided.
- (c) the regular and special assessments, together with interest, costs, and reasonable attorney's fees shall, to the full extent permitted by law, be a charge on the land and shall be a continuing lien, said lien being hereby granted and conveyed by the Declarant to the Association, upon the Property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys' fees shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment was levied.

5.02 Purpose of Regular Assessments. The assessments levied by the Association shall be used by the Association in performing its functions under (i) this Declaration; (ii) the Association's organizational documents; (iii) the Texas Non-profit Corporation Act; or (iv) any other declaration or restriction from which the Association derives any authority or power. All such regular assessments shall be due and payable to the Association at the beginning of the fiscal year or during the fiscal year during equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

5.03 Purpose of Special Assessments for Capital Improvements. In addition to the regular assessments authorized above, the Association may levy, 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 construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, provided that any such assessment shall have the assent evidenced by signatures on any appropriate resolution, of two-thirds (2/3) of the members who are voting in person or by written proxy at a special meeting duly called for this purpose. Special assessments shall be due and payable to the Association at such time(s) as determined by the Board, in its sole and absolute discretion.

5.04 Uniform Rate of Assessment. Both regular and special assessments must be fixed at a uniform rate for all Lots. The regular assessment levied against a Lot shall not exceed assessments levied by the Association against lots not located within the Property.

5.05 Date of Commencement of Assessments. The assessments provided for herein shall commence as to all Lots on the first day of the month following the completion of construction of a residence on a Lot. Written notice of the regular and any special assessments shall be sent to every Owner subject thereto within a reasonable time prior to the due date. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

5.06 Effect of Nonpayment of Assessments. Any assessment not paid on the date when due shall be immediately delinquent and shall, together with such interest and cost of collection as is hereinafter provided, immediately become a continuing lien on the property of the Owner which shall, to the full extent permitted by law, bind such property in the hands of the then Owner, his heirs, devisees, personal representative, successors and assigns. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate of ten (10%) percent per annum, provided however, that such interest shall not exceed the maximum amount permitted by applicable law, and the Association may accelerate and declare immediately due and payable any remaining balance due on the annualized amount of the regular assessment, and may either:

- (a) bring a personal action at law against the Owner obligated to pay the same; or
- (b) foreclose the lien against the property as described below; or
- (c) both.

If any assessment, whether regular or special, is not paid by the due date applicable thereto, the Owner responsible for the payment thereof may be required by the Board at the Board's election at any time and from time to time, to pay a late charge and in such amount as the Board may designate from time to time, and the late charge (and any reasonable handling cost thereof) shall be a charge upon the Lot owned by such Owner, collectable in the same manner as herein provided for the collection of assessments, including foreclosure of the lien against the Lot hereinabove granted; provided, however, that such charge shall never exceed the maximum charge permitted under applicable law.

5.07 Assessment Lien and Foreclosure. An express lien is hereby granted and conveyed by Declarant to the Association to insure the payment of all assessments levied pursuant to the terms of this Declaration. The aforesaid lien shall be superior to all other liens and charges against such Lot or, except only for tax liens and all sums secured by a first mortgage lien or first deed of trust lien of record. The Association may, at its option and without prejudice to the priority or enforceability of the Assessment lien granted hereunder, prepare a written notice of Assessment lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot. Such notice may be signed by one of the officers of the Association and shall be recorded in the Travis County Real Property Records. Each Owner, by accepting a deed or ownership interest to a Lot subject to this Declaration shall be deemed conclusively to have granted a power of sale to the Association to secure and enforce the Assessment lien granted hereunder. Such lien for payment of Assessments may be enforced by the non-judicial

ARTICLE SIX
ARCHITECTURAL CONTROL

6.01 Architectural Control Committee. The Architectural Control Committee shall be composed of a minimum of three (3) members appointed by the Declarant. One of the three (3) members of the Architectural Control Committee will be nominated by the Board and approved and appointed by Declarant. The Board shall notify Declarant of its nomination in writing within thirty days after this Declaration is recorded in the Real Property Records of Travis County, Texas. Upon the sale of ninety (90%) percent of the Lots (excluding Lots sold or transferred to the Shady Hollow Municipal Utility District) to Owners other than Declarant, Declarant's right to appoint members of the Architectural Control Committee shall automatically transfer to the Board, and at that point, each member of the Architectural Control Committee must own property in a subdivision that is part of the Association and be a member in good standing of the Association.

