

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

**FOR
KHALEDI VILLAS TOWNHOMES**

AND

**FOR
KHALEDI VILLAS HOMEOWNERS ASSOCIATION INC**



DOC #1480188, OPR 5349 / 0269 - 0325
Doc Type: DECLARATION
Record Date: 09/22/2022 09:44:00 AM
Fees: \$250.00, Recorded By: JB
Margie Ramirez Ibarra, Webb County Clerk

THE STATE OF TEXAS §
 §
COUNTY OF WEBB §

PREFACE

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE **KHALEDI VILLAS TOWNHOMES** is made on the date hereinafter set forth by **SKG Homes VII LLC**, a Texas limited liability company ("**Declarant**"), for the purposes herein set forth below in respect of the following-described real property in Webb County, Texas, known as the **KHALEDI VILLAS TOWNHOMES SUBDIVISION**, and being more fully described as follows:

KHALEDI VILLAS TOWNHOMES, established by plat recorded under Document #1451788, Volume 39, Pages 46-48, Map and Plat Records of Webb County, Texas.

THIS DECLARATION CONTAINS A POWER OF SALE TO ENFORCE LIENS FOR ASSESSMENTS

RECITALS

Declarant is the owner of real property described above known as the Khaledi Villas Townhomes Subdivision (“*Subdivision*”).

Declarant desires to place certain restrictions, easements, covenants, conditions, stipulations and reservations contained in this Declaration upon and against the Subdivision in order to establish a uniform plan for its development and improvement, and to insure the preservation of such uniform plan for the benefit of both the present and future Owners of Lots (as defined herein) in the Subdivision.

NOW THEREFORE, Declarant hereby adopts, establishes and imposes upon the Subdivision the following reservations, easements, restrictions, assessments, liens, covenants and conditions, which shall run with the land and title or interest therein, or any part thereof, and shall inure to the benefit of each Owner in the Subdivision as a whole, whether or not set out in full or incorporated by reference in any deed or other instrument of conveyance.

ARTICLE I DEFINITIONS

“*Assessment*” means a regular assessment or special assessment, or other amount an Owner is required to pay to the Association under this Declaration or other dedicatory instrument described herein.

“*Association*” refers to KHALEDI VILLAS HOMEOWNERS ASSOCIATION INC, a Texas nonprofit corporation, and its successors and assigns, which is designated as the representative of Owners in the Subdivision, whose membership consists of Owners, and manages and regulates the Subdivision for the benefit of the Owners.

“*Architectural Control Committee*” or “*ACC*” shall mean a committee appointed by the Board of Directors to approve or disapprove improvements to be constructed on a Lot pursuant to this Declaration and duly adopted Design Guidelines.

“*Board of Directors*” refers to the governing body of the Association; reference to “Board” mean the Board of Directors.

“*Buildings*” means the 6 buildings in the Subdivision, Building 1 comprising of 12 Townhomes, Buildings 2 through 5 each comprising of 13 Townhomes and Building 6 comprising of 15 Townhomes, and each Building having Shared Improvements.

“*Bylaws*” shall mean the duly adopted bylaws of the Association as the same may be amended from time to time. The current Bylaws of the Association are attached to this Declaration as Exhibit “A” and are fully incorporated herein.

“Certificate of Formation” means the duly adopted Certificate of Formation of the Association filed with the Texas Secretary of State on June 20, 2022, as the same may be amended from time to time

“Collection agent” means a debt collector, as defined by Section 803 of the federal Fair Debt Collection Practices Act (15 U.S.C. Section 1692a).

“Common Area” refers to the real property in the Subdivision (including improvements) owned by the Association for the common use and enjoyment of the Owners, and may be shown as Common Area the Plats, including, without limitation, the Park Lot, and also includes the perimeter fencing, including block fences and monuments surrounding and part of the Subdivision.

“Common Expense Fund” shall have the meaning established under Section 4.35 below.

“Contractor” refers to the person or entity with whom Declarant or an Owner contracts to construct a residential Townhome and other improvements on a Lot.

Classes of Membership. The Association has two classes of membership:

- (a) **“Class A Members”** are the Owners;
- (b) **“Class B Member”** is the Declarant, its successors and assigns.

“Declarant Control Period” shall mean and refer to the period of time during which the Class “B” Member is entitled to appoint and remove the members of the Board of Directors and the officers of the Association, as provided in and in accordance with the Bylaws.

“Declaration” refers to this Declaration of Covenants, Conditions and Restrictions for Khaledi Villas Townhomes Subdivision, and any duly passed and recorded amendments that include restrictive covenants governing the Subdivision.

“Dedicator Instrument” means each governing instrument covering the establishment, maintenance, and operation of the Subdivision. The term includes the Declaration, Certificate of Formation, Bylaws, Architectural Control Guidelines, Rules and Regulations, Open Records and Records Retention Policies, and Alternative Payment Schedule, and all lawful amendments. All Dedicatory Instruments shall have no effect until filed in the real property records of each county in which the Subdivision is located.

“Design Guidelines” means that document entitled Design Guidelines which may be promulgated by the Declarant for Subdivision. The Design Guidelines are subject to amendment from time to time by the Board of Directors or the ACC and may include landscaping and other requirements and details not strictly related to architectural matters or features. Each prospective Owner should obtain a copy of the Design Guidelines prior to contracting for the purchase of a Lot and each Owner and prospective Contractor should obtain a copy of the Design Guidelines

prior to contracting for the construction of any improvements on a Lot and prior to the start of such construction

“Development Period” means the period in which Declarant reserves a right to facilitate the development, construction, and marketing of the Subdivision, and the right to direct the size, shape and composition of the Subdivision; unless otherwise provided herein or in the By-Laws, the Development Period shall be co-extensive and co-terminus with the Declarant Control Period.

“Lot” refers to any designated parcel of land in the Subdivision including any improvements; all Lots are residential in character, other than the Streets and Park Lot; references to residential Lots mean any Lot other than the Streets and Park Lot.

“Maintenance Fund” shall mean the Association’s accumulation of funds from Regular and Special Assessments, as well as income and revenue from other legitimate sources, as prescribed in this Declaration.

“Managing Agent” means the Association’s designated representative as it appears on the Management Certificate.

“Management Certificate” means the instrument required to be recorded pursuant to Section 209.004 of the Texas Residential Property Owners Protection Act.

“Member” refers to every Owner or entity which holds membership in the Association by virtue of its ownership of a Lot.

“Outstanding Votes” mean the total number of votes that could be cast on any matter if all Members voted all of their votes. If under applicable law, a vote must be taken based on ownership or other measurement than the total of all Class A and Class B votes aggregated then the vote shall require a super-majority of 90% unless otherwise required by law.

“Owner” means a person who holds record title to a Lot, and includes the personal representative.

“Park Lot” means Lot 13, Block 1, as shown on the Plat.

“Plat” shall refer to the plats of the Subdivision recorded in Volume 39, Pages 46, *et seq.* of the Map and Plat Records of Webb County, Texas.

“Regular Assessment” means an assessment, charge, fee, or dues that each Owner is required to pay to the Association on a regular basis and that is designated for use by the Association for the benefit of the Subdivision, as provided herein.

“Roadway Lot” [reserved]

“Rules and Regulations” or **“Rules”** mean the Rules and Regulations of the Association as may be adopted or amended from time to time.

“Shared Improvement” means each improvement on a Lot which is also an improvement shared by adjacent Lots. By way of example, but without limitation, the following items are shared Improvements: Party Walls, Party Roofs and Party Foundations as provided in Section 4.34 below.

“Shared Improvement Assessment” means an assessment, charge, fee, or dues, other than a Regular Assessment or Special Assessment that each Owner is required to pay to the Association for defraying in whole or in part, the cost, whether incurred before or after the assessment, of any construction or reconstruction, unexpected repair, or replacement of a Shared Improvement, in accordance with Section 4.34 below, or other purposes the Association as stated in its Certificate of Formation, or dedicatory instruments of the Subdivision.

“Special Assessment” means an assessment, charge, fee, or dues, other than a regular assessment that each Owner is required to pay to the Association for defraying in whole or in part, the cost, whether incurred before or after the assessment, of any construction or reconstruction, unexpected repair, or replacement of a capital improvement in Common Areas, including the necessary fixtures and personal Subdivision related to the Common Areas; maintenance and improvement of Common Areas; or other purposes the Association as stated in its Certificate of Formation, or dedicatory instruments of the Subdivision.

“Streets” mean the public streets in the Subdivision as shown on the Plat.

“Texas Residential Property Owners Protection Act” or **“The Act”** shall refer to Texas Property Code Chapter 209, as same or any section thereof may be amended or repealed in whole or in part, and any successor statutes thereto; references to any Section of the Act, or to any other section of the Texas or federal statutes, include any amendment thereof from time to time, and any successor statutes.

“Townhome” means the townhome style dwelling unit to be used for single family residential purposes erected or to be erected on a Lot.

“Transfer Fee” means dues, a fee, a charge, an assessment, a fine, a contribution, or another type of payment under this Declaration, other dedicatory instrument, or under law, including a fee or charge payable for a change of ownership entered in the records of the Association.

ARTICLE II

RESERVATIONS, EXCEPTIONS AND DEDICATIONS

Section 2.01. Plat. The Plat subjects the Subdivision to the limitations as set forth therein, and the roads, streets, and easements shown thereon. The Plat further establishes certain restrictions applicable to the Subdivision. All dedications, restrictions and reservations created in this

Declaration or shown on the Plat, re-plats or amendments of the Subdivision recorded or hereafter recorded shall be construed as being included in each Lot, deed or conveyance executed or to be executed, whether specifically referred to therein or not.

Section 2.02. Utility Easements. The Declarant has reserved for utility use the utility easements hereafter referred to as “*general easements*” shown on the Plat or that have been or hereafter may be created by separate instrument recorded in the Official Public Records of Webb County, Texas, for the purpose of constructing, maintaining and repairing a system or systems of electric lighting, electric power, telegraph and telephone line or lines, storm surface drainage, cable television, or any other utility installed in, across and/or under the Subdivision. All utility easements in the Subdivision may be used for the construction of drainage swales in order to provide for improved surface drainage of the Common Area and/or Lots. Should any utility provider furnishing a service covered by the general easement herein provided for request a specific easement by some recordable document, the Association, without the joinder of any other Owner, shall have the right to grant such easement on the Subdivision without conflicting with the terms hereof. Any utility provider serving the Subdivision shall have the right to enter upon any utility easement for the purpose or installation, repair and maintenance of their respective facilities. Neither the Association nor any utility provider, political subdivision or other authorized entity using easements herein referred to shall be liable for any damages done by them or their assigns, agents, employees, or servants, to fences, shrubbery, trees and lawns of the Owner on the Subdivision covered by these easements.

Section 2.03. Title Subject to Easements. It is expressly agreed and understood that the title conveyed to any of the Lots by deed or other conveyance shall be subject to any easement affecting same for roadways or drainage, electric lighting, electric power, or telephone purposes, and other easements hereafter granted affecting the Lots. The Owners of the respective Lots shall not be deemed to own pipes, wires, conduits or other service lines running through their Lots which are utilized for or service to other Lots, but each Owner shall have an easement over and to the aforesaid facilities as shall be necessary for the use, maintenance and enjoyment of his Lot. The Association may convey title to said easements to the public or a utility provider.

Section 2.04. Association’s Easements.

(a) The Association hereby reserves an easement that allows access to an Owner’s Lot to repair, maintain or rebuild any Townhome, Shared Improvement, or other improvements on any Lot, and to remedy a violation of this Declaration or other Association dedicatory instruments; however, the Association may not amend this Declaration or other dedicatory instrument to grant itself additional easements through or over an Owner’s Lot without the consent of the Owner.

(b) The Association further reserves a construction, maintenance, repair, replacement, rebuilding and access easement over an across each Lot with one or more Lot lines in common with any portion of the exterior lines of the Subdivision, 5 feet wide from the exterior boundary lines of the Subdivision, for the construction, maintenance, repair and rebuilding of a boundary wall or fence around all or any portions of the exterior Subdivision. and the Association is hereby granted as reasonably useful or necessary to allow the Association

to construct, repair, replace, rebuild, and maintain the Subdivision's entryway and boundary landscaping, fencing/walls and improvements, together with a reasonable right of access over each Lot to access such 5' easement.

- (c) The Association further reserves an easement across any yards on any Lot, for the purpose of landscape care and mowing to the extent the Association has or assumes responsibility therefore, whether on an on-going basis or an irregular basis, including the right to install, lock, and maintain access gates.

Section 2.05. Stated Purpose. The Subdivision is encumbered by this Declaration for the following reasons: to ensure the best and highest use and most appropriate development of the Subdivision; to protect Owners against improper use of surrounding Lots; to preserve so far as practicable the natural beauty of the Subdivision; to guard against the erection of poorly designed or proportioned structures of improper or unsuitable materials; to encourage and secure the erection of attractive improvements on each Lot with appropriate locations; to secure and maintain proper setbacks from streets and adequate free space; and, in general, to provide for development of the highest quality to enhance the value of investment made by owners of Lots.

ARTICLE III

THE ASSOCIATION

Section 3.01. Membership. Every Owner of any Lot (other than the Streets and Park Lot), shall be a Member of the Association. The foregoing is not intended to include persons or entities which hold an interest merely as security for the performance of an obligation or those having only an interest in the mineral estate. Memberships shall be appurtenant to and may not be separated from the ownership of the Lots. There is only one membership for each Lot, regardless of the number of persons who may own a Lot (such as husband and wife, or joint tenants, etc.). Additionally, after the expiration of the Declarant Control Period, the Directors of the Association must be Members of the Association. Ownership of the Lots shall be the sole qualification for membership. The voting rights of the Members are set forth in the Bylaws of the Association. Membership is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. The rights and privileges of membership, including the right to vote, may be exercised by a Member or the Member's designated representative.

Section 3.02. Classes of Membership. The Association shall have two (2) classes of membership as follows:

- (a) Class "A". Class "A" Members shall be all Owners with the exception of the Class "B" Member.

- (b) Class "B". The Class "B" Member shall be Declarant and any successor of Declarant who takes title for the purposes of development and sale of Lots in the Subdivision.

Section 3.03. Voting. Class "A" Members shall be entitled to one (1) vote for each Lot of which they are record Owner. Class "B" Member shall be entitled to one hundred (100) votes per Lot owned. The Class "B" membership shall terminate and be converted to Class "A" on or before the end of the Declarant Control Period. The total of all Class A and Class B votes constitute the Outstanding Votes.

Section 3.04. Appointment of Board of Directors. During the Declarant Control Period, the Class "B" Member is entitled to appoint and remove the members of the Board of Directors and the officers of the Association. Notwithstanding Section 3.03, on or before the 120th day after the date seventy-five percent (75%) of the Lots that may be made subject to this Declaration are conveyed to Class "A" Members other than Declarant, at least one-third (1/3) of the members of the Board shall be elected by the Owners other than the Declarant.

Section 3.05. Nonprofit Corporation. Khaledi Villas Homeowners Association Inc, a nonprofit corporation, has been organized and it shall be governed by the Chapter 22 of the Business Organizations Code, the Certificate of Formation, and Bylaws of the Association; and all duties, obligations, benefits, liens and rights hereunder in favor of the Association shall vest in said corporation.

