

Upon recording, please return to:
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CHARTER

FOR

ARIA ISLE AT EAST SHORE

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**CHARTER
FOR
ARIA ISLE AT EAST SHORE**

PREAMBLE

"**East Shore**" is a master planned community that may include both residential and non-residential properties and is a component of The Woodlands, a comprehensively planned, mixed-use real estate development located in Montgomery County and Harris County, Texas . This Charter (as amended and supplemented from time to time, this "**Charter**") establishes a governance structure and a flexible system of standards and procedures for the development, use, expansion, administration, maintenance, and preservation of the "**Aria Isle at East Shore**" residential community, which is a part of East Shore. Aria Isle at East Shore Homeowners Association, Inc. ("**Association**"), a nonprofit corporation, by and through its board of directors ("**Board**"), shall administer and enforce this Charter and the other Subdivision Documents referenced in this Charter with respect to Aria Isle at East Shore.

One of the rich natural resources of Aria Isle at East Shore is the bald eagle protected area within a portion of it. Aria Isle at East Shore is subject to certain permits issued under the Endangered Species Act, 16 U.S.C. § 1531, et seq., by the United States Fish and Wildlife Service designed to protect these nesting areas. The permit sets out specific obligations and responsibilities of the Owners and residents of Lots within Aria Isle at East Shore.

DECLARATION OF COVENANT

The Woodlands Land Development Company, L.P., a Texas limited partnership, its successors or assigns ("**Founder**"), by executing and recording this Charter, declares that the property described in Exhibit "A," and any additional property made subject to this Charter in the future by amendment or supplement, shall constitute the "**Subdivision**" or Aria Isle at East Shore, as referred to in this Charter. This Charter shall run with the title to the property comprising the Subdivision, shall govern the development and use of such property, and shall be binding upon the Founder and

the future owners of any portion of the property, their respective heirs, successors, successors-in-title, and assigns, and any other person or entity that now or hereafter has any legal, equitable, or beneficial interest in any portion of such property. This Charter shall also be binding upon the Association, its successors and assigns.

PART ONE: INTRODUCTION TO THE SUBDIVISION

*To accomplish great things, we must not only act, but also dream; not only plan,
but also believe.*

Anatole France

Chapter 1

Governing Documents

A community is guided and governed by certain principles that each owner and resident, by choosing to own property or reside in the community, agrees to uphold. Those principles are set forth in the community's governing documents, which serve as a tie that binds the community together, give it structure, and provide guidance to all who participate in its growth and evolution.

1.1. Scope and Applicability

The Subdivision has been established and is administered pursuant to various documents that have a legal and binding effect on all owners and occupants of property in the Subdivision, as well as on anyone else that may now or in the future have an interest in any portion of the Subdivision. Such documents, referred to in this Charter as the "**Subdivision Documents**," include this Charter and the other documents described in Table 1.1, as they may be amended. All owners and occupants, as well as their tenants, guests, and invitees, are required to comply with the Subdivision Documents.

In addition, all property now or hereafter comprising Aria Isle at East Shore is part of the planned unit development known as East Shore and, as such, is subject to the Declaration of Covenants, Conditions, Restrictions, and Easements for East Shore, recorded under Clerk's File No. 2004-125172, as amended and supplemented (the "**ESCA Covenants**"), as well as those documents described in Section 1.4 of the ESCA Covenants, including but not limited to, the articles of incorporation, by-laws, and rules of East Shore Community Association, a Texas non-profit corporation ("**Master Association**"), all as they may be amended (collectively, the

"**Community Documents**"). The real property subject to the ESCA Covenants is hereinafter referred to as the "**Community**."

Furthermore, the Subdivision is subject to the applicable covenants further described in Section 1.3 of the ESCA Covenants (collectively the "**Other Applicable Documents**") and to those various associations described in said section (collectively the "**Other Woodlands Associations**").

The Subdivision Documents, the Community Documents and the Other Applicable Documents are collectively referred to in this Charter as the "**Governing Documents**."

1.2. Additional Covenants

Additional covenants may be imposed on property in the Subdivision, with such approval as may be required pursuant to Section 17.5. If the provisions of any such additional covenants are more restrictive than the provisions of this Charter, the more restrictive provisions control. The Association shall have standing and the power, but not the obligation, to enforce any such additional covenants.

1.3. Conflicts

If there are conflicts between or among any of the Governing Documents, then the Other Applicable Documents, the Community Documents and the Subdivision Documents (in that order) shall control unless there is a specific provision set forth in this Charter setting forth otherwise. In the event there is

Governing Documents

SUBDIVISION DOCUMENTS	
Charter: (recorded)	this Charter for Aria Isle at East Shore, as may be amended and supplemented from time to time, which creates obligations that are binding upon the Association and all present and future owners of residential property in the Subdivision
Supplement: (recorded)	a recorded Supplement to this Charter (which may take any form or be denominated in any manner [<i>e.g.</i> , a recorded supplement, plat, deed, etc.]), which may subject additional property to this Charter; create easements over the property described in the Supplement; impose additional obligations or restrictions on such property; or any of the foregoing
Certificate of Formation: (filed with Texas Secretary of State) (attached as Exhibit "C")	the Certificate of Formation of Aria Isle at East Shore Homeowners Association, Inc., as it may be amended, which establishes the Association as a nonprofit corporation under Texas law. A copy of the Certificate of Formation is attached as Exhibit "C."
By-Laws: (attached as Exhibit "D")	the By-Laws of Aria Isle at East Shore Homeowners Association, Inc., adopted by its Board of Directors, as they may be amended, which govern the Association's internal affairs, such as voting, elections, and meetings. A copy of the By-Laws is attached as Exhibit "D."
Design Guidelines: (the Founder adopts)	the design standards and architectural and aesthetics guidelines adopted pursuant to Chapter 5, as they may be amended, which govern modifications, additions, and alterations to Lots, including structures, landscaping, and other items on Lots
Rules: (initial set attached as Exhibit "B")	the rules of the Association adopted pursuant to Chapter 7, which regulate use of property, activities, and conduct within the Subdivision
Board Resolutions: (Board adopts)	the resolutions that the Board adopts to establish rules, policies, and procedures for internal governance and Association activities and to regulate the operation and use of property which the Association owns or controls

TABLE 1.1

a conflict between or among any of the Subdivision Documents, then the Charter, the Certificate of Formation, and the By-Laws (in that order) shall control. If there is a conflict between the Governing Documents and any additional covenants recorded on any property within the Subdivision (or the rules

or policies adopted pursuant to any such additional covenants), the Subdivision Documents shall control.

The Subdivision Documents use diagrams, tables, quotes, italicized introductions, and keynotes (text set apart in boxes with "key" icons) to illustrate concepts and

Governing Documents

assist the reader and shall not be used for construing any document. If there is a conflict between any such diagram table, quote, italicized introduction, and keynote and the text of the Subdivision Documents, the text shall control.

If any court determines that any provision of this Charter is invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications of such provision in other instances.

1.4. Definitions

Capitalized terms used in the Subdivision Documents have the meaning described in the paragraph where they first appear in bold print. An index to defined terms may be found immediately following the Table of Contents of this Charter. All other terms used in the Subdivision Documents have their natural, commonly accepted definitions.

1.5. Interpretation of Certain References

Subdivision-Wide Standard. Where the Subdivision Documents require compliance with the "**Subdivision-Wide Standard**," the standard to be applied is the highest of: (a) the standard of use, conduct, architecture, landscaping, or aesthetic matters generally prevailing in the Subdivision, (b) the minimum standards described in this Charter, the Design Guidelines, the Rules, and Board resolutions, as they may be amended from time to time, or (c) the East Shore Community Standard established pursuant to the ESCA Covenants. The Subdivision-Wide Standard may contain objective elements, such as specific maintenance requirements, and subjective elements, such as matters subject to the discretion of the Board or the Reviewer (as defined in Chapter 5). The Subdivision-Wide Standard may or may not be set out in

writing. The Founder initially shall establish such standard. The Subdivision-Wide Standard may evolve as development progresses and as the Subdivision matures; provided, at no time shall the Subdivision-Wide Standard be less than that required under the ESCA Covenants.

Consent or Approval. All references in the Subdivision Documents to "**consent**" or "**approval**" shall refer to permission or approval, which unless otherwise expressly qualified in the specific provision, may be granted or withheld in the discretion of the Person whose consent or approval is required.

Discretion and Determination. All references in the Subdivision Documents to "**discretion**" or to the right to "determine" any matter shall refer to the sole and absolute power or right to decide or act. Unless otherwise expressly limited in the Subdivision Documents or by law, any one authorized in the Subdivision Documents to exercise its discretion or make a determination may do so without regard to the reasonableness of, and without the necessity of justifying, the decision, determination, action, or inaction.

Including. All references in this Charter to "**including**" or any form or derivative of such term shall be deemed to mean "including, but not limited to," unless otherwise specifically indicated.

Maintenance. All references in this Charter to "**maintenance**" shall refer to maintenance, repair, and replacement, unless otherwise specifically provided.

Notice. All references in this Charter to "**notice**" or "**notify**" or any derivative of such terms shall be deemed to refer to written notice by personal delivery, United States mail, private carrier, or, unless the intended recipient has expressly objected to use of such

Governing Documents

method of delivery, by facsimile or electronic mail.

Notices shall be deemed to have been duly given and effective:

(a) if sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(b) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery or the records of the private carrier; or

(c) if sent by facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

Person. References in the Subdivision Documents to a "**Person**" or "Persons" shall refer to an individual, a corporation, a partnership, a limited liability company, or any other legal entity.

Recording. All references in the Subdivision Documents to a "**recorded**" legal instrument, or to recordation or the recording of a legal instrument, shall refer to an instrument filed or the filing of a legal instrument in the Official Public Records of Real Property of Montgomery County, Texas, or such other place designated as the official location for filing documents affecting title to real estate in Montgomery County, Texas, in order to make them a matter of public record.

Successors, Assigns, and Designees. Unless otherwise specifically provided, references in the Subdivision Documents to the Founder, Founder Affiliates, or the Association shall refer to such entities along with their respective successors, assigns, and designees.

That is the best government which desires to make the people happy, and knows how to make them happy.
Thomas McCauley

Chapter 2

Subdivision Administration

Vibrant communities depend upon all of their stakeholders working together to uphold community standards and achieve the vision and goals for the community. The Founder, the Association, the owners, the builders, and others have a role in the functioning of the Subdivision and in helping to fulfill that vision. This chapter identifies these stakeholders and describes their roles in administering the Subdivision.

2.1. The Founder

The Founder has established the vision for the Subdivision and, through the Subdivision Documents, has set forth the founding principles that will guide the Subdivision during the initial period of development and sale and thereafter. The Founder's proposed plan for development of the Subdivision is or shall be described in various subdivision plats approved by Montgomery County and the City of Houston from time to time, as may be recorded, supplemented, modified, and amended from time to time, with respect to the property described in Exhibit "A" (collectively, the "**Subdivision Plat(s)**").

The Founder has reserved various rights in the Subdivision Documents with respect to development and administration of the Subdivision. The Founder may exercise certain of these rights throughout the "**Development and Sale Period**," which is the period of time during which the Founder or any "Founder Affiliate" owns real property in the Subdivision or has an unexpired option to expand the Subdivision pursuant to Chapter 16. A "**Founder Affiliate**" is any Person that controls, is controlled by, or is under common control with the Founder, and any Person that

is an owner, a member, a partner, or a shareholder of the Founder.

The Founder may exercise some rights only during the "**Founder Control Period**," which is the period of time that the Founder is entitled to appoint a majority of the members of the Association's Board. The Founder Control Period begins on the date of the Association's incorporation and terminates upon the first of the following to occur:

(a) when 100% of the maximum number of Lots anticipated by the Founder for development and sale as a part of the Subdivision are owned by Persons other than the Founder, Founder Affiliates, or Builders, and have residences constructed thereon; or

(b) December 31, 2042; or

(c) when, in its discretion, the Founder so determines and declares in a recorded instrument.

Notwithstanding the above, if limited by Texas law to a date or time occurring prior to an event described above, the Founder Control Period shall continue for the maximum time period permissible under Texas law.

The Founder also has certain approval rights for a limited period as provided in the By-Laws after the termination of the Founder Control Period.

The Founder may assign its status and rights as the Founder under the Subdivision Documents to any person who takes title to any portion of the property described in Exhibit "A" or "B" for the purpose of development and/or sale. Such assignment shall be

Subdivision Administration

made only in a recorded instrument signed by both parties.

2.2. The Association

The Founder has established the Association as the primary entity responsible for administering the residential property in the Subdivision in accordance with the Subdivision Documents. The Association may delegate any of its rights and responsibilities to the Master Association at any time, so long as the Master Association consents to such delegation. The Association may exercise all rights and powers that the Subdivision Documents and Texas law expressly grant to it, as well as any rights and powers that may reasonably be implied under the Subdivision Documents. It may also take any action reasonably necessary to effectuate any such right or privilege. The Association is a "Neighborhood Association" as such term is defined in the ESCA Covenants.

2.3. The Board

On most matters, the Association acts through the Board. However, in some instances the Subdivision Documents or applicable law limits the Board's ability to act without the approval of the Association's members. Unless the Subdivision Documents or applicable law specifically require otherwise, the Board may exercise the Association's rights and powers without a vote of the membership.

The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, as defined in Chapter 3, enforcement of the Subdivision Documents, or any other civil claim or action. However, the Board has no legal duty to institute litigation or any other proceeding on behalf of or

in the name of the Association or its members.

In exercising the Association's rights and powers, making decisions on the Association's behalf (including, without limitation, deciding whether to file a lawsuit or take other legal action under any circumstances) and conducting the Association's affairs, Board members and the Association's officers are required to comply with, and shall be judged by, the standards set forth in the By-Laws.

2.4. The Owners

Each Person that holds record title to a Lot, as defined in Chapter 3, is referred to in the Subdivision Documents as an "**Owner.**" However, a Person who holds title merely as security for the performance of an obligation (such as a lender holding a mortgage or similar security instrument) is not considered an "Owner." If a Lot is sold under a recorded contract of sale, and the contract specifically so states, the purchaser (rather than the holder of fee simple title) will be considered the Owner. If a Lot has more than one Owner, all Co-Owners are jointly and severally obligated to perform the responsibilities of the Owner under the Subdivision Documents.

Every Owner has a responsibility to comply with the Subdivision Documents and to uphold the community standards described in Part Two of this Charter.

2.5. Builders

"**Builders**" are those Persons who purchase one or more unimproved lots or parcels of land within the Subdivision for further subdivision or development and resale in the ordinary course of their business. The Founder may extend any of the rights it has reserved under the Subdivision Documents with respect to development, marketing, and

Subdivision Administration

sale of property in the Subdivision to such Builders as it may designate.

2.6. Mortgagees

If a Lot is made subject to a mortgage or other form of security instrument affecting title to a Lot ("**Mortgage**"), then the holder or beneficiary of that Mortgage ("**Mortgagee**") also has an interest in the administration of the Subdivision. The Subdivision Documents contain various provisions for the protection of Mortgagees, as set forth in Chapter 15.

2.7. Federal Fish and Wildlife Permit

By accepting a deed to a Lot, each Owner acknowledges that bald eagle nests are known to exist on or in the vicinity of the Subdivision. Each Owner further acknowledges that the Subdivision and the Lots are subject to Permit No. TE-048649-0, effective August 23, 2002, issued by the U.S. Fish and Wildlife Service ("**USFWS**") to Founder, as said permit has been amended from time to time, including by Permit No. TE-04649-1 effective August 6, 2003 (corrected August 29, 2003), issued by USFWS to Founder, and by Permit No. TE-04649-2 effective December 3, 2004, issued by USFWS to Founder, (collectively referred to herein, as further be amended, as the "**Permit**"). The Permit establishes certain restrictions affecting the Subdivision and each Lot, including, without limitation, development, clearing, and building construction restrictions. By this reference, the Permit is incorporated into the Charter and all Owners shall be deemed to have consented to being subject to it as a "Participant" pursuant to the Permit and be assigned certain "Inclusion Rights and Responsibilities" for the exclusive use and benefit of each Owner's Lot.

Each Owner, on behalf of itself, the occupants of the Lots, as well as their tenants,

guests, and invitees, and any of its agents, contractors, subcontractors, suppliers, and others acting under its supervision, direction, or control, on any activity conducted on either Owner's Lot or on utility or access easements associated with the Lot, covenants and agrees to comply with the provisions and requirements of the Permit.

In addition to the Initial Rules set forth on Exhibit "B" to this Charter and the guidelines and procedures adopted by Founder pursuant to Chapter 5, the Owners shall conform with the special conditions and restrictions set forth on Exhibit "B-1" to this Charter.

A community is like a ship; everyone ought to be prepared to take the helm.
Henrik Ibsen

Chapter 3

Subdivision Structure and Organization

The Subdivision consists of parcels of property, referred to as Lots, that are intended for the exclusive use of the Owner and other occupants of such parcel, as well as property that is intended for common use.

The properties within the Subdivision are designated in accordance with the following:

Lots. The Subdivision Documents refer to the homes and home sites in the Subdivision as "**Lots.**" A Lot is a portion of the Subdivision depicted as a separately identified lot or parcel on a recorded Subdivision Plat, survey or in a Supplement, now or hereinafter recorded, identifying a Lot by metes and bounds or by any other recordable legally sufficient description, which may be independently owned and conveyed and is intended for development, use, and occupancy as a residence for a single family, or such other purpose as may be provided in a conveyance instrument by the Founder or a Founder Affiliate.

The term "Lot" refers to the land, if any, which is part of the Lot, as well as to any structures or other improvements on the Lot. A parcel of land is considered a single Lot until a Subdivision Plat or survey is recorded subdividing it into more than one Lot. The term does not include Common Areas, as defined below, or property dedicated to the public.

Common Area. Any property and facilities that the Association owns or in which it otherwise holds possessory or use rights for the common use or benefit of more than one Lot is referred to as "**Common Area.**" The Common Area includes any property that the

Association holds under a lease and any easements in favor of the Association, including the Roadways. The Founder and others may establish and convey Common Area to the Association as provided in Section 9.1.

Limited Common Area. Certain portions of the Common Area may be designated as "**Limited Common Area**" and assigned for the exclusive use or primary benefit of less than all Lots.

The Founder may designate property as Limited Common Area and assign it to particular Lots on the recorded plat depicting such property, in the deed conveying such property to the Association, or in a Supplement. At any time during the Development and Sale Period, the Founder may assign use of the same Limited Common Area to additional Lots.