The Architectural Control Committee may promulgate reasonable rules and regulations concerning the construction, repair, maintenance, review, and approval of Improvements. Members shall serve three-year terms, and may serve a maximum of two consecutive three-year terms. Terms of members of the Architectural Control Committee shall be staggered so that no two members' terms shall expire in the same year. Upon the sale of ninety (90%) percent of the Lots (excluding Lots sold or transferred to the Shady Hollow Municipal Utility District) to Owners other than Declarant, and upon the Board obtaining the right to appoint members of the Architectural Control Committee, the Board may, at any time, remove a member of the Architectural Control Committee for cause.

The Board shall also be entitled to designate an alternate representative for the Architectural Control Committee member nominated by the Board and appointed by the Declarant to serve as a substitute member when the representative nominated by the Board and appointed by the Declarant is unable to attend meetings. The substitute member will be nominated by the Board within thirty days after this Declaration is recorded in the Real Property Records of Travis County, Texas, and, until the sale of ninety (90%) percent of the Lots (excluding Lots sold or transferred to the Shady Hollow Municipal Utility District) to Owners other than Declarant, must also be approved by Declarant. The Architectural Control Committee will take no action until its members and alternate members are appointed.

6.02 Approval of Plans and Specifications. No Improvement shall be commenced, erected, painted or maintained upon the Property, nor shall any exterior addition to, or change or alteration to any Improvement, be made, nor shall any site grading or landscaping be undertaken until the plans and specifications thereof (including but not limited to exterior views, exterior materials, colors and elevation, a drainage plan, a site plan showing the location of any proposed structure or improvement, a landscaping plan, and a delivery construction plan) (the "Plans and Specifications") are submitted to, and approved in writing by, the Architectural Control Committee. In the event the Architectural Control Committee rejects the Plans and Specifications, the rejection must be in writing and shall state the reasons for such rejection. After rejection, an applicant may either modify the Plans and Specifications and resubmit them to the Architectural Control Committee, or appeal

such rejection to the Board. If the rejection is appealed to the Board, the Board may either approve, overrule, or modify the decision of the Architectural Control Committee.

6.03 Vote Requirement. A minimum of two (2) members of the Architectural Control Committee must be present to constitute a quorum before acting upon any Plans and Specifications. An act of the Architectural Control Committee shall require an affirmative vote of a majority of the members present at a meeting in which a quorum is present. Members of the Architectural Control Committee nominated by the Board shall be given at least two (2) days' written notice of any committee meeting.

6.04 Failure of Committee to Act. In the event that any Plans and Specifications are submitted to the Architectural Control Committee as provided, herein, and the Architectural Control Committee shall fail either to approve or reject such Plans and Specifications for a period of ten (10) business days following such submission, approval by the Committee shall not be required, and the Plans and Specifications shall be deemed approved. The ten (10) day period set forth in the foregoing sentence shall not begin to run until all information required to be submitted to the Architectural Control Committee to assist in its review of any Plans and Specifications has been received by the Architectural Control Committee. Upon the sale of ninety (90%) percent of the Lots to Owners other than Declarant, and upon the Board obtaining the right to appoint members of the Architectural Control Committee, the time limitations for approving or disapproving plans shall be thirty (30) days.

6.05 Records. The Architectural Control Committee shall maintain permanent written records of its actions. These records will be available for inspection at reasonable times upon request.