Section 3.06. Bylaws. The Association has adopted Bylaws to govern the organization or operation of the Subdivision and the use and enjoyment of the Lots and Common Area; provided that the same are not in conflict with the terms and provisions in this Declaration.

Section 3.07. Owner's Right of Enjoyment. Every Owner shall have a beneficial interest of use and enjoyment in and to the Common Areas and such right shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) This Declaration, as it may be amended from time to time;
- (b) Any restrictions or limitations contained in any deed conveying additional Common Area to the Association;
- (c) The right of the Board to limit the number of guests who may use the Common Area (other than the Streets), and to adopt other Rules and Regulations regulating the use and enjoyment of the Common Area;
- (d) The right of the Board to suspend the right of an Owner to use any recreational facilities within the Common Area for any period during which any Assessment or portion thereof owed by such Owner remains delinquent, and for a period not to exceed sixty (60) days for a single violation, or for a longer period in the case of any continuing violation, of the Declaration, Bylaws, or Rules and Regulations of the Association;
- (e) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area, subject to the approval of sixty-seven percent (67%) of the Outstanding Votes;

(f) The right of the Board to impose reasonable membership requirements and charge reasonable admission or other fees (which fees shall be separate from Assessments) for the use of any recreational facility situated upon the Common Area;

(g) The right of the Board to permit non-Member use of any recreational facility situated on the Common Area upon payment of user fees established by the Board;

(h) The right of the Association, acting through the Board, to mortgage any and all of its real or personal property as security for money borrowed or debts incurred, subject to the approval of sixty-seven percent (67%) of the votes of all Members eligible to vote;

(i) All easement rights necessary or desirable for the Association to perform its duties and enforce this Declaration;

(j) The right of the Association, acting through the Board, to grant easements pursuant to this Declaration; and

(k) The right of the Association, acting through the Board, to enter into and execute contracts with any party for the purpose of providing maintenance or other materials or services consistent with the purposes of the Association and this Declaration.

Section 3.08. Delegation of Rights. Any Owner may delegate his or her right of enjoyment of the Common Area to the members of his or her family, tenants, and social and business invitees subject to reasonable regulation by the Board and in accordance with procedures the Board may adopt. Every Owner shall have the right to ingress and egress over, upon, and across the Roadway Lot necessary for access to any portion his or her Lot, and such rights shall be appurtenant to and pass with the title to each Lot.

Section 3.09. Declarant's Rights in Common Area. Declarant may retain the legal title to easements or fee simple parcels designated as Common Area. Declarant may, at any time after the date hereof, convey legal title to all or a portion of such Common Area to the Association. The Association shall be obligated to accept title to, operate and maintain the Common Area conveyed to the Association as elsewhere provided in this Declaration; provided, however, such Common Area shall be conveyed to the Association by Declarant free and clear of all encumbrances, except such encumbrances as may be set forth herein or on any recorded plat of the Subdivision.

ARTICLE IV

USE AND CONSTRUCTION RESTRICTIONS

Section 4.01. Use. Each Lot in the Subdivision shall be used only for residential related purposes as set forth below. The Association, acting through the Board of Directors and Architectural Control Committee shall have the right and power to enforce the restrictions contained in this Declaration and all other dedicatory instruments.

Section 4.02. Single Family Residential Construction. Except as provided below, no building shall be erected, altered, placed or permitted to remain on any Lot other than one Townhome per Lot. All Townhomes must conform to the Design Guidelines and be approved by the ACC prior to construction. Any Townhome commenced on any Lot shall be completed as to exterior finish and appearance within eight (8) months from the construction commencement date.

Section 4.03. Composite Building Site. Any Owner of one or more adjoining Lots (or portions thereof) may, with the prior written approval of the Architectural Control Committee, and with approval of the City of Laredo and/or Webb County permitting department, if required, consolidate such Lots, with the privilege of placing or constructing a Townhome on such resulting site, in which case the side set-back lines shall be measured from the exterior lines of the consolidated Lots rather than the Lot lines as indicated on the Plat.

Section 4.04. Other Structures or Uses. No structure of a temporary or permanent character, whether trailer, motor home, mobile home, tent, shack, garage, barn or other outbuilding shall be maintained or used on any Lot at any time as a residence, either temporarily or permanently, other than a Townhome. In ground pools, fencing and such other such incidental improvements as are necessary or customarily incident to the Townhome are permitted subject to ACC approval and this Declaration.

(a) The Subdivision is intended for single family residences. Accordingly, no manufacturing, trade, business, commerce, industry, profession or other occupation whatsoever may be conducted or carried on in any portion of the Subdivision, other than a home office which does not accept invitees, clients, customers or guests (and other than the sale of Lots and the construction of Townhomes and allowable incident improvements). No Townhome constructed on a Lot may be used as an apartment house, flat, lodging house, hotel or bed and breakfast lodge or similar purpose, but such Townhomes may be leased for single family residential purposes for a minimum term of one hundred eighty (180) days.

(b) No Townhome or incidental improvements may be constructed, altered or removed upon or from any of a Lot without the prior written approval of the Architectural Committee. Any action, which in any way alters the exterior appearance of any Townhome or incidental improvement, including, without limitation, its color, or which involves the removal of any Townhome or incidental improvement from a Lot, shall be performed only with the prior written approval of the Architectural Committee; routine maintenance that does not alter (as opposed to restore) the appearance of the Townhome or incidental improvements is excepted from prior ACC approval. The positioning of all Townhomes or incidental improvements upon all Lots is hereby expressly made subject to ACC review.

(c) No Townhome or incidental improvements shall be allowed on any Lot that are of such size or architectural design or that involves the use of such landscaping, color schemes, exterior finishes and materials and similar features as to be incompatible with residential development in the Subdivisions and the surrounding area.

(d) Notwithstanding the foregoing, or any other requirements that only a Townhome and incidental improvements may be placed on a residential Lot, if the Owner of a

Lot owns an “adjacent lot” as defined in Section 209.015 of the Act, may use the adjacent lot for “residential purposes” as also defined in Section 209.015 of the Act, subject to the requirements of Section 209.015 (c) through (e) of the Act, and the non-conflicting provisions of this Declaration and the other dedicatory documents.

Section 4.05. Building Set Backs. All Townhomes, or as may be permitted hereunder, other structures, permanent or temporary, habitable or not, shall be constructed and located in accordance with building set back lines as established on the Plat. Notwithstanding the foregoing, the ACC may grant waivers from the foregoing setback restrictions. For purposes of this Section, eaves shall not be deemed to be a part of a Townhome, but steps and porches shall be deemed to be a part of a Townhome or other structure. In no event may any Townhome or other structure be constructed or maintained upon any utility or other platted easement.

Section 4.06 Building Height. No Townhome greater than thirty-five feet (35’) in Height may be constructed on a Lot. For purposes of this Section, “Height” means the vertical distance from “grade” to the highest point of the coping of a flat roof or to the deck line of a mansard roof or to the average height of the highest gable on a pitched or hipped roof, or if none of the preceding, then to the highest point of the Improvement. As applied to a Townhome, Height is measured from an elevation derived from the average of the highest and lowest grade adjacent to the Townhome.

Section 4.07. Building Materials; Residence Size; Coloration.

(a) All Townhomes shall be of recognized standard construction quality. At least seventy-five percent (75%) of the first (1st) floor and twenty-five percent (25%) of the front elevation only of the second (2nd) floor (if any) of each residence shall have the front and side (first floor) areas (exclusive of windows, doors or other openings, gable ends, and all areas above the roof line) covered with stucco. Roofing materials must be of high grade and quality and consistent with the exterior design, color and appearance of other Townhomes within the Subdivision. At a minimum, thirty (30) year guaranteed asphalt composite shingles shall be required. No reflective roofs shall be permitted. All windows shall contain clear or lightly tinted, non-reflective glass.

(b) Each Townhome shall contain a minimum square footage of one thousand seven hundred (1,700) square feet for each two story residence situated on each Lot. The square footage of a residence for purposes of the foregoing calculations shall include all enclosed living space and exclude all porches and patios (open or covered), decks and garages.

(c) The exterior color selections and schemes for each Townhome and any paintable incidental improvements, and any alteration thereof, is subject to the approval of the ACC, and must be compatible with the Subdivision as a whole.

Section 4.08. Roofs. Subject to this section, and approval by the ACC, the surface of all roofs of Townhomes shall be asphalt composite shingles. All flat or built-up roofs and wood-shingle roofs are strictly prohibited. All roofs must match the aesthetics of the Subdivision. Subject to

this section, and approval by the ACC, Owners may install shingles that are designed to be wind and hail resistant, provide heating and cooling efficiencies greater and are more durable than those provided by customary composition shingles, and/or provide solar generation capabilities; however, when installed, they must resemble the shingles used or otherwise authorized for use on improvements on Lots in the Subdivision, and match the aesthetics of the Subdivision.

Section 4.09. Garages. All garages will be attached to the Townhome and a part thereof and therefore of the same general construction as the Townhome, and located on the Lot according to the building site plan approved by the Architectural Control Committee. No portion of a garage shall be converted to a living area.

Section 4.10. Mail Boxes. No Lot shall have or maintain individual mailboxes located on the Lot, unless required by applicable federal postal regulations. The Association shall maintain a community mailbox area on the Park Lot or other location on the Common Areas. The Association shall not be responsible for lost or damaged keys.

Section 4.11. Driveways. All driveways in the Subdivision shall be surfaced with concrete pebble wash finish. Driveways must be a minimum width of twelve feet (12') at all points. Location, design and any decorative surface must be approved by the ACC. The driveway turnout shall be constructed in such manner as to provide an attractive, five foot (5') transitional radius from the street into the driveway entrance. Driveways must be shown on the building plans submitted for approval by the ACC.

Section 4.12. No Above Ground Pools. No above ground swimming or permanent wading pools shall be installed on any residential Lot.

Section 4.13. Fences, Walls and Entryway/Boundary Improvements.

(a) Chain link and other open mesh, wire type fences may not be constructed or maintained on any Lot; provided, however, that a temporary chain link construction fence shall be allowed during construction of a residence to keep trash from being blown to an adjacent Lot.

(b) The ACC may, in its discretion, prohibit the construction of any proposed fence or wall, or specify the materials of which any proposed fence must be constructed, or require that any proposed fence be screened by vegetation or otherwise so as not to be visible from other portions of the Subdivision.

(c) All fencing on a residential Lot (other than boundary fences erected by the Declarant or Association) must be constructed out of cedar, redwood or spruce. Wrought iron or masonry are prohibited. Except for the Subdivision's entryway fences and walls, all fences and walls on or immediately adjacent to a Lot boundary line shall be maintained by the Owner of such Lot. The Subdivision's entryway and boundary landscaping, fencing/walls and other improvements shall be maintained by the Association.

Section 4.14 Landscaping. All portions of each residential Lot, once a Townhome has been constructed, not covered by impermeable cover, shall be landscaped, with drought tolerant turf,

xeriscaping, planting beds or other elements, the general landscaping plans for such shall be approved in advance by the ACC, and be subject to the Design Guidelines. The use of drip irrigation and drought tolerant and desert plants and xeriscape features is encouraged. All landscaping shall be well maintained and cared for, and shall be compatible with the overall landscaping plan of the Subdivision.

Section 4.15 Governmental Requirements. All Townhome and incidental improvements shall comply with all applicable governmental laws, codes, ordinances and regulations including, without limitation, all setback and impervious cover restrictions.

Section 4.16 Subdividing. No Lot shall be further divided or subdivided, nor may any easements or other interests therein less than the whole be conveyed by the Owner thereof without the prior written approval of the ACC; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot and convey an easement or other interest less than the whole, all without the approval of the ACC.

Section 4.17 Signs.

(a) Except as provided in (b) , and except for one or more permanent entrance signs for the Subdivision and one (1) 2'x4' sign per Lot for sales purposes, no sign of any kind shall be displayed to the public view without the prior written approval of the ACC.

(b) Owners may display on the Owner's Lot one or more signs advertising a political candidate or ballot item for an election on or after the ninetieth (90th) day before the date of the election to which the sign relates or ten (10) days after that election date. Signs shall be ground-mounted and display only one sign for each candidate or ballot item. Any sign that contains roofing material, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative components, is attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object, includes the painting of architectural surfaces, threatens the public health or safety, is larger than four (4) feet by six (6) feet, violates a law, contains language, graphics, or any display that would be offensive to the ordinary person, or is accompanied by music or other sounds or by streamers or is otherwise distracting to motorists is prohibited. The Association may remove a sign displayed in violation of this section.

Section 4.18 Rubbish and Debris. Other than normal construction materials and debris during the period of construction of a residence on a Lot, no rubbish or debris of any kind shall be placed or permitted to accumulate in the Subdivision or any portion thereof and no odors shall be permitted to arise therefrom so as to render the Subdivision or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property or to its occupants. Refuse, garbage and trash shall be kept at all times in covered containers and all such containers shall at all times be kept within an enclosed structure or appropriately screened from view of all adjacent property and public and private rights-of-way; provided, however, garbage containers shall be permitted to be placed outside of enclosed structures and may be removed from screened areas a maximum of two (2) times each week, for no longer than forty-eight (48) hours each time, for garbage collection. Compost may, however, be maintained for home gardening use. During the period of

construction of a residence on a Lot, each builder shall take reasonably prudent steps to ensure that construction debris and materials remain on the Lot on which the residence is being constructed and do not accumulate on any other Lots or in the streets of the Subdivisions.

Section 4.19 Noise; Nuisances. No exterior speakers (other than home entry speakers), horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any portion of the Subdivision unless approved by the ACC. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Subdivision so as to be offensive or detrimental to any other portion of the Subdivision or its occupants. No noxious or offensive activity shall be conducted on any portion of the Subdivision.

Section 4.20 Condition and Repair of Improvements and Landscaping. All Townhomes and incidental improvements shall at all times be kept in good condition and repair and adequately painted or otherwise maintained by the Owner thereof. All windows in any Townhomes and incidental improvements facing any public or private right-of-way shall have draperies, mini blinds or shutters installed by the resident or Owner thereof. Within ninety (90) days after completion of construction on any Lot, all landscaping on such Lot as approved by the ACC shall be completed and shall at all times thereafter be properly maintained with all trees, shrubs and plantings properly pruned, yards regularly mowed, edged and raked and all areas kept free of trash, debris, weeds and overgrowth. Each Owner shall keep all trees, shrubs, grass and plantings on such Owner's Lot or Lots free of disease and insects consistent with good horticultural practice. Each Owner is responsible to water all landscaping to maintain the landscaping in good condition, subject only to governmental water restrictions.

Section 4.21 Hazardous Activities. No activities shall be conducted or allowed to exist on any portion of any Lot and no improvements shall be constructed on any Lot which are or might be unsafe or hazardous to any person or property.

Section 4.22 Vehicles; Unsightly Articles; Temporary Structures; Holiday Decorations.