Area of Common Responsibility. All of the properties and facilities for which the Association has responsibility under the Subdivision Documents, or for which the Association otherwise agrees to assume responsibility, are collectively referred to in the Subdivision Documents as the "**Area of Common Responsibility,**" regardless of who owns them. The Area of Common Responsibility includes all of the Common Area and may also include Lots or portions of Lots and property dedicated to the public, such as public rights-of-way. The initial Area of Common Responsibility is described in Section 9.2.

Chaos is the law of nature; order is the dream of men. Henry Adams

Chapter 4

Association Membership and Voting Rights

The Association is an entity through which Owners can participate in the governance and administration of the Subdivision. While many powers and responsibilities are vested in the Board in order to facilitate day-to-day management and operation, the membership and voting rights vested in the Owners allow the Owners to influence the outcome of major decisions.

4.1. Membership

The Association initially has two classes of membership: the Owner membership, which is comprised of all Owners, including Builders; and the Founder membership, which consists solely of the Founder.

If a Lot has more than one Owner, all co-Owners of the Lot shall share the privileges of the applicable membership category, subject to reasonable Board regulation and the restrictions in this Charter and in the By-Laws. If an Owner is a corporation, a partnership, or other legal entity, its membership rights may be exercised by any officer, director, partner, or trustee or by an individual the Owner designates from time to time in a writing to the Association's Secretary, except that only individuals residing in a Lot shall be entitled to use any Common Area recreational facilities available for use by Owners.

The Founder may, by Supplement, create additional classes of membership comprised of the owners of Lots within any portion of any additional property submitted to this Charter. The Founder shall specify in any such Supplement the rights, privileges, and obligations of the members of any class of membership created by that Supplement.

(a) Owner Membership. Every Owner is automatically an "**Owner Member**" of the Association. However, there shall be only one Owner Membership for each Lot owned by an Owner Member.

(b) Founder Membership. The Founder holds the sole Founder membership. The Founder membership shall terminate two years after expiration of the Founder Control Period, or on such earlier date as the Founder determines and declares in a recorded instrument.

4.2. Voting

Each Lot owned by an Owner Member is assigned one equal vote, subject to the limitations on voting set forth in this Charter and the other Subdivision Documents. During such time as there is a Founder Membership, no vote shall be exercised for Lots that the Founder owns; rather, the Founder's consent shall be required for various actions of the Board, the membership, and committees, as specifically provided elsewhere in the Subdivision Documents. Notwithstanding the preceding, in the event Texas law requires the Founder Member to cast a vote in lieu of exercising its right to consent, each Lot owned by the Founder Member shall be assigned one vote equal to a vote assigned to a Lot owned by an Owner Member.

In any situation in which an Owner Member is entitled personally to exercise the vote for his or her Lot, or grant or withhold consent or approval to any action, if there is more than one Owner of a Lot, the right to vote, consent, or grant approval for such Lot shall be exercised as the co-Owners holding a ma-

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majority of the ownership interest in the Lot determine among themselves. Any co-Owner may cast the vote for the Lot or grant consent or approval as the Owner of the Lot and majority agreement shall be conclusively presumed unless another co-Owner of the Lot protests promptly to the President or other person presiding over the meeting or the balloting, in the case of a vote taken, or consent or approval granted, outside of a meeting. In the absence of majority agreement, the Lot's vote, and the right to grant consent or approval of a proposed action, shall be suspended if two or more co-Owners seek to exercise it independently.

Good order is the foundation of all things. Edmund Burke

PART TWO: SUBDIVISION STANDARDS

The price of greatness is responsibility.

Winston Churchill

Chapter 5

Architecture, Landscaping, and Aesthetic Standards

The Subdivision derives its unique character from the cooperation of all Builders and Owners in upholding minimum design, landscaping, and aesthetic standards. This chapter explains how those standards are established and how they are applied and maintained through a process requiring prior approval for construction on and exterior modifications to improvements on Lots.

This chapter shall apply *only* to modifications, additions, or alterations made on or to a Lot after the construction of a dwelling or other improvement on the Lot has been completed. The initial construction of a dwelling on a Lot, and the approval of initial landscaping and other related improvements, shall be subject to approval by the Founder or a Founder Affiliate or designee of the Founder without regard to the requirements set forth in this chapter. The approval rights with respect to such initial improvements may, but need not, otherwise be set forth in a contract or other agreement between the parties.

This chapter shall not apply to (a) the design and construction activities of the Founder or Founder Affiliates at any time, or (b) the construction of a dwelling or other improvement on a unit by a Builder or other Person constructing an initial dwelling on a Lot. This chapter also shall not apply to the Association's activities during the Founder Control Period.

Until otherwise delegated to the "Reviewer" described in this Charter pursuant to the provisions of the ESCA Cove-

nants, the approval of any Improvements on any Lot in the Subdivision shall be subject to the process set forth in and in accordance with Article V of the ESCA Covenants.

5.1. General

All site work, landscaping, structures, improvements, and other items placed on a Lot in a manner or location visible from outside of any existing structures on the Lot ("Improvements") are subject to standards for design, landscaping, and aesthetics adopted pursuant to this chapter ("Design Guidelines") and the approval procedures set forth in this chapter, except to the extent that the Texas Property Code, this chapter, or the Design Guidelines may otherwise specify.

No prior approval is necessary to repaint the exterior of existing structures using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures. Generally, no approval is required for work done to the interior of a structure; however, modifications to the interior of garages, screened porches, patios, and any other portions of a structure visible from outside of the structure do require prior approval.

Any dwelling constructed on a Lot shall be designed by and built in accordance with the plans and specifications of a licensed architect unless the Founder or its designee in its sole discretion otherwise approves.

Approval under this chapter is not a substitute for any approvals or reviews required by Montgomery County or any municipality

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or governmental agency or entity having jurisdiction over architectural or construction matters.

5.2. Design Review Authority

(a) **Founder.** The Founder shall have exclusive authority to review and act upon all applications for review of proposed Improvements until the later of (i) the expiration of the Development and Sale Period, or (ii) such time as all Lots planned for the property described in Exhibits "A" and "B" have been improved with dwellings that are substantially complete and occupied or ready for occupancy. The Founder may designate one or more persons to act on its behalf in reviewing any application. In reviewing and acting upon any request for approval, the Founder and its designee act solely in the Founder's interest and owe no duty to any other Person.

From time to time, the Founder may delegate any or all of its rights under this chapter to the Association or other Persons. Any such delegation shall be in writing, shall specify the scope of responsibilities delegated, and shall be subject to (i) the Founder's right to revoke such delegation at any time and reassume its prior control, and (ii) the Founder's right to veto any decision that it determines, in its discretion, to be inappropriate or inadvisable. So long as the Founder has any rights under this chapter, the jurisdiction of others shall be limited to such matters as the Founder specifically delegates.

(b) **Design Review Committee.** Upon either the Founder's delegation of authority to the Association pursuant to Section 5.2(a), or upon expiration or termination of the Founder's rights under Section 5.2(a), the Board shall appoint a Design Review Committee ("**Design Review Committee**" or "**DRC**") to assume jurisdiction over matters within the

scope of the delegated authority or this chapter, respectively. The DRC shall consist of at least three, but not more than nine, persons, who shall serve and may be removed and replaced in the Board's discretion. DRC members need not be Owners or representatives of Owners. After termination of the Founder's authority under Section 5.2(a), the members of the DRC may not be then current members of the Board, their spouse or a person residing in the same household of a Board member.

The Board shall use reasonable efforts to include on the DRC an architect who is authorized to practice under Texas law or to otherwise engage an architect to review DRC decisions and provide recommendations to the DRC. During the Development and Sale Period, the architect shall be selected from a list of architects chosen by the Founder.

The Association may compensate DRC members and consultants to the DRC in such manner and amount, if any, as the Board may determine appropriate.

Until expiration of the Founder's rights under this chapter, the DRC shall notify the Founder in writing within three business days of any action (*i.e.*, approval, partial approval, or disapproval) it takes under this chapter. A copy of the application and any additional information the Founder may require shall accompany the notice. The Founder shall have 10 business days after receipt of such notice to veto any such action, in its discretion, by written notice to the DRC.

Unless and until such time as the Founder delegates all or a portion of its reserved rights to the DRC or upon the expiration of the Development and Sale Period, the Association shall have no jurisdiction over architectural matters.

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(c) **Reviewer.** For purposes of this chapter, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer."

(d) **Fees; Assistance.** The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may also include reasonable costs incurred in having professionals review any application. The Board may include the compensation of such persons in the Association's annual operating budget.

5.3. Guidelines and Procedures



The purpose of the Design Guidelines is to maintain a consistent character and quality of appearance for the Improvements within the community and to ensure that Improvements are constructed in an orderly manner. The Design Guidelines may describe what types of building materials and design elements are preferred and others that are discouraged. The Design Guidelines also provide a specific procedure for submitting applications for proposed Improvements and describe how to carry out the construction of the Improvements once approval has been received.

(a) **Design Guidelines.** The Founder may prepare the initial Design Guidelines, which may contain general provisions applicable to all of the Subdivision as well as specific provisions that vary among uses, housing types, or locations within the Subdivision. The Design Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the Reviewer. The Design Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Design Guidelines does not guarantee approval.

The Founder shall have full authority to amend the Design Guidelines for so long as it has review authority under Section 5.2(a). The Founder's right to amend the Design Guidelines shall continue even if it delegates reviewing authority to the DRC, unless the Founder also delegates the power to amend to the DRC. The DRC may amend the Design Guidelines with the Board's consent; provided, during the Development and Sale Period, the Founder's consent shall also be required for any amendment to the Design Guidelines. Amendments to the Design Guidelines also shall be subject to review by, and the recommendation of, the architect serving on or otherwise engaged by the DRC. No amendment shall be inconsistent with the provisions of *Tex. Prop. Code, Chapter 202*, as it may be amended.

Amendments to the Design Guidelines shall apply prospectively only. They shall not require modifications to or removal of any structures previously approved once the approved construction or modification has begun. However, any new work on such structures must comply with the Design Guidelines as amended. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may eliminate requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the Design Guidelines available to Owners and their contractors upon request. Such Design Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

(b) **Procedures.** Unless the Design Guidelines provide otherwise, no activities within the scope of this chapter (as described

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in Section 5.1) may begin on any property within the Subdivision until a written application is submitted to and approved by the Reviewer. The application must be accompanied by plans and specifications and such other information as the Reviewer or the Design Guidelines require.

In reviewing each application, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements.

Subject to the provisions of *Tex. Prop. Code, Chapter 202*, as it may be amended or any successor Texas statute thereof, and the Founders' veto rights under Section 5.2(b), the Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to judicial review so long as they are made in good faith and in accordance with required procedures, *Tex. Prop. Code Chapter 202*, as it may be amended or any successor Texas statute thereof, and applicable laws and restrictive covenants.

The Reviewer shall make a determination on each application after receipt of a completed application and all required information. Whether an application is complete is subject to the Reviewer's discretion. The Reviewer may permit or require that an application be submitted or considered in stages, in which case a final decision shall not be required until after the final, required submission. The Reviewer may (i) approve the application with or without conditions; (ii) approve a portion of the application and

disapprove other portions; or (iii) disapprove the application.

The Reviewer shall notify the applicant in writing of the final determination on any application no later than 30 business days after its receipt of the final completed application and all required submissions; however, with respect to any DRC determination subject to the Founder's veto right under Section 5.2(b), the Reviewer shall notify the applicant of the final determination within 40 business days after its receipt of the final completed application and all required submissions.

If the Reviewer does not respond within the prescribed time period, the applicant may notify the Board in writing and request a decision within 15 days. If the Reviewer does not respond within such additional 15-day period, the application shall be deemed approved.

Notwithstanding the above, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 5.5.

As part of any approval, the Reviewer may require that construction commence within a specified time period. If construction does not commence within the required period, the approval shall expire, and the Owner must re-apply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within 18 months of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its discretion, grants an extension in writing.

Upon completion of all work for which approval has been granted, the applicant shall notify the Reviewer in writing that construc-

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tion is complete. The Reviewer may conduct an inspection within 30 days thereafter and notify the applicant in writing as to any deviations or deficiencies noted from the approved plans. If deviations or deficiencies are noted, the applicant shall promptly take such action as the Reviewer has specified in such notice to conform the work to the approved plans.

The Reviewer may exempt certain activities from the application and approval requirements of this Article if such activities are undertaken in compliance with the Design Guidelines and the Subdivision-Wide Standard.

(c) Appeals Process. After termination of the Founder's review authority under Section 5.2(a), any decision by the DRC denying an application may be appealed to the Board. A written notice of the denial must be provided to the Owner by certified mail, hand delivery, or electronic delivery and shall:

(i) describe the basis for the denial in reasonable detail and changes, if any, to the application or improvements required as a condition to approval; and

(ii) inform the Owner that the Owner may request a hearing before the Board on or before the 30th day after the date the notice was mailed to the Owner.

The Board 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. Only one hearing is required on any application. During a hearing, the Board or the Association's designated representative and the Owner or the Owner's designated representative shall each have the opportunity to discuss, verify facts, and attempt

to resolve the denial of the Owner's application, and the changes, if any, requested by the DRC in the notice of denial provided to the Owner. Either the Board or the Owner may request a postponement of the hearing for up to 10 days and such request shall be granted. Additional or longer postponements may be granted by agreement of the parties. The Association or the Owner may make an audio recording of the meeting. On appeal, the Board may affirm, modify, or reverse, in whole or in part, any decision of the DRC.

5.4. No Waiver of Future Approvals

The people reviewing applications under this chapter will change from time to time, and opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. It may not always be possible to identify objectionable features until work is completed. In such cases, the Reviewer may elect not to require changes to objectionable features. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.5. Variances

The Reviewer may authorize variances from compliance with any of the Design Guidelines and any procedures when it determines that circumstances such as topography, natural obstructions, hardship (other than economic hardship), or aesthetic or environmental considerations justify such a variance; however, the Reviewer shall under no circumstances be obligated to grant variances. The Reviewer shall not consider a variance unless a specific request for a variance is included in the application together with a statement describing the circumstances and

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setting forth the reasons why the granting of the variance would be appropriate.



When unusual circumstances exist that make it difficult or impossible to comply with a particular requirement of the Design Guidelines, the Owner may file a request with the Reviewer to be excused from complying with such requirement. The Reviewer has the discretion to determine when a variance is appropriate.

No variance shall (a) be effective unless in writing; (b) be contrary to this Charter; or (c) prevent the Reviewer from denying a variance in other circumstances. A variance requires the Founder's written consent during the Development and Sale Period and, thereafter, requires the Board's written consent.

5.6. Limitation of Liability

This chapter establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of the Subdivision. They do not create any duty to any Person. Review and approval of any application pursuant to this chapter may be based purely on aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that all dwellings are of comparable quality, value, size, or design, or are aesthetically pleasing or otherwise acceptable to other Owners.

All Owners acknowledge that there are no governmental building codes or inspection requirements applicable to the Subdivision or East Shore; provided, in the event any such building codes or inspection requirements are imposed in the future, they shall apply independently of the Design Guidelines and compliance with the Design Guidelines and the

requirements under this chapter shall not be a substitute for compliance with such building codes or inspection requirements.

The Founder, the Association, its officers, the Reviewer, any committee, and member of any of the foregoing shall not be liable for (a) soil conditions, drainage, or other general site work; (b) any defects in plans revised or approved hereunder; (c) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not the Founder has approved or featured such contractor as a Builder; or (d) any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction or modifications to any Lot. In all matters, the Association shall defend and indemnify the Board, the Founder, the DRC, any Reviewer and the members of each, as provided in the By-Laws.

5.7. Certificate of Compliance

Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this chapter or the Design Guidelines with regard to such Owner's Lot. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of such certificate.

*We shape our buildings and our
buildings shape us.
Winston Churchill*

Chapter 6

Maintenance, Repair, and Replacement

One of the benefits of owning property in a planned community is the commitment among neighbors to maintain their property in a neat, attractive, and well-landscaped condition to enhance the overall beauty and aesthetic appeal of the Subdivision. This chapter describes the Owners' responsibilities for maintenance and repair of their Lots and for insuring their Lots against property damage so that funds will be available for repair and restoration if needed.

6.1. Maintenance by Owners

Each Owner shall maintain his or her Lot, including all structures, landscaping, and other improvements comprising the Lot, in a manner consistent with the Subdivision Documents and the Subdivision-Wide Standard, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to this Charter, any Supplement, or by law. The obligation to maintain shall include any retaining walls and bulkheads adjacent to Lake Woodlands located on the Lot. In the event the Owner fails to maintain such structures, the Association may undertake such maintenance and the Lot Owners behalf and such expenses shall be levied against the Lot as a Specific Assessment.

Each Owner also shall be responsible for maintaining any sidewalk within the public right-of-way along any street immediately adjacent to such Owner's Lot and for maintaining and irrigating landscaping strips, including trees and shrubs, located within such adjacent public right-of-way. However, Owners may not remove trees, shrubs, or similar vegetation from such landscape strip without prior approval pursuant to Chapter 5.

In addition, subject to Section 6.3, each Owner shall be responsible for maintaining any fencing on such Owner's Lot, including any perimeter fencing installed by or on behalf of the Founder, a Builder or the Association along the boundary lines of the Lot.

6.2. Responsibility for Repair and Replacement

Unless otherwise specifically provided in the Subdivision Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement necessary to maintain the property to a level consistent with the Subdivision-Wide Standard.

Each Owner shall carry property insurance for the full replacement cost of all insurable improvements on his or her Lot, less a reasonable deductible, unless the Association assumes such insurance responsibility (which they may but are not obligated to do). If the Association assumes responsibility for insuring a Lot, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Lot and the Owner.

Within 90 days after any damage to or destruction of a structure on a Lot, the Owner shall promptly repair or reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved pursuant to Chapter 5 unless the Board, in its discretion, agrees to extend such period. Alternatively, the Owner shall clear the Lot of debris and maintain it in a neat and attractive landscaped condition consistent with the Subdivision-Wide Standard. The

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Owner shall pay any costs that insurance proceeds do not cover.

6.3. Maintenance and Repair of Party Walls and Similar Structures

Except as may otherwise be provided by law, a written agreement between Owners of adjacent Lots, or other recorded documents applicable to adjacent Lots:

(a) Each wall, fence, driveway, or similar structure built as part of the original construction on the Lots that serves and/or separates any two adjoining Lots shall be considered a party structure. The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners whose Lots are served or separated by the party structure.

(b) If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner whose Lot is served or separated by the structure may restore it. If other Lots are served or separated by the structure, the Owners of such Lots shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from any Person under any rule of law regarding liability for negligent or willful acts or omissions.

(c) The right to and the obligation of contribution for party walls and similar structures between Owners, as provided in this section, shall be appurtenant to the land and shall pass to such Owner's successor-in-title.

