

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

EXHIBIT "C"

BY-LAWS

OF

CREEKSHAW OWNERS ASSOCIATION, INC.

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**BY-LAWS
OF
CREEKSHAW OWNERS ASSOCIATION, INC.**

Article I

Name, Principal Office and Definitions

Section 1.1. Name. The name of the Association shall be Creekshaw Owners Association, Inc. (the "Association").

Section 1.2. Principal Office. The principal office of the Association in the State of Texas shall be located in Rockwall County. The Association may have such other offices, either within or outside the State of Texas, as the Board may determine or as the affairs of the Association may require.

Section 1.3. Definitions. The words used in these By-Laws shall be given their ordinary, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for Creekshaw Owners Association, Inc. (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless the context shall otherwise require.

Article II

Association: Membership, Meetings, Quorum, Voting, Proxies

Section 2.1. Membership. Each Owner of a Unit shall be a Member of the Association, as more fully set forth in the Declaration. The provisions of the Declaration pertaining to membership are specifically incorporated herein by reference.

Section 2.2. Generally. Meetings of the Association shall be of the Voting Members unless otherwise required by Texas law; provided, however, that until Voting Members are selected for each Neighborhood, the Members of such Neighborhood may cast their individual votes, and references in these By-Laws to Voting Members shall be deemed to be references to the Members.

Section 2.3. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Voting Members as the Board may designate.

Section 2.4. Annual Meetings. Annual meetings of the Association shall be set by the Board so as to occur annually on a date and at a time set by the Board.

Section 2.5. Special Meetings. The President may call special meetings of the Association. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution

of a majority of the Board or upon a petition signed by the Class "B" Member or by Voting Members representing at least ten percent (10%) of the total votes of the Association.

Section 2.6. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Voting Members shall be delivered, either personally, by mail or by electronic mail, to each Voting Member not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. Each Voting Member must keep an updated electronic mail address registered with the Association.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage thereon prepaid. If electronically mailed, the notice of a meeting shall be deemed to be delivered when the Association electronically transmits the notice to the Voting Member's registered electronic mail address as it appears on the records of the Association.

Section 2.7. Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 2.8. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, one additional meeting may be called, subject to the notice requirements set forth in Section 2.5, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that any action taken is approved by Voting Members representing at least a majority of the votes required to constitute a quorum.

Section 2.9. Voting.

(a) Voting Rights. The voting rights of the Members shall be as set forth in the Declaration, these By-Laws and the Certificate of Formation (collectively the "Governing Documents"), and the Declaration's voting rights provisions are specifically incorporated herein. Until such time as the Board first calls for election of a Voting Member for a Neighborhood, the Owners within such

Neighborhood may personally cast the votes attributable to their respective Units on any issue requiring a vote of the Voting Members under the Declaration, these By-Laws or the Certificate of Formation.

(b) Election of Voting Delegates. The Owners owning Units within each Neighborhood may elect one Voting Member for each fifty (50) Units within the Neighborhood (rounded up to the nearest 50). On all Association matters requiring a membership vote, each such Voting Member shall be entitled to cast that number of votes determined by dividing the total number of Class "A" votes in the Neighborhood by the number of Voting Members elected from such Neighborhood, except as otherwise specified in the Declaration or these By-Laws. If Voting Member(s) are elected, then the Class "A" Members within each Neighborhood shall also elect one or more alternate Voting Members to be responsible for casting such votes in the absence of a Voting Member.

Upon the first election of Voting Member(s), the Voting Member(s) and alternate Voting Member(s) from each Neighborhood shall be elected on an annual basis, either by written ballot or at a meeting of the Class "A" Members within such Neighborhood, as determined by the Board; provided, upon written petition signed by Class "A" Members holding at least ten percent (10%) of the Class "A" votes attributable to Units within any Neighborhood, the election for such Neighborhood shall be held at a meeting. The presence, in person, by proxy, or by absentee ballot of Class "A" Members representing at least thirty percent (30%) of the total Class "A" votes attributable to Units in the Neighborhood shall constitute a quorum at any meeting of the Neighborhood.

The Board may call for the first election of the Voting Member(s) and alternative Voting Member(s) from a Neighborhood at any time after the first conveyance of a Unit in the Neighborhood to a Person other than a Builder. Subsequent elections shall be held within 30 days of the same date each year. Each Class "A" Member shall be entitled to cast one equal vote for each Unit which it owns in the Neighborhood for each position. The candidate for each position who receives the greatest number of votes shall be elected to serve a term of one year and until a successor is elected. Any Owner of a Unit in the Neighborhood may submit nominations for election or declare himself a candidate in accordance with procedures which the Board shall establish.

Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Class "A" Members in the Neighborhood which such Voting Member represents.

Section 2.10. Voting Methods.

(a) Voting by Voting Members. Voting Members may not vote by proxy but only in person or through their designated Alternate Voting Members.

(b) Voting by Owners. Prior to the election of Voting Delegates for a Neighborhood, the Owners of Units in such Neighborhood may vote in person, by proxy, by absentee ballot or by electronic ballot. The Association is not required to provide Members with more than one voting method; provided, however, Members must be allowed to vote by absentee ballot or by proxy.

Electronic ballot means a ballot given by (i) electronic mail, (ii) facsimile, or (iii) posting on an Internet website, for which the identity of the Member can be confirmed and for which the Member may receive a receipt of the transmission and receipt of the Member's ballot. All proxies, absentee ballots and electronic ballots shall be in writing, dated, signed by the Member and filed with the Secretary or other person designated by the Board to receive proxies/ballots before the appointed time of each meeting. The Board may elect to allow Members to cast their votes by secret ballot. If so elected, the Board shall take measures to reasonably ensure that (i) a Member cannot cast more votes than the Member is eligible to cast in an election or vote; (ii) the Association counts each vote cast by a Member that the Member is eligible to cast; and (iii) in any election for the Board, each candidate may name one person to observe the counting of the ballots, provided that this does not entitle any observer to see the name of the person who cast any ballot, and that any disruptive observer may be removed from the area where the ballots are being counted. Each proxy must also identify the proxy holder and the purpose of the meeting for which the proxy is given. If an electronic ballot is posted on an Internet website, a notice of the posting shall be sent to each Member that contains instructions on obtaining access to the website posting. Proxies and absentee ballots shall be deemed to have been filed upon the Secretary's or other designated person's receipt of the proxy/absentee ballot by mail, facsimile or hand delivery. Ballots cast electronically shall be deemed to have been filed upon the Secretary's or other designated person's receipt of the electronic ballot as evidenced by a facsimile confirmation receipt or an electronic transmission receipt. The Board may establish rules governing when ballots must be filed with the Association in order to be valid for use at a meeting. Electronic ballots which are electronically mailed from the Member's registered electronic mail address shall be deemed to be signed by the Member.

Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Unit, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy. Any proxy designated for a meeting which is adjourned, recessed or rescheduled, is valid for the reconvened meeting unless the proxy is revoked or terminated in writing prior thereto.

Section 2.11. Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners, Voting Members or other group, as the context may indicate, totaling more than fifty percent (50%) of the total number.

Section 2.12. Quorum. The presence in person, by proxy, by absentee ballot or by electronic ballot of Voting Members representing at least fifty percent (50%) of the votes of all Voting Members and, until expiration of the Development Period, the presence, in person, by proxy or absentee ballot, of a duly appointed representative of the Declarant shall constitute a quorum at all meetings of the Association. Absentee or electronic ballots may be counted towards a quorum only for items appearing on the ballot.