(a) Passenger vehicles, motorcycles and scooters owned or used by an Owner shall not be parked or left on any portion of the Subdivision other than such Owner's garage or driveway for longer than two (2) hours at a time; no Owner may park on the Streets. No mobile homes, boats, buses, trucks (other than passenger vehicle trucks), boat trailers, graders, tractors or wagons shall be parked or placed on any residential Lot at any time; provided, however, construction equipment may be left on a Lot during construction on such Lot, but shall be removed as soon as such equipment is no longer needed in such construction. No travel trailers or recreational vehicles shall be parked on or near any Lot so as to be visible from adjoining property or public or private rights-of-way for longer than forty-eight (48) hours at a time.

(b) No junk vehicles or equipment, spare vehicle or equipment parts or other article deemed to be unsightly by the Board shall be permitted to remain on any Lot so as to be visible from adjoining property or public or private rights-of-way. All garden maintenance equipment shall be kept at all times, except when in actual use, in an enclosed structure or screened from view of adjoining property and public and private rights-of-way. No permanent recreational

equipment, including, but not limited to, swing sets, playscapes, basketball hoops and nets or badminton nets, shall be permitted in the front yard of any Lot. Gardens shall be permitted for household use only and shall not be permitted in the front yards of residences. No repair or maintenance work shall be done on any garden maintenance equipment or on any vehicle (other than minor emergency repairs) except in an enclosed garage or other structure. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household materials shall be appropriately screened from view and no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Subdivision except within an enclosed structure or appropriately screened from view.

(c) No tent, shack, barn or other temporary improvement shall be placed upon any Lot; provided, however, that temporary structures necessary for storage of tools and equipment and for office space for architects, builders and foremen during actual construction may be maintained with the prior written approval of the ACC, such approval to include the nature, size, duration and location of such structure.

(d) All holiday decorations shall be removed and stored within fifteen (15) days after the end of the applicable holiday.

Section 4. 23 Animals. No kennel or other facility for raising or boarding dogs or other animals for commercial purposes shall be kept on any Lot. Only the keeping of ordinary household pets such as dogs and cats, not to exceed three (3) each in number, is allowed; however, no breeding, raising, or boarding of such pets is permitted on any Lot. No pit bull terriers or other dangerous breed of dogs as determined by the Association in its sole discretion may be kept on any Lot for any period of time. All pets permitted by this Declaration to be kept on a Lot shall at all times be properly vaccinated and cared for. No poultry or livestock of any kind may be kept on any Lot for any period of time. All pets shall be kept on the Owner's Lot and shall not be allowed to roam loose, and Owners having pets shall keep their Lot and all other Lots free of offensive or unsanitary accumulations of waste from their pet.

Section 4. 24 Underground Utility Lines. No utility lines or wires, including, but not limited to, wires or other devices for the communication or transmission of telephone, electric current or power or cable television, shall be erected, placed or maintained in or upon any Lot unless the same shall be contained in conduit or cables that are installed and maintained underground or that are concealed in, under or on buildings; provided, however, that no provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of improvements which have been previously approved in writing by the ACC. The installation method, including, but not limited to, location, type of installation equipment, trenching method and other aspects of installation for both temporary and permanent utility lines and wires shall be included in the plans for all improvements.

Section 4. 25 Exterior Lighting. All exterior lighting on any Improvement must be approved by the ACC; provided, however, Christmas and other holiday lights shall be permitted without prior approval. No lighting shall be permitted that constitutes a nuisance or hazard to any Owner or occupant of any Lot.

Section 4.26 General Restrictions.

(a) All Townhomes and incidental improvements constructed in the Subdivision shall be built in place on the Lot.

(b) There shall be no interference with the established drainage patterns over any of the Subdivision, except by Declarant, unless adequate provision is made for proper drainage and the prior written approval of ACC is obtained.

(c) Once commenced, construction shall be diligently pursued to completion so that no construction is left in a partially completed condition any longer than reasonably necessary. All construction materials and debris shall promptly be cleared from each Lot upon completion of construction thereon.

Section 4.27 Security Gates. If there is an entry or other security gate, until such time Declarant has sold all Lots and thereafter until the earlier of 3 years or until all residential Lots have had a Townhome constructed thereon, whichever comes first, any and all entry or security gates in the Subdivision shall be left open during daylight hours.

Section 4.28. Religious Item Displays. Subject to this section, and approval by the ACC, Owners may display or affix on the entry to the Owner's Townhome one or more religious items, the display of which is motivated by the Owner's or resident's sincere religious belief. No religious item may individually or in combination exceed twenty-five (25) square inches, and shall not extend past the outer edge of the door frame of the Townhome. Notwithstanding the foregoing, the display or affixation of a religious item on an Owner's Townhome that threatens public health or safety, violates a law, or contains language, graphics, or any display that is patently offensive to a passerby is prohibited. This section does not authorize an Owner to use a material or color for an entry door or door frame, or make an alteration to the door or door frame of the Owner's Townhome that is not authorized by the ACC and Design Guidelines. The Association may remove an item displayed in violation of this section.

Section 4.29. Solar Energy Devices. Subject to this section, and approval by the ACC within forty-five (45) days of submission of a plan, Owners may install solar energy devices on the roof of the Townhome or other permitted improvement on a Lot, or in a fenced yard or patio not taller than the fence line. As used in Section 202.010 of the Texas Property Code, "solar energy device" has the meaning assigned by Section 171.107 of the Tax Code, which defines the term as "a system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar generated power". The term includes a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power. A solar energy device is not permitted anywhere on a Lot except on the roof of the residential Townhome or other permitted structure on the Lot or in a fenced yard or patio within the Lot. A solar energy device may not extend higher than the Townhome's or other permitted improvement's roofline, and shall conform to the slope of the roofline, shall have a frame, support bracket, or visible piping that is a silver, bronze, or black tone commonly available in the marketplace, and shall be located on a

roof as designated by the ACC, unless an alternate location increases the estimated annual energy production of the device by more than ten percent (10%) above the energy production of the device if located in the area designated by the ACC. For determining estimated annual energy production, the parties shall use a publicly available modeling tool provided by the National Renewable Energy Laboratory. A solar energy device located in a fenced yard or patio shall not be taller than or extend above the fence enclosing the yard or patio. A solar energy device shall not be installed on a Lot in a manner that voids material warranties. A solar energy device that, as adjudicated by a court threatens the public health or safety, violates a law, or is located in the Common Area is prohibited. The ACC may not withhold approval if the guidelines of this section are met or exceeded, unless the ACC determines in writing that placement of the device as proposed constitutes a condition that substantially interferes with the use and enjoyment of land by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. The written approval of the proposed placement of the device by all Owners of property adjoining the Lot in question constitutes *prima facie* evidence that substantial interference does not exist. During the Development Period, Declarant may prohibit or restrict an Owner from installing a solar energy device.

Section 4.30. Rain Barrels and Rain Harvesting Systems. Section 202.007 of the Texas Property Code prohibits the Association and ACC from enforcing a provision that prohibits or restricts an Owner from installing rain barrels or a rain harvesting system on the Owner's Lot. However, Section 202.007 of the Texas Property Code further provides that the Association is not required to permit a rain barrel or rainwater harvesting system to be installed on a Lot in particular circumstances or restricted from regulating rain barrels and rain harvesting devices in specified manners, as follows: No rain barrel or rainwater harvesting system shall be permitted in the Common Area or located on a Lot between the front of the Townhome and an adjoining or adjacent street, be of a color inconsistent with the color scheme of the Owner's Townhome, display any language or other content that is not typically displayed by a barrel or system as it is manufactured. The Design Guidelines shall regulate the size, type and shielding of, and the materials used in the construction of, a rain barrel, rainwater harvesting device, or other appurtenance that is located on the side of a Townhome or any other location that is visible from a street, another Lot, or the Common Area, if it does not prohibit the economic installation of the device or appurtenance on the Owner's Lot. There must be a reasonably sufficient area on a Lot to install these devices and appurtenances.

Section 4.31. Laws and Ordinances. Owners, their lessees, guests, and invitees, shall comply with all laws, ordinances, and statutes applicable to their Lot and the Subdivision, and any violation may be considered a violation of this Declaration or other dedicatory instrument.

Section 4.32 Right of Enforcement. The failure by Declarant or the Association to enforce any provision of this Declaration shall in no event subject Declarant or the Association to any claims, liability, costs or expense, it being the express intent of this Declaration to provide Declarant with the right (such right to be exercised in its sole and absolute discretion), but not the obligation, to enforce the terms of this Declaration for the benefit of any Owner(s) of any Lot(s) in the Subdivisions.

Section 4.33 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms or provisions contained in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no 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 the Subdivision 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 and the Association harmless therefrom. Declarant shall not be responsible for the acts or omissions of any individual, entity or other Owners.

Section 4.34 Shared Improvements.

4.34.01 To the extent not inconsistent with the provisions herein, the general rules of law regarding Party Walls and liability for property damage due to negligence, or willful acts, or omissions shall apply with respect to Shared Improvements.

4.34.02 The cost of maintenance of any Shared Improvement shall be shared equally by the Owners of the applicable Party Wall, or the Owners who benefit from the Shared Improvement.

4.34.03. In the event that a Townhouse is destroyed or removed for any reason and not reconstructed, the cost of the restoration shall be borne by the Owner of the Townhouse which was destroyed or removed, except to the extent of the Association's responsibility for insurance and repairs as set out in Section 4.35, below.

4.34.04 No Owner shall alter or change a Shared Improvement in any manner (interior decoration excepted) and the Shared Improvement shall always remain in the same location as when erected.

4.34.05 Notwithstanding any other provision herein except 4.35, below, an Owner who by such Owner's negligent or willful act causes a Shared Improvement to be damaged shall bear the whole cost of furnishing the necessary protection against such elements.

4.34.06 Notwithstanding any other provision herein except 4.35, below, the right of any Owner to call for a larger contribution from any Owner under any rule of law regarding liability for negligent or willful acts or omissions shall not be prejudiced. The rights of any Owner to contribution from any other Owner under this Declaration shall be appurtenant to the land and shall pass to such Owner's successors in title. Each Owner, the Declarant and the Association shall each have the right to enforce by any proceeding at law or in equity the provisions contained in this Section 4.34. Failure by any Owner, the Declarant or the Association to enforce any provision, however, shall in no event be deemed a waiver of the right of any other Owner, the Declarant or the Association to do so thereafter.

4.34.07. Notwithstanding the rights of an Owner as set out above, for the harmony of the architecture, design and color schemes, or the Subdivision, the Shared Improvements shall be

maintained in their original shape, size design and color, and if destroyed or partially destroyed, will be repaired to their original shape, size, design and color, unless otherwise approved by the ACC.

4.35. COMMON EXPENSE FUND; INSURANCE

4.35.01 All Owners are bound to contribute to the common expense fund ("Common Expense Fund"), pursuant to a Shared Improvement Assessment, for the maintenance and repair Shared Improvements or any other expenses agreed on by a majority of the Outstanding Votes. No Owners shall be exempt from the obligation to make such contribution to the Common Expense Fund by waiver of the use of enjoyment of the Shared Improvements or by abandonment of any portion of the Property or any other circumstances.

4.35.02 The Common Expense Fund shall be funded, as needed, by the Shared Improvement Assessment as determined herein, and/or by insurance proceeds; the funds raised by assessment to the Members may be used at the Board's discretion to acquire insurance on the Shared Improvements.

4.35.03 Common Expense Fund assessments collected may be paid into a fund to be held for the use and benefit, directly or indirectly of the Owners and may be expended for the purposes set forth herein, including, without limitation, providing for the enforcement of the provisions of this Declaration, for the maintenance, operation, repair, benefit and welfare of the Subdivision and generally for those items necessary to and desirable in the opinion of the Board to maintain or improve the Subdivision.

4.35.04 The Association shall maintain casualty insurance on the exterior of each Townhome including Shared Improvements, under such terms as the Association deems appropriate, and to the extent of such proceeds shall be responsible for repair or rebuilding of insured losses to Townhouses, Lots and Shared Improvements.

4.35.05 Notwithstanding anything contained in this Declaration to the contrary, Declarant shall at no time have any obligation for any Common Expense Fund assessments.

4.35.06. Required Insurance By Owners. Each Owner shall maintain at all times casualty insurance on the interior of the Owner's Townhome including the interior, if any, of its Shared Improvements, and all of the Owner's personal property in any Townhome, and provide to the Association current certificates (and if requested copies of policies) shown coverage complying with this Section. Coverage, whether by casualty or homeowners liability policies, shall include the contractual obligations of an Owner under this Declaration to repair any damage cause by such Owner to the Shared Improvements.

4.35.07 Responsibility for Family and Invitees. Each Owner is fully responsible for the acts and omissions and negligence of the Owner's family, guests and other invitees, and the contractors and vendors invited to the Lot by the Owner or Owner's family or other invitees. Accordingly, any damage to the Townhomes the Shared Improvements or any other portion of the Subdivision done by the Owner's family, guests and other invitees, and the contractors and vendors invited to the Lot by the Owner or Owner's family or other invitees, are the

responsibility of the Owner and considered as done by the Owner for the purposes of this Declaration.

4.36. **Mowing Responsibility.** For so long as the Association assumes the obligation to mow the yards on each Lot, the Association shall mow the Lots on a regular basis, and each Owner grants the Association and its contractors the reasonable right of access therefor. If the Association no longer assumes such responsibility, each Owner shall be responsible for regular mowing of such Owner's Lot to maintain a neat and clean appearance within the Subdivision. The Owner shall have all other landscaping responsibilities for such Owner's Lot.

ARTICLE V

ARCHITECTURAL CONTROL

Section 5.01. **Basic Control.** No Townhome or other improvements of any character shall be erected or placed, or the erection or placing thereof commenced or changes made in the design or exterior appearance thereof (excluding, without limitation, painting staining or siding) or any addition or exterior alteration made thereto after original construction or demolition or destruction by voluntary action made thereto after original constructed, on any Lot in the Subdivision until the obtaining of the necessary approval (as hereinafter provided) from the Architectural Control Committee of the construction plans and specification for the construction or alteration of such improvements or demolition or destruction of existing improvements by voluntary action. Approval shall be granted or withheld based on matters of compliance with the provisions of this instrument. Each application made to the ACC shall be accompanied by two sets of plans and specifications for all proposed construction (initial or alteration) to be done on such Lot, including plot plans showing location on the Lot.

Section 5.02. **Architectural Control Committee.** The authority to grant or withhold architectural control approval as referred to above is in the Architectural Control Committee composed of three (3) Members of the Association, who shall be appointed annually by the Board. The ACC shall have exclusive jurisdiction over all original construction on the Lots and over modifications, additions, or alterations made on or to the improvements on the Lots. During the Development Period, the ACC shall be appointed by Declarant.

Section 5.03. **Design Guidelines.** The ACC shall adopt such standards or guidelines ("***Design Guidelines***") as it determines for the construction or alteration of improvements on the Lots and for landscaping, and establish application and review procedures for submitted plans. The ACC shall make the Design Guidelines available to Owners and Contractors who seek to engage in construction upon a Lot and who shall conduct their operations strictly in accordance therewith. The ACC may establish and charge reasonable application fees for its review of plans.