(d) To the extent not inconsistent with the provisions of this section, the general rules of law regarding party walls and liability for property damage due to negligence or willful

acts or omissions shall apply to any party structure.

Any activity becomes creative when the doer cares about doing it right, or doing it better. John Updike

Chapter 7

Use and Conduct

In order to maintain a residential environment that encourages respect for and courtesy among neighbors and minimizes the potential for disputes, this chapter sets forth basic standards regarding use, occupancy, and transfer of interests in Lots. In addition, it provides a procedure by which the Board and the membership can adopt and change rules regulating use, conduct, and activities within the Subdivision to address particular needs and desires of the Subdivision over time.

7.1. Use, Occupancy, and Transfer of Interests in Lots

(a) Residential and Related Uses. Lots may be used only for residential and related purposes, except as the Founder may otherwise authorize with respect to construction, marketing, and sale activities of the Founder and Builders it designates. A business activity shall be considered "related" to a residential use and thus permitted under this section only if conducted by a person or persons residing in the Lot and only if the business activity:

(i) is not apparent or detectable by sight, sound, or smell from outside of a permitted structure;

(ii) complies with applicable governmental requirements;

(iii) does not involve regular visitation of the Lot by employees who do not reside in the Lot, clients, customers, suppliers, or other business invitees or door-to-door solicitation within the Subdivision; and

(iv) is consistent with the Subdivision's residential character and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of others, as the Board determines in its discretion.

"Business" shall have its ordinary, generally accepted meaning and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves providing goods or services to Persons other than the family of the producer and for which the producer receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing a Lot for residential purposes shall not be considered a "business" within the meaning of this subsection, provided that the Owner and any other Owners with whom such Owner is affiliated do not collectively lease or offer for lease more than one Lot at any time. This provision shall not preclude an institutional lender from leasing a Lot upon taking title following foreclosure of its security interest in the Lot or upon acceptance of a deed in lieu of foreclosure.

(b) Leasing. For purposes of this Charter, the terms "**Lease**" and "**Leasing**" shall refer to the regular, exclusive occupancy of a Lot by any Person other than the Owner, for which the Owner receives any consideration or benefit. Any dwelling that is leased shall be leased only in its entirety; separate rooms, floors, or other areas within a dwelling may not be separately leased; however, any de-

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tached "in-law suite" or "guest house" approved pursuant to Chapter 5 may be leased separate from the main dwelling.

All leases shall be in writing and shall disclose that the tenants and all occupants of the leased Lot are bound by and obligated to comply with the Subdivision Documents. However, the Subdivision Documents shall apply regardless of whether such a provision is specifically set forth in the lease.

Within 10 days of a lease being signed, the Owner of a leased Lot shall notify the Board or the Association's managing agent of the lease and provide (A) the commencement date and term of the lease; (B) contact information, including the name, mailing address, phone number, and e-mail address of each person who will reside in the Lot under the lease; and (C) any additional information the Board may reasonably require consistent with *Tex. Prop. Code §209.016*. The Owner must give the tenant copies of the Subdivision Documents. In addition to, but consistent with this sub-section, the Association or the Board may adopt Rules governing leasing and subleasing.

(c) *Transfer of Title; Resale Certificate.* Any Owner other than the Founder or a Founder Affiliate desiring to sell or otherwise transfer title to his or her Lot shall give the Association prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The Person transferring title shall continue to be jointly and severally responsible with the Person accepting title for all obligations of the Owner, including assessment obligations, until the date upon which the Association receives such notice, notwithstanding the transfer of title, except that the Person transferring title shall continue to be liable for

all assessments accruing prior to the date of such transfer until paid.

The Association shall comply with requests for issuance of a "resale certificate" ("**Resale Certificate**") to the extent and in the manner required under *Tex. Prop. Code §207.003* as it may be amended or any successor Texas statute thereof. The Association may charge a reasonable fee to prepare, assemble, copy, and deliver a Resale Certificate and accompanying information and any update thereto in accordance with the limitations set forth in *Tex. Prop. Code §207.003*, and may require such fee to be paid before preparing the Resale Certificate or update.

If the Resale Certificate indicates that there are known conditions on the Lot which violate the Subdivision Documents, or that there are amounts due and unpaid to the Association on account of the Lot, the Owner shall be responsible for curing such violations and paying any such amounts due prior to transfer of title and, upon doing so, may request an update to the Resale Certificate to reflect such action. If the transferring Owner fails to cure violations or pay amounts due prior to transfer of title, the new Owner shall be jointly and severally responsible with the prior Owner for curing such violations and paying any amounts due and unpaid.

Upon acceptance of title to a Lot, the new Owner of the Lot shall pay to the Association a reasonable administrative fee in such amount as the Board may determine necessary to cover the costs the Association incurs to update the Association's records, not to exceed the limitations set forth in *Tex. Prop. Code Section 207.003*.

(d) *Subdivision and Combination of Lots.* No Person other than the Founder and Builders whom the Founder may authorize shall subdivide or change the boundary lines of any Lot or combine Lots without the

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Board's prior written approval. In addition, the Founder's approval shall be required during the Development and Sale Period.

Any such approved action shall be effective only upon recording of a plat or other legal instrument reflecting the subdivision or new boundaries of the affected Lot(s). The Board's approval may set forth a determination of how combined Lots shall be treated for purposes of voting or assessment. In the absence of such recorded instrument, adjacent Lots owned by the same Owner shall continue to be treated as separate Lots for purposes of voting and assessment, even though such Lots may be improved with a single dwelling.

(e) *Timesharing.* No Lot shall be used for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Lot rotates among participants in the program on a fixed or floating time schedule over a period of years, unless such program is established by the Founder or with the Founder's prior written approval.

(f) *Mineral Rights.* No Lot shall be used by the Owner or any other Person for drilling, mining, exploration, or production of oil, gas, or other minerals.

7.2. Rulemaking Authority and Procedures

The Subdivision Documents establish a framework of covenants and conditions that govern the Subdivision. The initial Rules attached as Exhibit "B" are a part of that framework. However, within that framework, the Association must be able to respond to unforeseen issues and changes affecting the Subdivision. Therefore, the Board is authorized to change the Rules in accordance with the following procedures, subject to the limitations set forth in Section 7.3.

(a) *Founder Authority.* So long as the Founder has the right unilaterally to amend this Charter pursuant to Section 19.2, the Founder may unilaterally amend Exhibit "B" to add new Rules or to modify or rescind existing Rules.

(b) *Board Authority.* Subject to the notice requirements in Section 7.2(c) and the Board's duty to exercise sound judgment and reasonableness on behalf of the Association and its members, the Board may adopt new Rules and modify or rescind existing Rules by majority vote of the directors at any Board meeting; provided, for so long as the Founder Membership exists, the Founder's approval is required for any such action by the Board.

(c) *Notice.* The Board shall send notice to all Owners concerning any proposed Rule change at least five business days prior to the meeting of the Board at which such action is to be considered. At any such meeting, Owners shall have a reasonable opportunity to be heard before the proposed action is put to a vote.

This notice requirement does not apply to administrative and operating policies that the Board may adopt relating to the Common Areas, such as hours of operation of a recreational facility, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times, notwithstanding that such policies may be published as part of the Rules.

(d) *Effective Date.* A Rules change adopted under this section shall take effect 30 days after the date on which written notice of the Rules change is given to the Owners.

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Since it is impossible to foresee all potential situations and problems that may arise within the Subdivision, the Board has the authority to adopt and modify rules as needed to address new or changing circumstances.

(e) **Conflicts.** No action taken under this section shall have the effect of modifying or repealing the Design Guidelines or any provision of this Charter other than the Rules. In the event of a conflict between the Design Guidelines and the Rules, the Design Guidelines shall control. In the event of a conflict between the Rules and any provision of this Charter (exclusive of the Rules), the Charter shall control.

7.3. Protection of Owners and Others

Except as may be set forth in this Charter (either initially or by amendment) or in the initial Rules set forth in Exhibit "B," all Rules shall comply with the following provisions:

(a) **Similar Treatment.** Similarly situated Lots shall be treated similarly.

(b) **Flags and Other Displays.** No Rule shall abridge the right of the Owner or occupant of a Lot to display the official flag of the United States of America in accordance with 4 U.S.C. Sections 5-10, the flag of the State of Texas in accordance with Chapter 3100 of the Texas Government Code, or an official or replica flag of any branch of the United States armed forces, on the Lot owned or occupied by such Owner, except that Rules may regulate the location, size, use and manner of display of such flags and flagpoles and associated lighting to the extent permitted by *Tex. Prop. Code, Chapter 202*, as it may be amended or any successor Texas statute thereof.

No Rule shall abridge the right of an Owner or occupant to display other political,

religious, or holiday symbols and decorations on his or her Lot of the kinds normally displayed in single-family residential neighborhoods, nor shall any Rule regulate the content of political signs. However, the Association may adopt time, place, and manner restrictions with respect to signs, symbols, and displays visible or otherwise apparent from outside structures on the Lot, including reasonable limitations on size, number, and duration or time period within which they may be displayed, consistent with *Tex. Prop. Code, Chapter 202*, as it may be amended or any successor Texas statute thereof, and any other applicable provisions of Texas law. One or more religious items, the display of which is motivated by the Owner's or occupant's sincere religious belief, provided that such display does not threaten the public health or safety, violate a law other than a law prohibiting the display of religious speech, or violate any applicable building line, setback requirement, or easement, is not attached to a traffic control device, street lamp, fire hydrant, or utility sign, pole or fixture, and is not, in the Board's determination, patently offensive to a passerby for reasons other than its religious content, may be displayed.

(c) **Household Composition.** No Rule shall interfere with an Owner's freedom to determine household composition, except that the Association may impose and enforce reasonable occupancy limitations and conditions based on Lot size and facilities and its fair share use of the Common Area.

(d) **Activities Within Dwellings.** No Rule shall interfere with the activities carried on within a dwelling, except that the Association may prohibit activities not normally associated with residential property. It may also restrict or prohibit activities that create monetary costs for the Association or other Owners, that create a danger to anyone's health or safety, that generate excessive noise

Use and Conduct

or traffic, that create unsightly conditions visible from outside the dwelling, or that are an unreasonable source of annoyance to persons outside the dwelling, as the Board may determine.

(e) *Allocation of Burdens and Benefits.*

No Rule shall alter the allocation of financial burdens among the various Lots or rights to use the Common Area as established by the Subdivision Documents to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who are delinquent in paying assessments, abuse the Common Area, or violate the Subdivision Documents. This provision does not affect the right to increase the amount of assessments as provided in Chapter 12.

(f) *Leasing and Transfer of Lots.* Subject to 7.1(b), no Rule shall prohibit leasing or transfer of any Lot or require approval prior to leasing or transferring a Lot; however, the Rules may require a minimum lease term of up to 12 months. The Rules may also require that Owners use Board-approved lease forms, and may impose a reasonable review or administrative fee in connection with the Board's review of a lease.

(g) *Abridging Existing Rights.* No Rule shall require that an Owner dispose of personal property kept in or on a Lot in compliance with the Rules in effect at the time such personal property was brought onto the Lot. This exemption shall apply only during the period of such Owner's ownership of the Lot and shall not apply to subsequent Owners who take title to the Lot after adoption of the Rule.



This provision protects the existing personal property of Owners. It is intended to prevent an Owner from being forced to get rid of an item that was allowed prior to a change in the Rules. For example, if basketball hoops are allowed in driveways and then a Rule is passed prohibiting basketball hoops, the Board cannot force the Owners who have basketball hoops at that time to remove them. However, they can enforce this Rule against any other Owner desiring to install one, or against any Owner who takes title to a Lot after the effective date of the new Rule.

(h) *Rights to Develop.* No Rule may interfere with the Founder's ability to develop, market, and sell property in other portions of East Shore.

(i) *Interference with Easements.* No Rule may interfere with the exercise of any easement created by or reserved to the Founder.

7.4. Owners' Acknowledgment and Notice to Purchasers

By accepting a deed, each Owner acknowledges and agrees that the use, enjoyment, and marketability of his or her Lot is limited and affected by the Rules, which may change from time to time. All Lot purchasers are hereby notified that the Association may have adopted changes to the Rules and that such changes may not be set forth in a recorded document. A copy of the current Rules and all administrative policies are available from the Association upon request. The Association may charge a reasonable fee to cover its reproduction cost.

Use and Conduct

7.5. Use of Lake Woodlands

The use and enjoyment of the lake known as "Lake Woodlands" by Owners is subject to the Other Applicable Documents identified in Section 1.1 and the right of the Other Woodlands Associations, or its successors, to promulgate rules and regulations governing such use.

Chapter 8

Compliance and Enforcement

The covenants, standards, and rules set forth in the Subdivision Documents are for the benefit of all Owners and occupants of the Subdivision. However, if they are to have any real meaning, there must be a commitment by the stakeholders in the Subdivision to comply with them and there must be a mechanism in place to enforce that compliance in the event that someone fails or refuses to do so. This chapter sets forth the obligation to comply and the remedies available to the Association for noncompliance.

8.1. Compliance



All Owners and occupants of Lots, as well as their tenants, guests, and other visitors, must abide by the Subdivision Documents. If any of them fail or refuse to comply with the Subdivision Documents, they may be subject to various penalties, including fines and the loss of the right to use the Common Areas.

Every Owner, occupant, and visitor to a Lot must comply with the Subdivision Documents and shall be subject to sanctions for violations as described in this chapter. In addition, each Owner shall be responsible for, and may be sanctioned for, all violations of the Subdivision Documents by the occupants, tenants, guests, or invitees to their Lots, and for any damage to the Area of Common Responsibility that such Persons may cause.

8.2. Remedies for Non-Compliance

The Association, the Founder and every affected Owner shall have the right to file suit at law or in equity to enforce the Subdivision Documents subject to the terms of this Char-

ter and Article 8 of the By-Laws. In addition, the Board may impose sanctions for violation of the Subdivision Documents, including those sanctions listed below and any others described elsewhere in the Subdivision Documents. The Association may delegate its enforcement responsibilities to the Master Association at any time, with the consent of the Master Association.

(a) Sanctions Requiring Compliance with Enforcement Provisions of the By-Laws. Subject to compliance with the enforcement provisions set forth in Article 8 of the By-Laws, the Association may:

(i) impose reasonable monetary fines, which shall constitute a lien upon the violator's Lot. In the event that any occupant, tenant, guest, or invitee of a Lot violates the Subdivision Documents and a fine is imposed, the fine may, but need not, first be assessed against the violator; provided, if the fine is not paid by the violator within the time period set by the Association, the Owner shall pay the fine upon notice from the Board;

(ii) except as limited by Texas law, suspend an Owner's right to vote;

(iii) suspend any Person's right to use any Common Area facilities (A) for any period during which any charge against such Owner's Lot remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation; provided, nothing herein shall authorize the Board to limit ingress or egress to or from a Lot;

(iv) suspend services the Association provides to the Lots or occupants thereof;

Compliance and Enforcement

(v) exercise self-help or take action to abate any violation of the Subdivision Documents in a non-emergency situation (including removing personal property that violates the Subdivision Documents);

(vi) without liability to any Person, preclude any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Chapter 5, including the Design Guidelines, from continuing or performing any further activities in the Subdivision;

(vii) levy Specific Assessments to cover costs the Association incurs in bringing a Lot into compliance with the Subdivision-Wide Standard or other requirements under the Subdivision Documents or to reimburse the Association for property loss or damage arising from the conduct of the Owner or occupants of the Owner's Lot or their guests;

(viii) record or otherwise publish a notice of violation with respect to any Lot on which a violation exists (including any violation relating to non-compliance with the Design Guidelines or the process or approval requirements under Chapter 5);

(ix) subject to *Tex. Prop. Code* §§ 209.006(a) and 209.0065, as applicable, report any delinquency in paying amounts due to the Association to a credit reporting agency; and

(x) file a suit at law or in equity against an Owner for any action which, by the terms of Article 8 of the By-Laws, is subject to the procedures set forth therein.

Notwithstanding the above, if within six months after the Owner has been given notice and the opportunity to exercise any rights to which the Owner was entitled under Article 8 of the By-Laws, the violation continues, is repeated, or recurs, the Board may impose any

of the above sanctions without further compliance with Article 8 of the By-Laws.

(b) Other Sanctions. To the extent permitted by Texas law, the Association may take the following actions to obtain compliance with the Subdivision Documents without prior notice or a hearing, and the enforcement procedures in Article 8 of the By-Laws shall not apply to these actions:

(i) exercise self-help or take action to abate a violation on a Lot in any situation that requires prompt action to avoid potential injury or damage or unreasonable inconvenience to other persons or their property (specifically including, the towing of vehicles that are in violation of parking rules and regulations) and levy a Specific Assessment against the Lot and the Owner thereof for all costs reasonably incurred in so doing, except that any action to collect such Specific Assessment shall be subject to compliance with the procedures set forth Article 8 of the By-Laws;

(ii) exercise self-help or take action to abate a violation on the Common Area under any circumstances;

(iii) require an Owner, at its own expense, to perform maintenance or to remove any structure or improvement on such Owner's Lot that is in violation of the Subdivision-Wide Standard or other requirements under the Subdivision Documents and to restore the property to its previous condition;

(iv) enter the property and exercise self-help to remove or cure a violating condition if an Owner fails to take action as required pursuant to subsection (iii) above within 10 days after receipt of written notice to do so, and any such entry shall not be deemed a trespass;

Compliance and Enforcement

(v) bringing suit (A) in equity for a temporary restraining order or temporary injunctive relief to stop or prevent any violation or (B) which includes foreclosure as a cause of action; or

(vi) any other action for which notice and an opportunity for a hearing is not required under the Texas Property Code, including *Tex. Prop. Code* §209.007, as it may be amended or any successor Texas statute thereof.

8.3. Association Decision to Pursue Enforcement Action

The decision to pursue enforcement action in any particular case shall be left to the Association's discretion, except that the Association shall not be arbitrary or capricious in taking enforcement action. For example, the Board may determine that, in a particular case:

(a) the Association's position is not strong enough to justify taking any or further action;

(b) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(d) that it is not in the Association's best interests, based upon hardship, expense, or other reasonable criteria, to pursue enforcement action.

A decision not to enforce a particular provision shall not prevent the Association from enforcing the same provision at a later time or prevent the enforcement of any other covenant, restriction, or rule.

8.4. Attorneys Fees and Costs

In any action to enforce the Subdivision Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

PART THREE: ASSOCIATION OPERATIONS

Do what you can, with what you have, where you are.