Section 2.13. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 2.14. Telephonic and Electronic Meetings. Subject to Board approval, Voting

Members of the Association may participate in and hold meetings of the Voting Members by means of conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting. If voting or an election is to take place outside of a meeting, including voting by electronic or telephonic means, the Board must (i) provide notice of the election or vote to all Voting Members entitled to vote on any matter under consideration not later than the 20th day before the latest date on which a ballot may be submitted to be counted, (ii) implement reasonable measures to verify that every person voting at the meeting by means of remote communications is sufficiently identified; and (iii) keep a record of any vote or other action taken. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the 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.

Section 2.15. Adjournment of Meeting. At any meeting of the Association, at which a quorum is present, a majority of the Voting Members present at the meeting, either in person or by proxy, may move to adjourn the meeting to another time or place.

Section 2.16. Action Without a Meeting. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if written consent setting forth the action so taken is signed by a sufficient number of Voting Members as would be necessary to take that action at a meeting at which all of the Voting Members were present and voted, and any such consent shall have the same force and effect as a unanimous vote of the Voting Members. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated and delivered to the Association. Such consents shall be filed with the minutes of the Association and shall have the same force as a vote of Voting Members at a meeting. Each written consent shall bear the date of the signature of each Voting Member who signs the consent. Within ten (10) days following authorization of any action by written consent, the Association shall give notice to all Voting Members of the material features of the authorized action.

Section 2.17. Recount of Votes. A Member or Voting Member may request a recount of the votes cast at a meeting of the Voting Members no later than the 15th day after the later of (i) the date of the meeting of Voting Members at which the election or vote was held, or (ii) the date of the announcement of the results of the election or vote. A demand for a recount must be submitted in writing either by verified mail or by delivery by the United States Postal Service with signature confirmation service to the Association's mailing address as reflected on the certificate required to be recorded pursuant to Section 209.004 of the Texas Property Code (the "Code") (the "Management Certificate"); or in person to the managing agent as reflected on the latest Management Certificate or to the address to which absentee and proxy ballots are mailed. Upon the Board's timely receipt of a written request for a recount, the Board shall estimate the costs for performance of the recount by a person qualified to tabulate votes under the Code and must send an invoice for the estimated costs to the requesting Member or Voting Member at such person's last known address according to the Association's records not later than the 20th day after the date the Association receives the demand for the recount. The person demanding a recount must pay the invoice in full to the Association on or before the 30th day after the date the invoice is sent to

such person. If the invoice is not paid by the deadline prescribed above, the demand for a recount is considered withdrawn and a recount is not required. If the estimated costs are lesser or greater than the actual costs, the Association shall send a final invoice to the person requesting the recount Member on or before the 30th business day after the date the results of the recount are provided. If the final invoice includes additional amounts owed by the person requesting the recount, any additional amounts not paid to the Association before the 30th business day after the date the invoice is sent to the Member or Voting Member may be added to the person's account as an assessment. If the estimated costs exceed the final invoice amount, the person requesting the recount is entitled to a refund. The refund shall be paid to the person requesting the recount at the time the final invoice is sent under this **Section 2.17**.

Following receipt of payment of the invoice for the cost of the recount, the Association shall engage the services of a person qualified to tabulate the votes. This person must (i) not be a Member of the Association or related to a member of the Board; and (ii) be a current or former county judge, county elections administrator, justice of the peace, county voter registrar, or a person mutually agreed upon by the Board and each requesting Member or Voting Member. On or before the 30th day after the date of receipt of payment for the recount the recount must be completed and the Association shall provide written notice of the results of the recount to each person who requested the recount. If the recount changes the results of the election, the Association shall reimburse the requesting Member or Voting Member for the cost paid for the recount not later than the 30th day after the date the results of the recount are provided. 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.

Article III

Board of Directors; Number, Term, Powers, Meetings

A. Composition and Selection.

Section 3.1. **Governing Body; Composition.** The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except with respect to directors appointed by the Declarant during the Class "B" Control Period, directors shall be Members. In the case of a Member which is not a natural person, the person designated in writing to the Secretary of the Association as the representative of such Member shall be eligible to serve as a director. Members who have been convicted of a felony or crime involving moral turpitude not more than twenty (20) years before evidence of such conviction is presented to the Board are ineligible to serve as a Director.

Section 3.2. **Number of Directors.** The Board shall consist of not less than three (3) nor more than five (5) persons. The initial Board shall consist of the three (3) persons named in the Certificate of Formation. The Declarant may in its sole discretion change from time to time the number of Directors to no less than three (3) and no more than five (5) Directors until termination of the Class "B" Control Period. Thereafter, the Board may adopt a resolution selecting a number of Directors between three (3) and five (5) persons. No decrease in the number of Directors shall shorten the term of any incumbent Director.

Section 3.3. Election and Term of Office. Subject to the provisions of this Section 3.3 below, the directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant until termination of the Class "B" Control Period. Notwithstanding any other provision contained herein:

(a) Directors during Class "B" Control Period. Except as otherwise provided in this subsection, the Class "B" Member may appoint, remove, and replace Board members until termination of the Class "B" Control Period. The Class "B" Control Period shall terminate upon the first to occur of the following: (a) 120 days after the date as of which ninety-five percent (95%) of the Lots permitted by the Master Land Use Plan for the Property described on Exhibit "A" and Exhibit "B" have been sold to Class "A" Members other than Builders; (b) December 31, 2050; or (c) when, in its discretion, the Class "B" Member so determines. Notwithstanding the foregoing, on or before the 120th day after the date that at least seventy-five percent (75%) of the total number of Units that may be created and made subject to the Declaration have been conveyed to Class "A" Members other than the Declarant or a Builder, or whenever the Declarant earlier determines (but in no event later than the 10th anniversary of the date the Declaration was recorded), at least one-third of the Directors must be elected by the Voting Members other than the Declarant. The remaining directors shall be appointees of the Declarant. The directors elected by the Voting Members shall not be subject to removal by the Declarant and each such director shall be elected for a term of two (2) years or until the happening of the event described in Subsection (b) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in Subsection (b) below, successors shall be elected in the same manner for a like term.

(b) Directors after the Class "B" Control Period. Not later than the termination of the Class 'B' Control Period, the Voting Members shall be entitled to elect all Directors. One (1) Director shall be elected from each Voting Group, if such Voting Groups have been created, with any remaining Director seats filled at large by the Voting Members.

(c) Class "B" Member Approval of Board Actions. Until one hundred percent (100%) of the Units have been developed and conveyed to Owners in the normal course of development and sale, the Class "B" Member shall have a right to disapprove any action, policy or program of the Board of Directors or any committee appointed by the Board, that, in the Class "B" Member's sole judgment, would tend to impair rights of the Declarant under the Declaration or these By-Laws, interfere with development or construction of any portion of the Properties, or diminish the level of services the Association provides. The Board shall not implement any action, policy or program subject to the right of disapproval set forth herein until the Association has given the Class "B" Member written notice of any such proposal and giving the Class "B" Member the opportunity to join in the discussion of any prospective action, policy or program which would be subject to the right of disapproval set forth herein. The Class "B" Member, its representatives or agents shall make its concerns, thoughts and suggestions known to the Board and/or the members of the committee. The Class "B" Member may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the proposed action.

Section 3.4. Nomination and Election Procedures.

