

**BYLAWS
OF THE
HILL TOP VILLAGE HOMEOWNERS ASSOCIATION, INC.
(a Texas Nonprofit Corporation)**

Effective Date: September 24, 2019

WHEREAS, it was announced by the Declarant that these Bylaws (the "Bylaws") of the Hill Top Village Homeowners Association, Inc., a Texas non-profit corporation (alternatively "Hill Top Village Association" or the "Association"), were approved by the Declarant to become effective on September 24, 2019 as the Association's Bylaws upon proper filing in the Hood County, Texas real property records.

**ARTICLE 1
INTRODUCTION**

1.1. PROPERTY. These ByLaws provide for the governance of the single family duplex homes residential development known as "Hill Top Village," located in the City of Granbury, Hood County, Texas (the "Property"), and which is subject to the Declaration of Covenants, Conditions & Restrictions for the Property (herein the "Declaration"), is Lots 1R through 27R, Block 1 and Lots 1R through 22R, Block 2 of Hill Top Village, being a RePlat of Lots 1-27, Block 1 & lots 1-22, Block 2, plus the Common Area of Hill Top Village, following the recordation of this Declaration on the 10th day of September, 2019, being a 10.798 acres tract of land owned by S&B Real Estate Investments, LP, a Texas limited partnership, CRB Asset Management, Inc., a Texas Corporation and Professional Transportation and Installation, Inc., situated in the Uriah Martin Survey, Abstract No. 384, City of Granbury, Hood County, Texas, as recorded in Slide P-715 in the Real Property Records, Hood County, Texas (P.R.H.C.T.), said Hill Top Village being an Addition to the City of Granbury, Hood County, Texas (the "Subdivision").

1.2. PARTIES TO BYLAWS. All present or future Lot Owners and all other persons who use or occupy the Property in any manner are subject to these ByLaws, the Declaration, the Rules & Regulations and the other Documents as defined in the Declaration. The mere acquisition of a Lot or occupancy of a dwelling will signify that these ByLaws are accepted, ratified, and will be strictly followed.

1.3. DEFINITIONS. Words and phrases defined in the Declaration have the same meanings when used in these ByLaws.

1.4. NONPROFIT PURPOSE. The Association is organized to be a nonprofit corporation in the State of Texas.

1.5. DECLARANT CONTROL. Notwithstanding anything to the contrary in these ByLaws, a number of provisions are modified by the Declarant's reservations in Appendix A of the Declaration during the Declarant Control Period, as defined in the Declaration, including the number, qualification, appointment, removal, and replacement

of directors, as well as the weight of votes allocated to Lots owned by Declarant.

During the Declarant Control Period, Appendix A of the Declaration has priority over these ByLaws.

1.6. **GENERAL POWERS AND DUTIES.** The Association, acting through the Board, has the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property as may be required or permitted by the Documents and State law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Documents.

ARTICLE 2

BOARD OF DIRECTORS

2.1. **PURPOSE OF BYLAWS.** These Bylaws provide for the governance of the single-family, townhome residential project known as Hill Top Village, containing forty-nine (49) single family residential duplex buildings, containing ninety-eight (98) residential living units, located in the City of Granbury, Hood County, Texas, subject to and more fully described in the Declaration of Covenants, Conditions and Restrictions recorded in the Real Property Records of Hood County, Texas (the "Declaration"), according to the Final Plat recorded in the Plat Records of Hood County, Texas on September 10, 2019 as Slide No. recorded in Slide P-715 in the Real Property Records, Hood County, Texas (P.R.H.C.T.)

2.2. **COMPLIANCE WITH STATE LAW.** The Association is committed to complying with all provisions of federal and state laws applicable to it as a Texas non-profit corporation and a property owners' association, as that term is defined in Texas Property Code Section 209.002(7). In the event any provisions of the Association's governing documents (including, but not limited to, the Declaration of Covenants, Conditions and Restrictions; the Bylaws; and the Rules And Regulations) conflict with applicable law, the Association shall follow applicable law.

2.3. **PARTIES TO BYLAWS.** All present or future Lot owners and duplex building owners and all other persons who use or occupy Lots or duplexes within the Project in any manner are subject to these Bylaws and the other governing documents as defined below. The mere acquisition or occupancy of a Lot or duplex will signify that these Bylaws are accepted and ratified and will be strictly followed.

2.4. **DEFINITIONS.** Words and phrases defined in the Declaration shall have the same meanings when used in these Bylaws. The following words and phrases shall have specified meanings when used in these Bylaws:

- a. "Association" shall mean Hill Top Village Homeowners Association, Inc.

b. "Board" and "Board of Directors" means the governing body of Hill Top Village Homeowners Association, Inc.

c. "Director" means a member of the Board of Directors of the Association.

d. "Governing Documents" or "Dedictory instrument" means each governing instrument covering the establishment, maintenance, and operation of the Hill Top Village Addition and the Association. The term includes restrictions or similar instruments subjecting property to all properly adopted and recorded Declaration of Covenants, Conditions and Restrictions, Bylaws, and Rules and Regulations, or similar instruments governing the administration or operation of the Association, and to all lawful amendments thereto.

e. "Lot" means any designated parcel of land located in Hill Top Village, including any improvements on the designated parcels, unless superseded by operation of law.

f. "Majority" means more than fifty percent (50%).

g. "Member" means a Member of the Association, each Member being a Lot owner, unless the context indicates that member means a member of the Board of Directors or a member of a committee of the Association.

h. "Officer" means an officer of the Association. "President," "Secretary," "Assistant Secretary," "Treasurer," and "Vice-President" mean, respectively, the president, secretary, assistant-secretary, treasurer, and vice-president of the Association.

i. "Owner" means a person who holds record title to property in Hill Top Village and includes the personal representative of a person who holds record title to property in Hill Top Village.

j. "Resident" means the occupant of a duplex single family living unit built upon a Lot located within Hill Top Village, whether or not such occupant is a Lot Owner.

k. "Restrictions" include restrictive covenants contained or incorporated by reference in a properly recorded map, plat, amending plat, replat, declaration, or other instrument filed in the real property records or map or Plat Records of Hood County, Texas. The term includes any amendment or extension of the restrictions.

l. "Restrictive covenant" means any covenant, condition, or restriction contained in a dedicatory instrument, whether mandatory, prohibitive, permissive, or administrative.

m. "Verified Mail" means any method of mailing for which evidence of mailing is provided by the United States Postal Service or provided by a common carrier.

2.5. **NONPROFIT PURPOSE.** The Association is not organized for profit.

2.6. **COMPENSATION.** A Director, Officer, Member, or resident shall not be entitled to receive any pecuniary profit from the operation of the Association, and no funds or

assets of the Association may be paid as a salary or as compensation to, or be distributed to, or inure to the benefit of a Director, Officer, Member, or resident; provided, however:

- a. That reasonable compensation may be paid to a Director, Officer, Member, or resident for services rendered to the Association; and
- b. That a Director, Officer, Member, or resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided such expense has been approved by the Association's Board.

2.7. GENERAL POWERS AND DUTIES. The Association, acting through the Board, shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of Old Granbury Villa Addition and the Association as may be required or permitted by the governing documents and local and State law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the governing documents.

ARTICLE 3

BOARD OF DIRECTORS

3.1. NUMBER AND TERM OF OFFICE. The Board shall consist of three persons. Upon election, each Director shall serve a term of two years, with three terms beginning in even numbered years and two terms beginning in odd numbered years. A Director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his or her successor is elected or appointed. The number of Directors may be changed by amendment of these Bylaws, but shall not be less than three.

3.2. QUALIFICATION. No person or corporation shall be ineligible for election or appointment to the Board, unless they have been convicted of a felony or crime involving moral turpitude within the most recent 20 years. In such a case, the Board member is immediately ineligible to serve on the Board, automatically considered removed from the Board, and prohibited from future service on the Board. Any provision in a dedicatory instrument that restricts a property owner's right to run for a position on the Board of the Association is void. (See Section 209.00591 of the Texas Property Code.)

3.2.1. ENTITY MEMBER. If a Lot is owned by a legal entity, such as a partnership or corporation, any officer, partner, or employee or authorized attorney in fact of that entity member shall be eligible to serve as a Director. If the relationship between the entity member and the director representing it terminates, that directorship shall be deemed vacant, and the entity shall be entitled to designate a Successor Director.

3.2.2. **CO-OWNERS.** Co-owners of a single Lot may not serve as Directors on the Board at the same time; however one of the co-owners of a single Lot may serve as an Officer and another serve as a Director at the same time.

3.3. **ELECTION.** Directors shall be elected by the Members. The election of Directors shall be conducted at the Annual Meeting of the Association, at any Special Meeting of the Association called for that purpose by mail, email, facsimile transmission, or a combination of mail, email and facsimile transaction. See paragraphs 3.4 and 5.17 for additional information.

3.4. **VACANCIES.** Vacancies on the Board caused by resignation, death, or disability shall be filled by appointment by a majority of the remaining Directors, even though less than a quorum, at any meeting of the Board. Each Director so appointed shall serve out the remaining term of his predecessor. See paragraph 5.17 for additional information.

3.5. **REMOVAL OF DIRECTORS.** At any Annual Meeting or Special Meeting of the Association, any one or more of the Directors may be removed with or without cause by Members representing at least two-thirds of the votes present in person or by proxy at such meeting, and a successor shall then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

3.6. **MEETINGS OF THE BOARD.** "Board meeting" means a deliberation between a quorum of the voting Board of the Association, or between a quorum of the voting Board and another person, during which Association business is considered and the Board takes formal action. It does not include the gathering of a quorum of the Board at a social function unrelated to the business of the Association, or an informal gathering of members of the Board to discuss the administration, management and operations of the Hill Top Village Addition or the Association if no formal action is taken, or the attendance by a quorum of the Board at a regional, state, or national convention, ceremonial event, or press conference, if formal action is not taken and any discussion of Association business is incidental to the social function, convention, ceremonial event, or press conference.