Theodore Roosevelt

Chapter 9

Property Management

One of the Association's primary functions is maintaining and operating property and facilities for the common benefit of the Owners and residents of the Subdivision. This chapter establishes the Association's obligation to accept property that the Founder designates as Common Area or Limited Common Area and to maintain, operate, and insure it, along with certain other properties, for the benefit of the Subdivision and East Shore.

9.1. Acceptance and Control of Association Property

(a) Transfers and Conveyances by the Founder. The Founder and its designees may transfer or convey to the Association interests in real or personal property within or for the benefit of the Subdivision, and the Association shall accept such transfers and conveyances. Such property may be improved or unimproved and may consist of fee simple title, easements, leases, licenses, or other real or personal property interests, and may be conveyed subject to other covenants, conditions, restrictions and easements, including, without limitation, easements permitting persons who are not members of the Association to use and enjoy such Common Area upon payment to the Association of reasonable use fees.

Upon the Founder's written request, the Association shall reconvey to the Founder or any third party designated by the Founder any real property that the Founder or any Founder Affiliate originally conveyed to the Association for no payment, to the extent conveyed in error or needed to make adjustments in property lines, or to accommodate changes in any Subdivision Plat.

(b) Management and Control. The Association is responsible for management, operation, and control of the Common Area, subject to any covenants set forth in the deed or other instrument transferring the property to the Association. The Association may enter into leases, licenses, or operating agreements with respect to portions of the Common Area, for payment or no payment, as the Board deems appropriate.

The Association may permit use of Common Area facilities by persons other than Owners and occupants of Lots and may charge use fees, in such amount as the Board may establish, for such use. Any such use of Common Area facilities shall require the Founder's consent during the Development and Sale Period.

9.2. Maintenance of Area of Common Responsibility

The Association shall maintain the Area of Common Responsibility in accordance with the Subdivision-Wide Standard. The Area of Common Responsibility includes, but is not limited to:

(a) the Common Area, including all improvements thereon;

(b) landscaping, lighting, and sidewalks within public rights-of-way within or abutting the Subdivision and any retaining walls and bulkheads adjacent to Lake Woodlands located on a Lot to the extent that Lot Owners or responsible governmental authorities do not maintain them; provided, such maintenance shall not constitute a waiver of the Association's right to levy Specific Assessments or impose other sanctions against an Owner

Property Management

failing to perform his or her maintenance responsibilities;

(c) such portions of any additional property as may be designated by the Founder, this Charter, any Supplement, or any covenant or agreement for maintenance entered into by, or otherwise binding on the Association; and

(d) any property and facilities that the Founder owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. The Founder shall identify any such property and facilities by written notice to the Association, and they shall remain part of the Area of Common Responsibility until the Founder revokes such privilege of use and enjoyment by written notice to the Association.

Except as otherwise controlled by a Municipal Utility District or Water Control and Improvement District ("MUD"), the Association shall also be responsible for proper functioning of the stormwater drainage system serving the residential portion of the Subdivision, including maintenance, repair and replacement, as needed, of pipes, culverts, and other structures and equipment comprising the system. It shall have no responsibility for landscaping or other maintenance of stormwater drainage easements burdening any Lots unless otherwise specifically set forth in a Supplement or in a recorded agreement or plat.

The Association may maintain other property it does not own, including, without limitation, Lots or property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Subdivision-Wide Standard. The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property it does not own except to

the extent that it has been negligent in performing its maintenance responsibilities.

9.3. Discontinuation of Operation

The Association shall maintain the Common Area facilities in continuous operation unless the Founder, during the Development and Sale Period, and, thereafter, Owner Members representing 75% of the total votes in the Association, or in the case of damage or loss to Limited Common Area, Owners of at least 75% of the Lots to which such Limited Common Area is assigned, consent in writing to discontinue such operation. This section shall not apply to restrict the Board's ability to establish reasonable operating hours, which may vary by season, or to preclude temporary closures or interruptions in operation as the Board may determine appropriate to perform maintenance or repairs.

9.4. Restoring Damaged Improvements

In the event of damage to or destruction of portions of the Area of Common Responsibility for which the Association has insurance responsibility, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially its condition prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

The Association shall repair or reconstruct damaged Common Area improvements unless:

(a) this Charter has terminated pursuant to Section 19.1;

(b) repair or restoration would be illegal under any state or local statute or ordinance governing health or safety; or

Property Management

(c) the Founder, during the Development and Sale Period, and Owner Members entitled to cast at least 67% of the total votes in the Association, decide within 60 days after the loss not to repair or reconstruct. If the damage is to Limited Common Area, any decision not to restore the damaged improvements shall also require the approval of Owners of at least 67% of the Lots to which such Limited Common Area is assigned. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. No Mortgagee shall have the right to participate in determining whether the damage or destruction to the Common Area shall be repaired or reconstructed, except that nothing herein shall limit the contractual rights of any holder of a deed of trust encumbering the Common Area to participate in such determination under the terms of such deed of trust or any security agreement referenced therein.



This provision ensures that desirable Common Area improvements will be replaced if destroyed, but it also makes it possible *not* to repair or rebuild if the Owners who benefit from the Common Area prefer not to rebuild.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive condition consistent with the Subdivision-Wide Standard.

The insurance proceeds attributable to any Limited Common Areas that are not rebuilt shall be distributed to the Owners of the Lots to which such Limited Common Areas were assigned, or their respective lien holders, as

their interests may appear, in proportion to their relative liability for Association expenses. The Association shall retain and place in a capital improvements account for the benefit of all Owners any insurance proceeds remaining after paying the costs of repair or reconstruction or after such settlement as is necessary and appropriate.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Owners, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 11.4.

9.5. Relationships with Other Properties

The Association may contract with the Master Association, any other owners association within East Shore, or the owner of any neighboring property to provide for sharing of costs associated with (a) maintenance and operation of mutually beneficial properties or facilities, or (b) provision of mutually beneficial services.

We cannot escape the responsibility of tomorrow by evading it today.
Abraham Lincoln

Chapter 10

Provision of Services

In addition to its property management role, the Association is a vehicle for providing a variety of services for the benefit of the Subdivision at large and individual Lots. This chapter describes some of the services the Association may provide and the mechanism by which it may provide varying levels and types of services to different areas of the Subdivision.

10.1. Provision of Services to Lots

The Association may arrange for or provide services to Owners and their Lots, directly or through contracts with the Founder or other third parties. The Association may enter into bulk service agreements by which a particular service is provided to all Lots, or only to Lots which have been improved with a completed dwelling and are occupied or have been conveyed to a Person other than the Founder or a Builder ("**Occupied Lots**"), or it may offer various services at the option of each Owner, or both. By way of example and not limitation, such services might include such things as cable television, telephone, high-speed Internet, and other telecommunications services, utilities, fire protection, security, trash collection, landscape maintenance, pest control, caretaker services and technology services.

Unless a service provider is specifically designated by the Founder, the Association shall have no obligation to utilize any particular provider(s) and the Board, in its discretion, may discontinue offering particular services and may modify or cancel existing contracts for services, subject to the contract terms and any provision that may exist elsewhere in the Subdivision Documents requiring the Association to provide such services.

10.2. Execution of Other Agreements

The terms of any service contract the Association enters into may obligate individual Owners or occupants to execute subscription agreements or other contracts directly with the Persons providing the service prior to gaining access to the service. In the alternative, the Association may execute a subscription agreement or contract for services on behalf of all Owners. Such subscription agreements or other contracts may contain terms and conditions relating to use of and access to services that, if violated by the Owner or occupant of a Lot, may result in services to such Owner or occupant's Lot being terminated by the service provider or by the Association.

The termination of service for the failure or refusal to enter into a subscription agreement or other required contract, or a violation of any such agreement or contract, shall not relieve any Owner of the continuing obligation to pay that portion of assessments or other Association charges pertaining to the service in question that are assessed against the Lot as a Common Expense under Chapter 12.

Chapter 11

Association Insurance

The Association is responsible for insuring against various types of risks, including property damage, personal injury, and liability. This chapter describes the minimum types and amounts of coverage that the Association must obtain, the specific requirements for such policies, and the handling of deductibles and premiums for such insurance.

11.1. Required Coverages

The Association shall obtain and maintain in effect the following insurance coverage, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as is reasonably available:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on

(i) the Common Area; and

(ii) other portions of the Area of Common Responsibility, to the extent that the Association has responsibility for repair or replacement in the event of a casualty.

If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. The limits of the Association property insurance policies shall be sufficient to cover the full replacement cost of the insured improvements under any current applicable building ordinances and codes.

(b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of

the Association, or any of its Members, employees, agents, or contractors while acting on their behalf. If generally available at reasonable cost, such coverage shall have a limit of at least \$5,000,000 in the aggregate with respect to bodily injury, personal injury, and property damage. Such coverage may be provided through a combination of primary and umbrella policies. However, if additional coverage and higher limits are available at reasonable cost that a reasonably prudent person would obtain, the Association shall obtain such additional coverage or limits;

(c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-fourth of the Annual Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation;

(f) Dram shop liability and product liability insurance, to the extent the Board deems it necessary or advisable;

(g) Flood insurance, to the extent the Board deems necessary or advisable; and

Association Insurance

(h) Business automobile insurance, to the extent the Board deems necessary or advisable.

The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Montgomery County area. In the exercise of its business judgment, the Board may obtain additional insurance coverage and higher limits than this section requires.

11.2. Deductibles



The Association may hold any Persons who cause damage to insured improvements responsible for the insurance deductible payable on any insurance claim related to such damage.

The Association's policies may contain a reasonable deductible, which shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 11.1. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots as a Specific Assessment.

11.3. Policy Requirements

All policies shall provide for a certificate of insurance to be furnished to the Association, and, upon request, to each Owner.

To the extent available at reasonable cost and terms, all insurance shall:

(a) be written with a company authorized to do business in Texas;

(b) be written in the name of the Association as trustee for the benefited parties. All policies shall be for the benefit of the Association and the Owners, except that policies on Limited Common Area shall be for the benefit of only those Owners of Lots to which the Limited Common Area is assigned;

(c) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(d) contain an inflation guard endorsement;

(e) include an agreed amount endorsement, if the policy contains a co-insurance clause;

(f) provide that each Owner is an insured person with respect to liability arising out of such Owner's status as a member of the Association;

(g) provide a waiver of subrogation against any Owner or household member of an Owner; and

(h) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any act or omission of one or more Owners, unless acting on the Association's behalf within the scope of their authority, or on account of any curable defect or violation, without prior written demand to the Association and allowance of a reasonable time to cure the defect or violation.

Association Insurance



Subrogation is a legal concept by which one person is substituted in the place of another with respect to a lawful claim or right. For example, once they have paid a claim by an insured party, insurance companies generally have the right to step into the shoes of the insured party and sue any one that the insured party could have sued.

In addition, the Board shall use reasonable efforts to secure insurance policies that list the Owners as additional insureds and provide:

(i) a waiver of subrogation as to any claims against the Association's directors, officers, employees, and manager;

(j) a waiver of the insurer's right to repair and reconstruct instead of paying cash;

(k) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(l) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(m) a cross liability provision; and

(n) a provision vesting in the Board exclusive authority to adjust losses.

11.4. Insurance Premiums

Premiums for all insurance shall be a Common Expense.

Chapter 12

Association Finances

This chapter provides for various types of funding to cover expenses that the Association incurs or expects to incur in exercising its authority and performing its responsibilities under the Subdivision Documents. The primary sources of funding are the assessments. This chapter authorizes the Association to levy assessments against the Lots and collect assessments from the Owner of each Lot. Assessments are secured by a lien on each Lot as described in this chapter.

All assessments set forth in this chapter are in addition to and not in lieu of any assessments levied by the Master Association pursuant to the ESCA Covenants or any other assessments levied by any Other Woodlands Associations, if any, in accordance with the Other Applicable Documents.

12.1. Association Expenses

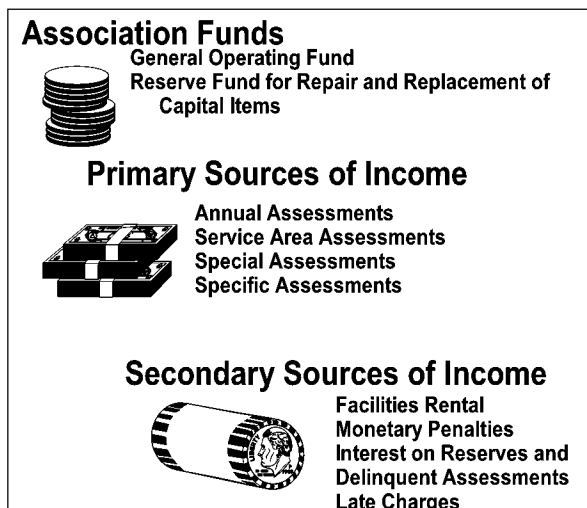
(a) **Common Expenses.** Except as the Subdivision Documents otherwise specifi-

cally provide, all of the expenses that the Association incurs, or expects to incur, in connection with the ownership, maintenance, and operation of the Area of Common Responsibility, and otherwise for the general benefit of the Owners, are considered "**Common Expenses.**" Common Expenses include such operating reserves and reserves for repair and replacement of capital items within the Area of Common Responsibility as the Board finds necessary or appropriate.

The characterization of a particular expense as a "Common Expense" shall not preclude the Association from seeking reimbursement for, or a contribution toward, such expenses from other Persons who may be responsible for the expenses incurred or for sharing such expenses pursuant to this Charter, any Supplement, or any other recorded covenants or agreements.

(b) **Association Financing.** The Association may borrow money to purchase or improve property within the Subdivision in order to promote the enjoyment and welfare of the Owners, as determined in the Board's discretion, or to fund any operating deficits of the Association. To facilitate such borrowing, the Association may mortgage any of the Common Areas and facilities situated thereon and pledge or assign as security any or all Assessments or other revenues to which the Association may be entitled.

For purposes of this Charter, the term "**Notes**" includes any note, bond, instrument, or contractual obligation entered into between the Founder (and/or its parent, subsidiary, or related entity or designee) and the Association, from time to time, in connection with the (i) financing of any costs to promote



Association Finances

the recreation, health, safety, and welfare of the Owners, including improvements to the Common Area, or (ii) the funding of operating deficits of the Association.

Notwithstanding any provisions of this Charter to the contrary, the Association, prior to the payment of other costs or expenses, shall apply funds received as Annual Assessments (defined below) to repayment of any Notes. The Association shall levy Annual Assessments at a sufficient level to make payments under any Notes as they fall due and pledges the Annual Assessments to the Founder or its designee as additional security for the repayment of the Notes.

Notwithstanding any provisions of the Subdivision Documents to the contrary, the Association shall not incur any debt or mortgage any portion of the Common Area without the Founder's consent during the Development and Sale Period. Nothing in this Section 12.1(c) shall obligate the Founder to finance any costs or operating deficits of the Association.

12.2. Budgeting for and Allocating Association Expenses

(a) Preparation of Budgets. Prior to the beginning of each fiscal year, the Association's Board shall prepare a budget of the estimated Common Expenses for the coming year (which shall include payments due under any Notes).

The estimated expenses in each budget shall include, in addition to any operating reserves, a reasonable contribution to a reserve fund for repair and replacement of any capital items to be maintained as a Common Expense. In determining the amount of such reserve contribution, the Board shall take into account the number and nature of replaceable assets, the expected useful life of each, the expected repair or replacement cost, and the

contribution required to fund the projected needs by annual contributions over the useful life of the asset.

Each budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots (including amounts to which the Association is entitled pursuant to any covenant or agreement to share costs), and the amount to be generated through the levy of Special Assessments. **The Association shall not be obligated to return any prior year's budget surplus to the Owners.**

(b) Annual Assessments; Calculation and Levy. The total budgeted Common Expenses (including payments due under any Notes), less any surplus in the Common Expense budget from prior years and any income anticipated from sources other than assessments against the Lots, shall be allocated equally among all Lots subject to assessment under Section 12.5 and levied as an "Annual Assessment."

(c) Notice of Budget and Assessment.

(i) The Association shall use reasonable efforts to send a notice of the amount of the Annual Assessment to be levied pursuant to such budgets, to each Owner at least 30 days prior to the due date of the assessments to be levied pursuant to such budget; provided, the Association's failure to do so shall not invalidate the Annual Assessment or the Board's rights regarding the collection of delinquent assessments.

(ii) The Association's Common Expense budget shall automatically become effective unless disapproved at a meeting by Owner Members representing at least 75% of

Association Finances

the total votes in the Association. In addition, the consent of the Founder is required for any disapproval of the Common Expense budget for so long as the Founder Membership exists.

(iii) There shall be no obligation to call a meeting for the purpose of considering any Common Expense budget except on petition of Owner Members representing at least 10% of the total votes in the Association. Any such petition must be presented to the Board within 10 days after delivery of the notice of assessment.

(iv) If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect, subject to increase in an amount not to exceed 10%, as determined in the Board's discretion, shall continue in effect until a new budget is determined. The Board's failure to fix assessment amounts or to deliver or mail assessment notices as required shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments.

(d) Budget Revisions. The Association may revise the budgets and adjust the Annual Assessment anytime during the year, subject to the same notice requirements and rights to disapprove set forth in Section 12.2(c) except that the provisions of Section 12.2(c) for disapproval of a budget shall not apply to any such revision and adjustment necessary to cover any of the following (each an "**Extraordinary Expenditure**"):

(i) required by court order;

(ii) necessary to repair or provide maintenance to any portion of the Area of Common Responsibility to address an imminent threat to personal safety or any circumstance which the Board could not reasonably

have foreseen at the time of preparation of the applicable budget; or

(iii) necessary for the Association to defend itself in litigation, arbitration, or other legal or administrative actions brought against it.

12.3. Special Assessments

The Association may levy "**Special Assessments**" to cover Common Expenses that are non-routine, unanticipated, or in excess of those anticipated in the applicable budget. Except for Extraordinary Expenses and as otherwise specifically provided in this Charter, any Special Assessment for Common Expenses shall require the affirmative vote or written consent of Owner Members representing more than 50% of the votes attributable to Lots subject to assessment under Section 12.5 and shall be allocated equally among all such Lots.

In addition, as long as the Founder membership exists, any Special Assessment for Common Expenses shall also be subject to the Founder's written consent. Special Assessments shall be payable in such manner and at such times as the Board determines and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

12.4. Specific Assessments

The Association may levy "**Specific Assessments**" against a particular Lot as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to the Lot upon request of the Owner pursuant to any menu of optional services that the Association may offer (which might include the items identified in Section 10.1). Specific Assessments for optional services

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may be levied in advance of the provision of the requested service;

(b) in the case of an Occupied Lot, to cover the charges for services provided to all Occupied Lots pursuant to any bulk service or similar agreement which the Association has entered into pursuant to Section 10.1; and

(c) to cover costs incurred in bringing the Lot into compliance with the Subdivision Documents or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their agents, contractors, employees, licensees, invitees, or guests; however, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing in accordance with the By-Laws, before levying any Specific Assessment under this subsection.