(a) Nominations. Nominations for election to the Board, if any, may be made from the floor, by written request of a Member to the Secretary or other officer, or by a committee designated by the Board to accept nominations, such as a Nominating Committee. The Nominating Committee, if created, shall consist of a chairman, who shall be a director, and two (2) or more Members. The Nominating Committee, if created, shall be appointed by the Board not less than thirty (30) days prior to each annual meeting of the Voting Members to serve a term of one (1) year or until their successors are appointed. At least ten (10) days before the date the Association disseminates absentee ballots or other ballots to the Voting Members for purposes of voting in a Board member election, the Association must provide notice to the Members soliciting candidates interested in running for a position on the Board. The notice must contain instructions for an eligible candidate to notify the Association of the candidate's request to be placed on the ballot and the deadline to submit the candidate's request. The deadline may not be earlier than the tenth (10th) day after the date the Association provides the notice required hereunder. The notice must be provided to the Members in the same method as provided in Section 3.9 of these Bylaws. Any Member whose nomination is received by the Secretary or other designated person or committee prior to the deadline to submit a request, shall be included on each absentee ballot or other ballot for a Board member election. Any Member whose nomination is received after this period as well as any Member nominated from the floor at the annual meeting shall be included among the nominees running for election to the Board. A change in the list of nominees after the date that the annual meeting notice is sent shall not constitute an amendment to the motion to elect director(s). All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Members and to solicit votes. The Board may adopt additional rules governing the procedures for the nomination of directors.

(b) Election Procedures. Each Voting Member may cast all votes attributed to the Units which such Voting Member represents for each vacancy to be filled. A candidate, or his or her parent, child, brother, sister, grandparent, grandchild, great grandparent, great grandchild, aunt, or uncle may not count the votes for an election. A person who is authorized to count votes (or who performs a recount under Section 2.17) may not disclose to any other person how a Voting Member voted; provided, however, that in the event of a recount, the person conducting the recount may be provided access to the ballots for purposes of the recount. Each candidate for election to the Board may name one person to observe the counting of the ballots, provided that this does not entitle any observer to see the name of the person who cast any ballot, and that any disruptive observer may be removed from the meeting. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled and who receive the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

Section 3.5. Election and Term of Office. At each annual meeting following termination of the Class "B" Control Period, directors shall be elected for staggered terms with three (3) Directors being elected in odd-numbered years and two (2) Directors being elected in even numbered years if there are five (5) Directors, and two (2) Directors being elected in odd-numbered years and one (1) Director being elected in even numbered years if there are three (3) Directors. Directors shall hold office until their respective terms have expired and until his or her successor is duly elected and qualified. At the expiration of the term of office of each such member of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for

a term of two (2) years.

Section 3.6. Removal of Directors; Vacancies. Any director elected by the Voting Members may be removed, with or without cause, by the vote of the Voting Members holding at least a majority of the votes entitled to be cast for the election of such director. Upon removal of a director by the Voting Members, a successor shall then and there be elected by the Voting Members to fill the vacancy for the remainder of the term of such director. Directors appointed by the Declarant during the Class "B" Control Period shall not be subject to removal by the Voting Members. Directors elected by the Voting Members shall not be subject to removal by the Declarant. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose.

If the Board is presented with written, documented evidence from a database or other record maintained by a governmental law enforcement authority that a Director was convicted of a felony or crime involving moral turpitude not more than twenty (20) years before the date the Board is presented with the evidence, then the Director shall be automatically disqualified from service on the Board, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

In the event of a vacancy on the Board caused by the death, disability or resignation of a director elected by the Voting Members, a vacancy may be declared by the Board, and it may appoint a successor to serve for the remainder of the term of such director. Alternatively, the Board may call for an election for the purpose of electing a successor to fill any such vacancy on the Board. In such case, the Voting Members shall be entitled to elect a successor to serve for the remainder of the term of such director.

B. Meetings.

Section 3.7. Organizational Meetings. The first meeting of the Board following each annual meeting of the Membership shall be held at such time and place as shall be fixed by the Board. The Board shall announce the actions taken at the organizational meeting, including the election of officers, at the next Board meeting and record those actions in the minutes of that meeting.

Section 3.8. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors. Following expiration of the Class "B" Control Period, at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Regular meetings, except those held by electronic or telephonic means, must take place in Rockwall County or in any county adjacent thereto. Notice of the date, time and place of the meeting shall be communicated to directors no less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 3.9. Special Meetings. Special meetings of the Board shall be held when called by written notice signed in person or electronically by the President or by any two (2) directors.

The notice shall specify the date and time of the meeting, and if the meeting is held solely by using a conference telephone or other communication system, the location of the meeting, and the nature of any special business to be considered. Special meetings, except those held by electronic or telephonic means, must take place in Rockwall County or in any county adjacent thereto. The notice shall be given to each director by one of the following methods: (i) by personal delivery; (ii) written notice by first-class mail, postage prepaid; (iii) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) by electronic mail, facsimile, computer, fiber-optics or other communication device. All such notices shall be given at the director's telephone number, facsimile number, registered electronic mail address, or sent to the director's address as shown on the records of the Association. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, text message, electronic mail or other device shall be delivered or transmitted at least seventy-two (72) hours before the time set for the meeting.

Section 3.10. Notice to Members of Board Meetings. Except as provided in **Section 3.11**, notice of the date, time, place, and general subject matter, including a general description of matters to be considered in executive session, of each Board meeting shall be given to each Member by one of the following methods: (i) by personal delivery of written notice; (ii) written notice by first-class mail, postage prepaid; (iii) by posting notice in a conspicuous manner in the community on the Common Area or on privately-owned property with the property owner's consent **and** by electronic mail to each Member who maintains a registered electronic mail address with the Association; or (iv) by posting notice on a website, if any, maintained by or on behalf of the Association **and** by electronic mail to each Member who maintains a registered electronic mail address with the Association. It is each Member's duty to keep an updated electronic mail address registered with the Association at all times. All such notices shall be given at the Member's mailing address or registered electronic mail address as shown on the records of the Association. Notices sent by personal delivery or by first-class mail shall be delivered or sent at least ten (10) days before the date of the meeting but not more than sixty (60) days before the date of the meeting. Notices posted in the conspicuous community location or on the Association's website shall be posted at least seventy-two (72) hours before the start of the meeting. Notices given by electronic mail shall be transmitted at least seventy-two (72) hours before the time set for the meeting.

Section 3.11. Action Outside Meeting. Except as provided in this **Section 3.11** below, the Board may take action outside a meeting, including voting by electronic or telephonic means, without prior notice to the Members pursuant to **Section 3.10** if each Director is given a reasonable opportunity to express the Director's opinion to all other Directors and to vote. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting. Any action taken without notice to Members 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.

Notwithstanding the above, the Board may not, unless done in an open meeting for which prior notice was given to the Members under **Section 3.10**, consider or vote on: (i) fines; (ii) damage assessments; (iii) initiation of foreclosure actions; (iv) initiation of enforcement actions

(except actions that seek the issuance of a temporary restraining order or that relate to violations involving a threat to health or safety); (v) increases in assessments; (vi) levying of special assessments; (vii) appeals from a denial of architectural review approval; (viii) a suspension of a right of a particular Member; (ix) lending or borrowing money; (x) the adoption or amendment of a dedicatory instrument; (xi) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than ten percent (10%); (xii) the sale or purchase of real property; (xiii) the filling of a vacancy on the Board; (xiv) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or (xv) the election of an officer.