3.6.1. **ORGANIZATIONAL MEETING OF THE BOARD.** Within 10 days after the Annual Meeting, the Directors shall convene an Organizational Meeting for the purpose of electing Officers. The time and place of such meeting shall be fixed by the Board and announced to the Directors.

3.6.2. **REGULAR MEETINGS OF THE BOARD.** Regular Meetings of the Board may be held at such time and place as shall be determined, from time to time, by the Board, but at least one such meeting shall be held each calendar quarter. Notice of Regular Meetings of the Board shall be given to each Director, personally or by telephone or written communication, at least three days prior to the date of such meeting.

3.6.3. **SPECIAL MEETINGS OF THE BOARD.** Special Meetings of the Board may be called by the President or, if he is absent or refuses to act, the Secretary, or by any two Directors. At least three days notice shall be given to each Director, personally

or by telephone or written communication, which notice shall state the place, time, and purpose of such meeting.

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

3.6.5. **QUORUM.** At all meetings of the Board, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If less than a quorum is present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

3.6.6. **OPEN MEETINGS.** Regular and Special Board meetings shall be open to owners, subject to the right of the Board to adjourn a Board meeting and reconvene in closed Executive Session. Except for a meeting held by electronic or telephonic means, a Board meeting must be held in Hood County, Texas or in a county that is adjacent to Hood County.

3.6.7. **EXECUTIVE SESSION.** The Board may adjourn a Board meeting and reconvene in closed Executive Session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of individual owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following an Executive Session, any decision made in the Executive Session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in Executive Session.

3.6.8. **MINUTES.** The Board shall keep a record of each Regular or Special Board meeting in the form of written minutes of the meeting. The Board shall make meeting records, including approved minutes, available to any Member for inspection and copying on the Member's written request to the Association Board or its Managing Agent at the address appearing on the most recently filed Management Certificate.

3.6.9. **MEETING RECESSED TO FOLLOWING DAY.** 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 this section. 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 above within two hours after adjourning the meeting being continued.

3.6.10. MEETING WITHOUT PRIOR NOTICE. The Board may meet by any method of communication, including electronic and telephonic, without prior notice to owners, if each Director may hear and be heard by every other Director, or the Board may take action by unanimous written consent to consider a reasonably unforeseen emergency or urgent necessity that requires immediate Board action. Any action taken without notice to owners must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next Regular or Special Board meeting. The Board **MAY NOT**, without prior notice to owners, or by unanimous written consent, consider or vote on:

- a. fines;
- b. damage assessments;
- c. initiation of foreclosure actions;
- d. initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
- e. increases in assessments;
- f. levying of special assessments;
- g. appeals from a denial of architectural control approval;
- h. a suspension of a right of a particular owner before the owner has an opportunity to attend a Board meeting to present the owner's position, including any defense, on the issue; or
- i. any expenditure or financial action unrelated to the reasonably unforeseen emergency or urgent necessity that led to the Board meeting.
- j. lending or borrowing money.
- k. the adoption or amendment of a dedicatory instrument.
- l. the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than twenty-five percent (25%);
- m. the sale or purchase of real property;
- n. the filling of a vacancy on the Board of Directors.
- o. the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements.
- p. the election of an officer.

3.7. **POWERS AND DUTIES.** The Board shall have all the powers and duties necessary for the administration of the Association, including without limitation those referenced in the Declaration. The Board may do all such acts and things except those which by law or the governing documents are reserved to the Members and may not be delegated to the Board.

3.7.1. **APPOINTMENT OF COMMITTEES.** The Board, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the Board with its responsibilities, including without limitation an Architectural Control Committee per the Declaration. The resolution shall establish the purposes and powers of each committee created, provide for the appointment of its members, as well as a chairman, and shall provide for reports, termination, and other administrative matters deemed appropriate by the Board. Members of committees shall be appointed from among the owners and residents.

3.7.2. **MANAGER.** The Board may employ a Manager or Managing Agent for the Association, at a compensation established by the Board, to perform duties and services authorized by the Board.

3.7.3. **FINES.** The Board may levy fines per Section 6.5 hereof.

3.7.4. **DELINQUENT ACCOUNTS.** The Board may establish, levy, and collect reasonable late charges for Members' delinquent accounts in accordance with the Declaration and applicable law. The Board may also establish a rate of interest to be charged on Members' delinquent accounts, provided the rate of interest does not exceed 18 percent or the maximum rate permitted by State law, whichever is smaller.

ARTICLE 4 **OFFICERS**

4.1. **DESIGNATION.** The principal Officers of the Association shall be the President, the Secretary, and the Treasurer. The Board may appoint one or more Vice Presidents and such other officers and assistant officers as it deems necessary. The President and Secretary shall be Directors. Other Officers may, but need not, be Members or Directors. Any two offices may be held by the same person, except the offices of President and Secretary. If an Officer is absent or unable to act, the Board may appoint a Director to perform the duties of that Officer and to act in place of that Officer on an interim basis. Co-owners of a single Lot may not both serve as Officers at the same time; however one may serve as an Officer and another may serve as a Director at the same time.

4.2. **ELECTION OF OFFICERS.** The principal Officers shall be elected no less than annually by the Directors at the Annual Organizational Meeting of the Board and shall hold office at the pleasure of the Board. Except for resignation or removal, Officers shall hold office until their respective successors have been designated by the Board.

4.3. **REMOVAL AND RESIGNATION OF OFFICERS.** A majority of Directors may remove any Officer, with or without cause, at any Regular Meeting of the Board or at any Special Meeting of the Board called for that purpose. A successor may be elected

at any Regular or Special Meeting of the Board called for that purpose. An Officer may resign at any time by giving written notice to the Board. The resignation or removal of an Officer who is also a Director does not constitute resignation or removal from the Board.

4.4. DESCRIPTION OF PRINCIPAL OFFICES.

4.4.1. PRESIDENT. As the Chief Executive Officer of the Association, the President shall: (i) preside at all meetings of the Association and of the Board; (ii) have all the general powers and duties which are usually vested in the office of president of a corporation organized under the laws of the State of Texas; (iii) have general supervision, direction, and control of the business of the Association, subject to the control of the Board; and (iv) see that all orders and resolutions of the Board are carried into effect.

4.4.2. VICE PRESIDENT. The Vice President or Vice Presidents (if one or more are elected) shall be vested with all the powers and be required to perform all duties of the President in his absence and unavailability, and such other duties as may be prescribed by the Board. In the event there is more than one Vice President, the Board may prescribe the order in which the Vice Presidents shall assume control in the absence and unavailability of the President.

4.4.3. SECRETARY. The Secretary shall: (i) keep the minutes of all meetings of the Board and of the Association; (ii) have charge of such books, papers, and records as the Board may direct; (iii) maintain a record of the names and addresses of the Members for the mailing of notices; and (iv) in general, perform all duties incident to the office of Secretary.

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

4.5. AUTHORIZED AGENTS. Except when the governing documents require execution of certain instruments by certain individuals, the Board may authorize any person to execute instruments on behalf of the Association. However, in the absence of Board designation, the President and the Secretary, acting jointly, shall be the only persons authorized to execute instruments on behalf of the Association.

ARTICLE 5 **MEETINGS OF THE ASSOCIATION**

5.1. ANNUAL MEETING. An Annual Meeting of the Association shall be held during one of the months in the first calendar quarter of each year on a date designated at the

discretion of the Board. At Annual Meetings the Members shall elect Directors in accordance with these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

5.1.1. MANDATORY ELECTION REQUIRED AFTER FAILURE TO CALL REGULAR MEETING. Notwithstanding any provision in a dedicatory instrument, the Board of Directors is required to call an Annual Meeting of the Members of the Association. If the Board does not call an Annual Meeting, an owner may demand that a meeting of the Association Members be called not later than the 30th day after the date of the owner's demand. The demand must be made in writing and sent by certified mail, return receipt requested, to the Registered Agent of the Association (if any), and to the Association at the address shown on the most recently filed Management Certificate. A copy of the meeting notice must be sent to each property owner who is a Member of the Association.

- a. If the Board does not call a meeting of the Members of the Association on or before the 30th day after the date of a demand as described above, the three owners may form an election committee. The election committee shall file written notice of the committee's formation with the County Clerk of Hood County. The County Clerk shall enter on the notice the date of filing and record the notice in the county's real property records.
- b. A notice filed by an election committee must contain:
 - (1) a statement that an election committee has been formed to call a meeting of owners who are Members of Hill Top Village Homeowners Association, Inc. for the sole purpose of electing Board members;
 - (2) the name and residential address of each committee member; and
 - (3) the name of the subdivision over which the Association has jurisdiction under a dedicatory instrument.
- c. Each election committee member must sign and acknowledge the notice before a notary or other official authorized to take acknowledgments.
- d. Only one committee may operate under this section at one time. If more than one committee files a notice, the first committee that files a notice, after having complied with all other requirements of this section, is the committee with the power to act under this section. A committee that does not hold or conduct a successful election within four months after the date the notice is filed with the county clerk is dissolved by operation of law [Texas Property Code, 209.014.(g)]. An election held or conducted by a dissolved committee is ineffective for any purpose under this section.
- e. The election committee may call meetings of the owners who are Members of the Association for the sole purpose of electing Board members. Notice, quorum, and voting provisions contained in the Bylaws apply to any meeting called by the election committee.