6.06 Nonliability of Architectural Committee Members. Neither the Architectural Control Committee, the Association, the Board, nor any member thereof, shall be liable to any Owner or to any other person for any loss, damage or injury arising out of their being in any way connected with the performance of the Architectural Control Committee, the Association, or the Board under this Declaration. Neither the Architectural Control Committee, the Association, the Board, nor the members thereof shall be liable to any Owner due to the construction of any Improvement within the Property or the creation thereby of an obstruction to the view from such Owner's Lot or Lots.

6.07 Certificate of Compliance. Upon completion of any Improvement approved by the Architectural Control Committee and upon written request by the Owner of the Lot, the Architectural Control Committee shall issue a Certificate of Compliance in a form suitable for recordation. The Certificate shall identify the Lot and the Improvements, the use or uses to be conducted thereon, and the Plans and Specifications on file with the Architectural Control Committee pursuant to which the Improvements were made and shall specify that the Improvements comply with the approved Plans and Specifications. The Certificate shall not be construed to certify the acceptability, sufficiency or approval by the Architectural Control Committee of the actual construction of the Improvements or of the workmanship or materials thereof. The Owner is hereby notified that the Certificate in no way warrants, except as set forth above, the sufficiency, acceptability or approval by the Architectural

Control Committee of the construction, workmanship, materials or equipment of the Improvements. Preparation and recordation of such a Certificate shall be at the expense of the Owner of the Lot.

6.08 Exemption for Shady Hollow Municipal Utility District. The construction, repair, maintenance, or relocation of any water or wastewater facilities by the Shady Hollow Municipal Utility District shall not require approval from the Architectural Control Committee. This exemption shall exist for only so long as the Shady Hollow Municipal Utility District owns part of the Property and shall not benefit its successors or assigns.

ARTICLE SEVEN
LAND USE CLASSIFICATIONS
PERMITTED USES AND RESTRICTIONS

7.01 General Restriction. All Lots, except Common Area or a Lot owned by the Shady Hollow Municipal Utility District shall be used solely for private single family residential purposes and there shall not be constructed or maintained thereon more than one (1) single family residence. Each Lot must contain a private garage for not fewer than two (2) nor more than four (4) automobiles. No Lot may be used as an apartment house, double house, flat, lodging house, hotel or for any business purpose.

7.02 Minimum Floor Area and Exterior Walls. Any single family dwelling constructed on a Lot must have a totally heated and air conditioned floor area of not less than one thousand six hundred (1,600) square feet for a one (1) story residence, and one thousand eight hundred (1,800) square feet for a two (2) story residence, exclusive of open or screened porches, terraces, patios, driveways, and garages, unless adjusted or waived by the unanimous consent of the Architectural Control Committee. All exterior ground floor walls, including garage walls of the dwellings in the subdivision shall consist of not less than eighty percent (80%) masonry construction on the front of the house, and a total of fifty percent (50%) masonry construction for the entire house unless adjusted or waived by the unanimous consent of the Architectural Control Committee. For the purposes of this Declaration, masonry shall not include concrete based/reinforced products such as Hardi-Plank, stucco, or concrete siding. All roofs of the dwellings and garages shall be constructed of shingles composed of wood, tile, slate or composition shingles of not less than two hundred thirty-five (235) pounds unless, in the unanimous opinion of the Architectural Control Committee, some other building material of comparable quality would be more suitable.

Notwithstanding the foregoing to the contrary, Lots purchased and/or developed by David Weekley Homes shall be governed by the following limitations and restrictions:

- a. Any single family dwelling must have a totally heated and air conditioned floor area of not less than one thousand nine hundred (1,900) square feet, exclusive of open or screened porches, terraces, patios, driveways, and garages, and shall have a minimum sales price of \$155,000 when sold new.
- b. No imitation rock or brick shall be used on the exterior of any structure constructed on a Lot.