Section 3.12. Board Meetings During Development Period. Notwithstanding any other provision contained in these Bylaws to the contrary, during the Development Period, the Board may (i) meet without notice to the Members, (ii) close the Board meeting to Members, and (iii) meet in any county or state other than Rockwall County, Texas. In addition, during the Development Period, the Board is not required to meet in person for any reason, unless a Board meeting is conducted for the purpose of: (i) adopting or amending the Governing Documents; (ii) increasing the amount of the Base Assessment or adopting or increasing a Special Assessment; (iii) electing non-developer Board members or establishing a process by which those members are elected; or (iv) changing the voting rights of the Members.

Section 3.13. Waiver of Notice. Notice of a Board meeting is not required to be given to a director or Member entitled to notice if the director or Member signs a written waiver of notice of the meeting either before or after the meeting. The waiver of notice or consent need not specify the purpose of the meeting. Attendance or participation of a director or Member at a meeting constitutes a waiver of notice of the meeting, unless the director or Member attends a meeting for the sole purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Attendance or participation of a director or a Member at a meeting constitutes a waiver of notice of a particular matter at the meeting that is not included in the purposes of the meeting described in the notice, unless the director or Member objects to considering the matter when it is presented.

Section 3.14. Telephonic and Electronic Meetings. Members of the Board or any committee may participate in a meeting of the Board or committee, respectively, by means of conference telephone, or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if (i) the telephone or other equipment or system permits each director to hear and be heard by every other director. Except for telephonic or electronic Board or committee meetings conducted during the Development Period or any portion of a Board or committee meeting conducted in executive session, telephonic or electronic meetings must permit all Members in attendance to hear all directors, and Members are allowed to listen using electronic or telephonic communication method used or expected to be used by a director to participate, and the notice of the meeting includes instructions for Members to access any communication method required to be accessible hereunder.

Section 3.15. Quorum of Board. At all meetings of the Board, a majority of the directors,

including at least one Declarant-appointed director if such meeting is held during the Class "B" Control Period, shall constitute a quorum for the transaction of business, and the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a date and time not less than ten (10) nor more than sixty (60) days from the date the original meeting was called, subject to the notice requirements set forth in Section 3.10 and Section 3.11. At the reconvened meeting, if a quorum is present, any business which might have transacted at the meeting originally called may be transacted without further notice.

Section 3.16. Adjournments of Board Meetings. 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 right of Members to notice of and attend Board meetings. 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 Section 3.10 within two (2) hours after adjourning the meeting being continued.

Section 3.17. Compensation. No director shall receive any compensation from the Association for acting as such; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 3.18. Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of meetings of the Board, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 3.19. Open Meetings. Except as provided in Section 3.12 of these Bylaws, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the Board may adjourn any meeting of the Board and reconvene in executive session, excluding Members, to discuss the following matters: (i) personnel matters; (ii) pending or threatened litigation; (iii) contract negotiations; (iv) enforcement actions; (v) confidential communications with attorneys; (vi) matters involving the invasion of privacy of individual Members; or (vii) matters that are to remain confidential by request of the affected parties and agreement of the Board. The general nature of any business to be considered in executive session must first be announced at the open meeting. Any decision made or expenditure approved shall be orally summarized (including a general explanation of expenditures) at the meeting and recorded in the minutes of the meeting in such a manner as to protect the sensitive or confidential nature of the information discussed.

Section 3.20. Action Outside a Formal Meeting. Except with respect to those matters

which must be considered or voted upon at an open meeting of the Board pursuant to Section 209.0051(h) of the Code, actions may be taken outside a meeting of the Board, and without prior notice to the Members, electronically or telephonically. The Board shall orally summarize any action taken outside a meeting, including an explanation of any known actual or estimated expenditures approved, at the next Board meeting and shall record those actions in the minutes of that next meeting.

C. Powers and Duties.

Section 3.21. Powers. The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Governing Documents or by law directed to be done and exercised exclusively by the Members or the membership generally.

Section 3.22. Duties. The duties of the Board shall include, without limitation, the following:

(a) preparation and adoption, in accordance with the Declaration, of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the Admin Assessment, Base Assessment and any Neighborhood Assessment; provided, unless otherwise determined by the Board, the Admin Assessment, Base Assessment and any Neighborhood Assessment for each Unit's proportionate share of the common expenses shall be payable on the first day of each fiscal year;

(c) providing for the operation, care, upkeep and maintenance of all of the Common Area;

(d) designating, hiring and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair and replacement of its property and the Common Area and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve and using the proceeds to operate the Association; provided, any reserve fund may be deposited in the directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) making available upon written request to any prospective purchaser of a Unit, any Owner of a Unit, any first Mortgagee, and the holders, insurers and guarantors of a first Mortgage on a Unit, at the requesting parties' expense, current copies of the Governing Documents and all other books, records and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties.

Section 3.23. Management. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to its managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws. The management agent shall obtain and continue in effect during the term of the engagement, normal commercial insurance and crime insurance, naming the Association as an additional insured thereunder.

Section 3.24. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual or cash accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; anything of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(f) an annual report consisting of at least the following shall be made available to all Members within one hundred twenty (120) days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income statement); and (iii) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited, reviewed or compiled basis, as determined by the Board, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement at the expense of the requesting party.

Section 3.25. Borrowing. The Association shall have the power to borrow money for any legal purposes; provided the Board shall obtain the approval of the Declarant during the Development Period and the approval of a majority of the Members in the event that the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed twenty percent (20%) of the budgeted gross expenses of the Association for that fiscal year.

Section 3.26. Rights of the Association. With respect to the Common Area, and in accordance with the Certificate of Formation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational or other agreements with trusts, condominiums, cooperatives and other owners or residents associations, both within and without the Properties. Such agreements shall require the consent of a majority of the total number of directors of the Association.

Section 3.27. Enforcement. The Association shall have the power to impose sanctions, including the levying of fines, for violations of the Governing Documents. The failure of the Board to enforce any provision of the Governing Documents shall not be deemed a waiver of the right of the Board to do so thereafter or of the right to enforce any other violation.

(a) Notice. Except as provided below, prior to suspending an Owner's right to use the Common Areas, filing suit against an Owner (other than a lawsuit to collect an assessment or related charge or to foreclose the Association's assessment lien), charging an Owner for property damage, or levying a fine for a violation of the Governing Documents, the Board or its delegate shall serve the alleged violator with written notice by certified mail, notifying the Owner of the following: (i) the nature of the alleged violation or property damage and the amount, if any, due the Association from the Member, (ii) a reasonable time period in which the violator may cure the

violation and avoid the proposed sanction (unless the violator was given notice and a reasonable opportunity to cure a similar violation within the preceding six months, or unless the violation is incurable or poses a threat to public health or safety), (iii) that the Owner may present a written request for a hearing on or before the 30th day after the date the notice was mailed to the Owner, and (iv) notice that the owner "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."

The notice and hearing provisions of this **Section 3.27** do not apply if the Association files a suit seeking a temporary restraining order or temporary injunctive relief or files a suit that includes foreclosure as a cause of action.

(b) **Hearing.** If a hearing is requested within the allotted thirty (30) day period, the hearing shall be held before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Person who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) **Additional Enforcement Rights.** Notwithstanding anything to the contrary herein contained, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking restrictions or rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the notice and hearing procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Unit for purposes of exercising this power of self-help shall not be deemed a trespass.

Article IV

Officers

Section 4.1. **Officers.** The officers of the Association shall be a President, Secretary and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including Vice President, one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.2. **Election and Term of Office.** The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Voting Members.

Section 4.3. **Removal and Vacancies.** Any officer may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby. A vacancy in any office

arising because of death, resignation, removal or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent or both.

Section 4.5. Resignation. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.6. Agreements, Contracts, Deeds, Leases, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board.

Section 4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.16.