Section 5.04. **Consulting Professionals.** The ACC is authorized, but not obligated, to retain the services of consulting professionals such as building architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the ACC in performing its functions set forth herein. The costs of the services of such consultants shall be an

Owner expense if required for services regarding plans submitted for the Owner's Lot, except to the extent such costs are covered by a plan review fee established by the ACC, if it elects to establish such a fee.

Section 5.05. Effect of Approval. The granting of the approval shall constitute only an expression of opinion by the ACC that the terms and provisions hereof shall be complied with if the building and/or other improvements are erected in accordance with said plans and specifications and plot plan; and, such approval shall not constitute any nature of waiver or estoppel either as to the persons expressing such approval or any other person in the event that such building and/or improvements are not constructed in accordance with such plans and specifications and plot plan but, nevertheless, fail to comply with the provisions hereof. Further, no person exercising any prerogative of approval or disapproval shall incur any liability by reasons of the good faith exercise thereof.

Section 5.06. Appointment of ACC; Authority of Association; Declarant as Member. During the Development Period, Declarant may appoint all members of the ACC and is entitled to remove and replace any of same, and in all other respects to exercise all rights and authority of the Association as set forth in this Declaration and other dedicatory instruments. Without limitation of the foregoing, the provisions of this Declaration or any other dedicatory instruments regarding qualifications for members of the ACC are hereby specifically declared inapplicable to Declarant during the Development and Declarant Control Periods.

Section 5.07. ACC Approval not Required; Declarant's ACC Authority as to Initial Development of Lots. Declarant is not required to obtain ACC approval or otherwise comply with any provisions of this Article until completion of the initial sale of each and all residential Lots, and Declarant hereby reserves and retains full and exclusive authority of the ACC as to each Lot, until completion of the initial sale of such Lot. The foregoing applies notwithstanding any other provisions of this Declaration or any other dedicatory instruments until completion of the initial sale of all residential Lots within the Subdivision. As to each Lot, "completion of the initial sale" occurs upon substantial completion of the construction of a single-family residence and related improvements upon the Lot and the sale of the Lot to a person other than Declarant or a Contractor for use and occupancy of the Lot for a single-family dwelling.

Section 5.08. Interpretation. The ACC shall have the express authority to perform fact finding functions hereunder and shall have the power to construe and interpret any covenant herein that may be vague, indefinite, uncertain or capable of more than one interpretation. The goal of the ACC is to encourage the construction of Townhomes of good architectural design, quality and proper size compatible with Declarant's conceptual plan for the Subdivision. Townhomes should be planned and designed with particular attention to the design and aesthetic appearance of the exterior and the use of such materials, which, in the sole judgement of the ACC, create an attractive and harmonious blend with existing and proposed Townhomes in the immediate area and the natural surroundings. The ACC may disapprove the construction or design of a home on purely aesthetic grounds where, in its sole judgement, such disapproval is required to protect the continuity of design or values of the neighborhood and of other homeowners or to preserve the serenity and natural beauty of any surroundings. The ACC's evaluation of Required Plans is solely to determine compliance with the terms of this Declaration and the aesthetics or the

proposed improvements and the ACC disclaims any responsibility to determine compliance with any applicable building code or other standard for construction.

Section 5.09. Variances. Any time ACC approval is called for in this Declaration, such approval must be given, if at all, in writing and in advance. The Architectural Control Committee shall have the right, but not the obligation, to grant variances and waivers relative to deviations and infractions of the Declaration or to correct or avoid hardships to Owners, or to accommodate other unique, attractive, advanced and/or harmonious building materials, or for other reasons believed by the ACC to be valid. Upon submission of a written request for same, the ACC may, from time to time, in its reasonable discretion, permit an Owner to construct, erect or install a Townhome or other improvements in variance from the covenants, restrictions or architectural standards which are provided in this Declaration. In any case, however, the Townhome with such variances must, in the ACC's reasonable discretion, blend effectively with the general architectural style and design of the neighborhood and must not detrimentally affect the integrity of the Subdivision or be incompatible with the natural surroundings. All requests for variances shall be in writing, shall be specifically indicated to be a request for variance, and shall indicate with specificity the particular standard sought to be varied and the nature of the variance requested. All requests for variances shall be deemed to be disapproved if the ACC has not expressly and in writing approved such request within thirty (30) days of the submission of such request. Each request for a variance submitted hereunder shall be reviewed independently of similar requests; the grant of a variance to any one Owner shall not constitute a waiver of the ACC's right to deny a variance to another Owner.

Section 5.10. Decisions; Liability. The ACC's decision with respect to any requested action is discretionary. Any request for action by the ACC should allow sufficient time for ACC's review. The ACC is not bound except by its written decisions. Members of the ACC and their representatives shall not be liable to any person subject to or possessing or claiming the benefits of this Declaration for any damage or injury to property or for damage or loss arising out of their acts hereunder. No member of the ACC shall be liable to any Owner for any claims, causes of action or damages arising out of the grant or denial of any variance to an Owner. All decisions of the ACC shall be final and binding, and there shall not be revisions of any action of the ACC except by procedure for injunctive relief when such action is patently arbitrary and capricious, or discriminatory. The presumption of Section 202.004, Texas Property Code, shall apply.

ARTICLE VI

MAINTENANCE FUND AND ASSESSMENTS

Section 6.01. Maintenance Fund Obligation. Each Owner, by acceptance of a deed to a Lot, whether or not it shall be expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association an annual Regular Assessment, and any other assessments or charges hereby levied.

Section 6.02. Regular Assessment. The Regular Assessment shall be used to create the Maintenance Fund, which shall be used as herein provided; and each such Regular Assessment (except as otherwise hereinafter provided) shall be paid by the Owner of each Lot to the Association. The Regular Assessment for the year of purchase shall be prorated at closing and then shall be paid annually, in advance, on or before the first day of the first month of each calendar year. Any Regular Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the lesser of (i) the rate of twelve percent (12%) per annum or (ii) the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the hereinafter described lien against the Owner's Lot. No Owner may waive or otherwise escape liability for the Regular Assessment by the non-use of any Common Areas or by the abandonment of his Lot. The initial amount of the Regular Assessment applicable to each Lot will be \$100.00 per month due in advance, payable on the 1st of each month. All other matters relating to the Regular Assessment and the collection, expenditures and administration of the Maintenance Fund shall be determined by the Declarant or the Board of Directors of the Association, subject to the provisions hereof. The Association, shall have the right at any time, to adjust the Regular Assessment from year to year as it deems proper to meet the reasonable operating expenses and reserve requirements of the Association in order for the Association to carry out its duties hereunder.

Section 6.03. Special Assessment. In addition to the Regular Assessment, the Association may upon the affirmative vote of two-thirds (2/3) of the Outstanding Votes at a meeting duly called for such purpose levy a Special Assessment in any year for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of capital improvements upon the Common Area, including fixtures and personal property. Notwithstanding the foregoing, if an emergency exists such that the Board of Directors determines that the repair of a capital improvement upon the Common Area is necessary to eliminate or reduce the risk of injury to third parties and there is not enough money held by the Association, in reserve or otherwise, to repair the capital improvement to reduce or eliminate this risk, the Board of Directors may levy a Special Assessment in an amount sufficient to repair the capital improvement to reduce or eliminate such risk without the affirmative vote of two-thirds (2/3) of the Outstanding Votes.

Section 6.04. Capital Budget and Contribution. The Board of Directors shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to meet the projected capital needs of the Association, as shown on the capital budget, with respect both to amount and timing by annual assessments over the period of the budget. The capital contribution required shall be fixed by the Board and included within the budget and general assessment. A copy of the capital budget shall be distributed to each Member in the same manner as the operating budget.

Section 6.05. Commencement Date of Annual Assessments. The Association shall levy the first annual Regular Assessment provided for herein, based on the operating budget for the remainder of the initial calendar year, on the first day of the month following the initial conveyance of the Common Area to the Association. Thereafter the Regular Assessment shall continue from calendar year to calendar year.

Section 6.06. Common Area Exempt. All Common Areas and all portions of the Subdivision owned or otherwise dedicated to any political subdivision, shall be exempt from the assessments and liens created herein.

Section 6.07. Transfer and Other Fees. A transfer fee of \$125.00 may be charged by the Association to reflect changes of ownership, tenancy or occupancy on the records of the Association.

Section 6.08 . Shared Improvement Assessment. In addition to the Regular Assessment and Special Assessment, the Association may upon the affirmative vote of two-thirds (2/3) of Outstanding Votes at a meeting duly called for such purpose levy a Shared Improvement Assessment in any year for the purpose of defraying in whole or in part the cost of the repair, maintenance or replacement of the Shared Improvements, and at the discretion of the Board, the premiums for any, if any, available insurance on the Shared Improvements.

ARTICLE VII

COLLECTION OF ASSESSMENTS

Section 7.01. Creation of Lien and Personal Obligation. In order to secure the payment of the Regular Assessment, Special Assessment or Shared Improvement Assessments, and other charges and assessments hereby levied, each Owner of a Lot in the Subdivision, by such party's acceptance of a deed thereto, hereby grants to the Association a contractual lien on such Lot, which may be foreclosed judicially or by Expedited Foreclosure Proceedings, pursuant to the provisions of Section 209.0092 of the Act and Texas Rules of Civil Procedure Rules 735 and 736 (as the same may be amended from time to time, and any successor statutes); and each such Owner hereby expressly grants the Association a power of sale in connection therewith. Expedited Foreclosure Proceedings are not required under this section if the Owner of the Lot to be foreclosed agrees in writing to waive said Expedited Foreclosure Proceedings at the time the foreclosure is sought. A waiver under this section may not be required as a condition of the transfer of title to a Lot.

Section 7.02. Prerequisites to Foreclosure. Prior to referring an Owner's account to a collection agent, the Association is shall provide written notice, by certified mail, return receipt requested, that specifies each delinquent amount and the total amount of the payment required to make the account current, describes the options the Owner has to avoid the referral including payment plan options, and provides at least 30 days to cure the delinquency before further action is taken.

Section 7.03. Collection Fees. Owners are not liable for costs that are dependent or contingent on amounts recovered, or under an agreement that does not require the Association to pay all fees for the action taken by the collection agent.

Section 7.04. Contact. An agreement between the Association and a collection agent may not prohibit an Owner from contacting the Association's Board of Directors or Managing Agent regarding their delinquency.

Section 7.05. Non-transferability of Lien. The Association shall not sell or transfer its interest in accounts receivable except for the purpose of collateral for a loan.

Section 7.06. Alternative Payment Schedule. Pursuant to Section 209.062 of the Act, the Association hereby adopts reasonable guidelines to establish an alternative payment schedule by which an owner may make partial payments for delinquent regular or special assessments or any other amount owed without incurring additional penalties. The Association hereby adopts the following guidelines with regard to alternative payment schedules for delinquent assessments and other amounts owed by an Owner:

(a) Term: The minimum term for a payment agreement shall be (3) three months and the maximum shall be (18) eighteen months from the date of the Owner's request for a payment plan. Subject to such minimum and maximum terms, the Association shall determine the appropriate term of the payment plan in its sole discretion.

(b) Form: Any and all alternative payment agreements shall be in writing and signed by the Owner and a duly authorized member of the Board of the Association.

(c) Additional Monetary Expense: So long as an Owner is not in default under the terms of the payment agreement, the Owner shall not incur additional monetary expenses; however, the Owner shall be responsible for all interest accruing during the term of the payment plan as well as reasonable costs associated with administering the payment plan or interest.

(d) Application of Payments: If at the time the Association receives a payment, the Owner is not in default under an alternative payment agreement, the Association shall apply the payment to the owner's debt in the following order of priority: (a) any delinquent assessment; (b) any current assessment; (c) any attorney's fees or third party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure; (d) any attorney's fees incurred by the Association that are not subject to subsection (c); (e) any fines assessed by the Association; and (f) any other amounts owed to the Association.

(e) Default: If the Owner defaults under a payment plan agreement, the account may immediately be turned over to the Association's attorney for collection. The Association shall not be required to enter into an alternative payment agreement with an Owner who failed to honor the terms of a previous payment agreement during the two (2) years following the Owner's default under the previous alternative payment agreement. At the discretion of the Association, an Owner who failed to honor the terms of a previous payment agreement may be required to waive Expedited Foreclosure Proceedings under Section 209.0092 of the Act as a condition to an additional alternative payment agreement. If, at any time the Association receives a payment from an Owner who is in default of an alternative payment agreement, the Association

is not required to apply the payment in the order of priority specified by Paragraph 4, Sections (a) through (f) above.

The Association may reduce or waive some or all of the charges addressed by this policy on an *ad hoc* basis without waiving the right to charge such fees on future requests.

Section 7.07. Notice and Opportunity to Cure for Certain Other Lienholders. The Association may not foreclose its assessment lien by Expedited Foreclosure Proceedings or judicially unless it has: provided written notice by certified mail, return receipt requested, of the total amount of the delinquency to any other holder of a lien that is inferior or subordinate to the Association's lien and is evidenced by a deed of trust; and provided the recipient of the notice an opportunity to cure within sixty-one (61) days from the receipt of the notice.

Section 7.08. Foreclosure Sale Prohibited in Certain Circumstances. The Association may not foreclose its assessment lien for debts consisting solely of fines or attorneys' fees associated with the fines assessed, or for copy charges under its Open Records Policy, pursuant to § 209.005 of the Act.

Section 7.09. Assessment Lien Filing. In addition to the right of the Association to enforce the Regular Assessment or other charge or assessment levied hereunder, the Association may file a claim of lien against the Lot of the delinquent Owner by recording a Notice of Lien setting forth (a) the amount of the claim of delinquency, (b) the interest thereon, (c) the costs of collection which have accrued thereon, (d) the legal description and street address of the Lot against which the lien is claimed and (e) the name of the Owner. The Notice of Lien shall be recorded in the Official Public Records of Real Property of Webb County, Texas, and is a legal instrument affecting title to a Lot, and shall be prepared by the Association's attorney. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Association shall execute and record a notice of satisfaction of the delinquent assessment upon payment by the Owner of a reasonable fee as fixed by the Board of Directors to cover the preparation and recordation of such instrument.

Section 7.10. Attorney's Fees. All attorney's fees, costs, and other amounts collected from an Owner shall be deposited into an account maintained at a financial institution in the name of the Association or its Managing Agent. Only Board members or the Association's Managing Agent or employees of its Managing Agent may be signatories on the account. On written request from the Owner, the Association shall provide copies of invoices for attorney's fees and other costs relating only to the matter for which the Association seeks reimbursement of fees and costs.