5.2. **SPECIAL MEETINGS.** It shall be the duty of the President to call a Special Meeting of the Association if directed to do so by a majority of the Board or by a petition signed by Members representing at least two-thirds of the votes in the Association. Such meeting shall be held within 30 days after the Board resolution or receipt of petition. The notice of any Special Meeting shall state the time, place, and purpose of such meeting. No business, except the purpose stated in the notice of the meeting, shall be transacted at a Special Meeting.

5.3. **PLACE OF MEETINGS.** Meetings of the Association shall be held at a suitable place in Hood County, Texas or an adjacent county convenient to the Members, as determined by the Board.

5.4. **NOTICE OF ELECTION OR ASSOCIATION VOTE.** Written notice of meetings of the Association shall be given to an owner of each Lot entitled to vote at least 10 days but not more than 60 days prior to such meeting. Notices of meetings shall state the date, time, and place such meeting is to be held. Notices shall identify the type of meeting as Annual or Special, and shall state the particular purpose of a Special Meeting. Notices may also set forth any other items of information deemed appropriate by the Board.

45.5. **RECORD DATES.**

5.5.1. **DETERMINING NOTICE ELIGIBILITY.** The Board shall fix a date as the record date for determining the Members entitled to notice of a meeting of the Association. The record date may not be more than 60 days before the date of a meeting of the Association at which Members will vote. If a date is not fixed by the Board, the default date shall be ten business days prior to the notice being sent out.

5.5.2. **DETERMINING VOTING ELIGIBILITY.** The Board shall fix a date as the "Record Date" for determining the Members entitled to vote at a meeting of the Association. The Record Date may not be more than 60 days before the date of a meeting of the Association at which Members will vote. If a date is not fixed by the Board, the default date shall be ten (10) business days prior to the meeting.

5.5.3. **DETERMINING RIGHTS ELIGIBILITY.** The Board shall fix a date as the "Record Date" for determining the Members entitled to exercise any rights other than those described in the preceding two paragraphs. The Record Date may not be more than 60 days before the date of the action for which eligibility is required, such as nomination to the Board. If a date is not fixed by the Board, the default date shall be ten (10) business days prior to the meeting.

5.5.4. **ADJOURNMENTS.** A determination of Members entitled to notice of or to vote at a meeting of the Association is effective for any adjournment of the meeting unless the Board fixes a new date for determining the right to notice or the right to vote. The Board must fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date more than 90 days after the Record Date for determining Members entitled to notice of the original meeting.

5.6. **VOTING MEMBERS LIST.** The Board shall prepare and make available a list of the Association's Voting Members in accordance with Art. 1396-2.11B of the Texas Non-Profit Corporation Act.

5.7. **VOTING; QUORUM.** At any meeting of the Association, a quorum shall consist of the presence in person or by proxy, or as otherwise described in paragraph 4.8 below, of at least two-thirds of the Members entitled to cast votes for election of the Board. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of Members constituting a quorum.

5.7.1. The voting rights of an owner may be cast or given:

- a. in person by Voting Ballot or by Proxy at a meeting of the Association;
- b. by Absentee Ballot in accordance with the Bylaws;
- c. by electronic ballot in accordance with the Bylaws;
- d. by any method of representative or delegated voting provided by a dedicatory instrument.

5.7.2. An Absentee Ballot or Electronic Ballot:

- a. may be counted as an owner present and voting for the purpose of establishing a quorum only for items appearing on the ballot;
- b. may not be counted, even if properly delivered, if the owner attends any meeting to vote in person, so that any vote cast at a meeting by a property owner supersedes any vote submitted by Absentee Ballot or Electronic Ballot previously submitted for that proposal; AND
- c. may not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the exact language on the Absentee Ballot or Electronic Ballot.

5.7.3. A solicitation for votes by Absentee Ballot must include:

- a. an Absentee Ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action;
- b. instructions for delivery of the completed Absentee Ballot, including the delivery location; AND
- c. the following language: "By casting your vote via Absentee Ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals, your votes by Absentee Ballot will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person or assign another Member as your Proxy. You may submit

an Absentee Ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail.”

5.7.4. “Electronic ballot” means a Ballot:

- a. given by email, facsimile or posting on an Internet website;
- b. for which the identity of the property owner submitting the Ballot can be confirmed; AND
- c. for which the property owner may receive a receipt of the electronic transmission and receipt of the owner’s Ballot.

5.7.5. If an Electronic Ballot is posted on an Internet website, a notice of the posting shall be sent to each owner that contains instructions on obtaining access to the posting on the website.

5.7.6. This section (VOTING; QUORUM) supersedes any contrary provision in a dedicatory instrument.

5.8. **VOTES.** The vote of Members representing at least a majority of the votes cast by any authorized voting method at any meeting at which a quorum is present shall be binding upon all Members for all purposes, except when a higher percentage is required by these Bylaws, the Declaration, or by law. There shall be no cumulative voting.

5.8.1. **CO-OWNED LOTS.** When more than one person or business entity holds an ownership interest in any Lot, all such persons shall be Members and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

5.8.2. **ENTITY-OWNED LOTS.** If a Lot is owned by a corporation, partnership or limited liability company, trust, or other entity, the vote appurtenant to that Lot may be cast by any Officer, Manager, Trustee or General Partner of the entity in the absence of the Association’s receipt of express written notice of the designation of a specific person by the Managers/Directors of the owning entity. The person presiding over a meeting or vote may require reasonable written evidence that a person voting on behalf of a corporation or partnership or other business entity is authorized to vote.

5.9. **PROXIES.** Votes may be cast in person or by written Proxy. To be valid, each Proxy shall: (i) be signed and dated by a Member or his or her attorney-in-fact; (ii) identify the Lot to which the vote is appurtenant; (iii) name the person in favor of whom the Proxy is granted, such person having agreed to exercise the Proxy; (iv) identify the purpose or meeting for which the Proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the Secretary or to the person presiding over the Association meeting for which the Proxy is designated. Faxed copies of Proxies are acceptable, as are copies delivered by electronic means such as email. Unless the Proxy specifies a shorter or longer time, it shall terminate one year after its date. To revoke a Proxy, the granting Member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated.

Unless revoked, any Proxy designated for a meeting which is adjourned, recessed, or rescheduled shall be valid when such meeting reconvenes.

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

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

- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Reading and approval of minutes of preceding meeting
- Reports
- Election of directors (when required)
- Unfinished business
- New business

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

5.13. ACTION WITHOUT MEETING. Subject to Board approval, any action which may be taken by a vote of the Members at a meeting of the Association may also be taken without a meeting by written consents. The Board may permit Members to vote by Ballots delivered by hand, mail, facsimile transmission, email, or any combination of these. Written consents by Members representing at least a majority of votes in the Association, or such higher percentage as may be required by the governing documents, shall constitute approval by written consent. This Paragraph may not be used to avoid the requirement of an Annual Meeting.

5.14. TELEPHONE OR ON-LINE MEETINGS. Members of the Association may participate in and hold meetings of the Association by means of conference telephone, online communications, or similar communications equipment by means of which all persons participating in the meeting can hear or otherwise communicate with each other, except for any portion of the meeting held in executive session, provided that the notice of the meeting includes instructions for owners to access the communication

method to be accessible to the meeting. Participation in such meeting shall constitute 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.

5.15. NOTICE OF ELECTION OR ASSOCIATION VOTE WITHOUT A MEETING. For an election or vote of owners not taken at a meeting, the Association shall give notice of the election or vote to all owners entitled to vote on any matter under consideration. The notice shall be given not later than the 20th day before the latest date on which a ballot may be submitted to be counted.

5.16. VOTING PROCEDURES AND RECOUNTS.

- a. **Right to Vote.** All owners of property within the Hill Top Village Addition, Association Members, are entitled to vote in an Association election of Board members or on any matter concerning the rights or responsibilities of the owner. Any provision to the contrary in a dedicatory instrument is void per Section 209.0059 of the Texas Property Code. See paragraph 2.2 for additional information.
- b. **Ballots.** A vote cast in an election or vote by an Association Member must be in writing and signed by the Member if the vote is cast:
 - (1) outside of a meeting;
 - (2) in an election to fill a position on the Board;
 - (3) on a proposed adoption or amendment of a dedicatory instrument;
 - (4) on a proposed increase in the amount of a regular assessment or the proposed adoption of a special assessment; or
 - (5) on the proposed removal of a board member.

Electronic votes constitute written and signed Ballots. In an Association-wide election, written and signed Ballots are not required for uncontested races.

- c. **Ballots for Other Votes.** If the Association elects to use a ballot for a vote on a matter other than those matters listed immediately above, the Association may allow voting by secret ballot by Members. The Association must take measures to reasonably ensure that:
 - (1) the ballot is in writing and signed by the Member, or
 - (2) the vote is cast by secret ballot, in accordance with the measures below.
 - (3) a Member cannot cast more votes than the Member is eligible to cast in an election or vote;
 - (4) the Association counts every vote cast by a Member that is eligible to cast a vote; and

- (5) in an 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.

5.17. ELECTION OF BOARD MEMBERS. Notwithstanding any provision in a dedicatory instrument, any Board member whose term has expired must be elected by owners who are Members of the Association. A Board member may be appointed by the Board only to fill a vacancy caused by a resignation, death, or disability. A Board member appointed to fill a vacant position shall serve the unexpired term of the predecessor Board member. The appointment of a Board member in violation of this section is void per Texas Property Code 209.00593.

5.17.1. At least ten (10) days before the date the Association disseminates absentee ballots or other ballots to Association Members for purposes of voting in a Board member election, the Association must provide notice to the Association 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 10th day after the date the Association provides the notice required by this subsection.