Article V

Committees

Section 5.1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee shall cooperate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board of Directors.

Section 5.2. Neighborhood Committees. The Owners within any Neighborhood which does not have a Neighborhood Association may elect a Neighborhood Committee to represent the interests of such Owners. A Neighborhood Committee, if elected, shall consist of three (3) Owners of Units in the Neighborhood, however, if approved by the vote of at least fifty-one percent (51%) of the Owners of Units within the Neighborhood, the number may be increased to five.

Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board from a Neighborhood shall be an *ex officio* member of the Neighborhood Committee. The members of the Neighborhood Committee shall elect a chairperson from among themselves, who shall preside at its meetings and shall be responsible for transmitting any and all communications to the Board.

In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide

by the notice and quorum requirements applicable to the Board. Meetings of a Neighborhood Committee shall be open to all Owners of Units in the Neighborhood and their representatives. Members of a Neighborhood Committee may act by unanimous written consent in lieu of a meeting.

Article VI

Miscellaneous

Section 6.1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 6.2. Conflicts. If there are conflicts between the provisions of Texas law, the Certificate of Formation, the Declaration and these By-Laws, the provisions of Texas law, the Declaration, the Certificate of Formation and the By-Laws (in that order) shall prevail.

Section 6.3. Books and Records.

(a) Inspection by Mortgagees. Except for Confidential Records (as defined in Section 6.3(e) below), the books and records of the Association (including financial records) shall be made available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, or by the duly appointed representative of any of the foregoing, upon written request stating a proper purpose for the request. Such inspection shall take place during normal business hours at the office of the Association or at such other place within the Property as the Board shall prescribe. The cost, including copy charges, document retrieval charges and a reasonable administrative fee, shall be at the expense of the requesting party and may be required to be paid in advance of the inspection.

(b) Inspection or Production of Records. Each Member of the Association may submit a written request to the Board or its representative by certified mail to the address of the Association or authorized representative as listed on the most current management certificate filed of record, to either inspect the books and records of the Association (including financial records) identified in the request or to have the Association deliver those books and records identified in the request to the Member or to a person designated in a writing signed by the Member as the Member's agent, attorney or certified public accountant. Except for Confidential Records (as defined in Section 6.3(e) below), the Member may inspect or the Association must produce the books and records identified in the request. If the Member requests to inspect the Association's books and records, the Association must, on or before ten (10) business days of receipt of a request, send written notice of the dates and times during normal business hours that the Member may perform the inspection to the extent that those books and records are in the possession, custody or control of the Association. If the Member requests that the Association produce the books and records, the Association must, to the extent that those books and records are in the possession, custody or control of the Association, either (i) produce the records requested on or before ten (10) business days from the date of receipt of the request; or (ii) if the Association cannot produce records on or before ten (10) business days, inform the Member of that fact on or before the ten (10) business day time period and then produce the records on or before fifteen (15) business days of providing that notice.

(c) Inspection and Production Costs. The Association shall adopt and record a records production and copying policy that prescribes the costs for compilation, production and copying of Association records in response to a Member's records request. Upon adoption and recordation of this policy, the Association may require the Member to pay, in advance, the estimated costs of the records inspection or production (subject to the cost limitations set forth under law). On or before the thirtieth (30th) business day following the completion of the document inspection or production, the Association shall send the Member a final accounting invoice for the inspection or production. If the actual costs exceed the estimated costs of the inspection or production, the Member must reimburse the Association on or before thirty (30) business days of the final accounting invoice. In the event that the Member fails to timely reimburse the Association, the unpaid balance of the invoice shall be added to and become a part of the Member's assessment obligation to the Association and a lien against the Member's Unit and may be collected in the same manner as any other assessment payable to the Association. If the actual costs are less than the estimated costs of the inspection or production of records, the Association shall refund the excess amount to the Member on or before the thirtieth (30th) business day after the date that the Association sends the final accounting invoice.

(d) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical Property owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

(e) Confidential Records. Except as hereinafter provided, Members are not entitled to inspect or to have produced to them Confidential Records. For purposes of these By-Laws, Confidential Records shall mean and include records that identify a Member's covenant violation history, a Member's personal financial information (including payment and delinquency information) with the Association, a Member's contact information (other than the Member's address in the development), employee records, attorney's files and records relating to the Association (excluding invoices requested by a Member under Section 209.008(d) of the Texas Property Code), or documents constituting attorney work product or attorney client communications. If a Member whose records are the subject of another Member's inspection or production request consents in writing to the release of his or her Confidential Records, the Association must allow the requesting Member to inspect the Confidential Records or the Association must produce the Confidential Records. In addition, the Association must allow an inspection or must produce Confidential Records if so ordered by a court of competent jurisdiction.

Section 6.4. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first-class postage prepaid:

(a) if to a Member, at the physical address which the Member has designated in writing and filed with the Secretary or, at the Member's registered electronic mail address, or, if no such physical or electronic address has been designated or registered, at the address of the Unit of such Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at the address listed in the most recent recorded management certificate, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6.5. Amendment.

(a) By Declarant. During the Class "B" Control Period, the Declarant may unilaterally amend these Bylaws at any time and from time to time for any purpose.

(b) By Class "A" Members. Except as provided above and otherwise specifically provided herein, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Class "A" Members representing at least fifty-one percent (51%) of the total Class "A" votes in the Association, and the consent of the Declarant during the Development Period. If a Member consents to any amendment to the Declaration or these By-Laws, it will be conclusively presumed that such Member has the authority so to consent and no contrary provision in any Mortgage or contract between the Member and a third party will affect the validity of such amendment. Any amendment to be effective must be recorded in the County Clerk Official Records of Rockwall County, Texas.

(c) By Board. The Board may unilaterally amend these By-Laws at any time and from time to time if such amendment is (i) for the purpose of correcting technical errors or for clarification only or (ii) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination. In addition to the foregoing, the Board may unilaterally amend these By-Laws if such amendment does not adversely affect the other Owners and is (i) necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Property; (ii) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any portion of the Property; or (iii) necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on any portion of the Property.

SECRETARY'S CERTIFICATE

I, the undersigned, am the duly elected and acting Secretary of Creekshaw Owners Association, Inc., a Texas non-profit corporation, and I do hereby certify:

That the within and foregoing By-Laws were adopted as the By-Laws of said corporation as of the 3rd day of May, 2021, that the same do now constitute the By-Laws of said corporation, and that they have not been modified, amended nor rescinded.

IN WITNESS WHEREOF, I have hereunto subscribed my name as of May 3, 2021.

Cindy O'Brien
Secretary

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

EXHIBIT "D"

DESIGN REVIEW GUIDELINES

OF

CREEKSHAW OWNERS ASSOCIATION, INC.

Part One: Definitions

The words in these Design Review Guidelines shall be given their normal commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Creekshaw Owners Association, Inc. (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration") unless the context shall otherwise require.

Part Two: Submission of Plans

Prior to the commencement of any work, there shall be submitted to the appropriate committee two (2) complete sets of plans and specifications of any and all proposed construction of any dwelling, building, structure or improvements of any Unit and of any changes in the terrain of any Unit, and two (2) complete sets of plans and specifications of the proposed painting, remodeling, reconstruction, alterations, or additions to any dwelling, building, structure or improvements on any Unit which affect the exterior appearance or structural integrity of any such dwelling, building, structure or improvements. All plans and specifications for any dwelling, building, structure or improvements to be erected on any Unit shall include plot plans showing the exterior color schemes thereof. The approval of the appropriate committee must be obtained prior to the commencement of any such painting, remodeling, reconstruction, alterations, additions, new construction or changes in terrain thereon in the same manner as set forth in Part 3 below.