12.5. Authority to Assess Owners; Time of Payment

(a) The Founder hereby establishes and the Association is hereby authorized to levy assessments, fees, and other charges as provided for in this chapter and elsewhere in the Subdivision Documents. The obligation to pay assessments shall commence to accrue as to each Lot on the date title to the Lot is transferred to an Owner other than the Founder or any Founder Affiliate; provided, no assessment shall be due and payable prior to the month in which the Board first determines a budget and levies assessments pursuant to this chapter. The first Annual Assessment levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot.

(b) Assessments, fees, and other charges shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to

a Lot and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. If any Owner is delinquent in paying any assessments or other charges levied on his Lot, the Board may require the outstanding balance on all assessments to be paid in full immediately.

(c) If any Owner is delinquent in paying any assessments or other charges levied on such Owner's Lot, the Board may require the outstanding balance on all assessments to be paid in full immediately. However, to the extent required under *Tex. Prop. Code §209.0062*, as it may be amended or any successor Texas statute thereof, if requested by the delinquent Owner, the Board shall establish an alternative payment schedule by which the Owner may make payments to the Association to satisfy the delinquency over a period of not less than three months nor more than 18 months from the date of such Owner's request without accruing additional monetary penalties (reasonable costs associated with administering the payment plan or interest are not considered monetary penalties hereunder).

The Board shall adopt and record guidelines for establishing the payment schedule under an alternative payment plan pursuant to this section. It shall be a condition of any alternative payment plan that the Owner keep current on all assessments accruing after the date of commencement of the alternative payment plan. If an alternative payment plan is requested and agreed to by a delinquent Owner, the Association shall not sue to collect any delinquent amounts or to foreclose its lien under Section 12.7 so long as the Owner is not in default under the terms of such alternative payment plan.

(d) Payments received from an Owner by the Association shall be applied to the

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amounts owed by such Owner in the following order of priority:

- (i) first to delinquent assessment;
- (ii) then to any current assessment;
- (iii) then to any reasonable attorney's fees or reasonable third party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;
- (iv) then to any other reasonable attorney's fees incurred by the Association which the Association is entitled to charge to such Owner's account;
- (v) then to any reasonable fines assessed by the Association against such Owner or the occupants of such Owner's Lot; and
- (vi) then to any other reasonable amount owed by such Owner to the Association.

Notwithstanding the above, if the Owner is in default under a payment plan entered into pursuant to subsection (c) at the time the Association receives a payment from an Owner, the Association shall not be required to apply the payment in the order of priority specified herein. However, in applying the payment, a fine assessed by the Association may not be given priority over any other amount due.

The Association shall not report any delinquency to a credit reporting service except in compliance with the requirements of *Tex. Prop. Code §§ 209.006(a) and 209.0065*.

12.6. Obligation for Assessments



By buying a Lot in the Subdivision each Owner agrees to pay all assessments levied against his or her Lot. If the Owner does not pay on time, that Owner will be charged late fees on all past due amounts. Owners may not claim a reduction in their assessments due to action or inaction by the Association.

By accepting a deed or entering into a recorded contract to purchase any Lot, each Owner covenants and agrees to pay all assessments, fees, and other charges authorized in the Subdivision Documents. All assessments, fees, and other charges, together with interest (computed from its due date at a rate of 18% per annum or such higher rate as the Board may establish, subject to the limitations of Texas law), late charges as determined by Board resolution (to the extent permitted by Texas law), costs, and reasonable attorneys fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full; provided, an Owner shall not be liable for fees of a collection agent retained by the Association except as provided in *Tex. Prop. Code §§ 209.0064 and 209.008* as it may be amended or any successor Texas statute thereof. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable, with the grantor for any assessments and other charges due at the time of conveyance.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Annual Assessments at the rate established for the last year for which an

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assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfall.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Lot, or non-use of services provided to all Lot. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action or inaction.

Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

12.7. Lien for Assessments

(a) Existence of Lien. The Association shall have a lien against each Lot to secure payment of assessments hereunder, and all other fees and charges, as well as fines, interest, late charges (subject to the limitations of Texas law), and costs of collection (including attorneys fees and expenses), which lien shall attach with respect to all assessments, fees, and other charges, at such time as the Lot is made subject to this Charter. Such lien shall be superior to all other liens, regardless of when recorded, including mortgages, except the liens of all taxes, assessments, and other public levies which by law would be superior and the lien of the Master Association under

the ESCA Covenants and the Other Woodlands Associations in accordance with the Other Applicable Documents.

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not affect the validity, enforceability, or priority of the lien.

(b) Enforcement of Lien. Subject to Section 12.5 and this subsection (b), **the Association's lien may be foreclosed through judicial or, to the extent allowed by law, nonjudicial foreclosure proceedings in accordance with Chapters 51 and 209 of the Texas Property Code, as it may be amended or any successor Texas statute thereof, in like manner of any deed of trust on real property, after compliance with the procedures set forth in Chapters 51 and 209 of the Texas Property Code as it may be amended or any successor Texas statute thereof, if applicable. Each Owner hereby grants to the Association, whether or not it is so expressed in the deed or other instrument conveying such Lot to the Owner, a power of sale to be exercised in accordance with *Tex. Prop. Code §51.002*, as it may be amended as it may be amended or any successor Texas statute thereof.** The Association shall not foreclose its lien if the debt secured by the lien consists solely of (i) fines or attorneys' fees associated with fines; or (ii) charges related to the compilation, production, or reproduction of information requested pursuant to

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the Owner's right to inspect the Association's books and records under the By-Laws.

Notwithstanding the above, prior to foreclosing on any Lot as to which an Eligible Holder (as defined in Section 15.1) is a Mortgagee, the Association shall provide the Eligible Holder at least 60 days written notice of the foreclosure and an opportunity to cure the default during such notice period.

The Association may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Lot. While a Lot is owned by the Association following foreclosure: (i) no right to vote shall be exercised on its behalf; (ii) no assessment shall be levied on it; and (iii) each other Lot shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Lot had it not been acquired by the Association.

The Association shall comply with the notice and right of redemption requirements after foreclosure established by the Texas Residential Property Owners Act.

Subject to Section 12.5, the Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same, in addition to pursuing any and all remedies allowed by law to enforce the lien.

(c) Effect of Sale or Transfer. Sale or transfer of any Lot (including by foreclosure and deed in lieu of foreclosure of a Mortgage) shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. The subsequent Owner of the foreclosed Lot shall be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Lots subject to

assessment under Section 12.5, including such acquirer, its successors and assigns.



If an Owner does not pay his or her assessments on time, the Association may foreclose its lien on the Owner's Lot, causing it to be sold to pay the past due assessments. The Association may also sue an Owner in court to recover past due assessments.

12.8. Use and Consumption Fees

The Association may charge use, consumption, and activity fees to any Person using Association services or facilities or participating in Association-sponsored activities. The Board may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Owners and non-Owners).

12.9. Assessment for Capital Reserves

(a) Authority. There is hereby established an assessment to be collected upon the acquisition of record title to a Lot by any Person upon each transfer of title to a Lot within the Subdivision (the "**Capital Reserve**"). The Capital Reserve shall be payable at the closing of the transfer to the Association, which shall have a lien against each Lot to secure payment of the Capital Reserve as set forth in Section 12.7. The obligation to pay such fees shall be the personal obligation of the Person acquiring the Lot.

(b) Determination of Capital Reserve Amount. The amount of the Capital Reserve, expressed as a percentage of the "gross selling price" of a Lot, as such term is defined below. The Capital Reserve shall be 0.5% of the "gross selling price" of a Lot. The "gross selling price" of a Lot is the total cost to the purchaser of the Lot, excluding transfer taxes and title fees imposed by Montgomery County, and/or Texas.

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(c) *Purpose.* The Capital Reserve shall be segregated in a separate account to be used only for capital repairs, replacements, and refurbishment of the Common Area or other portions of the Area of Common Responsibility, as determined by the Board. Such Capital Reserve shall be in addition to and not in lieu of any portion of the Annual Assessment or a Special Assessment levied for capital improvements or reserves pursuant to this chapter.

(d) *Exempt Transfers.* Notwithstanding the above, no Capital Reserve shall be levied upon transfer of title to a Lot:

(i) by or to Founder or by or to a Founder Affiliate;

(ii) by a co-owner to any Person who was a co-owner immediately prior to such transfer;

(iii) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;

(iv) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership interest in such entity, the Capital Reserve shall become due;

(v) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage;

(vi) under circumstances which the Board, in its discretion, deems to warrant classification as an exempt transfer (*e.g.*, a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Capital Reserve);

(vii) exchanges of Lots for other Lots, except to the extent that additional consideration is paid in the exchange;

(viii) to a nonprofit entity for environmental preservation purposes; or

(ix) to the Association.

PART FOUR: RELATIONSHIPS WITHIN AND OUTSIDE THE SUBDIVISION

You don't get harmony when everybody sings the same note.

Doug Floyd

Chapter 13

Easements

The easements created in this chapter establish the rights of Owners to use the Common Area and create various rights for the benefit of owners, the Founder, the Association, and others over property within the Subdivision. Some of these rights are related to development and construction within the Subdivision and on adjacent property, while others relate to the rights of the Association to come upon property of others to fulfill their responsibilities and the interrelationships between the Subdivision and the owners of adjacent property.

13.1. Easements in Common Area



An easement is one person's right to go onto the property of another.

The Founder grants to each Owner a non-exclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Subdivision Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) Certain Owners' rights to the exclusive use of those portions of the Common Area designated "Limited Common Area;" and
- (d) The Association's right to:
 - (i) adopt rules regulating Common Area use and enjoyment, including rules limiting the number of guests who may use the Common Area, and to charge use fees for such use;

- (ii) suspend an Owner's right to use Common Area facilities;

- (iii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Charter;

- (iv) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;

- (v) rent any portion of any clubhouse or other Common Area recreational facilities on an exclusive or non-exclusive short-term basis to any Person;

- (vi) permit use of any recreational facilities situated on the Common Area by the general public, which use may be subject to admission charges, membership fees, or other user fees established in the Board's discretion;

- (vii) permit use of any Common Area facilities, at such charge or no charge as the Board may determine appropriate, for the purpose of offering and conducting classes or other activities for interested Owners and occupants, whether offered on a for profit or nonprofit basis; and

- (viii) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to Board regulation. An

Easements

Owner who leases his or her Lot shall be deemed to have assigned all such rights to the lessee of such Lot for the period of the lease.

13.2. Easements for Utilities and Other Infrastructure

(a) *Installation and Maintenance.* The Founder reserves for itself and Founder Affiliates and grants to the Association, all utility providers, including telecommunication service providers, and other designees of the Founder, perpetual non-exclusive easements throughout the Subdivision (but not through a structure) to the extent necessary, desirable, or convenient, in the Founder's determination, for the development of the Subdivision and other parts of East Shore, including easements to:

(i) install utilities (including but not limited to sewer, water, telephone, gas, and electricity) and infrastructure to serve East Shore, security and similar systems, and drainage systems;

(ii) install roads, ponds, walkways, pathways and trails, irrigation systems, street lights, and signage on property the Founder or the Association owns or within public rights-of-way or easements reserved for such purpose on a recorded plat;

(iii) inspect, maintain, repair, and replace the utilities, infrastructure, and other improvements described above; and

(iv) access and read utility meters.

Notwithstanding the above, the Founder reserves the right, in its discretion, to deny access to any utility service provider, to the extent permitted by law, or to condition such access on negotiated terms.

(b) *Specific Easements.* The Founder also reserves the non-exclusive right and

power to grant and record such specific easements consistent with Section 13.2(a) as it deems necessary to develop the Subdivision upon such terms and conditions as Founder may determine. The location of the specific easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not be unreasonably withheld, delayed, or conditioned.

(c) *Minimal Interference.* All work associated with the exercise of the easements described in Section 13.2(a) and (b) shall be performed so as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to the condition existing prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Lot, nor shall it unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

13.3. Easements over Private Roadways

(a) Not later than the expiration of the Development and Sale Period, the Founder will transfer the private roadways and bridge within the Subdivision ("**Roadways**") to the Association as Common Area, subject to the easements for access described in this Charter, easements previously created for the benefit of property adjacent to the property described on Exhibit "A" and such additional easements as the Founder deems appropriate. Use of such Roadways shall be subject to and in accordance with any rights and easements shown on the recorded subdivision plats of the Subdivision and such reasonable Use Restrictions and Rules as the Association may adopt from time to time consistent with this Charter, the recorded subdivision plats, and

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any law, ordinance, or regulation governing the Subdivision.

(b) The Founder hereby reserves for itself, its agents, employees, successors, assigns, and other persons it may designate, an easement over the Roadways for the purpose of constructing, maintaining, repairing, or rebuilding any subdivision improvements installed or to be installed in the Subdivision and for performing any other work within the Subdivision which the Founder deems reasonably necessary, in its discretion, or which the Founder is required to perform pursuant to a contract with any Owner or pursuant to the requirements of any government agency having jurisdiction over the Subdivision. The Founder hereby authorizes the contractors, subcontractors, laborers, materialmen, and other Persons providing construction services and materials to any Lot to exercise this easement for access to such Lot, subject to such rules as the Association may adopt; however, during the Development and Sale Period, the Founder shall have the right to restrict use of all or portions of the Roadways and designate alternate access for such Persons, and to revoke such authorization and prohibit the use of the Roadways by Persons who violate the Governing Documents or any agreement with the Founder.

(c) The Founder hereby creates a perpetual, nonexclusive easement for access, ingress, and egress over the Roadways for law enforcement, fire fighting, paramedic, rescue, and other emergency vehicles, equipment, and personnel; for school buses; for U.S. Postal Service delivery vehicles and personnel; utility providers, and for vehicles, equipment, and personnel providing garbage collection service to the Subdivision; however, such easement shall not authorize any such Persons to enter the Subdivision except while acting in their official capacities. The

Association shall have the right to limit access for garbage collection purposes to such days of the week as the Board may specify.

(d) Founder reserves for itself and Founder Affiliates a perpetual, non-exclusive easement of access to and use of the Roadways and Common Areas in connection with the marketing and sale of other communities which Founder or any Founder Affiliates may be developing and marketing, in order to show the Subdivision as an example of the Founder's developments.

(e) The existence of the easements described in this section shall not preclude the Association from maintaining gates or other devices or systems designed to limit general vehicular access to the Subdivision, provided that the Association at all times maintains systems and/or procedures to permit entry of Persons authorized to exercise the easements granted in this subsection without unreasonable interference or delay.

13.4. Easements for Maintenance, Emergency, and Enforcement



The Association may come onto the exterior portions of a Lot to do maintenance or to address violations of the covenants but will give prior notice unless there is an urgent need to enter the property before notice can be given.

By this Charter, the Founder grants to the Association easements over the Subdivision as necessary to enable the Association to fulfill its maintenance responsibilities and its enforcement rights under the Subdivision Documents. The Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance, to inspect for compliance with the Subdivision Documents, and to enforce the Subdivision

Easements

Documents. Any member of the Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties may exercise such right. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

13.5. Easements for Lake and Pond Maintenance and Flood Water



The Founder and the Association have the right to access property adjacent to lakes, streams, and other water bodies to perform maintenance and for irrigation purposes. They also have the right to cause water levels in lakes or ponds in the Subdivision to rise above normal.

While control of such areas lies predominantly with the MUD's, the Founder reserves for itself and the Association the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to (a) install, operate, maintain, and replace pumps for any purpose, including to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the Subdivision-Wide Standard. The Founder and the Association shall have an access easement over and across any portion of the Subdivision which abuts or contains bodies of water or wetlands, to the extent reasonably necessary to exercise their rights under this section.

The Founder further reserves for itself and the Association a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not the dwellings thereon) adjacent to or

within 50 feet of bodies of water and wetlands within the Subdivision, in order to (a) temporarily flood and back water upon and maintain water over such property; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and (c) maintain and landscape the slopes and banks pertaining to such areas. All Persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make the Founder or any other Person liable for damage resulting from flooding due to weather events or other natural occurrences.

13.6. Maintenance of Irrigation Lines

Except as the Founder otherwise determines or except as maintained by any MUD, the Association shall be responsible for maintenance, repair, and replacement of irrigation lines located within the Subdivision which serve the Lots and/or the Common Area.

13.7. Relationship with Other Properties

The Association may enter into contractual agreements or covenant with other Associations, or with respect to neighboring properties to share costs relating to shared or assigned maintenance responsibilities, including the obligation to contribute funds for, among other matters, shared or mutually beneficial property or services and/or a higher level of maintenance.

Chapter 14

Disclosures and Waivers

This chapter discloses some important information about the Subdivision for the benefit of prospective purchasers of property in the Subdivision. Each Owner, by accepting a deed to property in the Subdivision, also accepts and agrees to the matters set forth in this chapter.

14.1. Facilities and Services Open to the Public

Certain facilities and areas within the East Shore Community may be open for use and enjoyment by the public. Such facilities and areas may include, by way of example: greenbelts, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians.

14.2. Safety and Security

Each Owner and occupant of a Lot, and their respective guests and invitees, shall be responsible for their own personal safety and the security of their property in the Subdivision. The Association may, but shall not be obligated to, maintain or support certain activities within the Subdivision designed to promote or enhance the level of safety or security which each person provides for himself or herself and his or her property. **However, the Association and the Founder shall not in any way be considered insurers or guarantors of safety or security within the Subdivision, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.**

No representation or warranty is made that any systems or measures, including security monitoring systems or any mechanism or system for limiting access to the Subdivision, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. **Each Owner acknowledges, understands, and shall be responsible for informing any tenants and other occupants of such Owner's Lot, that the Association, their Boards and committees, and the Founder are not insurers or guarantors of security or safety and that each Person within the Subdivision assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots, resulting from acts of third parties.**

14.3. East Shore Community Development

Each Owner acknowledges that East Shore is a master planned community, the development of which is likely to extend over many years, and agrees that neither the Association, nor any Owners shall engage in, or use Association funds to support, any protest, challenge, or other form of objection to (a) any uses or density of property within East Shore, (b) any changes to any Subdivision Plat or Supplement, (c) approval of a Subdivision Plat or Supplement for additional land to be annexed to this Charter, or (d) the Founder's implementation of the development of any portion of the Subdivision or East Shore.