5.17.2 The notice required by subsection 5.17.1 must be:

- (1) mailed to each owner, or
- (2) provided by:
 - (a) posting the notice in a conspicuous manner reasonably designed to provide notice to Association Members:
 - (i) in a place located on the Association's Common Property or, with the Property Owner's consent, on other conspicuously located privately owned property within the subdivision; or
 - (ii) on any Internet website maintained by the Association or other Internet media; and
 - (b) sending the notice by e-mail to each owner who has registered an e-mail address with the Association.

5.17.3. An Association described in subsection 5.17.1 shall include on each absentee ballot or other ballot for a Board member election the name of each eligible candidate from whom the Association received a request to be placed on the ballot in accordance with this subsection.

5.18. TABULATION OF AND ACCESS TO BALLOTS. A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree by consanguinity or affinity, as

determined under Chapter 573, Government Code, may not tabulate or otherwise be given access to the ballots cast in that election or vote except as provided in this section.

5.18.1. A person other than a person described above may tabulate votes in an Association election or vote. A person who tabulates votes under this subsection or who performs a recount under Texas Property Code 209.0057(c) may not disclose to any other person how an individual voted.

5.18.2. Notwithstanding any other provision of law, only a person who tabulates votes under subsection 5.18 or who performs a recount under Texas Property Code 209.0057(c) may be given access to the ballots cast in the election or vote.

5.18.3 This subsection may not be construed to affect a person's obligation to comply with a court order for the release of ballots or other voting records.

5.19. RECOUNT OF VOTES. Any owner may, not later than the 15th day from the date of the announcement of the election or vote at the meeting at which the election was held, require a recount of the votes.

5.19.1 A demand for a recount must be submitted in writing either:

(a) 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 latest Management Certificate.

(b) in person to the Association's Managing Agent as reflected on the latest Management Certificate or to the address to which Absentee Ballots and Proxy Ballots are mailed.

(2) The Association must estimate the costs for performance of the recount by a person qualified, by Section 4.16.c.(3) below, to tabulate votes and must send an invoice for the estimated costs to the requesting owner at the Association records' owner's last known address, not later than the 20th day after the date the Association receives the owner's demand for the recount. The owner 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 the owner. If the invoice is not paid by this deadline, the owner's demand for a recount is considered withdrawn and a recount is not required. If the estimated costs for the recount are lesser or greater than the actual costs, the Association must send a final invoice to the owner on or before the 30th business day after the date the results of the recount are provided. Any additional amounts not paid to the Association before the 30th day after the date the invoice is sent to the owner may be added to the owner's account as an assessment. If the estimated costs paid by the owner exceed the final invoice amount, a refund shall be paid to the owner at the time the final invoice is sent.

- (3) Following receipt of the invoiced estimated payment from the owner, the Association shall, at the expense of the owner requesting the recount, retain for the purpose of performing the recount, the services of a person qualified to tabulate votes under this section. The Association shall enter into a contract for the services of a person who:
- (a) is not a Member of the Association or related to a Member of the Association board within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code; and
 - (b) is a current or former (i) county judge; (ii) county elections administrator; (iii) justice of the peace; or (iv) county voter registrar; OR a person agreed on by the Association and the persons requesting the recount.
- (4) Any recount must be performed on or before the 30th day after the date of receipt of a request and payment for a recount in accordance with the above. If the recount changes the results of the election, the Association must notify the requesting owner of the results and shall reimburse the requesting owner for the cost of 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 6

RULES AND REGULATIONS

6.1. **RULES AND REGULATIONS.** The Board shall have the right to establish and amend, from time to time, reasonable Rules And Regulations for: (i) the administration of the Association and the governing documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the Old Granbury Villa Addition; and (iii) the health, comfort, and general welfare of the residents; provided, however, that such rules may not be in conflict with law or the governing documents. The Board shall, at all times, maintain the then current and complete Rules And Regulations in a written form which can be copied and distributed to the Members. Rules must be recorded in the Tarrant County's real property records in order to be enforceable.

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

6.3. **NOTICE AND COMMENT.** The Board shall give written notice to an owner of each Lot of any amendment, termination, or adoption of a rule or regulation, or shall publish same in a newsletter or similar publication which is circulated to the Members, at least 10 days before the rule's or regulation's effective date. The Board may, but shall not be required, to give similar notice to residents who are not Members. Any Member or resident so notified shall have the right to comment orally or in writing to the Board on the proposed action.

6.4. **DISTRIBUTION.** Upon request from any Member or resident, the Board shall provide a current and complete copy of Rules And Regulations. Additionally, the Board shall, from time to time, distribute copies of the current and complete Rules And Regulations to an owner of each Lot and, if the Board so chooses, to non-member residents.

6.5. **FINES.** In addition to any remedies provided in the Declaration, the Articles of Incorporation of the Association, or elsewhere in these Bylaws, the Board may assess and charge any Member a sum not to exceed \$200.00 per day for each infraction of the Declaration, these Bylaws, or any of the Rules And Regulations. When such assessment is levied, it will constitute a claim against the Member and a lien against the Member's Lot and duplex building unless and until paid in full. Such lien will, however, be inferior to the lien of any first lien mortgage or deed of trust encumbering the Lot and/or townhome.

ARTICLE 7 ASSESSMENTS

7.1 **LOTS SUBJECT TO ASSESSMENT.** All Lots upon which a Duplex residential building has been completed and for which the City of Granbury (or other applicable authority) has issued a green tag or other certification similar to a certificate of occupancy shall be subject to Assessments as described herein. A Member may request in writing services paid for by the Association for a Lot or Lots prior to issuance of a green tag. In the event of a request for services paid for by the Association provided to a Lot, that Lot shall become subject to assessment the same as if a Duplex building had been completed for which the City of Granbury (or other applicable authority) had issued a green tag or other certification similar to a certificate of occupancy.

7.2 **ASSESSMENTS OF DEVELOPER OWNED LOTS.** The Board of Directors may enter into an agreement with the Developer of Hill Top Village to delay assessments relative to a Lot until such time as a Duplex building is erected on such Lot and is leased or conveyed to any individual or entity other than the Developer. In the absence of such an agreement, Lots owned by a Developer shall be subject to assessment in accordance with paragraph 7.1.

7.3. **PURPOSE OF ASSESSMENTS.** All Lots Subject to Assessment and Owners of such Lots (Association Members) shall be subject to the First Duplex Lot Buyer Assessment and to Regular, Special and Individual Assessments as established by the Board of Directors from time to time. The one-time per Lot Duplex Buyer Initiation Transfer Fee Assessment and the Regular and Special Assessments are authorized for those property maintenance and repair expenses and those Association operating and management expenses described herein or approved by the Board of Directors. The Board of Directors shall, by resolution, delineate each category of expenses for which assessments and reserve accounts are adopted. All such categories and reserve accounts shall be listed in the Annual Budget.

7.4. **OBLIGATION TO PAY ASSESSMENTS.** Each first time Buyer of a Residential Duplex Lot in Hill Top Village purchasing from the Developer or from a Builder who purchased the Lot from the Developer shall be obligated to pay the "Initial Transfer Assessment," and a "Regular Transfer Fee" shall be payable to the Association by the Buyer upon transfers of title to a Lot following the first transfer of title to a third-party Buyer, as provided in the Association's Declaration Section 8.10 Transfer-Related Fees. A separate Maintenance Reserve Bank Account shall be established by the Association to accumulate reserves for replacement and repair of the drainage facilities serving the Hill Top Village subdivision, funded by Transfer Fee allocations as provided in Declaration Section 9.9 Reserve Funds. And the Regular, Special, Individual and Deficiency Assessments established in the Declaration as provided in the Declaration Sections 8.9.2 Pay Assessments, 9.4.1 Regular Assessments, 9.4.2 Special Assessments, 9.4.3 Individual Assessments, 9.4.4 Deficiency Assessments and made by the Board of Directors in accordance with these Bylaws.

7.5. **BOARD DECISION FINAL.** The decision of the Board with respect to the use of Assessments shall be final so long as made in good faith.

7.6. **PERSONAL OBLIGATION.** The assessments shall be the Member's personal obligation and shall be supported by an assessment lien against the Member's Lot as provided in the Declaration.

7.7. **BASIS OF ASSESSMENTS.** The Regular Assessment shall be fixed at a uniform rate for all Duplex Lots Subject to Assessment, regardless of size, value, or location.

7.8. **PAYMENT.** Except as provided in the Association's Declarations listed in Section 7.4 above, the Declarant shall be responsible for the maintenance and operating expenses of the Association. When assessments shall become payable by the Duplex Lot Owners, each Member shall make payment to the Association monthly, due on the first of the month and late on the 10th of that month, at its principal office or at such other place as the Association may otherwise direct. Payments shall be made in full regardless of whether a Member has any dispute with the Association, another Member, or any other person regarding any matter to which this Instrument relates. No Member may exempt himself or herself from his or her assessment liability by waiver of the use or enjoyment of Common Property or by abandonment of his or her Lot.

7.9. **ANNUAL BUDGET.** The Board of Directors shall prepare and approve an Annual Budget for the Subdivision, the Common Area and any Common Maintenance Items, including contributions to reserve funds for the categories of expenses authorized in the Declaration. The Association shall provide a copy of the Annual Budget for the following calendar year to each Member no later than December 15 of each year. A Member's failure to receive a copy of the Annual Budget shall not affect his liability for payment of any existing or future assessments.

7.10 **TRANSFER TRANSFER FEE WAIVER.** The Title Transfer Fee shall be waived by the Association for a transfer of title by devise or descent, or to a member of the transferor's immediate family.