- c. At the time of the purchase of each Lot by David Weekley Homes, David Weekley homes shall pay to the Association the per-Lot initiation fee described in Section 4.01, and at the time of the purchase of the first Lot by David Weekley Homes, David Weekley Homes shall pay to the Association a one-time fee of \$2,500.
- d. Hardi-Plank siding material may only be used within the Property subject to the following conditions and limitations:
 - 1. Hardi-Plank shall not be used in lieu of masonry on Block L, Lots 7 through 14, and Block M, Lots 11 and 12 of the Subdivision.
 - 2. Any single family dwelling using Hardi-Plank in lieu of masonry must have a totally heated and air conditioned floor area of not less than two thousand three hundred (2,300) square feet, exclusive of open or screened porches, terraces, patios, driveways, and garages, and shall have a minimum sales price of \$175,000 when sold new.
 - 3. If Hardi-Plank is used on any model sales home in lieu of masonry, then the model home shall have a minimum sales price of \$200,000 when sold new.
 - 4. If Hardi-Plank is used in lieu of masonry on a structure, the structure shall have Hardi-Plank siding, trim, and soffits, if available.
 - 5. Hardi-Plank pieces shall be no larger than eight inches in width, and shall not be constructed in a stucco pattern.

7.03 Setbacks. No building shall encroach beyond the building setback lines as shown on the recorded plat and all side or rear setback lines shall be not less than five (5) feet unless adjusted or waived by the unanimous consent of the Architectural Control Committee. For the purpose of this covenant, eaves, steps, sidewalks, and driveways shall not be considered as a part of the building; provided, however, that this shall not be construed to permit any portion of the building on any Lot to encroach upon another Lot.

7.04 Noxious or Offensive Activities Prohibited. None of the Property shall be used for any noxious activity and nothing shall be done or permitted to be done on any of said Property which is a nuisance or might become a nuisance to the owner or owners of any of such said Property. Nuisance means any type of conduct, action and nonaction which has been declared by statute or ordinance to be a nuisance or any conduct, action, or non-action when taken together is of such concentration and of such duration as may tend to be injurious to, or to interfere with, or to adversely affect human health or the use and enjoyment of the Property.

7.05 Prohibited Uses. No structure of a temporary character, trailer, mobile home, recreational vehicle, basement, tent, shack, garage, storage building or other outbuilding shall be

used on any Lot at any time as a residence, either temporarily or permanently. Storage buildings may be kept only on lots having a privacy fence with a minimum height of six feet and shall not be visible from the street. The height, location and size and other characteristics of any storage building shall be subject to approval of the Architectural Control Committee.

7.06 Signs. Except as may be approved in advance by the Board, no signs of any character shall be allowed on any Lot except one (1) sign of not more than five (5) square feet advertising the property for sale or rent.

7.07 Oil Development Prohibited. No oil well drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted on a Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted on any Lot. No derrick or other structure designed for use in boring for oil, natural gas, or other minerals shall be erected, maintained, or permitted on any Lot.

7.08 Rubbish, Trash and Garbage. No Lot shall be used or maintained as a dumping ground for rubbish or trash, and no garbage or other waste shall be kept except in sanitary containers of the standard type. In no event shall such containers be maintained so as to be visible from neighboring property, except to make the same available for collection.

7.09 Animals. No animals, including pigs, hogs, swine, poultry, fowl, wild animals, horses, cattle, sheep, goats or any other type of animal not considered to be a domestic household pet within the ordinary meaning and interpretation of such words may be kept, maintained or cared for on the Property. No dangerous animals may be kept, maintained, or cared for on the Property. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance. The Board shall have the authority to establish guidelines for the number and type of pets allowed. No animal may be stabled, maintained, kept, cared for or boarded for hire or remuneration on the Property and no kennels or breeding operation will be allowed.