Section 7.11. Notice After Foreclosure Sale. After the Association conducts a foreclosure sale of an Owner's Lot, the Association must send to the Owner and to each lienholder of record, not later than the thirtieth (30th) day after the date of the foreclosure sale, a written notice stating the date and time the sale occurred and informing the Lot Owner and each lienholder of record of the right of the Lot owner and lienholder to redeem the property. The notice must be sent by certified mail, return receipt requested, to the Lot Owner's last known mailing address, as reflected in the records of the Association, the address of each holder of a lien on the Lot subject to foreclosure

evidenced by the most recent deed of trust filed of record in the real property records of the county in which the property is located, and the address of each transferee or assignee of a deed of trust who has provided notice to the Association of such assignment or transfer. Notice provided by a transferee or assignee to the Association shall be in writing, shall contain the mailing address of the transferee or assignee, and shall be mailed by certified mail, return receipt requested, or United States mail with signature confirmation to the Association according to the mailing address of the Association pursuant to the most recent Management Certificate filed of record. If a recorded instrument does not include an address for the lienholder, the Association does not have a duty to notify the lienholder as provided by this section. For purposes of this section, the Lot Owner is deemed to have given approval for the Association to notify the lienholder. Not later than the thirtieth (30th) day after the date the Association sends the notice, the Association must record an affidavit in the Real Property Records, stating the date on which the notice was sent and containing a legal description of the Lot. Any person is entitled to rely conclusively on the information contained in the recorded affidavit. The notice requirements of this section also apply to the sale of an Owner's Lot by a sheriff or constable conducted as provided by a judgment obtained by the Association.

Section 7.12. Right of Redemption After Foreclosure. The Owner of a Lot in the Subdivision or a lienholder of record may redeem the property from any purchaser at a sale foreclosing a the Association's assessment lien not later than the one hundred eightieth (180th) day after the date the Association mails written notice of the sale to the Owner and the lienholder under Sections 209.010 and 209.011 of the Act. A lienholder of record may not redeem the Lot as provided herein before ninety (90) days after the date the Association mails written notice of the sale to the Lot Owner and the lienholder under the Act, and only if the Lot Owner has not previously redeemed. A person who purchases a Lot at a sale foreclosing the Association's assessment lien may not transfer ownership of the Lot to a person other than a redeeming Lot Owner during the redemption period.

Section 7.13. Removal of Foreclosure Authority. The right to foreclose the lien on real property for unpaid amounts due to the Association may be removed by a vote of at least sixty-seven percent (67%) of the Outstanding Votes. Owners holding at least ten percent (10%) of all voting interests may petition the Association and require a special meeting to be called for the purposes of taking a vote for the purposes of this section. This section is required pursuant to §209.0093 of the Act, and should this provision be amended or repealed in any form, this section shall be deemed to be automatically amended or repealed in accordance therewith.

Section 7.14. Right of Declarant to Set Rate. During the Development Period, Declarant is entitled to change the annual rate of a Regular or Special Assessment as set forth in this section without the joinder, vote, or consent of any Owner and without further formality than giving notice. Without limitation to the foregoing, the provisions regarding disapproval of an annual rate of Regular or Special Assessments is specifically declared inapplicable when the rate is set by Declarant under this section.

Section 7.15. Payment of Assessments by Declarant during Development Period. Notwithstanding any provision herein to the contrary, so long as a Class "B" membership exists, Declarant shall pay twenty-five percent (25%) of the Regular Assessment Declarant would owe

pursuant to this Declaration as a Class "A" Member; and, as long as Declarant is a Class "B" Member, Declarant, or any assigns of Declarant, shall pay any deficiency in the operating budget, less capital contributions and reserves for the Common Expenses for the Subdivision, which deficiency shall be reimbursed to Declarant by the Association as funds become available.

Section 7.16. Assessments for Contractors. From the date a Contractor acquires a Lot until the earlier of (a) the date a residence is constructed thereon and sold to another person or (b) the date which is eighteen (18) months thereafter, each Contractor shall pay fifty percent (50%) of the Assessments such Contractor would owe pursuant to this Declaration as a Class "A" Member.

Section 7.17. Protections of Mortgagees. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Lots subject to assessment, provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale or transfer of such Lot pursuant to a decree of foreclosure, or a conveyance expressly made in lieu of foreclosure. Such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment nor shall this subordination relieve any purchaser of a Lot which has not been the subject of foreclosure or conveyance in lieu of foreclosure from liability for assessments arising prior acceptance of a deed to such Lot. The liens for payment of any assessments provided for herein shall not be affected or extinguished by the sale or transfer of any Lot, whether by judicial or non-judicial foreclosure sale or otherwise; provided, however, that in the event of foreclosure of any mortgage superior to the lien for the delinquent assessment, the lien for the delinquent assessment will be extinguished, and the delinquent assessment shall be paid out of the proceeds of such foreclosure sale only to the extent that funds are available after the satisfaction of the superior mortgage.

Section 7.18. Communication. The Association desires to have efficient communication with its Members in all matters regarding the Subdivision and this Declaration and all Dedicatory Instruments. To that end, and unless otherwise limited by applicable law, each Member shall provide to the Association a current and valid electronic mail (e-mail) address at which the Member can readily receive any communications from the Association and its management companies. These communications specifically include all billing and assessment matters. The Association or its management company may elect to communicate by US Mail, over-night delivery service or hand-delivery to the Member or the address of the Member's Townhouse. If a Member is unable or unwilling to provide a current and valid email address, then the Association may (unless otherwise prohibited by law) assess such Member a reasonable charge to cover the added costs to communication via US Mail rather than email.

ARTICLE VIII

DUTIES AND POWERS OF THE ASSOCIATION

Section 8.01. General Duties and Powers of the Association. The Association has been formed to further the common interest of the Members. The Association, acting through the Board of Directors or through persons to whom the Board of Directors has delegated such powers (and subject to the provisions of the Bylaws), shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interest of the members, to maintain, improve and enhance the Common Areas and to improve and enhance the attractiveness, desirability and safety of the Subdivision, even if not enumerated below. The Association shall have the authority to act as the agent to enter into any and all contracts on behalf of the Members in order to carry out the duties, powers and obligations of the Association as set forth in this Declaration and other dedicatory instruments.

Section 8.02. Duty to Manage and Care for the Common Area. The Association shall manage, operate, care for, maintain and repair all Common Areas and keep the same in a safe, attractive and desirable condition for the use and enjoyment of the Members. The duty to operate, manage and maintain the Common Areas shall include, but not be limited to the management, maintenance, repair and upkeep of the Subdivision and Common Areas.

Section 8.03. Duty to Insure. The Association shall obtain such insurance as may be required by law, and as the Association shall deem necessary or desirable.

Section 8.04. Duty to Prepare Annual Budget. The Association shall prepare annual budgets for the Association, which shall include a reserve fund for the maintenance of the Common Areas.

Section 8.05. Duty to Levy and Collect the Regular Assessment. The Association shall levy, collect and enforce the Regular Assessment and other charges and assessments as elsewhere provided in this Declaration.

Section 8.06. Duty to Provide Annual Review. The Association shall provide for an annual un-audited independent review of the accounts of the Association. Copies of the review shall be made available to any Member who requests a copy of the same upon payment by such Member of the reasonable cost of copying, pursuant to the Association's Open Records Policy, pursuant to § 209.005 of the Act.

Section 8.07. Duties with Respect to Architectural Approvals. The Association shall perform functions to assist the Architectural Control Committee as elsewhere provided in this Declaration.

Section 8.08. Duty to Prepare and Record Management Certificates. The Association shall record in the Official Public Records of Real Property of Webb County a Management Certificate, signed by an officer of the Association, or the Managing Agent stating the name of the Subdivision, the name of the Association, the recording data of the Subdivision, the recording data of this Declaration, the name and mailing address of the Association, the name and mailing

address of the Association's Managing Agent or designated representative, and other information the Association considers appropriate. The Association shall record an amended Management Certificate not later than the thirtieth (30th) day after the Association has a change in any information required herein. The Association, and its officers, Directors, employees, and agents are not subject to liability to any person for a delay in recording, or a failure to record the Management Certificate, unless the delay or failure is caused by gross negligence.

Section 8.09. Power to Acquire Additional Property and Construct Improvements. The Association may acquire additional property (including leases) for the common benefit of Owners including improvements and personal property. The Association may construct improvements on such property and may demolish existing improvements.

Section 8.10. Power to Adopt Rules and Regulations. The Association may adopt, amend, repeal and enforce Rules and Regulations, and levy fines, as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of the Common Areas, and the use of any other property, facilities or improvements owned or operated by the Association.

Section 8.11. Managing Agent. The Association may retain or discharge a Managing Agent from time to time, and establish and modify the duties of the Managing Agent from time to time, and require such bonds or qualification as the Board of Directors may deem appropriate.

Section 8.12. Voting. References to voting hereunder shall in each case mean the votes held by both Class A and Class B members, and a majority of the votes or members means a majority (or supermajority as the case may be) of all Outstanding Votes.

ARTICLE IX

ENFORCEMENT

Section 9.1. Power to Enforce Restrictions Contained in Association Dedicatory Instruments. The Association or their designated agent shall have the power to enforce the provisions of this Declaration, Bylaws, Design Guidelines and the Rules and Regulations and shall take such action as the Board of Directors deems necessary or desirable to cause such compliance by each Owner. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of the dedicatory instruments by any one or more of the following means: (a) by entry upon any Lot within the Subdivision, after notice and hearing (unless a bona fide emergency exists in which event this right of entry may be exercised without written or oral notice to the Owner in such manner as to avoid any unreasonable or thereon by the Owner or any other person), without liability in trespass or otherwise by the Association to the Owner thereof, for the purpose of enforcement; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach; (c) by exclusion, after notice and hearing, of any Owner from use of any recreational facilities within the Common Areas during and for up to sixty (60) days following any breach, unless the breach is a continuing breach in which case such

suspension shall continue for so long as such breach continues; (d) by levying and collecting, after notice and hearing, reimbursement to the Association for the costs incurred by the Association (including, but not limited to pre-litigation attorney's fees) in connection with the remedy of such breach; (e) by levying and collecting, after notice and hearing, reasonable and uniformly applied fines and penalties established in advance in the Rules and Regulations of the Association, from any Member for breach of the dedicatory instruments; and/or (f) by taking action itself to cure or abate such violation and to charge the expenses thereof, if any, to such violating Owner, plus attorney's fees incurred by the Association with respect to exercising such remedy.

Section 9.2. Duty to Provide Notice Before Enforcement Action. Before the Association may suspend an Owner's right to use the Common Area, file a suit against an Owner other than a suit to collect a Regular Assessment, or a Regular or Special Assessment or foreclose under the Association's lien, charge an Owner for property damage, or levy a fine for a violation of the Declaration, Bylaws, Design Guidelines, or Rules and Regulations, the Association or its Managing Agent must give written notice to the Owner by certified mail, return receipt requested. The notice must describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner and inform the Owner that the Owner is entitled to a reasonable period to cure the violation and avoid the fine or suspension (unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six months), may request a hearing under Section 209.007 of the Act on or before the thirtieth (30th) day after the date the Owner receives the notice, and may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 et seq.), if the Owner is serving on active military duty.

Section 9.3. Hearing Before Board; Alternative Dispute Resolution. If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board or before the Board of Directors if a committee is not appointed. If a hearing is to be held before a committee, the notice prescribed by Section 209.006 of the Act must state that the Owner has the right to appeal the committee's decision to the Board by written notice. The Association shall hold a hearing under this section not later than the thirtieth (30th) day after the date the Board receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the tenth (10th) day before the date of the hearing. The Board or the owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting. The Association shall hold a hearing under this section not later than the thirtieth (30th) day after the date the Board receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the tenth (10th) day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting and may use alternative dispute resolution services. The Owner's presence is not required to hold a hearing.

Section 9.4. Attorney's Fees. The Association may collect reimbursement of reasonable attorney's fees and other reasonable costs incurred by the Association relating to collecting amounts, including damages, due the Association for enforcing restrictions contained in its dedicatory instruments only if the Owner is provided a written notice that attorney's fees and costs will be charged to the Owner if the delinquency or violation continues after a date certain. An Owner is not liable for attorney's fees incurred by the Association relating to a matter described by the notice under this section if the attorney's fees are incurred before the conclusion of the hearing; or, if the Owner does not request a hearing, before the date by which the Owner must request a hearing. All attorney's fees, costs, and other amounts collected from an Owner shall be deposited into an account maintained at a financial institution in the name of the Association or its Managing Agent. Only Board members or the Association's Managing Agent or employees of its Managing Agent may be signatories on the account. On written request from the Owner, the Association shall provide copies of invoices for attorney's fees and other costs relating only to the matter for which the Association seeks reimbursement of fees and costs.

ARTICLE X

SUBDIVISION INFORMATION

Section 10.1. Delivery Of Subdivision Information To Owner. The Association has adopted a Records Production and Copying Policy, which is recorded subsequent to this Declaration.

Section 10.2. Online Subdivision Information Required. The Association shall make the dedicatory instruments relating to the Subdivision and filed in the county deed records available on its website if the Association has, or its Managing Agent on behalf of the Association maintains, a publicly accessible website.

ARTICLE XI

GENERAL PROVISIONS

Section 11.01. Term. The provisions hereof shall run with all Lots within the Subdivision and in the Subdivision and shall be binding upon all Owners and all persons claiming under them for a period of twenty (20) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each.

Section 11.02. Amendment.

(a) By Declarant. Declarant, during the Development and Declarant Control Periods, reserves the sole and exclusive right, without joinder or consent of any Owner, to (i) amend, restate, modify or repeal, this Declaration and other dedicatory instruments; (ii) amend, revise, modify, or vacate any Plat; and (iii) annex and subject any other property to the scheme of this Declaration, provided that any annexation is not inconsistent with the scheme of the Subdivision. This Declaration or other dedicatory instrument of the Subdivision may not be amended during the period of time between which Declarant loses the majority of voting rights and the time a new Board of Directors of the Association, consisting of Owner Members, assumes office.

(b) By Owners. After the Development Period, this Declaration may be amended or restated by the written agreement or by signed ballots voting for such of not less than sixty-seven percent (67%) of all of the Outstanding Votes. There shall be one (1) vote per Lot for Class A Members. Any Class A Member owning more than one Lot shall have one vote for each Lot owned. Such amendment must be approved by said Owners within three hundred and sixty-five (365) days of the date the first Owner executes such amendment. Otherwise, such amendment shall fail. Any such amendment shall become effective when an instrument is filed for record in the Official Public Records of Real Property of Webb County, Texas, accompanied by a certificate, signed by a majority of the Board of Directors, stating that the required number of Members voted in favor of the instrument amending this Declaration or cast a written vote, in person or by proxy, in favor of said amendment at the meeting called for such purpose.

(c) By the Association. The Board of Directors has the right in its sole judgment, from time to time, and at any time, to amend this Declaration without joinder of any Owner or Member for the following purposes:

(i) to resolve or clarify any ambiguity or conflicts herein, or to correct any inadvertent misstatements, errors, or omissions herein; or (ii) to conform this Declaration to the requirements of any lending institution; provided, the Board has no obligation whatsoever to amend this Declaration in accordance with any such lending institution requirements, and the Board may not so amend this Declaration if, in the sole opinion of the Board, any substantive and substantial rights of Owners would be adversely affected thereby; or

(ii) to conform this Declaration to the requirements of any governmental agency, including the Federal Home Loan Mortgage Corporation, Federal National Mortgage Agency, Veterans Administration, or Federal Housing Administration, and in this respect, the Board shall so amend this Declaration to the extent required by law upon receipt of written notice of such requirements and request for compliance; or

(iii) to amend the Rules and Regulations of the Association, if the Board deems appropriate to comply with the scheme of the Declaration and the Subdivision; and

(iv) to amend the alternative payment schedule for certain assessments, open records policy, records retention policy, and/or other policies to comply with the Act.