7.11. **REGULAR ASSESSMENTS.** The amount of the Initial Regular Assessment shall be established by the Declaration, and thereafter the Regular Assessment assessed to Duplex Lot Owners per Duplex Lot per month shall be determined by dividing the Annual Budget by the total number of Duplex Lots Subject to Assessment. If the Association does not approve an Annual Budget or fails to determine new Regular Assessments for any month or year, or shall be delayed in doing so, each Member shall continue to pay the Regular Assessment as last determined. The Regular Assessment shall be payable annually, or in quarterly or monthly installments, as may be determined from time to time by the Board of Directors.

7.12. **SPECIAL ASSESSMENTS.** In addition to Regular Assessments, following the initial purchase of all forty-nine (49) Duplex Lots by third party buyers, the Board may levy one or more Special Assessments for the purpose of defraying in whole or in part, expenses not anticipated by the Annual Budget, or to establish Association reserve funds, or to cover shortages in the Annual Budget if Regular Assessments prove insufficient, or to pay for additional improvements to the Property Common Areas approved by a two-thirds vote (66.67%) of the Members. Special assessments shall be levied against all Lots in the same manner as Regular Assessments.

7.13. **INDIVIDUAL ASSESSMENTS.** An Individual Assessment is any assessment levied against one or more, but fewer than all, of the Lots and their respective Owners. Individual Assessments may be levied for:

7.13.1. interest, late charges and collection costs on delinquent Regular or Special Assessments, court costs and attorneys' fees;

7.13.2. reasonable fines for violations of rules adopted pursuant to this instrument;

7.13.3. reimbursement of costs of repair for damage caused to the Common Area (including insurance deductibles), if such damage was caused by the willful or negligent act of an Owner or a person for whom the Owner is responsible;

7.13.4. individual services provided by or through the Association;

7.13.5. reimbursement for costs incurred in bringing a Member and his Lot into compliance with the provisions of the Declaration, Certificate of Formation, Bylaws, Rules, Regulations and Polices; and

7.13.6. any other charge payable by an Owner to the Association pursuant to the terms of these bylaws.

7.14. **PAYMENT PLAN FOR DELINQUENT AMOUNTS.** The Board of Directors shall adopt and file in the real property records of Hood County, Texas, alternative payment schedule guidelines for delinquent Regular or Special Assessments pursuant to §209.0062, Texas Property Code. The Alternative Payment Plan shall be for a minimum of three months and may not exceed twelve months from the date of a Member's request for a payment plan.

7.15. **OWNER CONTROL OF ASSESSMENTS.** Owners shall retain control of the Regular and Special Assessments as set forth in the Declaration.

7.16. **ASSESSMENT LIEN.** Each Owner of a Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed or other conveyance, is deemed to covenant and agree to pay to the Association the one-time Initiation Transfer Fee, the Regular Transfer Assessment, and the Regular Assessments, Special Assessments, Individual Assessments and Deficiency Assessment as described in the Declaration and in Section 7.4 above. All Assessments, together with interest, costs, and reasonable attorneys' fees for the collection thereof, shall be a charge on the Lot and shall be secured by a continuing lien upon the Lot against which such Assessment is made. A lien in favor of the Association ("Assessment Lien") is created by recording of a notice of lien pursuant to the Declaration.

7.17. **PRIORITY OF ASSESSMENT LIEN.** The Association's Assessment Lien against a Lot is superior to all other liens and encumbrances on such Lot, save and except:

7.17.1. a lien for real property taxes and other governmental assessments or charges against the Lot;

7.17.2. any lien or encumbrance recorded before the Notice of Lien is recorded; and

7.17.3. a first vendor's lien, purchase money deed of trust lien, or home improvement lien recorded of record in the Real Property Records of Hood County, Texas before the date on which the Assessment sought to be enforced becomes delinquent, and

7.17.4. any deed of trust liens securing construction mortgage loans made to Developer, its successors or assigns, regardless of when such deed of trust liens are recorded.

7.18. **EXPEDITED JUDICIAL FORECLOSURE.** Pursuant to §209.0092, Texas Property Code, the Association may not foreclose an Association's assessment lien unless the Association first obtains a court order in an application for expedited foreclosure.

7.19. **NOTICE AND RELEASE OF LIEN.** To evidence the Assessment lien, the

Association shall prepare written notice in compliance with §209.0091, Texas Property Code. After a cure or discharge of the default for which the notice was filed by the Association, the Association may cause to be recorded a release of such notice. The cost of preparing and recording a notice of lien or release of notice of lien shall be the expense of the defaulting Member.

7.20. NOTICE AND OPPORTUNITY TO CURE. The Association shall comply with §209.0091, Texas Property Code, in giving notice and an opportunity to cure.

7.21. LIMITATIONS ON FORECLOSURE OF LIEN. Pursuant to §209.009, Texas Property Code, the Association may not foreclose a lien for Assessments consisting solely of fines assessed by the association, attorney's fees incurred by the Association solely associated with fines assessed by the Association or amounts added to the Member's account as an assessment under §209.005(i), Texas Property Code (costs for copies of records).

7.22. NOTICE AND RIGHT OF REDEMPTION FOLLOWING FORECLOSURE. The Association shall comply with §§209.010 and 209.011 requiring notice following foreclosure and protection of the right of redemption granted by §209.011, Texas Property Code.

ARTICLE 8 **RESERVE FUNDS**

8.1. RESERVE FUNDS. As provided in Declaration Section 9.9 Reserve Funds, and except as waived by the Association for a transfer of title by devise or descent, or to a member of the transferor's immediate family, as provided in Section 7.10 above, the Board of Directors may, but shall not be required to, establish and maintain in one or more separate interest-bearing reserve bank accounts additional reserves for such categories of expenditures as are permitted by the Declaration.

ARTICLE 9 **DESIGNATION OF COMMON AREA AND COMMON MAINTENANCE ITEMS**

9.1. GENERAL DESCRIPTION OF COMMON AREA. The Common Area is described in the Declaration, consisting of the entire Subdivision, except the Duplex Lots.

9.2. COMMON MAINTENANCE ITEMS. The Board of Directors may pay from assessments levied by the Board for those common maintenance expenses that the Board finds and determines are necessary in order to provide for the maintenance and improvement of the overall appearance of the property within the Subdivision and for such other maintenance issues for which the Board of Directors, in its sole discretion, determines are in the best interest of the Members. The Board of Directors may not use assessment income to pay for services provided to Lots which are not Lots Subject to

Assessment. Services to Lots which are not Lots Subject to Assessment may only be paid from Individual Assessments.

ARTICLE 10
**DUTY CONCERNING COMMON AREA
AND COMMON MAINTENANCE ITEMS**

10.1. COMMON AREA. The Association shall have the duty of maintaining, operating, and managing the Common Area and shall have all powers and duties delegated to it by the Declaration and to:

10.1.1. Adopt, amend, and enforce reasonable rules regulating the use, maintenance, repair, replacement, modification, improvement, and appearance of the Common Area and the Common Maintenance Items;

10.1.2. Remove anything that, in the opinion of the Association, reduces visibility on the Private Streets, interferes with the use or maintenance of the Common Area, or detracts from the appearance of the Common Area, including, if necessary, the removal of items located on individual Lots facing the Private Streets; and

10.1.3. Tow or cause the removal of vehicles improperly parked in the Common Area, on any vacant lot or on the Private Street.

10.2 COMMON MAINTENANCE ITEMS. The Association shall have the duty of maintenance, repair and replacement of such items as are designated Common Maintenance Items. Repair and replacement of any item designated a Common Maintenance Item by any member shall require prior written authorization from the Board of Directors.

ARTICLE 11
ENFORCEMENT

11.1. ENFORCEMENT. The violation of any provision of the governing documents shall give the Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in the governing documents:

- a. to enter any Lot in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist on that Lot) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the governing documents (the Board shall not be deemed liable for any manner of trespass by this action); and
- b. to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE 12
OBLIGATIONS AND RIGHTS OF THE OWNERS

12.1. NOTICE OF SALE. Any Owner intending to sell his Lot or any interest therein shall give written notice to the Board of such intention, together with (i) the address or legal description of the Lot being conveyed, (ii) the name and address of the intended purchaser, (iii) the name, address, and phone number of the title company or attorney designated to close such transaction, (iv) names and phone numbers of real estate agents, if any, representing seller or purchaser, and (v) scheduled date of closing. An owner shall furnish this information to the Board no less than 10 working days before the date of conveyance of the lot or any interest therein.

12.2. PROOF OF OWNERSHIP. All Owners shall furnish the Association with evidence of ownership in the Lot, such as a Deed or other documentation, a copy of which shall remain in the files of the Association. This requirement may also be satisfied by the Association obtaining a copy of the Deed from the Hood County, Texas Records office, or a Tax Summary or other document from the Hood County Appraisal District, that clearly identifies the Lot and its legal owner.

12.3. OWNERS' ADDRESSES. The Owner or the several Co-Owners of a Lot shall register and maintain one mailing address to be used by the Association for mailing of monthly statements, notices, demands, and all other communications. The Owner shall keep the Association informed of the Member's current mailing address. If an Owner fails to maintain a current mailing address with the Association, the address of the Duplex living unit in which the Owner resides shall be deemed to be his or her mailing address; or in the event the Duplex Lot Owner does not live in one of such Owner's Duplex living units, the address of the Duplex living unit on the left side of the Duplex building viewed from the front of that Owner's Lot shall be deemed to be his or her mailing address.

12.3.1. EMAIL ADDRESSES. Various notices and other information may be sent to Owners who have registered an e-mail address with the Association. It is an Owner's duty to keep an updated e-mail address registered with the Association.

12.3.2. ALTERNATIVE NOTICE METHOD TO PROPERTY OWNERS. The Association may use an alternative method of providing notice to a property Owner for which another method is prescribed by law, but only if the property Owner to whom the notice is provided affirmatively opts to allow the Association to use the alternative method of providing notice.