7.10 Fences, Walls, Hedges and Utility Meters. No fence, wall, or utility meter shall be placed, or permitted to remain, on any Lot nearer to the street or streets adjoining such Lot than is permitted for the main residence on such Lot, except for decorative subdivision entry fences. No barbed wire, wire or "chain link" fence shall be permitted along any Lot within the subdivision. However, chain length fences for domestic animals will be permitted if completely enclosed by a privacy fence and not visible from adjoining Property or any street and not placed within the setback line on any side of the Lot. The design and materials of all fences shall be approved by the Architectural Control Committee and shall be no less than six (6) feet in height nor greater than ten (10) feet in height.

7.11 Shrubs and Trees. No shrub or tree planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadway shall be planted or permitted to remain on any corner Lot within the triangular area formed by the curblines of such intersecting streets and a line connecting such curbline at points twenty-five (25) feet from their intersection or, in the case of a rounded corner, from the intersection of the curblines as extended. The same sight line limitations shall apply on any Lot within ten (10) feet of the intersection of a street curbline and the edge of a

driveway or alley. No trees shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at a height of more than six (6) feet above ground level.

7.12 Trucks, Buses and Trailers. No commercial vehicle, truck larger than 3/4 ton (excluding pickups, vans, and sport utility vehicles used exclusively for personal transportation), bus, boat, recreational vehicle, or trailer 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 within the Property, and no commercial vehicle, truck larger than 3/4 ton (excluding pickups, vans, and sport utility vehicles used exclusively for personal transportation), bus, boat, trailer or recreational vehicle shall be parked on the driveway or any portion of the Lot unless located within an enclosed structure and entirely screened from view. No abandoned or inoperable automobile, or automobile without a current inspection sticker or license plates, shall be permitted to remain on any Lot or in front of any Lot, except in an enclosed structure so as to be completely screened from view of the street and adjacent properties.

For purposes of this section, an inoperable vehicle is any motor vehicle which for a period of time in excess of seventy-two (72) hours:

- (a) Has no license plates or has license plates which have been expired for more than sixty (60) days; or
- (b) Has no motor vehicle safety inspection sticker or has a motor vehicle inspection safety sticker which has been expired for more than sixty (60) days; or
- (c) Cannot be started, driven, operated, steered and stopped, legally under the laws of the State of Texas in a public right-of-way, under its own power and without causing damage to the vehicle, because of mechanical failure, breakdown, or because it has been wrecked, dismantled, or partially dismantled.

The maximum number of vehicles allowed per household shall be four (4), or one (1) per licensed driver, whichever is greater. Parking of all vehicles shall be restricted to street frontage, driveways, garages, and fence enclosed yard areas.

7.13 Unsightly Articles. No article or object which is deemed to be unsightly by the Board shall be stored, kept, or permitted to remain on any Lot, or in the street adjacent to any Lot, or in the Common Area or easement area within the Property.

7.14 Prohibited Activities. No professional, business, or commercial activity shall be conducted on any Lot.

7.15 Adjustment or Waiver. Any permitted adjustment or waiver of these covenants, conditions and restrictions by the Architectural Control Committee shall be for the purpose of alleviating any hardship and assisting in the orderly development of the Property. The Board shall

determine the qualifications and terms of any additional adjustments or waivers. Notwithstanding any language herein to the contrary, after the sale of ninety (90%) percent of the Lots (excluding Lots sold or transferred to the Shady Hollow Municipal Utility District) to Owners other than Declarant, the Board shall have the authority to review and reverse any adjustment or waiver granted by the Architectural Control Committee which the Board determines is unreasonable.

7.16 Maintenance of Lawn and Plantings. Each Owner of a Lot shall keep all shrubs, trees, grass and plantings of every kind on his Lot, including setback areas, planted areas between adjacent sidewalks and street curb, if any, and any other area located between the boundary line of his Lot and the street or other property (public or private) on which such Owner's Lot abuts, neatly trimmed, properly cultivated, and free of trash, weeds and other unsightly material; provided, however, that such Owner shall not be responsible for maintenance of any other area to which Declarant or the Association has assumed the responsibility. In the event any dwelling remains vacant for a period of forty-five (45) days, Declarant or the Association, or their authorized agents, shall have the right at any reasonable time, to enter upon a Lot to plant, replace, maintain, and cultivate shrubs, trees, grass, or other plantings located thereon. The full cost of all such replanting, replacement, maintenance, and cultivation shall be an assessment against the Owner's Lot, secured by a lien against the Owner's Lot and collectable in the same manner provided in this Declaration for the collection of assessments. If any such assessment is not paid when due, the Association shall be entitled to pursue all the remedies for enforcement of assessment liens as set forth in Article Five of this Declaration.