Part Three: Approval and Disapproval

Before any work is commenced on any Unit, the appropriate committee, as the same is from time to time composed, shall approve or disapprove plans and specifications by majority vote of the members then serving. One (1) set of said plans and specifications with the approval or disapproval endorsed thereon, shall be returned to the person submitting them and the other copy thereof shall be retained by the committee. The signature of any member of the committee on any such plans and specifications with "approved" or "disapproved" thereon written or stamped shall be prima facie evidence as to such approval or disapproval being the act of the full committee. In the event the committee fails to approve or disapprove any such plans or specifications within thirty (30) days after actual receipt of same by a member of the committee, the committee shall be deemed to have approved such plans and specifications.

Part Four: Criteria for Disapproval

The appropriate committee shall have the right to disapprove any plans and specifications submitted to it as aforesaid in the event such plans and specifications are not in accordance with all of the provisions of the Declaration and the Design Review Guidelines, if the external design, appearance, location or color scheme of the proposed dwelling, building, or other structure is not in harmony with the general surroundings of such Unit or with the adjacent dwellings, buildings, or structures or with the topography, if the plans and specifications submitted are incomplete, if the design, appearance or location of any landscaping is not in harmony with the general surroundings, or topography, or in the event the committee deems the plans and specifications, or any part thereof, to be contrary to the interests, welfare or rights of any or all parts of the Neighborhood, or the Owners in general, all in the sole discretion of the committee. The decisions of the committee shall be final.

Part Five: Limitation of Committee Liability

The appropriate committee is authorized to accept whatever drawings, plans or specifications as it deems desirable

within its sole discretion in satisfaction of this part of the Declaration. Neither the committee nor any architect or agent thereof or of Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing, nor for any structural or other defects in any work done according to such plans and specifications.

Part Six: Improvements

The following provisions are applicable to restrict all Units in the Properties:

Section 1. **Structure and Roof Section of Dwelling.** The exterior of all dwellings shall be constructed of brick, brick veneer, stone, stucco, stone veneer, masonry, and/or glass building materials of the kind customarily used for exterior walls. The minimum masonry content of a dwelling shall be 80% of the area of outside walls on 1st and 2nd floors. Masonry shall not include Hardiplank/cementitious board. All calculations of the minimum percentage of masonry shall exclude gables, windows, doors, and small areas above windows and doors. Corner Lots and Front Elevations shall have 90% masonry on all sides adjacent to the street, excluding gables, small exterior wall areas above roof sections, windows, and doors and other areas as may be approved by the appropriate committee. Any dwelling backing up to a street greater than fifty (50) feet in width shall have 100% masonry on the 1st and 2nd stories of the back side of the house adjacent to said street. In the event of a 6' masonry wall along said street adjacent to the back of the dwelling, then the requirements for masonry shall only apply to the 2nd story of the house. In the event that the City of Royse City has stricter standards than the aforementioned, then the stricter City standards shall apply where applicable.

The width of the front of the main structure shall be in harmony with other dwellings in the Neighborhood. For lots designated as having a minimum lot width of forty (40) feet, same house elevations on the same side of the street and/or usage of the same combination of brick, mortar color and sand color shall be separated by a minimum of four (4) lots and same house elevations and usage of the same combination of brick, mortar color and sand color on homes on the opposite side of the street shall be separated by at least four (4) lots from the house directly across the street from the same. For lots designated as having a minimum lot width of fifty (50) feet, same house elevations on the same side of the street and/or usage of the same combination of brick, mortar color and sand color shall be separated by a minimum of three (3) lots and same house elevations and usage of the same combination of brick, mortar color and sand color on homes on the opposite side of the street shall be separated by at least three (3) lots from the house directly across the street from the same.

Front porches are not required. Covered front porches are defined as an area of at least fifty (50) square feet covered by the main roof or an architectural extension of the residence. Covered front porches may extend over the front building setback line up to five (5) feet, but the garage door must remain at or behind the front setback line in all instances. Columns and railing, if used, shall be architecturally compatible with the front façade of the house.

A minimum of three (3) of the following design elements shall be incorporated on each residential house built on lots designated as having a minimum lot width of forty (40) feet or fifty (50) feet:

- a) Porches, stoops or covered entries
- b) Bay or box windows
- c) At least one (1) dormer
- d) Accent materials such a brick, stone, or stucco or with banding highlights
- e) Ornamental or decorative windows and/or at least shutters on one (1) window
- f) Driveways with enhanced paving treatment consisting of salt finished concrete and/or brick borders
- g) Increased roof pitch to a minimum 8:12 on the main structure.

All dwellings shall have a roof of wood shingles, slate, tile or at least twenty (20) year composition singles with a weight of at least 240 pounds per 100 square feet and that have a weathered brown or gray look, unless some other material or color is approved by the appropriate committee. No use of "3-Tab" shingles shall be allowed. The roof pitch of any structure shall be 6:12 minimum, except that

porches and decks shall have a minimum pitch of 4:12. However, shingles may be installed that are designed to either (i) be wind and hail resistant; (ii) provide heating and cooling efficiencies greater than those provided by customary composite shingles; or (iii) provide solar generation capabilities, so long as the shingles, when installed, resemble the shingles used or otherwise authorized for use on lots within Creekshaw, are more durable than and are of equal or superior quality to the shingles authorized for use on lots within Creekshaw, and match the aesthetics of the property surrounding the owner's property.

Chimney flues on exterior walls shall be enclosed one hundred (100%) percent in masonry except for the side of the chimney that faces the roof.

Section 2. Sewage Disposal. No buildings or dwellings shall be constructed with plumbing fixtures, dishwashers, toilets, or sewage disposal systems unless the same are connected to an established central sewage system unless specifically approved by the appropriate committee.

Section 3. Parking Requirements. Each single family dwelling unit shall contain a minimum of two (2) enclosed parking spaces behind the front building line on the same lot as the main structure or rear building line where an alley exists, plus two (2) additional parking spaces on a paved driveway. Rear entry townhome garages with a rear setback of less than twenty feet (20') are not required to provide parking spaces other than in an enclosed garage.

Front facing garages shall not extend in front of the house, except that attached garages that do not face the street (e.g., swing drive garages) may extend in front of the house. Front facing garages, other than attached garages that do not face the street, shall be located at least twenty (20) feet from the property line and contain at least one of the following features:

- a) Stamp reveals/texture.
- b) A minimum twelve (12) inch recess from the front façade of the house or front porch.
- c) Single garage doors separated by a masonry column.
- d) The top panel of each garage door shall have divided windows or other type of decorative window.
- e) Garage doors shall be wood or aluminum with simulated wood panels and shall have wood or simulated wood trim similar to carriage style garage doors.
- f) If the garage has more than a two (2) vehicle width, each garage door shall be a single garage door separated by masonry columns, or a double garage door may be used in conjunction with a single garage door if the double garage door is separated from the other door by a masonry column.

No carports shall be allowed unless: (i) it is constructed of the same exterior masonry material and color as the house on the same lot; (ii) it shall have the same roof type, material, composition, and pitch; and (iii) it is attached to and a part of the house.

Section 4. Fences and Boundary Plantings. No wall, coping or fence shall extend nearer to any street than the front line of the dwelling on any Unit. No wire or woven fence is permitted on any portion of any Unit that exposes it to view from the streets or surrounding Units. No fence may be constructed or erected on any Unit without approval of the appropriate committee as to materials, appearance, and height.