Section 11.03. Severability. Each of the provisions of this Declaration shall be deemed independent and severable and the invalidity of unenforceability or partial invalidity or partial unenforceability of any provision or portion hereof shall not affect the validity or enforceability of any other provision.

Section 8.04. Liberal Interpretation. The provisions of this Declaration shall be liberally construed as a whole to effectuate the purpose and intent of this Declaration.

Section 8.05. Successors and Assigns. The provisions hereof shall be binding upon and inure to the benefit of the Owners and the Association, and respective heirs, legal representatives, executors, administrators, successors and assigns.

Section 8.06. Effect of Violations on Mortgages. No violation of the provisions herein contained, or any portion thereof, shall affect the lien of any mortgage or deed of trust presently or hereafter placed of record or otherwise affect the rights of the mortgagee under any such mortgage, the holder of any such lien or beneficiary of any such deed of trust; and any such mortgage, lien or deed of trust may, nevertheless, be enforced in accordance with its terms, subject, nevertheless, to the provisions herein contained.

Section 8.07. Terminology. All personal pronouns used in this Declaration and exhibits attached, if any, include the plural and vice versa. Titles of articles and sections are for convenience only and neither limit nor amplify the provisions of this Declaration itself.

Section 8.08. Number and Gender. Pronouns, whenever used herein, and of whatever gender, shall include natural persons and corporations, entities and associations of every kind and character, and the singular shall include the plural, and vice versa, whenever and as often as may be appropriate.

Section 8.09. No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by the Association or its agents or employees in connection with any portion of the Subdivision, or any improvement thereon, its or their physical condition, compliance with applicable laws, fitness for intended use, or in connection with the sale, operation, maintenance, cost of maintenance, taxes, or regulation thereof, unless and except as specifically shall be set forth in writing.

Section 8.10. Captions. The titles, headings, captions, articles and section numbers used in this Declaration are intended solely for convenience of reference and shall not be considered in construing any of the provisions of this Declaration. Unless the context otherwise requires, references herein to articles and sections are to articles and sections of this Declaration.

Section 8.11. Not a Condominium. This Declaration does not and is not intended to create a condominium within the meaning of the Texas Condominium Act.


Section 8.12. Security. Although an entry gate or other security may in the future be provided by the Declarant or the Association, neither Declarant nor the Association now provide security, and each Owner must provide their own security for their home and property. Further, if an entry gate or other security is provided by the Declarant or Association now or in the future, each Owner understands that such security is a matter of deterrence only, and neither such gate or other security can or is intended to be preventative of crime.

Section 8.12. Governing Law. THIS DECLARATION SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS. ALL ACTS REQUIRED OR PERMITTED TO BE PERFORMED HEREUNDER ARE PERFORMABLE IN WEBB COUNTY, TEXAS AND IT IS AGREED THAT ANY ACTION BROUGHT TO ENFORCE OR CONSTRUE THE TERMS OF PROVISIONS HEREOF OR TO ENJOIN OR REQUIRE THE PERFORMANCE OF ANY ACT IN CONNECTION HEREWITH SHALL BE BROUGHT IN A COURT OF COMPETENT JURISDICTION SITTING IN WEBB COUNTY, TEXAS. THE PROVISIONS OF CHAPTER 209, TEXAS PROPERTY CODE, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, SHALL GOVERN THE RIGHTS AND REMEDIES OF THE ASSOCIATION AND OWNERS. IN THE EVENT OF AN UNINTENDED CONFLICT BETWEEN THIS DECLARATION OR THE BY-LAWS AND APPLICABLE LAW, APPLICABLE LAW SHALL CONTROL AND THIS DECLARATION AND THE BY-LAWS SHALL BE DEEMED AMENDED ACCORDINGLY, AND THE DECLARATION SHALL

CONTROL OVER THE BY-LAWS IF A CONFLICT BETWEEN THE BY-LAWS AND THE DECLARATION CANNOT BE HARMONIZED.

IN WITNESS WHEREOF, Declarant executes this Declaration, effective on September 22, 2022.

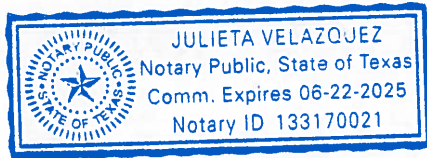
SKG HOMES VII LLC,
a Texas limited liability company

By: 
Name: Edward Beckelhymer
Title: CFO

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF WEBB §

This instrument was acknowledged before me on September 22, 2022, by Edward Beckelhymer, Chief Financial Officer of SKG HOMES VII LLC, a Texas limited liability company on behalf of said company.



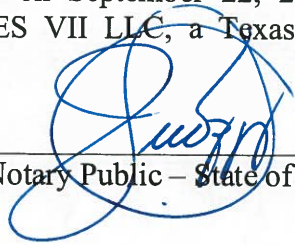

Notary Public – State of Texas

EXHIBIT "A"

BYLAWS
OF
KHALEDI VILLAS HOMEOWNERS ASSOCIATION INC
(A Texas Nonprofit Corporation)

ARTICLE 1

INTRODUCTION

- 1.1. **PURPOSE OF BYLAWS.** These Bylaws ("Bylaws") provide for the governance of KHALEDI VILLAS HOMEOWNERS ASSOCIATION INC ("Association") a Property Owners Association, as that term is defined in Texas Property Code §209.002(7), whose Members consist of the owners of Lots in Khaledi Villas Townhomes Subdivision, located in Webb County, Texas ("Subdivision"), covered by a dedicatory instruments entitled Declaration of Covenants, Conditions and Restrictions for Khaledi Villas Townhomes, recorded as Document # _____, Official Records of Webb, County, Texas ("Declaration").
- 1.2. **DEFINITIONS.** Words and phrases defined in the Declaration shall have the same meanings when used in these Bylaws. Unless defined otherwise in the Declaration or in these Bylaws, words and phrases defined in Texas Property Code § 209.002 shall have the same meaning when used in these Bylaws. The following words and phrases shall have specified meanings when used in these Bylaws:
- (a) "Board of Directors" or "Board" means the Board of Directors of Khaledi Villas Homeowners Association Inc, the group of persons vested with the management of the affairs of the Association.
 - (b) "Board Meeting" means a deliberation between a quorum of the voting Board, or between a quorum of the voting Board and another person, during which Association business is considered and the Board takes formal action; and does not include the gathering of a quorum of the Board at a social function unrelated to the business of the Association or the attendance of the Board at a regional, state, or national convention or ceremonial event, or press conference, if formal action is not taken and any discussion of Association business is incidental to the social function, convention, ceremonial event, or conference.
 - (c) "Business Organizations Code" means the governing laws of the State of Texas for nonprofit corporations.
 - (d) "Officer" means an Officer of the Association. "President," "Vice-President," "Secretary," and "Treasurer" mean, respectively, the President, Vice-president, Secretary, and Treasurer of the Association.

- (e) "Declarant Control Period" shall mean and refer to the period of time during which the Class "B" Member is entitled to appoint and remove the members of the Board of Directors and the officers of the Association.
- (f) "Dedicator instrument" means each governing instrument covering the establishment, maintenance, and operation of the Subdivision. The term includes the Declaration, Certificate of Formation, Bylaws, Architectural Control Guidelines, Rules and Regulations, Alternative Payment Guidelines, and Open Records and Records Retention Policies.
- (g) "Development Period" means the period in which Declarant reserves a right to facilitate the development, construction, and marketing of the Subdivision, and a right to direct the size, shape, and composition of the Subdivision ; unless otherwise provided herein or in the Declaration, the Development Period shall be co-extensive and co-terminus with the Declarant Control Period.
- (h) "Director" means a member of the Board of Directors of the Association.
- (i) "Governing documents" means, collectively, the Declaration, these Bylaws, the Certificate of Formation, Design Guidelines, Policies, and the Rules and Regulations of the Association.
- (j) "Majority" means more than 50 percent.
- (k) "Managing Agent" means the Association's designated representative as it appears on the Management Certificate.
- (l) "Management Certificate" means the instrument required to be recorded pursuant to Section 209.004 of the Texas Residential Property Owners Protection Act.
- (m) "Member" means a Member of the Association, each Member being an Owner of a Lot in the Subdivision, unless the context indicates that a Member means a member of the Board of Directors or a member of a committee of the Association.
- (n) "Ordinary care" means the care that an ordinarily prudent person in a similar position would exercise under similar circumstances.
- (o) "Owner" shall mean and refer to the holder of record, whether one or more persons or entities, of fee simple title to any Lot which is a part of the Subdivision, including contract buyers (a buyer under an executory contract for conveyance), but excluding those having such interest merely a security for the performance of an obligation (*i.e.* holders of mortgages and home equity loans).
- (p) "Policies" mean the Alternative Payment Guidelines, and Open Records and Records Retention Policies.

- (q) "Texas Residential Property Owners Protection Act" or "The Act" shall refer to Texas Property Code Chapter 209, as same may be amended or repealed in whole or in part.

Other definitions contained in the Declaration are incorporated herein by reference, as if fully set forth.

- 1.3. **NONPROFIT PURPOSE.** The Association is not organized for profit and is governed by Chapter 22 of the Business Organizations Code.
- 1.4. **COMPENSATION.** A Director, Officer, or Member shall not be entitled to receive any pecuniary profit for the operation of the Association, and no dividend or assets of the Association shall be distributed to, or inure to the benefit of a Director, Officer, or Member; provided, however:
- (a) that reasonable compensation may be paid to a Director, Officer, or Member, for services rendered to the Association;
 - (b) that a Director, Officer, or Member may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided such expense has been approved by the Board.
- 1.5. **GENERAL POWERS AND DUTIES.** The Association, acting through the Directors, shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Subdivision as may be required or permitted by the governing documents and state law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the governing documents.

ARTICLE 2

MEMBERSHIP

2.1. **MEMBERSHIP.** Every person or entity who is a record Owner of any Lot which is subject to assessments provided in the Declaration shall be a Member of the Association. All present or future Members are subject to the Certificate of Formation, Declaration and these Bylaws, and other dedicatory instruments. Membership in the Association will signify that each Lot Owner appoints the Board of Directors of the Association to manage or regulate the Subdivision in accordance with the provisions set forth in the dedicatory instruments are accepted, ratified, and will be strictly followed. Further, Membership in the Association will signify that the Owner has designated the Association as its representative to initiate, defend or intervene in litigation or an administrative proceeding affecting the enforcement of the Declaration or the protection, preservation or operation of the Subdivision.

2.2. CLASSES OF MEMBERSHIP. The Association shall initially have two classes of Membership:

- (a) Class "A" Members shall be all Owners with the exception of the Class "B" Member; and
- (b) Class "B" Member shall Declarant, his successors and assigns who take title for the purposes of development and sale of the Subdivision.

Each Class will have the votes as set forth in the Declaration.

2.3. DECLARANT CONTROL PERIOD. The Declarant Control Period shall extend from the earlier of the execution and recordation of the Declaration or these By-Laws, to a date which is the earlier of:

(a) the 120th day after the date seventy-five percent (75%) of the Lots that may be made subject to this Declaration are conveyed to Class "A" Members other than Declarant; or

(b) December 31, 2030.

ARTICLE 3

GOVERNING BODY

3.1. BOARD OF DIRECTORS. The Board of Directors shall govern the Association, each of whom shall have one (1) vote. The Board shall consist of three (3) Directors. Directors shall be elected at the first annual meeting. A Director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent, death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed. The number of Directors may be changed by amendment of these Bylaws, but shall not be less than three (3); however, a decrease in the number of Directors may not shorten the term of an incumbent Director. During the Declarant Control Period, the Class "B" Member is entitled to appoint and remove the members of the Board of Directors and the officers of the Association; provided however, on or before the 120th day after the date seventy-five percent (75%) of the Lots that may be made subject to this Declaration are conveyed to Class "A" Members other than Declarant, at least one-third (1/3) of the members of the Board shall be elected by the Owners other than the Declarant.

3.2 QUALIFICATION AND TERM. After the Declarant Control Period expires, and the Class "B" membership ceases to exist, all Directors must be Members of the Association. At the first annual meeting after the expiration of the Declarant Control Period, the Members shall elect two (2) Directors to three (3) year terms, one Director to a (2) two year term, and one (1) Director to a one (1) year term. At each annual meeting thereafter, the Members shall elect one (1) Director to serve a three (3) year term.

3.2.1. Co-Owners. Co-owners of a single Lot may not serve on the Board at the same time. Co-Owners of more than one Lot may serve on the Board at the same time, provided the number of Co-Owners serving at one time does not exceed the number of Lots they co-own.

3.3. ELECTION. Directors shall be elected by the Members by written ballot. The election of Directors shall be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by mail, facsimile transmission, or a combination of mail and facsimile transmission. Any Board Member whose term has expired must be elected by the Members.

3.4. VACANCIES. A Board Member may be appointed by a majority of the remaining Board Members only to fill a vacancy caused by resignation, death, or disability. Each Director so elected shall serve out the remaining term of his predecessor. This section does not apply to the appointment of a Board Member during the Declarant Control Period.

3.5. REMOVAL OF DIRECTORS. At any Annual or special meeting of the Association, any one or more of the Directors may be removed with or without cause by a majority of the Outstanding Votes, and a successor shall then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. However, if the Board is presented with written, documentary evidence from a database or other record maintained by a governmental law enforcement authority that a Board Member has been convicted of a crime of moral turpitude, the Member is immediately ineligible to serve on the Board, and is automatically considered removed from the Board, and is prohibited from future service on the Board.

3.6. MEETINGS OF THE BOARD.

3.6.1. Organizational Meeting of the Board. After the Certificate of Formation is filed, the Board of Directors named in the Certificate of Formation shall hold an organizational meeting of the Board, at the call of a majority of the Directors to adopt these Bylaws and elect officers and for other purposes determined by the Board at the meeting. The Directors calling the meeting shall send notice of the time and place of the meeting to each Director named in the Certificate of Formation not later than the third day before the date of the meeting. Within ten (10) days after each annual meeting, the Directors shall convene an organizational meeting for the purpose of electing Officers. The time and place of such meeting shall be fixed by the Board and announced to the Directors.

3.6.2. Open Meetings of the Board. Regular and special board meetings must be open to Owners, subject to the right of the board to adjourn a board meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of individual Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual Owners, violating any privilege, or disclosing information that was to remain confidential at the request of

the affected parties. The oral summary must include a general explanation of expenditures approved in executive session. This section applies to a meeting of the Association Board during the Declarant Control Period only if the meeting is conducted for the purpose of adopting or amending the dedicatory instruments of the Association, increasing the amount of Regular Assessments of the association or adopting or increasing a Special Assessment; electing non-developer Board members of the Association or establishing a process by which those members are elected; or changing the voting rights of Members of the Association.