7.17 Restriction on Further Subdivision - Adjustment of Boundaries. No Lot may be further subdivided into two (2) or more smaller lots or parcels without the advance written consent of the Board. Lot lines and easements may be altered in the event an owner of two adjacent Lots desires to dissolve a Lot line in order to increase the size of the building area, and in addition, easements and Lot lines may be abandoned, adjusted or relocated by mutual consent of the owners of the affected property, provided that additional Lots are not created and such action does not unreasonably or substantially adversely affect the boundaries or the beneficial use and enjoyment of any Lot. All alterations of Lot lines or easement boundaries must comply with state and local rules and regulations.

7.18 Access to Easement. All easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the Plat. No shrubbery, fence or other obstruction shall be placed in any easement. Right of use for ingress and egress shall be had at all times over any dedicated easement for the installation, operation, maintenance, repair or removal of any utility, together with the right to remove any obstruction that may be placed in such easement which would constitute interference with the use, maintenance, operation or installation of such utility.

7.19 Repair of Buildings. All Improvements upon any of the Property shall at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner thereof.

7.20 Firearms. No firearms may be discharged on any Lot or within any portion of the Property.

7.21 Fire or Other Casualty. If any Improvement is damaged or destroyed by fire, windstorm, flood or other casualty, the Owner of such Improvement shall repair the damaged Improvement to its original condition within six (6) months after the date of such fire or casualty; subject, however, to the right of the Architectural Control Committee to approve any construction to a damaged Improvement which will change the appearance of such Improvement from the appearance previously approved by the Architectural Control Committee with respect to that Lot and that Improvement.

7.22 Solar Equipment. No solar powered equipment or device, or any equipment or device for the collection, recovery, use or creation of energy from sunlight shall be installed on any Lot without the prior written approval of the Architectural Control Committee.

7.23 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, neither Declarant, the Association, the Board, nor any of their members makes any warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms or provisions. Any Owner acquiring a Lot in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot agrees to hold Declarant, the Association, the Board, and their members harmless therefrom.

7.24 Sidewalks. Each purchaser of a Lot, at such purchaser's sole cost and expense and prior to such purchaser's occupancy of a residence constructed upon the Lot, shall build all sidewalks across said Lot in accordance with the Plat.

7.25 Landscaping. Prior to the occupancy of any dwelling on a Lot, the Owner thereof will (i) grade each Lot to provide positive drainage away from the residence, (ii) provide a minimum of 2" (compacted depth) of loam topsoil for each Lot, (iii) sod the front and side yard of the Lot solid with either common or hybrid bermuda grass or other grass acceptable to the Declarant, and (iv) plant and maintain at least two trees in the front yard area of at least 10 inches in height, with at least a 5 inch spread and at least a 1.5 inch caliper.

ARTICLE EIGHT COMMON AREA

8.01 Common Area. The Association shall maintain all Common Area.

8.02 Easement. The Association is hereby granted an easement of use and right of way on all Lots adjacent to the Common Area in order to maintain Common Area, and entry upon a Lot for such purpose shall not be deemed trespass.