12.4. REGISTRATION OF MORTGAGEES. An Owner who mortgages his Lot shall furnish the Board with the name and mailing address of his mortgagee.

12.5. ASSESSMENTS PAYMENT OBLIGATIONS. Except as provided in Article 7 above, all Owners shall be obligated to pay assessments imposed by the Association to meet the common expenses as defined in the Declaration.

12.5.1. **ALTERNATIVE PAYMENT SCHEDULE.** The Association shall adopt reasonable guidelines by which an Owner may make partial payments to the Association for delinquent regular or special assessments or any other amount owed to the Association without accruing additional monetary penalties. For purposes of this section, monetary penalties do not include reasonable costs associated with administering the payment plan or interest.

a. The minimum term for a payment plan offered by the Association is three months.

b. The Association may not allow a payment plan for any amount that extends more than 12 months from the date of the Owner's request for a payment plan. The Association is not required to enter into a payment plan with an Owner who failed to honor the terms of a previous payment plan during the two years following the Owner's default under the previous payment plan.

c. The Association shall file the Association's guidelines under this section in the real property records of Hood County, Texas.

d. A failure of the Association to file the guidelines as required in the real property records of Hood County, Texas does not prohibit an Owner from receiving an alternative payment schedule by which the Owner may make partial payments to the Association for delinquent regular or special assessments or any other amount owed to the Association without accruing additional monetary penalties.

12.5.2. **PRIORITY OF PAYMENTS.**

a. Payments received by the Association from an Owner shall be applied to the Owner's debt in the following order of priority:

(1) any delinquent assessment principal amount, then any delinquent assessment accrued and outstanding interest charged by the Association;

(2) any current assessment;

(3) any attorney's fees or third-party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;

(4) any other attorney's fees incurred by the Association;

(5) any fines assessed by the Association; and

(6) any other amount owed to the Association.

b. If, at the time the Association receives a payment from an Owner, the Owner is in default under a payment plan entered into with the Association:

(1) the Association is not required to apply the payment in the order of priority specified above; and

- (2) in applying the payment, a fine assessed by the Association may not be given priority over any other amount owed to the Association.

12.5.3. THIRD PARTY COLLECTIONS.

a. In this section, "collection agent" means a debt collector, as defined by Section 803 of the Federal Fair Debt Collection Practices Act (15 U.S.C. Section 1692a).

b. The Association may not hold an owner liable for fees of a collection agent retained by the Association unless the Association first provides written notice to the owner by verified mail (defined in Section 2.4.m above) that:

- (1) specifies each delinquent amount and the total amount of the payment required to make the account current;
- (2) describes the options the Owner has to avoid having the account turned over to a collection agent, including information regarding availability of a payment plan through the Association; and
- (3) provides a period of at least 30 days for the Owner to cure the delinquency before further collection action is taken.

c. An Owner is not liable for fees of a collection agent retained by the Association if:

- (1) the obligation for payment by the Association to the Association's collection agent for fees or costs associated with a collection action is in any way dependent or contingent on amounts recovered; or
- (2) the payment agreement between the Association and the Association's collection agent does not require payment by the Association of all fees to a collection agent for the action undertaken by the collection agent.

d. The agreement between the Association and the Association's collection agent may not prohibit the Owner from contacting the Association Board or the Association's Managing Agent regarding the owner's delinquency.

e. The Association may not sell or otherwise transfer any interest in the Association's accounts receivables for a purpose other than as collateral for a loan.

12.6. COMPLIANCE WITH DOCUMENTS. Each Owner shall comply with the provisions and terms of the governing documents, and any amendments thereto.

12.7. NOTICE REQUIRED BEFORE ENFORCEMENT ACTION.

a. Before the Association may suspend an Owner's right to use a common area, file a suit against an Owner other than a suit to collect a regular or special assessment, or foreclose under an Association's lien, charge an Owner for

property damage, or levy a fine for a violation of the restrictions or Bylaws or Rules And Regulations of the Association, the Association or its agent shall give written notice to the Owner by verified mail.

b. The notice must:

- (1) describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner; and
- (2) except as provided by subsection (4), inform the owner that the Owner:
 - (a) is entitled to a reasonable period to cure the violation and avoid the fine or suspension if the violation is of a curable nature and does not pose a threat to public health or safety;
 - (b) may request a hearing under Section 209.007 on or before the 30th day after the date the notice was mailed to the Owner; and
 - (c) may have special rights or relief or relief related to the enforcement action under federal law, including the Service Members Civil Relief Act (50 U.S.C. App. Section 501 et seq.), if the Owner is serving on active military duty;
- (3) specify the date by which the Owner must cure the violation if the violation is of a curable nature and does not pose a threat to public health or safety; and
- (4) be sent by verified mail to the Owner at the Owner's last known address as shown on the Association records; or if no address has been provided to the Association, to the Owner's Duplex living unit address as set forth in Section 12.3 above.

c. The date specified in the notice under Subsection b.(3) must provide a reasonable period to cure the violation if the violation is of a curable nature and does not pose a threat to public health or safety.

d. Subsections a and b do not apply to a violation for which the Owner has been previously given notice under this section and the opportunity to exercise any rights available under this section in the preceding six months.

e. If the Owner cures the violation before the expiration of the period for cure described by Subsection c, a fine may not be assessed for the violation.

f. For purposes of this section, a violation is considered a threat to public health or safety if the violation could materially affect the physical health or safety of an ordinary resident.

g. For purposes of this section, a violation is considered incurable if the violation has occurred but is not a continuous action or a condition capable of being remedied by affirmative action. For purposes of this subsection, the nonrepetition of a one-time violation or other violation that is not ongoing is not considered an adequate remedy.

h. The following are examples of acts considered incurable for purposes of this section:

- (1) an act constituting a threat to health or safety;
- (2) a noise violation that is not ongoing;
- (3) property damage, including the removal or alteration of landscape; and
- (4) holding a garage sale or other event prohibited by a dedicatory instrument.

i. The following are examples of acts considered curable for purposes of this section:

- (1) a parking violation;
- (2) a maintenance violation;
- (3) the failure to construct improvements or modifications in accordance with approved plans and specifications; and
- (4) an ongoing noise violation such as a barking dog that disturbs the peace of a neighbor in the subdivision, as determined in the sole discretion of the Association Board or the Association's designated Managing Agent.

12.8. REGULATION OF RESIDENTIAL LEASES OR RENTAL AGREEMENTS.

a. In this section, "sensitive personal information" means an individual's:

- (1) social security number;
- (2) driver's license number;
- (3) government-issued identification number; or
- (4) account, credit card, or debit card number.

b. A property owners' association may not adopt or enforce a provision in a dedicatory instrument that:

- (1) requires a lease or rental applicant or a tenant to be submitted to and approved for tenancy by the property owners' association; or
- (2) requires the following information to be submitted to a property owners' association regarding a lease or rental applicant or current tenant:

- (a) a consumer or credit report; or
- (b) a lease or rental application submitted by the applicant, tenant, or that person's agent to the property owner or property owner's agent when applying for tenancy.
- c. If a copy of the lease or rental agreement is required by the property owners' association, any sensitive personal information may be redacted or otherwise made unreadable or indecipherable.
- d. Except as provided by subsection b, nothing in this section shall be construed to prohibit the adoption or enforcement of a provision in a dedicatory instrument establishing a restriction relating to occupancy or leasing.

12.9. HEARING BEFORE BOARD; ALTERNATIVE DISPUTE RESOLUTION.

- a. If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board of Directors of the Association or before the Board if the Board does not appoint a committee.
- b. If a hearing is to be held before a committee, the notice prescribed by paragraph 11.7 must state that the owner has the right to appeal the committee's decision to the board by written notice to the Board.
- c. The Association shall hold a hearing under this section not later than the 30th day after the date the Board receives the owner's request for a hearing and shall notify the owner of the date, time, and place of the hearing not later than the 10th day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties. The owner or the Association may make an audio recording of the meeting.
- d. The notice and hearing provisions of paragraph 11.7 and this section 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. If a suit is filed relating to a matter to which those sections apply, a party to the suit may file a motion to compel mediation. The notice and hearing provisions of paragraph 11.7 and this section do not apply to a temporary suspension of a person's right to use common areas if the temporary suspension is the result of a violation that occurred in a common area and involved a significant and immediate risk of harm to others in the subdivision. The temporary suspension is effective until the Board makes a final determination on the suspension action after following the procedures prescribed by this section.
- e. An Owner or the Association may use alternative dispute resolution services.

12.10. ATTORNEY FEES.

a. The Association may collect reimbursement of reasonable attorney's fees and other reasonable costs incurred by the Association relating to collecting amounts, including damages, due the Association for enforcing restrictions or the Bylaws or Rules And Regulations of the Association only if the Owner is provided a written notice that attorney's fees and costs will be charged to the owner if the delinquency or violation continues after a date certain.

b. An Owner is not liable for attorney's fees incurred by the association relating to a matter described by the notice under paragraph 12.7 if the attorney's fees are incurred before the conclusion of the hearing under paragraph 12.9 or, if the Owner does not request a hearing under that section before the date by which the Owner must request a hearing. The Owner's presence is not required to hold a hearing under paragraph 12.9.

c. All attorney's fees, costs, and other amounts collected from an owner shall be deposited into an account maintained at a financial institution in the name of the Association or its Managing Agent. Only members of the Association's Board or its Managing Agent or employees of its Managing Agent may be signatories on the account.

d. On written request from the Owner, the Association shall provide copies of invoices for attorney's fees and other costs relating only to the matter for which the Association seeks reimbursement of fees and costs.

e. The notice provisions of paragraph 12.9.a do not apply to a counterclaim of the Association in a lawsuit brought against the Association by a property Owner.

f. If the dedicatory instrument or restrictions of the Association allow for nonjudicial foreclosure, the amount of attorney's fees that the Association may include in a nonjudicial foreclosure sale for an indebtedness covered by the Association's assessment lien is limited to the greater of:

(1) one-third of the amount of all actual costs and assessments, excluding attorney's fees, plus interest and court costs, if those amounts are permitted to be included by law or by the restrictive covenants governing the property;
OR

(2) \$2,500.

g. Paragraph 12.9.f does not prevent the Association from recovering or collecting attorney's fees in excess of the amounts prescribed in that subsection by other means provided by law.