3.7. NOTICE OF BOARD MEETINGS.

3.7.1. To Board members. Subject to the Act and other provisions of the Association's dedicatory instruments, regular meetings of the Board shall be held on the first Tuesday of each month at 7:00 p.m. at the address of the Association's Managing Agent as designated on the most recent Management Certificate. Notice of special meetings shall be provided to each Director at least 72 hours before the start of the meeting. Attendance of a Director at a meeting constitutes a waiver of notice, unless the Director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

3.7.2. To Members. Members shall be given notice of the date, hour, place, and general subject of a regular or special Board meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be mailed to each Member not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of the meeting; or provided at least seventy-two (72) hours before the start of the meeting by posting the notice in a conspicuous manner reasonably designed to provide notice to Members in a place located in the Common Area or, with the property owner's consent, on other conspicuously located privately owned property within the Subdivision; or on any Internet website maintained by the Association or other Internet media; and sending the notice by e-mail to each owner who has registered an e-mail address with the Association. It is an Owner's duty to keep an updated e-mail address registered with the Association.

3.8 . SPECIAL MEETINGS OF THE BOARD. Special meetings of the Board may be called by the President or, if he or she is absent or refuses to act, by any two (2) Directors. At least three (3) days notice shall be given to each Director, personally or by telephone or written communication, which notice shall state the place, time, and purpose of such meeting.

3.9. CONDUCT OF MEETINGS. The President shall preside over all meetings of the Board and the secretary shall keep, or cause to be kept, a record of all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. When not in conflict with law or the governing documents, the then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board.

3.10. QUORUM. At all meetings of the Board, a Majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If less than a quorum is present at any meeting of the Board, the majority of those present may adjourn the meeting from time to

time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice. A Director present by proxy at a meeting may not be counted toward a quorum.

3.11. PROXY. A Director may vote in person or, by proxy executed in writing by the Director. A proxy expires three (3) months after the date the proxy is executed.

3.12. PLACE OF MEETINGS. Except for a meeting held by electronic or telephonic means, a Board meeting must be held in a county in which all or part of the property in the Subdivision is located or in a county adjacent to that county.

3.13. METHOD OF MEETING. The Board may meet by any method of communication, including electronic and telephonic, without prior notice to Owners, if each director may hear and be heard by every other Director, or the Board may take action by unanimous written consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate Board action. A remote electronic communications system, including videoconferencing technology or the Internet, may be used only if each person entitled to participate in the meeting consents to the meeting being held by means of that system, and the system provides access to the meeting in a manner or using a method by which each person participating in the meeting can communicate concurrently with each other participant. Any action taken without notice to Owners must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special Board meeting. The Board may not, without prior notice to Owners under consider or vote on fines, damage assessments, initiation of foreclosure actions, initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety, increase in Regular Assessments, levying of Special Assessments, appeals from a denial of architectural control approval, or a suspension of a right of a particular Owner before the Owner has an opportunity to attend a Board meeting to present the Owner's position, including any defense, on the issue.

3.14. MINUTES. The Board shall keep a record of each regular or special Board meeting in the form of written minutes of the meeting. The Board shall make meeting records, including approved minutes, available to a Member for inspection and copying on the Member's written request to the Association's managing agent at the address appearing on the most recently filed Management Certificate or, if there is not a Managing Agent, to the Board.

3.15. RECESS. If the Board recesses a regular or special Board meeting to continue the following regular business day, the Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent the requisites of this Article. If a regular or special board meeting is continued to the following regular business day, and on that following day the Board continues the meeting to another day, the Board shall give notice of the continuation in at least one manner prescribed by the Act and these Bylaws within two (2) hours after adjourning the meeting being continued.

3.16. ACTION WITHOUT A MEETING. Any action required or permitted to be taken by the Board at a meeting may be taken without a meeting, if all of the Directors individually or

collectively consent in writing to such action. The written consent shall be filed with the minutes of the Board. Action by written consent shall have the same force and effect as a unanimous vote.

3.17. **LIABILITIES AND STANDARD OF CARE.** A Director shall discharge the Director's duties, including duties as a committee member, in good faith, with ordinary care, and in a manner the Director reasonably believes to be in the best interest of the Association. A Director is not liable to the Association, a Member, or another person for an action taken or not taken as a Director if the Director acted in compliance with this section. A person seeking to establish liability of a Director must prove that the Director did not act in good faith, with ordinary care, in a manner the Director reasonably believed to be in the best interest of the Association. A Director is not considered to have the duties of a trustee of a trust with respect to the Association or with respect to property held or administered by the Association. A Director is not if, in the exercise of ordinary care, the Director acted in good faith and in reliance on the written opinion of an attorney for the Association.

3.18 **INTERESTED DIRECTORS.** A contract or transaction between the Association and one or more Directors, Officers, or Members which have a financial interest otherwise valid and enforceable contract or transaction is valid and enforceable, and is not void or voidable, notwithstanding any relationship or interest, if the material facts as to the relationship or interest and as to the contract or transaction are disclosed to or known by the Association's Board of Directors, a committee of the Board of Directors, or the Members, and the Board, the committee, or the Members in good faith and with ordinary care authorize the contract or transaction by the affirmative vote of the majority of the disinterested Directors, committee members or Members, regardless of whether the disinterested Directors, committee members or Members constitute a quorum of the Members entitled to vote on the authorization of the contract or transaction, and the contract or transaction is specifically approved in good faith and with ordinary care by a vote of the Members, or the contract or transaction is fair to the Association when the contract or transaction is authorized, approved, or ratified by the Board of Directors, a committee of the Board of Directors, or the Members. Common or interested Directors or Members of the Association may be included in determining the presence of a quorum at a meeting of the Board, a committee of the Board, or Members that authorize the contract or transaction. The person who has the relationship or interest may be present at or participate in and, if the person is a Director, Member, or committee member, may vote at a meeting of the Board of Directors, of the Members, or of a committee of the Board that authorizes the contract or transaction; or sign, in the person's capacity as a Director, Member, or committee member, a written consent of the Directors, Members, or committee members to authorize the contract or transaction.

3.19. **POWERS AND DUTIES.** The Board shall have all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Subdivision. The Board may do all such acts and things except those which, by law or the governing documents are reserved to the Members and may not be delegated to the Board. The act of a majority of the Directors present in person or by proxy at a meeting at which a quorum is present is the act of the Board of Directors. Without prejudice to the general and specific powers and duties set forth in laws or the governing documents, or such powers and duties as may hereafter be imposed on the

Board by resolution of the Association, the powers and duties of the Board shall include, but shall not be limited to, the following:

3.20. RULES AND REGULATIONS. The Board, by resolution may from time to time adopt and publish Rules and Regulations governing use of the Common Area and the personal conduct of the Members, and their guests, and may suspend the right to use of the Common Area, after notice and hearing, pursuant to Sections 209.006 and 209.007 of the Act.

3.21. GUESTS. The Board may limit the number of guests of Owners with respect to the use of the Common Areas.

3.22. DELINQUENT ACCOUNTS. The Board may establish, levy, and collect reasonable late charges for Members' delinquent accounts. The Board may also establish a rate of interest to be charged on Members' delinquent accounts, provided the rate of interest does not exceed eighteen percent (18%) or the maximum rate permitted by state law, whichever is the lesser.

3.23. FIDELITY BONDS. The Board shall require that all Officers, agents, and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds may be an expense of the Association.

3.24. EMPLOYEES. The Board may employ independent contractors or employees as deemed necessary, and may prescribe their duties.

3.25. APPOINTMENT OF COMMITTEES. The Board, by resolution, may from time to time designate standing or *ad hoc* committees to advise or assist the Board with its responsibilities. The resolution shall establish the purposes and powers of each committee created, provide for the appointment of its Members, as well as chairman, and shall provide for reports, termination, and other administrative matters deemed appropriate by the Board. Committees may be appointed from among the Members or professionals in the area of expertise for which the Committee is formed.

3.26. FINES. In addition to, or in lieu of, other remedies as provided by law, the Board may levy fines for each day or occurrence that a violation of the dedicatory instruments persists after notice and hearing, provided the amount of the fine does not exceed the amount necessary to ensure compliance with the dedicatory instruments.

3.27. CONTRACTS FOR SERVICES. The Board may enter into contracts for services on behalf of the Association, and, when appropriate, shall solicit competitive bids based on a standard statement of work prepared or approved by the Board.

3.28. PROFESSIONAL ASSOCIATION MANAGEMENT SERVICES. The Board may employ a Managing Agent for the Association, at a compensation established by the Board, to perform duties and services authorized by the Board. The Board shall execute and file Management Certificates in accordance with Section 209.004 of the Act.

3.29. FINANCIAL RECORDS AND ANNUAL REPORTS. The Board shall maintain current and accurate financial records with complete entries as to each financial transaction of the Association, including income and expenditures, in accordance with generally accepted accounting principles. The Board shall annually prepare or approve a financial report for the Association for the preceding year. The report must conform to sound accounting practices and must include: a statement of support, revenue and expenses, statement of changes in fund balances, a statement of functional expenses, and a balance sheet for each fund.

3.30. DISSENT TO ACTION. A Director who is present at a meeting of the Board of Directors at which action is taken on an Association matter is presumed to have assented to the action unless the Director's dissent has been entered in the minutes of the meeting, the Director has filed a written dissent to the action with the person acting as the secretary of the meeting before the meeting is adjourned, or the Director has sent a written dissent by registered mail to the secretary of the Association immediately after the meeting has been adjourned. The right to dissent under this section does not apply to a Director who voted in favor of the action.

ARTICLE 4

OFFICERS

4.1. DESIGNATION. The principal Officers of the Association shall be the President, the Vice-president, the Secretary, and the Treasurer. The Board may appoint such other Officers and Assistant Officers as it deems necessary. The President and Vice-president shall be Directors. Other Officers may, but need not, be Directors. Any two offices may be held by the same person, except the offices of President and Secretary. If an Officer is absent or unable to act, the Board may appoint a Director to perform the duties of that Officer and to act in place of that Officer, on an interim basis. Directors at the organizational meeting of the Board shall hold office at the pleasure of the Board. Except for resignation or removal, Officers shall hold office until their respective successors have been designated by the Board.

4.3. REMOVAL AND RESIGNATION OF OFFICERS. A majority of Directors may remove any Officer, with or without cause, at any regular meeting of the Board or at any special meeting of the Board called for that purpose. A successor may be elected at any regular or special meeting of the Board called for that purpose. An Officer may resign at any time by giving written notice to the Board. Unless the notice of resignation states otherwise, it is effective when received by the Board and does not require acceptance by the Board. The resignation or removal of an Officer who is also a Director does not constitute resignation or removal from the Board.

4.4. STANDARD OF CARE. An Officer is not liable to the Association or any other person for an action taken or omission made by the Officer in the person's capacity as an Officer unless the Officer's conduct was not exercised in good faith with ordinary care, and in a manner the officer reasonably believes to be in the best interest of the Association. This section shall not affect the liability of the Association for an act or omission of the Officer.

4.5. DESCRIPTION OF PRINCIPAL OFFICES.

4.5.1. President. As the chief executive Officer of the Association, the President shall be a Director and shall: (i) preside at all meetings of the Association and of the Board; (ii) have all the general powers and duties which are usually vested in the office of President of a corporation organized under the laws of the State of Texas; (iii) have general supervision, direction, and control of the business of the Association, subject to the control of the Board; and (iv) see that all orders and resolutions of the Board are carried into effect. The President shall not vote except to break a tie.

4.5.2. Vice-president. The Vice-president shall be a Director and, in the absence of the President or in the event of the President's inability or refusal to act, shall perform the duties of the President. The Vice-president shall perform such duties as are assigned by the President and Board.

4.5.3. Secretary. The Secretary shall: (i) keep the minutes of all meetings of the Board and of the Association; (ii) have charge of such books, papers, and records as the Board may direct; (iii) maintain a record of the names and addresses of the Members for the mailing of notices; (v) prepare and give all notices in accordance with the Texas Business Organizations Code and the governing documents; (vi) act as the custodian of records of the Association; (vi) review all mail on behalf of the Association; (vii) keep a current register of the names and addresses of Members; and (viii) in general, perform all duties incident to the office of Secretary.

4.5.4. Treasurer. The Treasurer shall: (i) be responsible for Association funds; (ii) keep full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepare all required financial data and tax returns; (iv) deposit all monies or other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board; (v) prepare the annual and supplemental budgets of the Association; (vi) review the accounts of the managing agent on a monthly basis in the event such managing agent is responsible for collecting and disbursing Association funds; and (vi) perform all the duties incident to the office of Treasurer.

4.6. AUTHORIZED AGENTS. Except when the governing documents require execution of certain instruments by certain individuals, the Board may authorize any person to execute instruments on behalf of the Association, by written resolution. In the absence of Board designation, the President and the Vice-president shall be the only persons authorized to execute instruments on behalf of the Association.

ARTICLE 5

MEETINGS OF THE ASSOCIATION

5.1. ANNUAL MEETING. Annual meetings of the Association shall be held at 5 o'clock p.m. on the third Sunday in February each year, or within thirty (30) days thereafter, weather permitting. At the annual meeting the Members shall elect Directors in accordance with these Bylaws. The Members may also transact such other business of the Association as may properly come before them. Notwithstanding any other provision in these Bylaws, the Board shall call an Annual Meeting of the Members of the Association.

5.2 MANDATORY ELECTION REQUIRED AFTER FAILURE TO CALL ANNUAL MEETING. If the Board does not call an Annual Meeting of the Association Members, an Owner may demand that a meeting of the Association Members be called not later than the thirtieth (30th) day after the date of the Owner's demand. The Owner's demand must be made in writing and sent by certified mail, return receipt requested, to the registered agent of the Association and to the Association at the address for the association according to the most recently filed Management Certificate. A copy of the notice must be sent to each Owner who is a Member of the Association. If the Board does not call a meeting of the Members of the Association on or before the thirtieth (30th) day after the date of a demand, three or more Owners may form an election committee. The election committee shall file written notice of the committee's formation with the county clerk of each county in which the Subdivision is located. A notice filed by an election committee must contain: (1) a statement that an election committee has been formed to call a meeting of Owners who are Members of the Association for the sole purpose of electing Board members; (2) the name and residential address of each committee member; and (3) the name of the Subdivision over which the Association has jurisdiction under the dedicatory instruments. Each committee member must sign and acknowledge the notice before a notary or other official authorized to take acknowledgments. The county clerk shall enter on the notice the date the notice is filed and record the notice in the county's real property records. Only one committee in the Subdivision may operate under this section at one time. If more than one committee in a subdivision files a notice, the first committee that files a notice, after having complied with all other requirements of this section, is the committee with the power to act under this section. A committee that does not hold or conduct a successful election within four (4) months after the date the notice is filed with the county clerk is dissolved by operation of law. An election held or conducted by a dissolved committee is ineffective for any purpose under this section. The election committee may call meetings of the Owners who are Members of the Association for the sole purpose of electing Board members. Notice, quorum, and voting provisions contained in these Bylaws apply to any meeting called by the election committee.

5.3. SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Association if directed to do so by a majority of the Board or by a petition signed by Members representing at least ten percent (10%) of the eligible votes in the Association. Such meeting shall be held within thirty (30) days after the Board resolution or receipt of the petition. The notice of any special meeting shall state the time, place, and purpose of such meeting. No business, except the purpose stated in the notice of the meeting, shall be transacted at a special meeting.