8.03 Willful or Negligent Acts. In the event that the need for maintenance or repair to the Common Area is caused through the willful or negligent act of any Owner, or any of his guests, tenants, invitees, licensees, agents, or members of his family, such Owner does hereby authorize the

Association to repair said damaged area, and the Association shall so repair said damaged area in a good and workmanlike manner in conformance with the original plans and specification of the area involved, or as the area may have been modified or altered subsequently by the Association, in the discretion of the Board. The Association shall add the cost of such maintenance or repairs, as a special assessment, to the regular assessment of such Owner. Any assessment for repair or maintenance to the Common Area, if unpaid when due, shall entitle the Association to pursue any and all of the remedies for enforcement of assessment liens as set forth in Article Five of this Declaration.

8.04 Maintenance by Association. The Association may at any time, as to any Common Areas conveyed, leased, or transferred to it or otherwise placed under its jurisdiction:

- (a) Reconstruct, repair, replace or refinish any improvement or portion thereof upon any Common Area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area) in accordance with (i) the last plans thereof approved by the Board, (ii) the original plans for the improvement as same existed.
- (b) Construct, reconstruct, repair, replace or refinish any road improvement or surface upon any portion of Common Area used as a road, street, walk, driveway, parking area, and waterfront facilities.
- (c) Replace injured and diseased trees or other vegetation on any Common Area, and plant trees, shrubs and ground cover for the conservation of water and soil and for aesthetic purposes.

8.05 Owners' Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following:

- (a) the right of the Declarant, the Association, or any other authorized entity in accordance with its articles and bylaws, to borrow money for the purpose of improving the Common Areas and, in aid thereof, to mortgage said properties, In the event of a default upon any such mortgage, the lender's right hereunder shall be limited to a right, after taking possession of such properties, to charge admission and other fees as a condition to continued enjoyment by the members and, if necessary, to open the enjoyment of such properties to a wider public until the mortgage debt is satisfied, whereupon the possession of such properties shall be returned to the Association and all rights of the members hereunder shall be fully restored; and
- (b) the right of the Declarant or Association to take such steps as are reasonably necessary to protect the above described properties against foreclosure; and
- (c) the right of the Declarant or Association to suspend the enjoyment rights of any member for any period during which any assessment remains unpaid, and for any period not to exceed sixty (60) days from any infraction of its rules and regulations; and

(d) the right of the Declarant or Association to charge reasonable admission and other fees for the use of the Common Area; and

(e) the right of the Declarant or Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility.

ARTICLE NINE GENERAL PROVISIONS

9.01 Enforcement. The Board, the Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Board, the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

9.03 Term. This Declaration, including all of the covenants, conditions and restrictions hereof, shall run until December 31, 2035, unless amended as herein provided. After December 31, 2035, this Declaration, including all such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by the Owners of at least three-fourths (3/4ths) of the Lots within the Property then subject to this Declaration present and voting at a meeting called for such purpose.

9.04 Amendment.

(A) By Declarant. So long as Declarant owns all the Property, this Declaration may be amended unilaterally by the Declarant for the purpose of correcting a typographical error, or if such amendment is required to bring any provision of this Declaration into compliance with any applicable governmental statute, rule, regulation, requirement or judicial determination. Declarant may amend this Declaration for any other purpose if Declarant obtains the advance written approval of the Board. No amendment by Declarant shall be effective until there has been recorded in the deed records of Travis County, Texas, an instrument executed and acknowledged by Declarant setting forth the amendment, and if necessary, executed by the President of the Association certifying that such amendment has been approved by the Board.

(B) By Owners. This Declaration may be amended by the recording in the Real Property Records of Travis County, Texas of an instrument setting forth the amendment executed and acknowledged by the President and Secretary of the Association certifying that the amendment was approved by two-thirds of the Owners present and voting at a meeting called for such purpose.

9.05 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of the Property and of promoting and effectuating the fundamental concepts of the Property set forth in this Declaration. This Declaration shall be construed and governed under the laws of the State of Texas.

9.06 Assignment of Declarant. Notwithstanding any provision in this Declaration to the contrary, Declarant may assign, in whole or in part, any of its privileges, exemptions, rights and duties under this Declaration to any other person or entity and may permit the participation, in whole or in part, by any other person or entity in any of its privileges, exemptions, rights and duties hereunder.