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14.4. View Impairment

Neither the Founder nor the Association guarantee or represent that any view over and across any property will be preserved without impairment. The Founder, the Founder Affiliates, the Association, and any other property owner shall have no obligation to relocate, prune, or thin trees or other landscaping except to maintain the Subdivision-Wide Standard or as otherwise required under a separate covenant or agreement. The Association (with respect to the Common Area) has the right to add trees and other landscaping from time to time, subject to applicable law. There shall be no express or implied easements for view purposes or for the passage of light and air.

14.5. Notices and Disclaimers as to Subdivision Systems

Each Owner acknowledges that interruptions in cable television and other Subdivision Systems and services will occur from time to time. Neither the Founder nor any Founder Affiliate shall be liable for, and no Subdivision System or service user shall be entitled to refund, rebate, discount, or offset in applicable fees for, any interruption in Subdivision Systems and services, regardless of whether or not such interruption is caused by reasons within the service provider's control.

14.6. Oil and Gas Drill Sites

Active and inactive oil and gas drill sites, the drilling rights to which are held by third parties, may exist within or adjacent to the Subdivision. Some or all of such sites may be visible from Lots. The exercise of rights by third parties with respect to such sites may include all activities customarily associated with oil and gas drilling, including the erection of drilling apparatus, the operation of such apparatus during the day and night, and

the presence of personnel, trucks, and other equipment necessary to access and use the sites.

In addition, the Founder or the Association may elect to use some or all of the inactive drill sites as green belt areas, park lands, or for other uses beneficial to the Subdivision until such time as the third parties holding such drilling rights elect to exercise such rights. Accordingly, at such time as such inactive drill sites are required for mineral development, the Founder and the Association may be required to convert such areas from their former use to use for mineral development purposes.

Each Owner acknowledges (a) that such oil and gas drill sites exist within or in the vicinity of the Subdivision and may be visible from the Lots; (b) that the rights to use such sites may be exercised in the future; (c) that the exercise of such rights may include activities and result in conditions (*e.g.*, noise, lights, view impairment, etc.) that may be a nuisance or inconvenience to persons and property in the vicinity of such drill sites; and (d) that the Founder, Founder Affiliates and the Association have no control over the use of such sites by such third parties. The Founder, Founder Affiliates and the Association shall not be liable for any damage to or interference with any Owner's property resulting from or relating to the proximity of an Owner's Lot to a well or drill site.

14.7. Functioning of Drainage Systems

Drainage systems serving the Subdivision are susceptible to overflow or malfunction in the event of severe weather or other conditions beyond the control of the Founder and the Association. Therefore, each Owner agrees to release and discharge the Founder and Founder Affiliates, the Association, their respective boards and committees from and against any and all losses, claims, demands,

Disclosures and Waivers

damages, costs, and expenses of whatever nature or kind, including reasonable attorneys fees and costs at all tribunal levels, related to or arising out of any claim relating to the functioning of the drainage system serving the Subdivision.

14.8. Natural Conditions

(a) The Subdivision contains a number of manmade, natural and environmentally sensitive areas that may serve as habitats for a variety of native plants and wildlife, including insects, snakes and other reptiles, and other animals, some of which may pose hazards to persons or pets coming in contact with them. Each Owner and occupant of any Lot, and every person entering the Subdivision (i) acknowledges that such plants and wildlife are indigenous to the area and are not restrained or restricted in their movement within or through the Subdivision; and (ii) assumes all risk of personal injury arising from the presence of such plants and wildlife within the Subdivision. Neither the Association, the Founder, any Builder, nor the members, partners, affiliates, officers, directors, agents or employees of any of the foregoing, shall have any duty to take action to control, remove, or eradicate any plant or wildlife in the Subdivision, nor shall they have any liability for any injury resulting from the presence, movement or propagation of any plant or wildlife within or through the Subdivision.

(b) The natural areas described in subsection (a) above may also contain creeks, ponds, or intermittent pools of water, muddy areas, and underbrush, among other things, all of which are important to the ecological balance and maintenance of the area as a wildlife habitat. No Owner or occupant of a Lot shall enter upon, or permit their guests or any other person acting on their behalf to enter upon, or disturb such areas in any way without the Association's or the Founder's prior approval.

Chapter 15

Rights of Lenders

In order to enhance each Owner's ability to obtain financing for the purchase of his or her Lot, this chapter sets forth various provisions for the benefit of lenders who make mortgage loans and for the benefit of those agencies that guarantee and insure mortgage loans made by institutional lenders.

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots. The provisions of this chapter apply to both this Charter and to the By-Laws, notwithstanding any other provisions contained therein.

15.1. Notices of Action

An institutional holder, insurer, or guarantor of a first Mortgage that provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates, thereby becoming an "**Eligible Holder**"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss that affects a material portion of the Subdivision or that affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days and any intent to proceed with foreclosure proceedings as provided in Section 12.7;

(c) Any other violation of the Subdivision Documents relating to a Lot subject to the

Mortgage of such Eligible Holder, or the Owner or occupant of such Lot, which is not cured within 60 days; and

(d) Any lapse or cancellation of any insurance policy the Association maintains.

15.2. Notice to Association

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

15.3. Failure of Mortgagee to Respond

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

15.4. Amendment by Board.

One purpose of this Chapter 15 is to facilitate financing of Lot purchases by compliance with secondary mortgage market requirements or standards. Should any institutional or governmental lender, purchaser, insurer, or guarantor of residential mortgage loans, including, for example, Fannie Mae, Freddie Mac, the Department of Housing and Urban Development, or the Department of Veterans Affairs, hereafter eliminate, create, or otherwise revise any of their respective requirements to make, purchase, insure, or guarantee mortgage loans on Lots, the Board, without approval of the Owners or Mortgagees, may cause an amendment to this Article

Rights of Lenders

to be recorded to comply with such revised requirements. Each Owner, by accepting title to a Lot, and each Mortgagee, by accepting a Mortgage on a Lot, acknowledges and agrees to such amendments and grants to the Board the authority to make changes to this Chapter 15 as contemplated by this section.

PART FIVE: SUBDIVISION DEVELOPMENT

The rung of a ladder was never meant to rest upon, but only to hold a man's foot long enough to enable him to put the other somewhat higher.

Thomas Henry Huxley

Chapter 16

Expansion of the Subdivision

The Association may expand the initial property submitted to the Charter as set forth in this chapter.

16.1. Expansion by the Association

The Association also may submit additional property to this Charter by recording a Supplement describing the additional property. Any Supplement which the Association records must be approved by Owner Members representing more than 50% of the total votes in the Association at a meeting duly called for such purpose and by the owner of the property to be submitted. In addition, during the Development and Sale Period, the Founder's consent is required. The Association's President and Secretary, the owner of the property, and the Founder, if the Founder's consent is required, shall sign the Supplement.

16.2. Effect of Filing a Supplement

A Supplement shall be effective upon recording unless otherwise specified in the Supplement. On the effective date of the Supplement, any additional property made subject to this Charter shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Charter.

Chapter 17

Additional Rights Reserved to the Founder

This chapter reserves various rights to the Founder, in addition to those specifically reserved elsewhere in the Subdivision Documents, in order to facilitate the Founder's development and sale of property in the Subdivision, to enable the Founder to respond to Owners' concerns, and to protect various property rights and other interests of the Founder.

17.1. Withdrawal of Property

During the Development and Sale Period, the Founder may amend this Charter to remove any unimproved portion of the Subdivision from the coverage of this Charter. "Unimproved" means that no permanent building has yet been completed on the property. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Founder. If the property is Common Area, the Association shall be deemed to consent to such withdrawal.

17.2. Marketing and Sales Activities

Notwithstanding anything in the Governance Documents to the contrary, during the Development and Sale Period the Founder may construct, use, and maintain upon portions of the Common Area and other property they own, such facilities and activities as, in the Founder's opinion, may reasonably be required, convenient, or incidental to the construction or sale of Lots. Such permitted facilities and activities shall include business offices, signs, flags (whether hung from flag poles or attached to a structure), model homes, model home parks, sales offices, holding or sponsoring special events, and ex-

terior lighting features or displays. In addition, if required, convenient, or incidental to construction or sales activities, the Founder and its employees, agents, and designees may park vehicles in designated parking areas.

17.3. Right to Make Improvements, Replat

During the Development and Sale Period, the Founder and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area as it deems appropriate; exercising any rights reserved to the Founder under the Subdivision Documents; and making repairs or correcting any condition on the Common Area or any Lot.

In addition, during the Development and Sale Period, the Founder may replat property that it or any Founder Affiliate owns and convert Lots it or a Founder Affiliate owns into Common Area.

17.4. Right to Approve Changes in Subdivision Standards

During the Development and Sale Period, no amendment to or modification of any Rules or Design Guidelines shall be effective without prior notice to and the written approval of the Founder.

17.5. Additional Covenants and Restrictions

During the Development and Sale Period, no one other than the Founder may record any additional covenants or restrictions affecting any portion of the Subdivision without the

Additional Rights Reserved to the Founder

Founder's written consent. Any instrument recorded without the required consent shall be void and of no force and effect.

17.6. Exclusive Rights to Use Name of Development

No Person shall use the name "Aria Isle at East Shore," or any derivative of such names or any logos or depictions associated with Aria Isle at East Shore in any printed or promotional material without the Founder's prior written consent. However, Owners may use the name "Aria Isle at East Shore" where such terms are used solely to specify that particular property is located within the Subdivision, and the Association shall be entitled to use the words "Aria Isle at East Shore" in its name.

17.7. Right to Notice of Design or Construction Claims

No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Subdivision in connection with or in anticipation of any potential or pending claim, demand, or litigation involving such design or construction unless the Founder and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection. This section shall not create any responsibility on the part of the Founder or any Founder Affiliate for any improvements constructed by or on behalf the Founder, a Founder Affiliate, a Builder, or an Owner.

17.8. Right to Transfer or Assign the Founder's Rights

Any or all of the Founder's special rights and obligations set forth in this Charter or the By-Laws may be transferred in whole or in

part to other Persons. However, such a transfer shall not reduce an obligation or enlarge a right beyond that which the Founder has under this Charter or the By-Laws. No such transfer or assignment shall be effective unless it is in a recorded instrument the Founder signs. The foregoing sentence shall not preclude the Founder from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to the Founder in this Charter where the Founder does not intend to transfer such right in its entirety. In such case, it shall not be necessary to record any written assignment unless necessary to evidence the Founder's consent to such exercise.

17.9. Termination of Rights

If the term of any rights contained in this Chapter is not specified, such right shall terminate upon the earlier of (a) termination of the Development and Sale Period; or (b) the Founder's recording of a written statement that all sales activity has ceased.

The very essence of leadership is that you have to have a vision.
Theodore Hesburgh

PART SIX: PROCEDURES FOR AND LIMITATIONS ON CERTAIN ACTIONS

There are many ways of going forward, but only one way of standing still.
Franklin D. Roosevelt

Chapter 18

Changes in the Common Area

Various influences and circumstances within and outside the Subdivision may give rise to a need or desire to make changes in the ownership of, or rights to use, Common Area. This chapter explains the procedures for dealing with matters such as changing use rights in Common Area or Limited Common Area, partition of the Common Area, and condemnation.

18.1. Assignment and Reassignment of Limited Common Area

The Association may designate a portion of the Common Area as Limited Common Area, upon approval of the Board and the vote of Owner Members representing a majority of the total votes in the Association, including a majority of the votes attributable to Lots to which the Limited Common Area is proposed to be assigned. In addition, the Association may reassign Limited Common Area, upon approval of the Board and the vote of Owner Members representing a majority of the votes attributable to Lots to which the Limited Common Area is assigned and of Owner Members representing a majority of the votes attributable to Lots to which the Limited Common Area is proposed to be reassigned. During the Development and Sale Period, any such assignment or reassignment shall also require the Founder's written consent.

Upon approval of a majority of Owners of Lots to which any Limited Common Area is assigned, the Association may permit Owners of other Lots to use all or a portion of such Limited Common Area upon payment of reasonable user fees to the Association.

18.2. Condemnation



A governmental entity such as a town, county, or state has the power to condemn property for its own uses but generally has to pay the value of the property to do so.

If any part of the Common Area is taken by any authority having the power of condemnation or eminent domain, or conveyed by the Association in lieu of and under threat of condemnation with such approval as may be required under Section 18.4, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Founder, during the Development and Sale Period, and, thereafter, Owner Members representing at least 75% of the total votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 9.4 regarding funds for restoring improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then

Changes in the Common Area

such award or net funds shall be treated in the same manner as proceeds from the sale of Common Area under Section 18.4.

18.3. Partition



Partition is a legal action in which a party requests to have a portion of one interest in property split off so that the party can possess that portion or interest separately from other parties who have rights in the property.

Except as permitted in this Charter, the Common Area shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written consent of all Owners and Mortgagees. This section shall not prohibit the Board from acquiring and disposing of tangible personal property or from acquiring and disposing of real property that may or may not be subject to this Charter, with such approval as may be required under Section 18.4.

18.4. Transfer or Dedication of Common Area

Upon the request of the Founder during the Development and Sale Period, the Association shall dedicate portions of the Common Area to Montgomery County, Texas, or to any other local, state, or federal governmental or quasi-governmental entity, shall subject Common Area to a security interest, and/or shall transfer or convey Common Area. Thereafter, the Association may do any of the above, with respect to Common Area other than Limited Common Area, upon the affirmative vote of Owner Members representing at least 75% of the total votes in the Association, and, with respect to Limited Common Area, upon written approval of Owners of at least 75% of the Lots to which such Limited Common Area is assigned.

The proceeds from the sale or mortgaging of Common Area other than Limited Common Area shall be an asset of the Association to be used as the Board determines. The proceeds from the sale or mortgaging of Limited Common Area shall be disbursed in the manner approved by the Owners of Lots to which the Limited Common Area is assigned at the time such sale or mortgage is authorized.

No conveyance or encumbrance of Common Area may deprive any Lot of rights of access or support.

Anyone who has never made a mistake has never tried anything new.
Albert Einstein

Chapter 19

Termination and Amendment of Charter

As the Subdivision matures and grows, the rules by which it is governed must be flexible enough to adapt to changes that inevitably will occur. This chapter sets out procedures by which either the Founder or the Owners as a group may amend this Charter to address such changes.

19.1. Term and Termination



There is an old concept of law known as the "Rule Against Perpetuities" that restricts how long covenants can affect the title to land. Many jurisdictions no longer observe such rule; however, where the rule applies, the term of the covenants cannot exceed 21 years after the death of a named person who is living at the time the covenants are recorded.

This Charter shall be effective for a minimum of 21 years from the date it is recorded. After 21 years, this Charter shall be extended automatically for successive 10-year periods unless at least 75% of then Owners sign a document stating that the Charter is terminated and that document is recorded within the year before any extension. In such case, this Charter shall terminate on the date specified in the termination document. Notwithstanding the foregoing, the Founder's consent shall be required for any termination during the Development and Sale Period.

If any provision of this Charter would be unlawful, void, or voidable by reason of any rule restricting the period of time that covenants can affect title to property, that provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

This section shall not permit termination of any easement created in this Charter without the consent of the holder of such easement.

19.2. Amendment

(a) By the Founder. In addition to specific amendment rights granted elsewhere in this Charter, during the Founder Control Period, the Founder may unilaterally amend this Charter for any purpose.

Thereafter, the Founder may unilaterally amend this Charter if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots; or (iv) to satisfy the requirements of any local, state, or federal governmental agency. However, any amendment under this paragraph shall not adversely affect the title to any Lot unless the Owner shall consent in writing.

In addition, during the Development and Sale Period, the Founder may unilaterally amend this Charter for any other purpose, provided the amendment has no material adverse effect upon the rights of more than 2% of the Owners.

Termination and Amendment of Charter

(b) *By Owners.* Except as otherwise specifically provided above and elsewhere in this Charter, this Charter may be amended only by the affirmative vote or written consent, or any combination thereof, of Owner Members representing 67% of the total votes in the Association. In addition, during the Development and Sale Period, any such amendment shall also require the Founder's written consent.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) *Validity and Effective Date.* No amendment may remove, revoke, or modify any right or privilege of the Founder or the Founder Membership without the written consent of the Founder (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Charter or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the

Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Charter.

(d) *Exhibits.* Exhibits "A" and "B" are incorporated by this reference, and this chapter shall govern amendment of those exhibits. Exhibit "B" is incorporated by this reference and may be amended pursuant to this section or Chapter 7. All other exhibits are attached for informational purposes and may be amended as provided in those exhibits or in the provisions of this Charter that refer to such exhibits.

*Don't ever take a fence down until you
know why it was put up.
Robert Frost*

THIS CHARTER is made by The Woodlands Land Development Company, L.P., a Texas limited partnership, as the Founder, and in witness thereof, it has executed this Charter this 6th day of July, 2022.

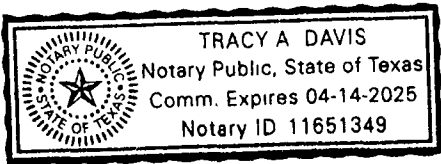
FOUNDER:

THE WOODLANDS LAND DEVELOPMENT COMPANY, L.P., a Texas limited partnership

By: 
Steve Sams, its Authorized Representative

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on this 6th day of July, 2022 by Steve Sams, the Authorized Representative of THE WOODLANDS LAND DEVELOPMENT COMPANY, L.P., a Texas limited partnership.





Notary Public, State of Texas

EXHIBIT "A"

Property Initially Submitted

Being all of the approximately 23.22 acres of land, more or less, out of the John Taylor Survey, Abstract Number 547, Montgomery County, Texas, more particularly set out in "The Woodlands Village of Grogans Mill Lake Woodlands East Shore Sec 16 Replat No 1" (the "Plat"), a subdivision in The Woodlands, Montgomery County, Texas, according to the map or plat thereof recorded in Cabinet 00Z, Sheets 8621-8623 as Document # 2022067239 in the Map Records of Montgomery County, Texas ("Subdivision").

EXHIBIT "B"

Initial Rules

The purpose of Rules is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities that fall outside of "the norm." In fact, it is expressly intended that the Reviewer under Chapter 5, and the Board, as appropriate, have discretion to approve or disapprove items, or to enforce or not enforce technical violations of the Subdivision Documents, based upon aesthetic or other considerations consistent with the established guidelines. As such, while something may be approved or permitted for one Lot under one set of circumstances, the same thing may be disapproved for another Lot under a different set of circumstances. The exercise of discretion in approving or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it preclude the Board from taking enforcement action in any appropriate circumstances.

The following shall apply to all of the Subdivision until such time as they are modified pursuant to the Charter.