5.4. PLACE OF MEETINGS. Meetings of the Association shall be held at place as is designated by the Board in the notice of the meeting.

5.5 NOTICE OF MEETINGS. Not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of an election or vote, the Association shall give written notice of the election or vote to each Owner in the Association, for purposes of an Association-wide election or vote or to vote for the election of members of the Board.

5.6. ELIGIBILITY. All Members of the Association may receive notice of meetings of the Association, vote at meetings of the Association, or be elected to serve as a Director.

5.7. RECORD DATES.

5.7.1. Determining Notice Eligibility. The Board shall fix a date as the record date for determining the Members entitled to notice of a meeting of the Association. The record date may not be more than sixty (60) days before the date of a meeting of the Association at which Members will vote.

5.7.2. Determining Voting Eligibility. The Board shall fix a date as the record date for determining the Members entitled to vote at a meeting of the Association. The record date may not be more than sixty (60) days before the date of a meeting of the Association at which Members will vote.

5.7.3. Determining Rights Eligibility. The Board shall fix a date as the record date for determining the Members entitled to exercise any rights other than those described in the preceding two paragraphs. The record date may not be more than sixty (60) days before the date of the action for which eligibility is required, such as a nomination to the Board.

5.7.4. Adjournments. A determination of Members entitled to notice of or to vote at a meeting of the Association is effective for any adjournment of the meeting unless the Board fixes a new date for determining the right to notice or the right to vote. The Board must fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date more than ninety (90) days after the record date for determining Members entitled to notice of the original meeting.

5.8 VOTING MEMBERS LIST. The Board shall prepare and make available a list of the Association's voting Members in accordance with Business Organizations Code Section 22.158. After setting a record date for the notice of a meeting, the Association shall prepare an alphabetical list of the names of all its voting members. The list must identify the Members who are entitled to notice, the address of each voting Member; and the number of votes each voting Member is entitled to cast at the meeting. Not later than the second (2nd) business day after the date notice is given of a meeting for which a list was prepared in accordance with this section, and continuing through the meeting, the list of voting Members must be available at the office of the Association's Managing Agent, according to the most recent Management Certificate recorded, as identified in the notice of the meeting, for inspection by Members entitled to vote at the meeting for the purpose of communication with other Members concerning the meeting. A voting Member or voting Member's agent or attorney is entitled on written demand to inspect and, at the member's expense and subject to Section 209.005 of the Act, copy the list at a reasonable time during the period the list is available for inspection. The Association shall make the list of voting Members available at the meeting. A voting Member or voting Member's agent or attorney is entitled to inspect the list at any time during the meeting or an adjournment of the meeting.

5.9 QUORUM. At any meeting of the Association, the presence in person or by proxy of Members entitled to cast at least ten percent (10%) of the votes that may be cast for election of the Board shall constitute a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of Members constituting a quorum.

5.10. LACK OF QUORUM. If a quorum shall not be present or represented at any meeting, the Members entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present and represented.

5.11. VOTES. Members of the Association, other than the Declarant, shall have the votes for each Lot owned in the Subdivision in accordance with the Declaration. The Declarant has 100 votes for each Lot owned by the Declarant, The majority vote of all Outstanding Votes (ss defined in the Declaration) shall be binding upon all Members for all purposes, except when a higher percentage is required by the Declaration or these Bylaws. There shall be no cumulative voting. The voting rights of an Owner may be cast or given in person or by proxy at a meeting of the property owners' association; by absentee ballot in accordance with this section; or by electronic ballot in accordance with these Bylaws.

5.12. PROXIES. Unless otherwise provided by the proxy, a proxy is revocable and expires 11 months after the date of its execution. A proxy may not be irrevocable for longer than 11 months.

5.13. BALLOTS. Any vote cast in an election or vote by a Member of the Association must be in writing and signed by the Member. In an Association-wide election, written and signed ballots are not required for uncontested races. Electronic votes cast as provided below constitute written and signed ballots. An absentee or electronic ballot may be counted as an Owner present and voting for the purpose of establishing a quorum only for items appearing on the ballot; and may not be counted, the purpose of establishing a quorum only for items appearing on a ballot even if properly delivered, if the owner attends any meeting to vote in person. Any vote cast at a meeting by an Owner supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal, and may not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the exact language on the absentee or electronic ballot. A solicitation for votes by absentee ballot must include: an absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action; instructions for delivery of the completed absentee ballot, including the delivery location; and the following language: "By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail." For the purposes of this section, "electronic ballot" means a ballot: given by e-mail, facsimile, or posting on an Internet website for which the identity of the Owner submitting the ballot can be confirmed and for which the property owner may receive a receipt of the electronic transmission and receipt of the owner's ballot. If an electronic ballot is

posted on the Association's Internet website, a notice of the posting shall be sent to each Owner that contains instructions on obtaining access to the posting on the website.

5.13.1. Co-Owned Lots. If a Lot is owned by more than one Member and only one Member is present at a meeting of the Association, that person may cast the vote allocated to that Lot. If more than one of the multiple Owners is present, the vote allocated to that Lot may be cast only in accordance with the Owners' unanimous agreement. Multiple Owners are in unanimous agreement if one of the multiple owners casts the vote allocated to the Lot and none of the other Owners makes prompt protest to the person presiding over the meeting.

5.13.2. Corporation-Owner Lots. If a Lot is owned by a corporation, the vote appurtenant to that Lot may be cast by an officer of the corporation in the absence of express notice of the designation of a specific person by the Board of Directors or bylaws of the owning corporation. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of a corporation or partnership is qualified to vote.

5.14. TABULATION AND ACCESS TO BALLOTS. A person who is a candidate in the Association's Board election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree by consanguinity or affinity, as determined under Chapter 573 of the Texas Government Code, may not tabulate or otherwise be given access to the ballots cast in that election or vote except as provided by this section. A person other than a person described above may tabulate votes in an Association election or vote, but may not disclose to any other person how an individual voted. Notwithstanding any other provision of this chapter or any other law, a person other than a person who tabulates votes may be given access to the ballots cast in the election or vote only as part of a recount process authorized by law.

5.15. RECOUNT OF VOTES. Any owner may, not later than the fifteenth (15th) day after the date of the meeting at which the election was held, require a recount of the votes. A demand for a recount must be submitted in writing by certified mail, return receipt requested, or by delivery by the United States Postal Service with signature confirmation service to the Association's mailing address or in person as reflected on the latest Management Certificate, or to the address to which absentee and proxy ballots are mailed. The Association shall, at the expense of the Owner requesting the recount, retain for the purpose of performing the recount, the services of a person qualified to tabulate votes under this section. The Association shall enter into a contract for the services of a person who is not a Member of the Association or related to a Member of the Association board within the third degree by consanguinity or affinity, as determined under Chapter 573 of the Texas Government Code, who is a current or former county judge, county elections administrator, justice of the peace, county voter registrar, or a person agreed on by the Association and the persons requesting the recount. Any recount under this section must be performed on or before the 30th day after the date of receipt of a request. If the recount changes the results of the election, the Association shall reimburse the requesting Owner for the cost of the recount. The Association shall provide the results of the recount to each Owner who

requested the recount. Any action taken by the board in the period between the initial election vote tally and the completion of the recount is not affected by any recount.

5.16. CONDUCT OF MEETINGS. The President, or any person designated by the Board shall preside over meetings of the Association. The Secretary shall keep, or cause to be kept, the minutes which shall record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the governing documents. Votes shall be tallied by tellers appointed by the person presiding over the meeting.

5.17. ORDER OF BUSINESS. Unless the notice of meeting states otherwise, the order of business at annual meetings of the Association shall be as follows:

- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Reading and approval of minutes of preceding meeting
- Reports
- Election of Directors
- Unfinished or old business
- New business -- Adjournment

5.18. ADJOURNMENT OF MEETING. At any meeting of the Association, a majority of the Members present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

ARTICLE 6

COMMITTEES

6.1. NOMINATING COMMITTEE. After the expiration of the Declarant Control Period, nominations for the election of the Board of Directors may be made by a Nominating Committee. The Nominating Committee shall make as many nominations to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may also be made from the floor at the annual meeting.

6.2. OTHER COMMITTEES. The Board of Directors may appoint other committees as the Board deems appropriate to carry out its purposes.

ARTICLE 7

RULES AND REGULATIONS

7.1. RULES. The Board shall have the right to establish and amend, from time to time, reasonable Rules and Regulations for: (i) the administration of the Association and the governing

documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the Subdivision; and (iii) the health, comfort, and general welfare of the residents; provided, however, that such Rules may not be in conflict with law or the governing documents. The Board shall, at all times, maintain the then current and complete Rules in a written form which can be copied and distributed to the Members, and shall be recorded in the Official Public Records of Real Property of Webb County, Texas.

7.2. **ADOPTION AND AMENDMENT.** Any Rule may be adopted, amended, or terminated by the Board, provided that the Rule and the requisite Board approval are properly recorded as a resolution in the minutes of the meeting of the Board.

7.3. **NOTICE AND COMMENT.** The Board shall give written notice to an Owner of each Lot of any amendment, termination, or adoption of a Rule, or shall publish same in a newsletter or similar publication which is circulated to the Members, at least ten (10) days before the Rule's effective date. Any Member so notified shall have the right to comment orally or in writing to the Board on the proposed action.

7.4. **DISTRIBUTION.** Upon written request from any Member or Resident, the Board shall provide a current and complete copy of the Rules.

ARTICLE 8

OBLIGATIONS OF THE OWNERS

8.1. **PROOF OF OWNERSHIP.** Any person, on becoming a Member of the Association, shall furnish to the Board evidence of ownership in the Lot, which copy shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of the Association unless this requirement is first met.

8.2. **OWNERS' ADDRESSES.** The Owner or the several Co-Owners of a Lot shall register and maintain one mailing address to be used by the Association for mailing of statements, notices, and all other communications. The Owner shall keep the Association informed of the Member's current mailing address. If an Owner fails to maintain a current mailing address with the Association, the address of that Owner's Lot shall be deemed to be his mailing address. An Owner who mortgages his or her Lot shall furnish the Board with the name and mailing address of the mortgagee.

8.3. **ASSESSMENTS.** All Owners shall be obligated to pay Regular Assessments and other assessments imposed by the Association to meet the Common Expenses as defined in the Declaration.

8.4. **COMPLIANCE WITH DOCUMENTS.** Each Owner shall comply with the provisions and terms of the governing documents, and any amendments thereto. Further, each Owner shall always endeavor to observe and promote the cooperative purposes for which the Association was established.

ARTICLE 9

ASSOCIATION RECORDS

9.1. AVAILABILITY. The Association shall make the books and records of the Association, including financial records, open to and reasonably available for examination by an Owner, or a person designated in a writing signed by the owner as the Owner's agent, attorney, or certified public accountant, in accordance with the Records Production and Copying Policy.

9.2. OPEN RECORDS POLICY. The Board has adopted a Records Production and Copying Policy that prescribes the costs the Association will charge for the compilation, production, and reproduction of information requested under this section, and is recorded in the Official Public Record of Real Property Records of Webb County, pursuant to Section 209.005 of the Act. The prescribed charges may include all reasonable costs of materials, labor. The Association may not charge an owner for the compilation, production, or reproduction of information requested under this section unless the policy prescribing those costs has been recorded as required by this subsection. An Owner is responsible for costs related to the compilation, production, and reproduction of the requested information in the amounts prescribed by the policy adopted under this section. The Association may require advance payment of the estimated costs of compilation, production, and reproduction of the requested information. If the estimated costs are lesser or greater than the actual costs, the Association shall submit a final invoice to the Owner on or before the thirtieth (30th) business day after the date the information is delivered. If the final invoice includes additional amounts due from the owner, the additional amounts, if not reimbursed to the Association before the thirtieth (30th) business day after the date the invoice is sent to the Owner, may be added to the Owner's account as an assessment. If the estimated costs exceeded the final invoice amount, the owner is entitled to a refund, and the refund shall be issued to the owner not later than the thirtieth (30th) business day after the date the invoice is sent to the Owner.

9.3. RECORDS RETENTION. In accordance with Section 209.005(m) of the Act has adopted, recorded and complied with a Document Retention Policy which shall be recorded in the Official Public Records of Real Property of Webb County, Texas.

ARTICLE 10

NOTICES

10.1. CO-OWNERS. If a Lot is owned by more than one person, notice to one Co-Owner shall be deemed notice to all Co-Owners.

10.2. DELIVERY OF NOTICES. Any written notice required or permitted by these Bylaws may be given personally, by mail, or by facsimile transmission. If mailed, the notice is deemed delivered when deposited in the U.S. Mail addressed to the Member at the address shown on the Association's records. If transmitted by facsimile, the notice is deemed delivered on successful transmission of the facsimile.

10.3. **WAIVER OF NOTICE.** Whenever any notice is required to be given to an Owner, Member, or Director, a written waiver of the notice, signed by the person entitled to such notice, whether before or after the time stated in the notice, shall be equivalent to the giving of such notice. Attendance by a Member or Director at any meeting of the Association or Board, respectively, shall constitute a waiver of notice by such Member or Director of the time, place, and purpose of such meeting. If all Members or Directors are present at any meeting of the Association or Board, respectively, no notice shall be required and any business may be transacted at such meeting.

ARTICLE 11

AMENDMENTS TO BYLAWS

11.2. **PROPOSALS.** These Bylaws may be amended by a Majority of the Members. The Association shall provide each Member with a detailed description of any proposed amendment. Such description shall be included in the notice of any annual or special meeting of the Association if such proposed amendment is to be considered at said meeting.

11.2. **CONSENTS.** An amendment shall be adopted by the vote, in person or by proxy, or written consents of Members representing at least a Majority of the votes cast or present at a meeting for which a quorum is obtained.

11.3. **EFFECTIVE.** To be effective, each amendment must be in writing and be signed by at least two Officers acknowledging the requisite approval of Members, and be delivered to each Member at least 10 days before the amendment's effective date.

ARTICLE 12

GENERAL PROVISIONS

12.1. **CONFLICTING PROVISIONS.** If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, such conflicting Bylaws provision shall be null and void, but all other provisions of these Bylaws shall remain in full force and effect. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

12.2. **SEVERABILITY.** Invalidation of any provision of these Bylaws, by judgment or court order, shall in no wise affect any other provision which shall remain in full force and effect. The effect of a general statement shall not be limited by the enumerations of specific matters similar to the general.

12.3. **FISCAL YEAR.** The fiscal year of the Association shall be the calendar year.

12.4. **WAIVER.** No restriction, condition, obligation, or covenant in the Declaration or these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

The undersigned Members of the Board of Directors have executed these Bylaws effective the date the Declaration is recorded in Webb County, Texas

STATE OF TEXAS
COUNTY OF WEBB
I HEREBY CERTIFY THAT THIS INSTRUMENT WAS
FILED ON THE DATE AND AT THE TIME STAMPED
HEREON BY ME AND WAS DULY RECORDED IN THE
VOLUME AND PAGE OF THE OFFICIAL PUBLIC
RECORDS OF WEBB COUNTY TEXAS AS STAMPED
HEREON BY ME



Margie Ramirez Flores

COUNTY CLERK
WEBB COUNTY, TEXAS