9.07 Construction.

(A) Restrictions Severable. The provisions of these Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof

(B) Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter.

(C) Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any of the paragraphs, sections or articles hereof.

9.08 Violation of Law. Any violation of any state, municipal, or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any of the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

9.09 Remedies Cumulative. Each remedy provided by this Declaration is cumulative and not exclusive.

9.10 Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty four (24) hours after a copy of same has been deposited in the United States Mail, postage prepaid.

9.11 The Declaration. By acceptance of a deed or by acquiring any ownership interest in any of the real property included within this Declaration, each person or entity, for himself, itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representative, successors, transferees and assigns to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this

Declaration sets forth a general scheme for the improvements and development of the real property covered thereby.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of this the 2 day of September, 1998.

DECLARANT:

Paratus/Harken-Shady Hollow, Ltd.

By: [Signature]
Printed Name: A. Rick Hightower
Title: Attorney in fact

Development Review &
Inspection Department
P.O. Box 1088
Austin, TX 78767-8810
ATTEN: ~~Document Sales~~
 Hector

STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 2nd day of September, 1998, by A. Rick Hightower, attorney in fact of Paratus/Harken-Shady Hollow, Ltd., a Texas limited partnership, on behalf of said partnership.

(seal) 

[Signature]
Notary Public Signature

Acknowledged:

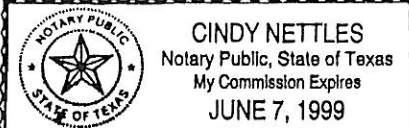
The Shady Hollow Homeowners Association, Inc.,
A Texas nonprofit corporation

By: [Signature]
Printed Name: JERRY D. PORTER
Its: PRESIDENT

STATE OF TEXAS §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on September 2, 1998, by Jerry D. Porter, President of the Board of Directors of the Shady Hollow Homeowners Association, Inc., on behalf of said corporation.

[Signature]
NOTARY PUBLIC, STATE OF TEXAS



DURABLE POWER OF ATTORNEY

THAT the undersigned, hereby makes, constitutes and appoints A. Rick Hightower, its true and lawful agent and attorney in fact (hereinafter referred to as my "Agent") for it and in its name, place and stead, and for its use and benefit.

1. Agent, shall have the power to execute, deliver and record Covenants and Restrictions and related documents regarding the Shady Hollow West Subdivision in Travis County, Texas;


2. The undersigned further grants to said Agent full power and authority to do and perform all and every act and thing requisite, necessary, and proper to be done in the exercise of any of the rights and powers herein granted, as fully as it might or could do itself, hereby ratifying and confirming all that said Agent shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted.

3. The rights, powers, and authority of said Agent to exercise any and all of the rights and powers herein granted shall commence and be in full force and effect from the execution date hereof, and shall remain in full force and effect until revocation hereof is recorded in the office of the County Clerk of Travis County, Texas. It is specifically acknowledged that any title company or other party may rely hereon in closing any transaction until actual knowledge of any termination is communicated to such entity or party.

IN WITNESS WHEREOF, I have hereunto set my hand this 1 day of September, 1998, in the presence of the undersigned witnesses at my request.

PARATUS/HARKEN SHADY HOLLOW LTD.

BY: Harken-Cheroc Partnership, General Partner

By: 

Ken Delf, General Partner

PROVINCE OF ALBERTA §
CANADA §

BEFORE ME, the undersigned, a Notary Public in and for said Province, on this day personally appeared Ken Delf, general partner of Harken-Cheroc Partnership, a Texas general partnership, general partner of Paratus/Haraken Shady Hollow, Ltd., a Texas limited partnership, on behalf of said partnerships.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 1st day of September, 1998.

MARGUERITE JAY BOWEN WOOD
Commissioner for Oaths in and
for the Province of Alberta.
My Commission expires June 22/99

M. J. Southwood