12.11. PREREQUISITES TO FORECLOSURE: NOTICE AND OPPORTUNITY TO CURE FOR CERTAIN OTHER LIENHOLDERS.

a. The Association may not foreclose an Association assessment lien on real property by giving notice of sale or commencing a judicial foreclosure action unless the Association has:

(1) provided written notice of the total amount of the delinquency giving rise to the foreclosure to any other holder of a lien of record on the property whose lien is inferior or subordinate to the Association's lien and is evidenced by a deed of trust; and

(2) provided the recipient of the notice an opportunity to cure the delinquency before the 61st day after the date the recipient receives the notice.

b. Notice under this section must be sent by certified mail, return receipt requested, to the address for the lien holder shown in the deed records relating to the property that is subject to the Association assessment lien.

c. Foreclosures shall be in accordance with the Declaration of Covenants, Restrictions and Easements and Texas Property Code, Chapter 209.

12.12. FORECLOSURE SALE PROHIBITED IN CERTAIN CIRCUMSTANCES. The Association may not foreclose the Association's assessment lien if the debt securing the lien consists solely of:

a. fines assessed by the Association;

b. attorney's fees incurred by the Association solely associated with fines assessed by the Association; or

c. amounts added to the owner's account as an assessment under paragraph 13.2.6 (Records Production and Copying Policy).

ARTICLE 13 **ASSOCIATION RECORDS**

13.1. RECORDS. The Association shall use its best efforts to keep the following records:

a. Minutes or a similar record of the proceedings of meetings of the Association. A recitation in the minutes that notice of the meeting was properly given shall be sufficient evidence that such notice was given.

b. Minutes or a similar record of the proceedings of meetings of the Board.

c. Names and mailing addresses of the Members, the currency and accuracy of the information being the responsibility of the Members.

d. Names and mailing addresses of the mortgagees, the currency and accuracy of the information being the responsibility of the Members and their mortgagees.

e. Financial records and books of account for the Association, kept in a manner consistent with generally accepted accounting principles.

f. Copies of income tax returns prepared for the Internal Revenue Service.

g. Copies of the governing documents and all amendments to any of these. Also, for at least four years, a record of all votes or written consents by which amendments to the governing documents were approved.

h. Copies of approved Architectural Control Committee Building Applications and Permits and all plans required for submittals of each Lots' townhome and other improvements, retained in the Association's records for seven years.

13.2. INSPECTION OF BOOKS AND RECORDS. Notwithstanding a provision in a dedicatory instrument, the Association shall make the books and records of the Association, including financial records, open to and reasonably available for examination by an Owner, or a person designated in a writing signed by the Owner as the owner's agent, attorney, or certified public accountant, in accordance with this section. An Owner is entitled to obtain from the Association copies of information contained in the books and records.

13.2.1. Except as provided by this subsection, an attorney's files and records relating to the Association, excluding invoices requested by an Owner, are not records of the Association and are not subject to inspection by the owner or production in a legal proceeding. If a document in an attorney's files and records relating to the Association would be responsive to a legally authorized request to inspect or copy Association documents, the document shall be produced by using the copy from the attorney's files and records if the Association has not maintained a separate copy of the document. This subsection does not require production of a document that constitutes attorney work product or that is privileged as an attorney-client communication.

13.2.2. An Owner or the Owner's authorized representative described above must submit a written request for access or information by certified mail, with sufficient detail describing the Association's books and records requested, to the mailing address of the Association or authorized representative as reflected on the most current Management Certificate. The request must contain an election either to inspect the books and records before obtaining copies or to have the Association forward copies of the requested books and records and:

a. if an inspection is requested, the Association, on or before the 10th business day after the date the Association receives the request, shall send written notice of dates during normal business hours that the Owner may inspect the requested books and records to the extent those books and records are in the possession, custody, or control of the Association; or

b. if copies of identified books and records are requested, the Association shall, to the extent those books and records are in the possession, custody, or control of the Association, produce the requested books and records for the requesting party on or before the 10th business day after the date the Association receives the request, except as otherwise provided herein.

13.2.3. If the Association is unable to produce the books or records requested on or before the 10th business day after the date the Association receives the

request, the Association must provide to the requestor written notice that:

a. informs the requestor that the Association is unable to produce the information on or before the 10th business day after the date the Association received the request; and

b. states a date by which the information will be sent or made available for inspection to the requesting party that is not later than the 15th business day after the date notice under this section is given.

13.2.4. If an inspection is requested or required, the inspection shall take place at a mutually agreed on time during normal business hours, and the requesting party shall identify the books and records for the Association to copy and forward to the requesting party.

13.2.5. The Association may produce books and records requested under this section in hard copy, electronic, or other format reasonably available to the Association.

13.2.6. **RECORDS PRODUCTION AND COPYING POLICY.** The Board of Directors shall adopt a Records Production and Copying Policy that prescribes the costs the Association will charge for the compilation, production, and reproduction of information requested under these Bylaws. The prescribed charges may include all reasonable costs of materials, labor, and overhead but may not exceed costs that would be applicable for an item under Texas Law 1 T.A.C. Section 70.3. The Policy must be recorded as a dedicatory instrument. The Association may not charge an owner for the compilation, production, or reproduction of information requested under this section unless the Policy prescribing those costs has been recorded as required by this subsection. An owner is responsible for costs related to the compilation, production, and reproduction of the requested information in the amounts prescribed by the Policy. The Association may require advance payment of the estimated costs of compilation, production, and reproduction of the requested information. If the estimated costs are lesser or greater than the actual costs, the association shall submit a final invoice to the owner on or before the 30th business day after the date the information is delivered. If the final invoice includes additional amounts due from the owner, the additional amounts, if not reimbursed to the Association before the 30th business day after the date the invoice is sent to the Owner, may be added to the Owner's account as an assessment. If the estimated costs exceeded the final invoice amount, the Owner is entitled to a refund, and the refund shall be issued to the Owner not later than the 30th business day after the date the invoice is sent to the Owner.

a. The Association must estimate costs under this section using amounts prescribed by the Policy adopted under this Subsection.

13.2.7. Except as provided below and to the extent the information is provided in the meeting minutes, the Association is not required to release or allow inspection of any books or records that identify the dedicatory instrument

violation history of an individual Owner, an Owner's personal financial information, including records of payment or nonpayment of amounts due the Association, an owner's contact information, other than the Owner's address, or information related to an employee of the Association, including personnel files. Information may be released in an aggregate or summary manner that would not identify an individual property Owner.

a. The books and records described by paragraph 13.2.7 shall be released or made available for inspection if:

(1) the express written approval of the Owner whose records are the subject of the request for inspection is provided to the Association; or

(2) a court orders the release of the books and records or orders that the books and records be made available for inspection.

13.2.8. DOCUMENT RETENTION POLICY. The Association shall adopt and comply with a Document Retention Policy that includes, at a minimum, the following requirements:

a. certificates of formation, bylaws, restrictive covenants, and all amendments to the certificates of formation, bylaws, and covenants shall be retained permanently;

b. financial books and records shall be retained for seven years;

c. account records of current Owners shall be retained for five years;

d. contracts with a term of one year or more shall be retained for four years after the expiration of the contract term;

e. minutes of meetings of the owners and the board shall be retained for seven years; and

f. tax returns and audit records shall be retained for seven years.

13.2.9. PETITION FOR DENIED ACCESS TO BOOKS OR RECORDS. A Member of the Association who is denied access to or copies of Association books or records to which the Member is entitled may file a petition with the justice of the peace of a justice precinct in which the property governed by the Association is located requesting relief in accordance with this subsection.

a. On or before the 10th business day before the date a person brings an action against the Association under this section, the person must send written notice to the Association of the person's intent to bring the action. The notice must be sent by certified mail, return receipt requested, or delivered by the United States Postal Service with signature confirmation service to the mailing address of the Association or authorized representative as reflected on the most current Management Certificate; and must describe with sufficient detail the books and records being requested.

13.3. **RESALE CERTIFICATES.** "Resale certificate" means a written statement issued, signed, and dated by an officer or authorized agent of the Association that contains the information specified by Section 207.003(b) of the Texas Property Code.

13.3.1. **DELIVERY OF SUBDIVISION INFORMATION.**

a. Not later than the 10th business day after a written request for information is received from an owner or the owner's agent, a purchaser of property in Hill Top Village, or a title insurance company or its agent acting on behalf of the owner or purchaser and the evidence of the requestor's authority to order a resale certificate is received and verified, the Association shall deliver to the authorized requestor:

- (1) a current copy of the restrictions applying to the subdivision;
- (2) a current copy of the ByLaws and rules of the Association; and
- (3) a resale certificate prepared not earlier than the 60th day before the date the certificate is delivered that complies with Section 207.003(b) of the Texas Property Code.

b. For a request from a purchaser or purchaser's agent, the Association may require the purchaser or agent to provide to the Association, before the Association begins the process of preparing or delivers the information, reasonable evidence that the purchaser has a contractual or other right to acquire property in the subdivision.

c. The Association shall deliver the information to the person specified in the written request. A written request that does not specify the name and location to which the information is to be sent is not effective. The Association may deliver the information and any update to the resale certificate by mail, hand delivery, or alternative delivery means specified in the written request.

d. Neither the Association nor its agent is required to inspect a property before issuing a resale certificate or an update to a resale certificate.