Individual Lot Fencing

Fencing on individual lots shall conform to the following minimum requirements and to any stricter standards as may be set forth by the City of Royse City.

1. Connected with the side of the house on the lot.
2. Shall be located immediately inside the building line of a lot, except that fencing may be located on the property line if the adjacent house to the rear faces in the opposite direction from the house with the fencing.
3. Constructed of wood, brick, or decorative metal (may not be wire, mesh, chain link or

other similar material). If constructed of wood, then the following further standards apply:

- a) For Fencing Adjacent to a Street:
 - a. Western red cedar or any other wood as approved by the New Construction Committee
 - b. Metal Posts
 - c. 3 – 2x4 Stringers
 - d. 1 x 6 Board on Board fencing
 - e. 2 x 6 Cap and 1 x 4 Trim
 - f. Stain in accordance with a standard stain to be established by the New Construction Committee. Such stain must be maintained at a level acceptable to the New Construction Committee.
 - b) For Fencing Between Lots:
 - a. Spruce, pine or any other wood as approved by the New Construction Committee
 - b. Metal Posts
 - c. 3 – 2x4 Stringers
 - d. 1 x 4 Board to Board fencing
 - e. 2 x 6 Cap and 1 x 4 Trim
 - f. Stain in accordance with a standard stain to be established by the New Construction Committee. Such stain must be maintained at a level acceptable to the New Construction Committee.
4. Minimum of six feet in height. Maximum of eight feet in height. All individual lot fences must taper down appropriately to meet the height of a smaller fence or wall as prescribed in these guidelines.
 5. Constructed so that the side of the fence containing the structural supports is not visible from any public right-of-way.
 6. Private residential fences situated between residential lots shall consist of stained wood pickets on metal posts or wrought iron.
 7. Any fence constructed on the portion of any lot which is adjacent to any Open Space shall be constructed as follows:
 - a) Wrought iron, steel, metal, or similar material in a decorative style as approved by the New Construction Committee or;
 - b) Cedar wood, six (6) feet in height board on board with cap design, metal posts anchored with concrete and constructed so that the side of the fence containing the structural support is not visible from the Open Space and stained in accordance with a standard stain to be established by the New Construction Committee.

This section shall not apply to any lots that side or back to open space that is adjacent to a street right of way or public easement.

Section 5. Construction Periods. The work of construction, painting, altering or remodeling any building or improvements on any Unit shall be prosecuted diligently from the commencement until the completion thereof and in any event shall be completed within nine months after commencement of the work.

Section 6. Landscaping. Each Unit shall have planted prior to the conveyance of the Unit to any person other than a builder or developer holding title for the purpose of development and resale:

1. For Townhome Lots:
 - a. Minimum of one (1), three (3) inch caliper tree
 - b. Minimum of six (6) shrubs; a minimum of ten (10) gallons total that must be planted in front of the house
2. For Lots designated as having a minimum lot width of forty (40) feet:
 - a. Minimum of two (2), three (3) inch caliper trees; one must be planted in front of the house

- b. Minimum of ten (10) shrubs; a minimum of twenty (20) gallons total that must be planted in front of the house
- 3. For Lots designated as having a minimum lot width of fifty (50) feet:
 - a. Minimum of two (2), three (3) inch caliper trees planted in front of the house
 - b. Minimum of fifteen (15) shrubs; a minimum of thirty (30) gallons totals must be planted in front of the house

Trees shall be measured six (6) inches above ground at the time of planting. All trees intended to meet this requirement shall be a species approved by the City of Royse City for the intended use. All required landscaping shall be selected from the approved plant list by the City of Royse City. In addition, all types of maple trees and Bradford/Cleveland Pear trees are approved species for any landscaping on the Unit. Front yards and side yards shall be fully irrigated and sodded. Rear yards shall be fully sodded or hydromulched.

Section 7. Retaining Walls. Any retaining walls built within the development shall be of a material other than wood or similar material. Use of milsap stone or similar stone shall be required.

Section 8. HVAC Units. For lots designated as having a minimum lot width of 40', HVAC compressor units shall not be located on the sides of homes unless such location: (i) maintains a minimum 5' (five foot) yard setback from the outside edge of the HVAC compressor unit to the lot line; or (ii) abuts a street and has a side yard setback from the street right-of-way of at least 5' (five feet); or (iii) is administratively approved by the City of Royse City's Director of Planning or the Director's designee.

Section 9. NOTWITHSTANDING ANYTHING IN THE FOREGOING, DECLARANT RESERVES AND SHALL HAVE THE AUTHORITY TO MODIFY ANY OF THE DESIGN REVIEW GUIDELINES. Additionally, the New Construction Committee may amend the design review guidelines following the period of Declarant control.

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

EXHIBIT "E"

RULES REGULATING LEASING AND SUBLEASING

OF

CREEKSHAW OWNERS ASSOCIATION, INC.

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

EXHIBIT "E"

RULES REGULATING LEASING AND SUBLEASING

OF

CREEKSHAW OWNERS ASSOCIATION, INC.

A. Leasing of Dwelling Improvements on Units

Leasing of Dwelling Improvements on Units shall be governed by the following provisions:

(1) **Definition.** "Leasing," as used in this Section, is defined as regular, exclusive occupancy of the Dwelling Improvement on a Unit by any person or entity other than the Owner or the Owner's immediate family (as hereinafter defined) for which the Owner, or any designee of the Owner, receives any consideration or benefit, including, but not limited to, a fee, service, gratuity or emolument. For purposes of this Section, if a Unit is owned by an entity (e.g. a corporation, partnership, limited liability company, trust, etc.), a Unit shall not be considered leased if the Unit is occupied regularly and exclusively by the owner(s) of the entity or such owner's immediate family or, in the case of a trust, by a beneficiary of the trust who is an immediate family member of the settlor(s) of the trust.

For purposes hereof, "immediate family member" shall include the mother, father, daughter, son, sister, brother, grandmother, grandfather, grandson, or granddaughter.

(2) **General.** Dwelling Improvements on Units may be leased only in their entirety. Owners are strictly prohibited from leasing individual rooms in the Dwelling Improvement. All leases shall be in writing and provide that the terms of the lease are subject to the provisions of the Declaration, Bylaws and Rules and Regulations. No transient tenants may be accommodated on a Unit. An Owner may not offer his or her Unit for lease for less than a one (1) year term, nor may an Owner list his or her Unit for lease on short-term rental websites such as www.airbnb.com, www.vrbo.com, www.homeaway.com or other vacation or short-term rental websites. All leases must be for an initial term of not less than one (1) year unless otherwise approved by the Board, in writing. Thereafter, a lease may be renewed on an annual basis for a term of one (1) year each provided that Owner has notified the Board of his or her intent to renew the lease no less than thirty (30) days prior to the commencement of each renewal term, and the Owner has obtained the Board's prior written approval that the lease, as renewed, meets

the standards and criteria set out in these Leasing Rules. The Board shall have ten (10) days from receipt of the notice of the Owner's intent to renew to approve or disapprove the renewal. If the Board does not respond within this ten-day period, the renewal shall be deemed approved. The Owner must make available to the lessee copies of the Declaration, Bylaws and the Rules and Regulations of the Association and must provide his or her lessee(s) with a copy of any amendment to the foregoing instruments within ten (10) days of the date that the Association notifies the Owners of the amendment.