1. Restricted Activities and Conditions. Unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board, the following activities are prohibited within the Subdivision:

(a) Parking any vehicle on any public or private street or thoroughfare in violation of Board imposed parking regulations, which may include restrictions or prohibitions on parking in designated areas;

(b) Raising, breeding, or keeping animals except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Lot. However, those pets which are permitted to roam free, or, in the Board's sole discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Lots shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law;

(c) Any activity that emits foul or obnoxious odors outside the Lot or creates noise or other conditions that tend to disturb the peace or threaten the safety of the occupants of other Lots;

(d) Any activity that violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Lot;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Lots;

(g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Lot;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Lots, except alarm devices used exclusively for security purposes;

(i) Use and discharge of firecrackers and other fireworks;

(j) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers;

(k) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(l) On-site storage of fuel, except that a reasonable amount of fuel may be stored on each Lot for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Chapter 5, or any oil or gas wells that exist within the Subdivision;

(m) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Subdivision or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(n) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Lot without prior approval pursuant to Chapter 5;

(o) Any modification of any thing, permanently or temporarily, on the outside portions of the Lot, whether such portion is improved or unimproved, except in strict compliance with the provisions of Chapter 5 of the Charter. This shall include, without limitation, signs, basketball hoops, and swing sets and similar sports and play equipment; clotheslines; garbage cans; wood-piles; above-ground swimming pools; docks, piers, and similar structures; hedges, walls, dog runs, animal pens, or fences of any kind; and satellite dishes and antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter; or

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or

(iii) an antenna that is designed to receive television broadcast signals;

(collectively, "**Permitted Antennas**") shall be permitted on Lots, subject to such reasonable requirements as to location and screening as may be set forth in the Design Guidelines, consistent

with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. The Founder and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of the Subdivision, should any master system or systems be utilized by the Association and require such exterior apparatus;

(p) Any obstructing, altering, or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains; provided, the Founder and the Association shall have such right so long as the exercise of such does not materially diminish the value of or unreasonably interfere with the use of any Lot without the Owner's consent.

2. Prohibited Activities and Conditions. The following shall be prohibited within the Subdivision:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Subdivision;

(b) Structures, equipment, or other items on the exterior portions of a Lot which have become rusty, dilapidated, or otherwise fallen into disrepair;

(c) Window air conditioning units in any dwelling or other structure on a Lot;

(d) Parking of commercial vehicles or equipment (as may be further defined by the Board in its reasonable discretion), mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, construction, service and delivery vehicles shall be exempt from this provision during normal business hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Lot or the Common Area;

(e) Parking of any vehicle on any portion of the Common Area, other than a designated parking space; and

(f) Parking of any vehicle on or within an alley (*i.e.*, a private drive designed to serve as an access way for particular Lots) or which is blocking entry to or exit from any alley.

EXHIBIT "B-1"

Special Conditions Pursuant to Permit

1. Conditions of the Permit apply to land within 330 feet of each nest, and to any like area around any future eagle nests that may be established on or adjacent to the Subdivision bounded by the roads known as Woodlands Parkway, Grogan's Mill Road, Research Forest Drive, and East Panther Creek Drive.

2. Clearing within 330 feet of an active nest tree is to be confined to the non-nesting period (June 1-October 1). This restriction applies to all types of clearing in previously undeveloped areas, including roads and streets, utility easements, and building sites.

3. Building within 330 feet of an active nest tree must start after June 1 and prior to October 1, but once started, may continue unabated to completion.

4. No clearing or building can occur within a two to three acre "Nest Protection Zone" around each active nest tree. Nest Protection Zones will be determined by mutual agreement of the USFWS and the Lot Owner and shall be evidenced by an appropriate map or maps kept on file by both parties. Until a nest is determined to be abandoned, in accordance with the process described below, its Nest Protection Zone will remain in its natural state.

5. Abandonment of the nest tree will be deemed to occur upon three years of continuous non-use of the tree for nesting purposes. The USFWS will verify the abandonment status of a nest tree. At such time as the USFWS verifies abandonment of a nest tree, development within 330 feet of the nest tree and within the former Nest Protection Zone may proceed without further restriction or condition under the Permit.

6. A 30-foot wide forest buffer along both sides of Lake Front Circle Drive is to be maintained.

7. Within a zone extending 750 feet from "Nest 1," a 70-foot wide shoreline forest preserve shall be maintained on both the mainland and on the Subdivision. A minimum of 60% of trees > 16" diameter at breast height ("dbh") shall remain within this forest preserve. A pedestrian pathway may be located in this area, close to the lakeshore bulkhead, along a winding course that minimizes impacts to large trees.

8. Clearing will be minimized to the greatest extent practicable. Areas outside of the intended development that are disturbed during construction, but are not occupied by impervious surfaces, will be replanted with native grasses, herbs, trees and shrubs.

9. Upon locating a dead, injured or sick bald eagle, or any other endangered or threatened species, the Lot Owner is required to contact the USFWS' Law Enforcement Office in Houston, Texas at (281) 442-4066 for care and disposition instructions. Extreme care should be taken in handling sick or injured individuals to ensure effective and proper treatment. Care should also be taken in handling dead specimens to preserve biological materials in the best possible state for analysis of cause of death. In conjunction with the care of sick or injured endangered/threatened

species, or preservation of biological materials from a dead specimen, the Lot Owner and his/her contractor/subcontractor/successors or assigns have the responsibility to ensure that evidence intrinsic to the specimen is not unnecessarily disturbed.

10. The terms and conditions of the Permit after a Lot Owner has completed construction of the Improvements on the Lot do not limit, restrict or impair the Owner's normal and customary use of the Lot, including occupation, maintenance, repair, renovation, additions, and enjoyment of the Lot, and including, without limitation (as long as any normal and customary use is conducted within the confines of the boundaries of the Lot), landscaping, gardening, fencing, construction, outdoor recreation, or other such customary activities.

EXHIBIT "C"

Certificate of Formation of
Aria Isle at East Shore Homeowners Association, Inc.



Office of the Secretary of State

CERTIFICATE OF FILING OF

Aria Isle at East Shore Homeowners Association, Inc.
File Number: 804545649

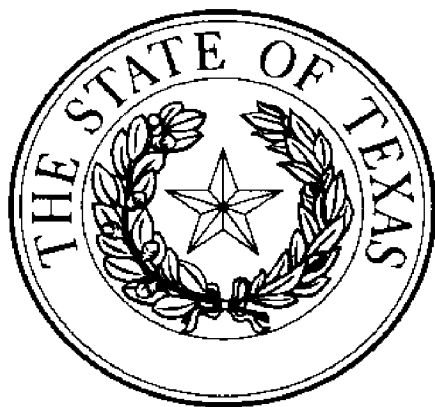
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 04/18/2022

Effective: 04/18/2022



A handwritten signature in black ink, appearing to read "John B. Scott".

John B. Scott
Secretary of State

Come visit us on the internet at <https://www.sos.texas.gov/>

**CERTIFICATE OF FORMATION
OF
ARIA ISLE AT EAST SHORE HOMEOWNERS ASSOCIATION, INC.**

I, the undersigned, being of the age of eighteen years or more, acting as organizer of a corporation under the Texas Nonprofit Corporation Law, do hereby adopt the following Certificate of Formation for such corporation.

Article 1. Name. The name of the corporation is Aria Isle at East Shore Homeowners Association, Inc. (the "**Association**").

Article 2. Initial Mailing Address. The initial mailing address of the Association is 9950 Woodloch Forest Drive, Suite 1100, The Woodlands, Texas 77380.

Article 3. Duration. The Association shall have perpetual duration.

Article 4. Applicable Statute. The corporation is organized pursuant to the provisions of the Texas Nonprofit Corporation Law, as set forth in Chapters 20 and 22, and the provisions of Title 1 applicable to nonprofit corporations, of the Texas Business Organizations Code, as it may be amended (the "**Act**").

Article 5. Defined Terms. Capitalized terms used in this Certificate of Formation and not otherwise defined in this Certificate shall have the meanings set forth in the Charter for Aria Isle at East Shore, recorded or to be recorded by The Woodlands Land Development Company, L.P., a Texas limited partnership ("**Founder**"), in the Real Property Records of Montgomery County, Texas (as may be amended and supplemented from time to time, the "**Charter**").

Article 6. Purposes and Powers. The Association does not contemplate pecuniary gain or profit, direct or indirect, to its Members.

(a) By way of explanation and not limitation, the purposes for which the Association is formed are:

(i) to be and constitute the Association to which reference is made in the Charter, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the By-Laws of the Aria Isle at East Shore Homeowners Association, Inc. ("**By-Laws**"), and as provided by law; and

(ii) to provide an entity for the furtherance of the interests of the owners of that real property that is subject to the terms of the Charter (the "**Subdivision**").

(b) In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Charter or By-Laws, may be exercised by its board of directors:

(i) all of the powers conferred upon nonprofit corporations by common law and the statutes of the State of Texas in effect from time to time; and

(ii) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in this Certificate of Formation, the By-Laws, or the Charter, including, without limitation, the following:

(1) to fix and to collect assessments and other charges to be levied pursuant to the Charter;

(2) to manage, control, operate, maintain, repair, and improve property subject to the Charter or any other property as to which the Association has a right or duty to provide such services pursuant to the Charter, By-Laws, or any covenant, easement, contract, or other legal instrument;

(3) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Charter, By-Laws, or other recorded covenant;

(4) to engage in activities which will actively foster, promote, and advance the common interests of all owners of property subject to the Charter;

(5) to buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(6) to borrow money for any purpose subject to such limitations as may be imposed in the Charter or the By-Laws;

(7) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(8) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests of such corporations, firms, or individuals;

(9) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, such By-Laws may not be inconsistent with or contrary to any provisions of the Charter; and

(10) to provide any and all services to the Subdivision and adjacent properties as the Association's board of directors ("**Board**") may determine to be necessary or desirable to supplement the services provided by local government.

(c) The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article 6 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provisions of this Article 6. None of the objects or purposes set out above shall be construed to authorize the Association to do any act in violation of the Act, and all such objects or purposes are subject to the Act.

Article 7. Membership. The Association shall be a membership corporation without certificates or shares of stock. The Founder, for such period as is specified in the Charter, and each Person who is the Owner of a Lot within the Subdivision, including any Builder (as such capitalized terms are defined in the Charter), shall be a member of the Association and shall be entitled to such voting rights and membership privileges as are set forth in the Charter and the By-Laws.

Article 8. Board of Directors. The business and affairs of the Association shall be conducted, managed, and controlled by the Board. The Board may delegate its operating authority to such corporations, individuals, and committees as it, in its discretion, may determine.

The Board shall consist of not less than three nor more than five directors, as determined in accordance with the Charter and the By-Laws. The initial Board shall consist of three directors. The names and addresses of the members of the initial Board, who shall hold office until their successors are elected and have qualified, or until their resignation or removal, are as follows:

Kelly Dietrich 9950 Woodloch Forest Drive, Suite 1100, The Woodlands, Texas 77380

Brandi Coatsworth 9950 Woodloch Forest Drive, Suite 1100, The Woodlands, Texas 77380

Savhanna Bayona 9950 Woodloch Forest Drive, Suite 1100, The Woodlands, Texas 77380

The number, the method of selection, removal, and filling of vacancies on the Board, and the term of office of members of the Board, shall be as set forth in the By-Laws.

Article 9. Liability and Indemnification of Directors. The liability of directors to the Association or its Members for monetary damages for breach of duty of care or other duty as a director shall be eliminated or limited to the fullest extent allowed under the Texas Nonprofit

Corporation Law. Such limitation of liability shall not limit the personal liability of a director of the Association:

- (a) for any acts or omissions not in good faith or which involve intentional misconduct or knowing violations of the law; or
- (b) for any transaction from which the director received an improper personal benefit.

Any repeal or modification of this Article 8 by the members of the Association shall not adversely affect any right or protection of a director or the Association existing at the time of such repeal or modification.

To the extent consistent with the Texas Nonprofit Corporation Law, as it exists on the date hereof or as it may hereafter be amended, the Association shall indemnify its officers and directors as required by the Charter and By-Laws.

Article 10. Dissolution. The Association may be dissolved only upon a resolution duly adopted by the Board and approved by not less than 67% of the votes that Owner Members (as defined in the Charter) present in person or by proxy are entitled to cast at the meeting at which the issue of dissolution is submitted for a vote. Dissolution also shall require the consent of Founder during the Development and Sale Period (as defined in the Charter). The Association is authorized, upon its winding up, to distribute its assets in a manner other than as provided by Section 22.304 of the Texas Business Organizations Code, in accordance with a plan of distribution adopted pursuant to Chapter 22 of the Texas Business Organizations Code, which plan may but shall not require distribution of the remaining property of the Association for tax-exempt purposes to an organization exempt under Section 501(c)(3), Internal Revenue Code, or described by Section 170(c)(1) or (2), Internal Revenue Code.

Article 11. Merger and Consolidation. The Association may merge or consolidate only upon a resolution duly adopted by the Board and approved by not less than 67% of the votes that Owner Members present in person or by proxy are entitled to cast at the meeting at which the issue of merger or consolidation is submitted for a vote. Merger or consolidation also shall require the consent of Founder during the Development and Sale Period.

Article 12. Amendments. This Certificate of Formation may be amended only upon a resolution duly adopted by the Board and approved by not less than 67% of the votes that Owner Members present in person or by proxy are entitled to cast at the meeting at which such amendment is submitted for a vote; provided, to the extent permitted under Texas law, members shall not be entitled to vote on any amendment to this Certificate of Formation adopted for the sole purpose of complying with the requirements of any governmental or quasi-governmental entity or institutional lender authorized to fund, insure or guarantee mortgages on individual Lots, which amendments may be adopted by the Board. Any amendment to this Certificate of Formation also shall require the consent of Founder during the Development and Sale Period.

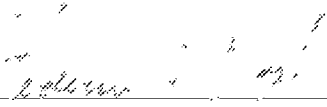
Article 13. Registered Agent and Office. The initial registered office of the Association is 9950 Woodloch Forest Drive, Suite 1100, The Woodlands, Texas 77380, and the initial registered agent at such address is Heath Melton.

Article 14. Effective Date. This Certificate of Formation shall become effective when filed by the Secretary of State for the State of Texas.

Article 15. Organizer. The name and address of the organizer are as follows:

Federico A, Boyd
Hyatt & Stubblefield, P.C.
1979 Lakeside Parkway, Suite 250
Atlanta, Georgia 30084

IN WITNESS WHEREOF, the undersigned organizer has executed this Certificate of Formation subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.



Federico A, Boyd, Organizer

Hyatt & Stubblefield, P.C.
1979 Lakeside Parkway
Suite 250
Atlanta, Georgia 30084

EXHIBIT "D"

By-Laws of Aria Isle at East Shore Homeowners Association, Inc.

BY-LAWS
OF
ARIA ISLE AT EAST SHORE HOMEOWNERS ASSOCIATION, INC.

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**BY-LAWS
OF
ARIA ISLE AT EAST SHORE HOMEOWNERS ASSOCIATION, INC.**

**Article 1
Name, Principal Office, and Definitions**

1.1. Name.

The name of the corporation is Aria Isle at East Shore Homeowners Association, Inc. (the "**Association**").

1.2. Principal Office.

The Association's principal office shall be located in Montgomery County, Texas. The Association may have such other offices as the Board may determine or as the Association's affairs require.

1.3. Definitions.

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the meaning ascribed to them in the Charter for Aria Isle at East Shore recorded by The Woodlands Land Development Company, L.P., a Texas limited partnership (the "**Founder**"), in the Official Public Records of Real Property of Montgomery County, Texas, as it may be amended (the "**Charter**"). The term "**majority**," as used in these By-Laws, means those votes, Owners, or other group, as the context may indicate, totaling more than 50% of the total eligible number.

**Article 2
Membership: Meetings, Quorum, Voting, Proxies**

2.1. Membership.

The Association shall have two classes of membership, Owner Membership and Founder Membership, as more fully set forth in the Charter. Each Owner of a Lot automatically becomes a member of the Association ("**Member**") upon accepting title to a Lot. Provisions of the Charter pertaining to membership are incorporated by this reference.

2.2. Place of Meetings.

The Association shall hold meetings at the Association's principal office or at such other suitable place the Board may designate.

2.3. Association Meetings.

(a) General. Association meetings shall be of the Members unless the Board otherwise specifies or Texas law otherwise requires. The first Association meeting, whether an annual or special meeting, shall be held within one year after the Association's incorporation.

(b) Annual Meetings. The Board shall schedule regular annual meetings to occur within 90 days before or after the close of the Association's fiscal year, on such date and at such time and place as the Board shall determine.

(c) Special Meetings. The President may call special meetings. In addition, the President or the Secretary shall call a special meeting if so directed: (i) by Board resolution, (ii) upon the request of the Founder during the Development and Sale Period, or (iii) within 30 days of a written petition of Owner Members representing at least 10% of the total votes in the Association stating the purpose for which they request a meeting to be called.

2.4. Notice of Meetings.

(a) At least 10 but not more than 60 days before any meeting of the membership, the President, the Secretary, or the officers or other persons calling the meeting shall deliver or cause to be delivered to each Member a written notice stating the place, day, and hour of the meeting and the items on the agenda for such meeting, including the general nature of any proposed amendment to the Charter or By-Laws, any proposed budget changes, any proposal to remove a director, and any other matter required by *Tex. Business Organizations Code* §§ 22.253 and 22.303, as same may be amended or any successor Texas statute thereof. If proxies are permitted, the notice shall also state the procedures for appointing proxies. If the meeting is to be held solely by electronic communications or if participation in the meeting is permitted by electronic communications, as described in Section 2.5 below, the notice shall state the form of communications system to be used for the meeting and the means of accessing the communications system. No business shall be transacted at a special meeting except as stated in the notice. Such notice shall be delivered by such means as permitted under Section 9.5 except as otherwise specified in the Charter, these By-Laws, or by Texas law.

(b) The Board shall set a record date for determining who is entitled to receive notice of a meeting, which shall not be earlier than the 60th day before the meeting date, and shall prepare an alphabetical list of the names of all Persons entitled to vote, indicating (i) the address of each Person, and (ii) the number of votes each Person is entitled to cast at the meeting. Not later than the second business day after the date notice of the meeting is given, and continuing through the meeting, the list shall be made available at the Association's principal office or at a reasonable place in the municipality in which the meeting will be held, as identified in the notice of the meeting, for inspection and copying by Members entitled to vote at the meeting, or their agents, for the purpose of communication with other Members concerning the meeting. The Association shall also make the list available at the meeting for inspection at any time during the meeting or any adjournment of the meeting.