13.3.2. **INFORMATION REQUIRED IN RESALE CERTIFICATE.** A resale certificate must contain:

- a. a statement of any right of first refusal, other than a right of first refusal that is prohibited by statute, and any other restraint contained in the restrictions or restrictive covenants that restricts the owner's right to transfer the Owner's property;
- b. the frequency and amount of any regular assessments;
- c. the amount and purpose of any special assessment that has been approved before and is due after the resale certificate is delivered;
- d. the total of all amounts due and unpaid to the Association that are attributable to the owner's property;

- e. capital expenditures, if any, approved by the Association for the Association's current fiscal year;
- f. the amount of reserves, if any, for capital expenditures;
- g. the Association's current operating budget and balance sheet;
- h. the total of any unsatisfied judgments against the Association;
- i. the style and cause number of any pending lawsuit in which the Association is a party, other than a lawsuit relating to unpaid ad valorem taxes of an individual member of the Association;
- j. a copy of a certificate of insurance showing the Association's property and liability insurance relating to the common areas and common facilities;
- k. a description of any conditions on the owner's property that the Association board has actual knowledge are in violation of the restrictions applying to the subdivision or the bylaws or rules of the Association;
- l. a summary or copy of notices received by the Association from any governmental authority regarding health or housing code violations existing on the preparation date of the certificate relating to the Owner's property or any common areas or common facilities owned or leased by the Association;
- m. the amount of any administrative transfer fee charged by the Association for a change of ownership of property in the subdivision;
- n. the name, mailing address, and telephone number of the Association's Managing Agent, if any;
- o. a statement indicating whether the restrictions allow foreclosure of the Association's lien on the owner's property for failure to pay assessments; and
- p. a statement of all fees associated with the transfer of ownership, including a description of each fee, to whom each fee is paid, and the amount of each fee.

13.3.3. UPDATED RESALE CERTIFICATES. Requests for an updated resale certificate must be made within 180 days of the date the original resale certificate is issued. The update request may be made only by the party requesting the original resale certificate.

a. Not later than the seventh business day after the date a written request for an update of a resale certificate delivered under paragraph 13.3.1 is received from an Owner, Owner's agent, or title insurance company or its agent acting on behalf of the Owner, the Association shall deliver to the owner, Owner's agent, or title insurance company or its agent an updated resale certificate that contains the following information:

- (1) if a right of first refusal or other restraint on sale is contained in the

restrictions, a statement of whether the Association waives the restraint on sale;

(2) the status of any unpaid special assessments, dues, or other payments attributable to the owner's property; and

(3) any changes to the information provided in the original resale certificate.

13.3.4. **FEES.** The Association may charge a reasonable fee to assemble, copy, and deliver the information required by this section and may charge a reasonable fee to prepare and deliver an update of a resale certificate. The Association may require payment before beginning the process of providing a resale certificate but may not process a payment for a resale certificate until the certificate is available for delivery. The Association may not charge a fee if the certificate is not provided in the time prescribed by paragraph 13.3.1(a).

13.3.5. **EFFECT OF RESALE CERTIFICATE; LIABILITY.**

a. The Association may not deny the validity of any statement in the resale certificate. The Association's lien to secure undisclosed amounts due the Association on the date the resale certificate is prepared shall automatically terminate as a lien securing any undisclosed amount.

b. A resale certificate does not affect:

(1) the right of the Association to recover debts or claims that arise or become due after the date the resale certificate is prepared; or

(2) a lien on a property securing payment of future assessments held by the Association.

c. Except as provided in this section, the Association is not liable to an owner selling property in the subdivision for delay or failure to deliver the information required by paragraph 13.3.1. An officer or agent of the Association is not liable for a delay or failure to furnish a resale certificate.

13.4. **MANAGEMENT CERTIFICATES.**

a. The Association shall record with the Hood County, Texas records office a Management Certificate, signed and acknowledged by an officer or the managing agent of the Association, stating:

(1) the name of the subdivision;

(2) the name of the Association;

(3) the recording data for the subdivision;

(4) the recording data for the Declaration;

(5) the name and mailing address of the Association;

(6) the name and mailing address of the person managing the Association or the Association's designated representative; and

(7) other information the Association considers appropriate.

b. The Association shall record an amended Management Certificate not later than the 30th day after the date the Association has notice of a change in any information in the recorded certificate.

c. Except as provided below, Association and its officers, directors, employees, and agents are not subject to liability to any person for a delay in recording or failure to record a Management Certificate, unless the delay or failure is willful or caused by gross negligence.

d. If the Association fails to record a Management Certificate or an amended Management Certificate, the purchaser, lender, or title insurance company or its agent in a transaction involving property in the Association is not liable to the Association for:

(1) any amount due the Association on the date of a transfer to a bona fide purchaser; and

(2) any debt to or claim of the Association that accrued before the date of a transfer to a bona fide purchaser.

e. A lien of the Association that fails to file a Management Certificate or an amended Management Certificate under this section to secure an amount due on the effective date of a transfer to a bona fide purchaser is enforceable only for an amount incurred after the effective date of sale.

f. For purposes of this section, "bona fide purchaser" means:

(1) a person who pays valuable consideration without notice of outstanding rights of others and acts in good faith; or

(2) a third-party lender who acquires a security interest in the property under a deed of trust.

13.5. ONLINE INFORMATION REQUIRED. The Association shall make dedicatory instruments relating to the Association or subdivision and filed in the Hood County Deed Records available on a website if the Association has, or a management company on behalf of the Association maintains, a publicly accessible website.

ARTICLE 14

NOTICES

14.1. CO-OWNERS. If a Lot is owned by more than one person, notice to one co-owner shall be deemed notice to all co-owners.

14.2. DELIVERY OF NOTICES. Unless specifically stated otherwise in the Bylaws or other governing documents, or under Texas state law, any written notice required or

permitted by these ByLaws may be given personally, by mail, by email, or by facsimile transmission. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the Member at the address shown on the Association's records. If transmitted by facsimile or email, the notice is deemed delivered on successful transmission of the facsimile or email.

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

ARTICLE 15

AMENDMENTS TO THE BYLAWS

15.1. PROPOSALS. These Bylaws may be amended by the Members according to the terms of this Article. The Association shall provide an owner of each Lot with a detailed description, if not exact wording, of any proposed amendment. Such description shall be included in the notice of any Annual or Special Meeting of the Association if such proposed amendment is to be considered at said meeting.

15.1.1. CONFLICTS WITH DECLARATION. The ByLaws may not be amended to conflict with the Declaration of Covenants, Conditions and Restrictions (the "Declaration"). In the event of a conflict, the Declaration shall prevail.

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

15.3. EFFECTIVE. To be effective, each amendment must be in writing, signed by at least two Officers acknowledging the requisite approval of Members, be recorded in the Real Property Records of Hood County, Texas, and be delivered to an Owner of each Lot at least 10 days before the amendment's effective date. Further, when these Bylaws are recorded in the Official Public Records of Hood County, Texas, the amendment must recite the recording data for the Bylaws, be in a form suitable for recording as a real property record, and be delivered to the county clerk for recordation together with the required filing fee. According to the Texas Property Code, all dedicatory instruments, including these Bylaws, must be recorded in the Real Property Records of Hood County, Texas in order to be enforceable.

ARTICLE 16

GENERAL PROVISIONS

16.1. CONFLICTING PROVISIONS. If any provision of these ByLaws conflicts with any provision of the laws of the State of Texas, such conflicting ByLaws provision shall

be null and void, but all other provisions of these Bylaws shall remain in full force and effect. In the case of any conflict between the Articles of Incorporation of the Association and these ByLaws or the Association's Rules And Regulations, the Articles shall control. In the case of any conflict between the Declaration and these ByLaws or the Association's Rules And Regulations, the Declaration shall control.

16.2. **SEVERABILITY.** Invalidation of any provision of these ByLaws, by judgment or court order, shall not affect any other provision which shall remain in full force and effect. The effect of a general statement shall not be limited by the enumerations of specific matters similar to the general.

16.3. **FISCAL YEAR.** The fiscal year of the Association shall be set by resolution of the Board, and is subject to change from time to time as the Board shall determine. In the absence of a resolution by the Board, the fiscal year shall be the calendar year.

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

EXECUTED this 20th day of May, 2020, effective from the 24th day of September, 2019.

HILL TOP VILLAGE HOMEOWNERS ASSOCIATION, INC.



Jason Britt, President



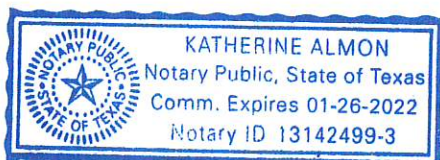
Travis Cogburn, Secretary

CERTIFICATE

WE HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the Bylaws of **HILL TOP VILLAGE HOMEOWNERS ASSOCIATION, INC.**, a Texas non-profit corporation, as adopted by the Members of the Association by Written Consents, to be effective on September 24, 2019.

THE STATE OF TEXAS)
)
COUNTY OF HOOD)

This instrument was acknowledged before me on May 20th, 2020, by Jason Britt, President and Travis Cogburn, Secretary on behalf of the HILL TOP VILLAGE HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation.





Notary Public, State of Texas

After filing return to:

Jason Britt, President
Hill Top Village Homeowners Association, Inc.
3501 Old Granbury Road
Granbury, Texas 76049