(3) **Leasing Limitations.** Upon acquiring an ownership interest in a Unit, the Owner may not lease the Unit or Dwelling Improvement thereon, or any portion thereof, until the expiration of twenty-four (24) months from the date of the closing of the sale of the Unit or recording of the deed to the Unit which conveys title, whichever is earlier; provided that the Owner may lease the Unit or Dwelling Improvement thereon pursuant to Board approval of a hardship per Paragraph (5) below. After the expiration of the twenty-four (24) month period, the Owner may lease the Unit subject to the other terms contained in this Amendment. The Board may adopt and enforce reasonable rules regulating leasing and subleasing.

(4) **Notice of Intent to Lease and Board Approval.** Subsequent to the expiration of the twenty-four (24) month period described in Paragraph (3) above and from and after the effective date hereof, if an Owner of a Dwelling Improvement which is not already subject to a lease desires to lease his Dwelling Improvement, the Owner must comply with the following covenants and restrictions: All leases shall be in writing and Owners shall not enter into any lease of a Dwelling Improvement without first receiving the prior written approval of the Board pursuant hereto. Whenever the Owner of a Dwelling Improvement has received a bona fide offer to lease his or her Dwelling Improvement and desires to accept such offer, the Owner shall give the Board or its management company a copy of the lease along with the name, address and business occupation or employment of the offeror and the identities of all persons intended to reside in the Dwelling Improvement. The Board shall have the power to adopt by resolution or rule the appropriate lease form to be used. The Association shall approve or disapprove of the lease within ten (10) days of receiving the copy of the lease and other information required herein. If an Owner fails to provide a copy of the lease and all other information required herein, the lease is automatically deemed to be disapproved. The Association shall respond in writing to the Owner with its approval or disapproval of the lease by placing into the custody of the U. S. mail or by hand delivery to the Owner its written response. The Association's approval or disapproval must be hand delivered or placed in the U. S. mail on or before the tenth (10th) day after the Association's receipt of the copy of the lease and all other information required herein. If the Association fails to respond in writing to the Owner with its approval or disapproval within ten (10) days of its receipt of the proposed lease and all information required by this resolution, then the lease shall be deemed to be approved.

(5) **Hardship.** Notwithstanding any provision to the contrary, the

Board shall be empowered to allow leasing of one or more Units prior to the twenty-four (24) month leasing ban in Paragraph (3) above upon written application by an Owner to avoid undue hardship. By way of illustration and not by limitations, circumstances which would constitute undue hardship are those in which (i) an Owner must relocate his or her Dwelling Improvement and can not, within ninety (90) days from the date the Unit was placed on the market, sell the Unit while offering it for sale at a reasonable price no greater than its current appraised market value; (ii) the Owner dies and the Unit is being administered by his or her estate; (iii) the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Unit; (iv) the Unit is to be leased to a member of the Owner's immediate family, which shall be deemed to encompass children, grandchildren, grandparents, brothers, sisters, parents, and spouses. Those Owners who have demonstrated that the inability to lease their Unit would result in undue hardship and have obtained the requisite approval of the Board may lease their Unit for such duration as the Board reasonably determines is necessary to prevent undue hardship.

(6) Contents of Lease. Each Owner acknowledges and agrees that any lease of his or her Unit shall be deemed to contain the following language and that if such language is not expressly contained in the lease, then such language shall be incorporated into the lease by existence of this section. In addition, the terms and requirements contained herein automatically become a part of any lease and/or an addendum to the lease. These provisions shall also be attached to any lease as an addendum and, again, are a part of the lease regardless of whether or not physically attached to the lease. Any lessee, by occupancy of a Unit, agrees to the applicability of this section and incorporation of the following language into the lease:

The lessee shall comply with all provisions of the Declaration, Bylaws and Rules and Regulations of the Association and shall control the conduct of all other occupants and guests of the leased Unit in order to ensure their compliance. Any violation of the Declaration, By-Laws or Rules and Regulations by the lessee, any occupant or any person living with the lessee, is deemed to be a default under the terms of the lease and authorizes the Owner to terminate the lease without liability and to evict the lessee in accordance with Texas law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Declaration, Bylaws and the Rules and Regulations of the Association, including the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the Owner.

The Owner transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the common area including, but not limited to, the use of all recreational facilities and other amenities.

The Owner must provide a copy of the lease to the Board of Directors.

(7) Compliance with Declaration, Bylaws and Rules and Regulations. Each Owner shall cause all occupants of his or her Unit to comply with the Declaration, Bylaws and the Rules and Regulations of the Association and shall be responsible for all violations and all losses or damage resulting from violations by such occupants, notwithstanding the fact that such occupants of the Unit are fully liable and may be personally sanctioned for any violation.

In the event that the lessee, or a person living with the lessee, violates the Declaration, Bylaws or a Rule or Regulation for which a fine is imposed, such fine shall be assessed against the owner. The Owner shall pay the fine upon notice from the Association.

In the event the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be assessed as an assessment against the Unit and the Owner, such being deemed an expense which benefits the leased Unit and the Owner thereof.

(8) Exempt Owners. The leasing limitations shall not apply to the Declarant, the Association or to any institutional lender, insurer or guarantor of a mortgage who takes title to any Unit pursuant to the remedies set forth in its mortgage or security instrument; provided, however, that it shall apply to any leases by any purchaser from such mortgagee and any successor to such a purchaser. These Leasing Rules shall not apply to a seller's temporary lease of a Unit from the purchaser thereof provided that the term of the lease-back does not exceed ninety (90) days from the date of transfer of title to the Unit.

(9) Noncompliance. The Association shall have the power and authority to enforce this section in any legal manner available, as the Board deems appropriate, including, without limitation, taking action to evict the occupants of any Unit which does not comply with the requirements and restrictions hereof. EACH OWNER HEREBY APPOINTS THE ASSOCIATION AS ITS ATTORNEY-IN-FACT FOR THE PURPOSE OF TAKING LEGAL ACTION TO DISPOSSESS, EVICT OR OTHERWISE REMOVE THE OCCUPANTS OF HIS OR HER UNIT AS NECESSARY TO ENFORCE COMPLIANCE WITH THIS PARAGRAPH. Each Owner shall fully and truthfully respond to any and all requests by the Association for information regarding the occupancy of his or her Unit which in the judgment of the Board are reasonably necessary to monitor compliance with this section.

B. Ownership Restrictions and Sale of Units

Subject to the exceptions stated in sub-paragraphs (i) and (ii) below, in order to protect the equity of the individual property owners at Creekshaw and to preserve the character of the community as a homogeneous single-family residential property of predominantly owner-occupied homes, no person or entity shall own more than one (1) Unit. For purposes of this section, ownership of a Unit shall be attributed to and shall be deemed to be owned by entities in accordance with the following:

(1) A corporation, trust, estate or partnership shall be deemed to own a Unit owned or deemed to be owned by the shareholders, beneficiaries and partners of such entities, respectively; and

(2) The shareholders, beneficiaries and partners of a corporation, trust, estate or partnership, respectively, shall be deemed to own a Unit owned by or deemed to be owned by such entity. Any sale of a Unit entered into which violates the terms herein shall be deemed void and of no force and effect and shall confer no title or interest in a Unit to the purported buyer, except as may be otherwise provided in the Declaration.

(i) This restriction shall not apply to preclude an Owner from purchasing a Unit for the purpose of allowing a member of his or her family to reside in the Dwelling Improvement on the Unit.

(ii) This restriction shall not apply to the Declarant, a Builder, the Association or to any institutional lender, insurer or guarantor of a mortgage who has only a mortgage or security interest in a Unit in the Property or who takes title to any Unit pursuant to the remedies set forth in its mortgage or security instrument.

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