2.5. Electronic Participation in Meetings.

The Association may allow Members to participate in any Association meeting by conference telephone or similar communications equipment or another suitable electronic communications system, including videoconferencing technology or the Internet, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting. If voting is to take place at the meeting, the Association must implement measures to verify that every Member voting at the meeting by means of remote communication is sufficiently identified.

2.6. Waiver of Notice.

Waiver of notice of an Association meeting shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any Association meeting, either before or after such meeting. A Member's attendance at a meeting shall be deemed a waiver by such Member of notice of the time, date, and place thereof. Attendance at a special meeting also shall be deemed a waiver of notice of all business transacted at such meeting.

2.7. Voting.

(a) **Voting Rights.** Members shall have such voting rights as are set forth in the Charter, which provisions are specifically incorporated by this reference. Members entitled to vote shall be entitled personally to cast the votes attributable to their respective Lots on any issue.

(b) **Voting Procedures.** Not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of any election or vote, the Association shall give written notice of the election or vote to each Owner entitled to vote.

A membership vote on any matter shall be conducted by written ballot signed by the Member entitled to vote, which ballot may be cast in person at a meeting, by mail or electronic transmission (including facsimile transmission, electronic mail, or posting on an Internet website), or by any combination of those methods; provided, any ballot submitted by electronically must be submitted in a manner that permits confirmation of the identity of the Member casting the vote and allows the Member to receive a receipt evidencing the transmission and receipt of the ballot. A ballot cast at a meeting shall revoke and supersede any ballot casting the same vote submitted by other means. A ballot cast prior to a meeting may not be counted if the motion was amended at the meeting so as to deviate from the exact language on the ballot previously cast.

A ballot to be submitted by mail or electronic transmission (an "**Absentee Ballot**") shall:

(i) describe each proposed action and providing an opportunity to vote for or against each proposed action; and

(ii) include the following language or such other language as may be authorized in lieu of the following language by future amendment of *Tex. Prop. Code, Chapter 209*, as it may be amended or any successor Texas statute thereof:

"By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail."

Any solicitation of votes to be cast by Absentee Ballot shall include instructions for delivery of the completed ballot, including the delivery location. If the Absentee Ballot is posted on an Internet website, a notice of posting shall be sent to each Member entitled to vote on the matter with instructions for obtaining access to the website and casting such ballot.

The person who tabulates votes on any matter shall not disclose to any other person how any particular Member's votes were cast. No person who is a candidate for election or is the subject of any other Association vote, nor any person related to such person within the third degree of consanguinity or affinity, as determined under *Texas Government Code Chapter 573*, as it may be amended or any successor Texas statute thereof, may tabulate ballots cast in any election or vote hereunder. No person other than a person designated to tabulate the votes shall be given access to the ballots cast except as part of a recount process authorized by law.

Within 15 days after the date of any election, any Owner may demand a recount of the votes in accordance with *Tex. Prop. Code §209.0057*, as it may be amended or any successor Texas statute thereof.

2.8. Proxies.

Owner Members may vote in person or by proxy, subject to the limitations of Texas law and subject to any specific provision to the contrary in the Charter or these By-Laws.

Every proxy shall be in writing, shall identify the Lot for which it is given, shall be signed by the Owner Member or the Owner Member's duly authorized attorney-in-fact, and shall be dated and filed with the Association's Secretary prior to the meeting for which it is to be effective. Unless the proxy specifically provided otherwise, a proxy shall be presumed to cover all votes which the Owner Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid.

A proxy is effective only for the specific meeting for which it was originally given, as such meeting lawfully may be adjourned and reconvened, and automatically expires 90 days after the date of the meeting for which it was originally given. Every proxy is revocable at any time prior to such proxy being voted at the pleasure of the Owner Member who executes the proxy by giving written notice of revocation to the Association's Secretary. A proxy shall automatically be revoked: (a) if the Member who executed the proxy attends the meeting and votes in person; (b) upon conveyance of any Lot for which it was given; (c) 11 months from the date of the proxy or such shorter period as specified in the proxy; or (d) upon the death or judicially-declared incompetence of the Member who signed it.

2.9. Quorum.

Except as these By-Laws or the Charter otherwise provide, the presence of Owner Members representing 40% of the total votes in the Association shall constitute a quorum at an initial Association meeting ("**Initial Meeting**") and the vote of Owner Members representing a majority of the total eligible votes cast shall constitute the action of the Members. The Owner Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Owner Members to leave less than a quorum. If the required quorum is not present or represented at the Initial Meeting, a subsequent meeting of the Owner Members ("**Second Meeting**") shall be called and noticed as set forth in Section 2.4. The presence at the Second Meeting of Owner Members entitled to cast, or of proxies entitled to cast, 30% of the total votes in the Association shall constitute a quorum. If the required quorum is not present or represented at the Second Meeting, subsequent meetings shall be automatically called and held every 15 minutes (written notice mailed to the Owner Members of such subsequent meeting(s) after the Second Meeting shall not be required), and the required quorum at each subsequent meeting(s) shall be one-half of the required quorum at the preceding meeting.

2.10. Conduct of Meetings.

The President or a Board-approved designee shall preside over all Association meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions adopted and all other transactions occurring at such meetings are kept with the Association's books.

2.11. Action Without a Meeting.

In accordance with the Certificate of Formation, any action that is required or that may be taken at a meeting of the Members may be taken without a meeting if:

- (a) the Association mails or delivers to every Person entitled to vote on the action:
 - (i) an Absentee Ballot meeting the requirements of Section 2.8(b), or
 - (ii) notice of the posting of such a ballot on an Internet website, with instructions for obtaining access to such website and casting the ballot; and
- (b) the number of votes cast equals or exceeds the quorum required for a meeting to consider such action; and
- (c) the number of votes cast in favor of the proposed action equals or exceeds the number of votes required to approve such action if the vote were conducted at a meeting.

Voting instructions or solicitations for any vote conducted in a manner other than at a meeting must indicate the deadline for casting the ballot in order to be counted. The period for submitting ballots to the Association shall not be more than 60 days. Each ballot cast must be signed and dated by the Owner Member. A signed ballot may not be revoked once submitted to the Association, except as provided in Section 2.8(b). The Board shall notify the Members of the results of the vote within 30 days after the expiration of the voting period.

Article 3 Board of Directors: Selection, Meetings, Powers

A. Composition and Selection.

3.1. Governing Body; Qualifications.

The Board shall govern the Association's affairs. Each director shall have one vote.

Each director shall be at least 21 years old and no less than a majority of the directors shall be an Owner of a Lot or a member of the record Owner's family who occupies the Owner's Lot; provided, those directors whom the Founder appoints need not be Owners or occupants of a Lot. Notwithstanding the foregoing, in the case of any Person who is eligible to serve on the Board who is not an individual, any officer, director, partner, or trust officer of such Person shall be eligible to serve as a director; provided, no more than one such representative of any Person, nor more than one occupant of a particular Lot, may serve on the Board at any one time, except in the case of directors the Founder appoints.

3.2. Number of Directors.

The Board shall consist of three directors.

3.3. Selection of Directors; Term of Office.

(a) Initial Board. The initial Board shall consist of the three directors identified in the Certificate of Formation, who shall serve until their successors are appointed or elected as provided in this section.

(b) Directors During the Founder Control Period. Except as otherwise provided in this section, the Founder Member may appoint, remove, and replace Board members until termination of the Founder Control Period. During such period, the Owner Members shall be entitled to elect a minority of the total number of directors (directors elected by the Owner Members are referred to as "**Owner Directors**") as follows: within 120 days after the earlier of: (A) the time that 75% of the maximum number of Lots anticipated by the Founder for development and sale as a part of Aria Isle at East Shore are owned by Persons other than the Founder, Affiliates of the Founder, or Builders, (B) the 10th anniversary of the date the Charter was recorded in the Real Property Records of Montgomery County, Texas, or (C) whenever the Founder earlier determines, the President shall call for an election by which the Owner Members, as a group, shall be entitled to elect one of the three directors, who shall be elected at large. The remaining directors shall be appointees of the Founder. The Owner Director shall be elected for a term of two years or until the happening of the event described in Section 3.3(c)(i), whichever is shorter. If such director's term expires prior to the happening of the event described in Section 3.3(c)(i) below, successors shall be elected for a like term.

(c) Directors After the Founder Control Period.

(i) Upon termination of the Founder Control Period, the President shall call for an election by which the Owner Members shall be entitled to elect three directors. The two directors receiving the greatest number of votes in the election shall be elected to serve until the second annual meeting following their election. The other director shall be elected to serve until the first annual meeting following his or her election. All three directors shall be Owner Directors.

(ii) Upon expiration of the term of office of each Owner Director, the Members shall be entitled to elect a successor to serve a term of two years. Owner Directors shall hold office until their respective successors have been elected. Notwithstanding anything to the contrary, no person may serve as an elected Owner Director more than two consecutive terms (regardless of length) and thereafter may not be nominated for or elected as an Owner Director until at least two years after their second elected term has expired; provided, however, an Owner Director who has served two consecutive elected terms may be nominated and elected for subsequent elected terms if no other eligible person is nominated for such Owner Director's position.

The diagram below illustrates the concept of transition of control of the Board during and after the Founder Control Period.

TRANSITION OF CONTROL OF BOARD OF DIRECTORS		
Initial Board	75% of Lots Conveyed	Termination of the Founder Control Period
Founder	Founder	Owner Director
Founder	Founder	Owner Director
Founder	Owner Director	Owner Director

3.4. Nomination and Election Procedures.

(a) Nomination of Candidates. At least 90 days prior to any election of directors by the Owner Members, the Board shall appoint a Nominating Committee consisting of a chairman, who shall be a Board member, and three or more Owners or representatives of Owners. The Nominating Committee shall serve a term which expires immediately following the election for which the Nominating Committee was appointed. The names of the Nominating Committee members shall be announced in the notice of each election.

In preparation for each election, the Nominating Committee shall meet and make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled by the Owner Members at such election. In the Board's discretion, nominations may also be permitted from the floor at the meeting at which any election is held. All candidates shall have a reasonable opportunity to communicate their qualifications to the Owner Members and to solicit votes from the Owner Members.

(b) Solicitation of Candidates. Prior to disseminating ballots for the election of Owner Directors, the Board shall provide notice to all Owners soliciting candidates interested in running for a director position as required by and in accordance with *Tex. Prop. Code §209.00593*, as it may be amended or any successor Texas statute thereof.

(c) Election Procedures. At each election, voting shall be by ballot, which may be cast in any manner authorized by the Board consistent with Section 2.8. Each Owner Member may cast the vote assigned to his or her Lot for each position to be filled from any of the candidates. Notwithstanding this, if the number of candidates equals the number of positions to be filled and there are no nominations from the floor, any Owner Member may move to accept the slate of candidates nominated by the Nominating Committee, and, if approved, no balloting shall be required. Under no circumstances shall cumulative voting be permitted in any election of directors.

In the event of a tie vote, the Owner Members shall be informed of the tie vote and given the opportunity to discuss the candidates among themselves in an effort to resolve the tie before another vote is taken. If the second vote again results in a tie, then the existing Directors shall resolve the tie. Such election to resolve the tie shall be held by mail, with ballots to be sent by first class mail to each Owner Member entitled to vote on such slate within 10 days after the meeting at which the original election was held.

3.5. Removal of Directors and Vacancies.

Any Owner Director may be removed, with or without cause, by the vote of Owner Members representing a majority of the total votes in the Association. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director by the Owner Members, the Owner Members, by the vote of Owner Members representing a majority of the total votes in the Association, shall elect a successor for the remainder of the term of such removed director.

At any meeting at which a quorum is present, a majority of the directors may remove any Owner Director who has three consecutive unexcused absences from Board meetings. The Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of an Owner Director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Owner Members shall elect a successor for the remainder of the term.

Any director whom the Board appoints shall be selected from among eligible Owners or residents of Lots within the Association.

This section shall not apply to directors the Founder appoints. The Founder may appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by the Founder.

B. Meetings.

3.6. Organizational Meetings.

The Board shall hold an organizational meeting within 10 days following each annual Association meeting at such time and place as the Board shall fix.

3.7. Regular Meetings.

The Board shall hold regular meetings at such time and place as a majority of the directors shall determine, but the Board shall meet at least four times during each fiscal year with at least one meeting per quarter.

3.8. Special Meetings.

The President, Vice President, or any two directors may call a special meeting of the Board.

3.9. Notice; Waiver of Notice.

(a) Notices of Board meetings shall specify the time and place of the meeting. Notice of any meeting which is conducted or which may be attended by conference telephone or other remote communications system in accordance with Section 3.10 shall specify the form of communications system to be used for the meeting and the means of accessing the communications system. The Board shall notify each director of meetings by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) facsimile, electronic mail, or other

electronic communication device, with confirmation of transmission. All such notices shall be given at or sent to the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the Association's records. Notices sent by first class mail shall be deposited into a United States mailbox at least five business days before the day of the meeting. Notices sent by personal delivery, telephone, or electronic communication shall be delivered at least 72 hours before the time set for the meeting. No notice shall be required for regular meetings conducted in accordance with a published schedule, provided notice of the schedule was delivered to each director in accordance with this subsection (a).

(b) Notice of all Board meetings, setting forth the date, hour, place, and general subject of the meeting, including a general description of any matter to be brought up for deliberation in executive session, shall be given as follows:

(i) by mail to each Owner, not later than the 10th day or earlier than the 60th day before the date of the meeting; or

(ii) at least 72 hours before the start of the meeting, sending the notice by e-mail to each Owner who has registered an e-mail address with the Association and either:

(A) posting the notice in a conspicuous manner reasonably designed to provide notice to the Members, either on the Common Area or on other property within the Subdivision, with the permission of the owner of such property; or

(B) posting on any Internet website maintained by the Association or other Internet media.

(c) If the Board recesses a Board meeting until the following regular business day, the Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent the requirements of this Article III, Part B. If a Board meeting is continued to the following regular business day, and on that following day the Board continues the meeting to another day, the Board shall give notice of the continuation in at least one manner prescribed by subsection (b)(ii)(A) or (B) within two hours after adjournment of the meeting being continued.

(d) Except as otherwise specifically provided in subsection (e), the Board may meet by any means of communication, including electronic and telephonic communication pursuant to Section 3.10(b) without prior notice to the Owners, or the Board may take action by unanimous written consent pursuant to Section 3.14, without prior notice to the Owners, to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate Board action. Any action taken without notice to Owners under subsection (b) 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 Board meeting.

(e) The Board may not, without prior notice to the Owners under subsection (b), consider or vote on fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions (other than temporary restraining orders or violations involving a threat to health or safety); increases in assessments; levying of special assessments; appeals from a denial of architectural control approval; lending or borrowing money; the adoption or amendment of a dedicatory instrument; the approval of an annual budget or the approval of an amendment to the annual budget by more than 10%; the sale or purchase of real property; the filling of a

vacancy of the Board; the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or the election of an officer. In addition, the Board may not consider or vote on 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.

(f) Subsections (b) through (e) of this section shall not apply to a Board meeting during the Development and Sale Period unless the meeting is conducted for the purpose of:

- (i) adopting or amending the Governing Documents;
 - (ii) increasing the amount of the Regular Assessment or adopting or increasing a Special Assessment;
 - (iii) electing non-developer directors or establishing or modifying the process for their election;
- or
- (iv) changing the voting rights of Members.

Nothing in this subsection (f) shall authorize the Board to take action on any matter listed in clauses (i) through (iv) in contravention of the approval that would otherwise be required under the Governing Documents or Texas law.

(c) Transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each director not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting.

3.10. Telephonic Participation in Meetings.

(a) Except as otherwise authorized in this Section 3.10, all Board meetings shall be held within Montgomery County or an adjacent county.

(b) Members of the Board or any committee the Board designates may participate in a Board or committee meeting by conference telephone or similar communications equipment through which all persons participating in the meeting may hear and be heard by every other Board member. Participation in a meeting pursuant to this section shall constitute presence at such meeting.

(c) A meeting of the Board, or of any committee designated by the Board, may be held by means of a remote electronic communications system, including videoconferencing technology or the Internet, but only if: (i) each person entitled to participate in the meeting consents to the meeting being held by means of that system; and (ii) the system provides access to the meeting in a manner or using a method by which each person participating in the meeting can communicate concurrently with each other participant.

3.11. Quorum of Board.

At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute

the Board's decision, unless Texas law, these By-Laws, or the Charter specifically provide otherwise. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the departure of directors, if at least a majority of the required quorum for that meeting approves any action taken. If the Board cannot hold a meeting because a quorum is not present, a majority of the directors present may adjourn the meeting to a time not less than 5 nor more than 30 days from the date of the original meeting without further notice other than an announcement at the original meeting. At the reconvened meeting, if a quorum is present the Board may transact, without further notice, any business it might have transacted at the original meeting.

3.12. Conduct of Meetings.

The President or any designee the Board approves by resolution shall preside over all Board meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions and all transactions occurring at such meetings are included in the Association's records.

3.13. Open Meetings; Executive Session.

(a) Subject to the provisions of Section 3.13(b) and Section 3.14, all Board meetings shall be open to all Members, but only directors may participate in any discussion or deliberation unless a director requests that attendees be granted permission to speak. In such case, the President may limit the time any such individual may speak. The Board shall make agendas for its meetings reasonably available for examination by all Members or their representatives prior to the meeting.

(b) Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, and attendance at such meeting restricted to directors and such other persons as the Board may specifically invite and announce during the open portion of the Board meeting, to discuss matters of a sensitive nature, such as proposed, pending, or threatened litigation, or other matters specified by law. Following an executive session, any decision made must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of any 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.

3.14. Action Without a Formal Meeting.

Subject to Section 3.9, any action to be taken or which may be taken at a Board meeting may be taken without a meeting if the directors sign a written consent, setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.15. Powers.

The Board shall have the power to administer the Association's affairs, perform the Association's responsibilities, and exercise the Association's rights as set forth in the Governing Documents and as provided by law. The Board may do or cause to be done on the Association's behalf all acts and things except those which the Governing Documents or Texas law require to be done and exercised exclusively by the membership.

3.16. Duties.

The Board's duties shall include, without limitation:

(a) preparing and adopting, in accordance with the Charter, an annual budget establishing each Owner's share of the Common Expenses;

(b) levying against and collecting assessments from the Owners;

(c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility in a manner consistent with the Subdivision-Wide Standard;

(d) designating, hiring, and dismissing personnel necessary to carry out the Association's rights and responsibilities and where appropriate, providing for compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) opening bank accounts on the Association's behalf and designating the signatories required;

(f) depositing all funds received on the Association's behalf in a bank depository which it shall approve and using such funds to operate the Association; however, in the Board's business judgment any reserve funds may be deposited in depositories other than banks;

(g) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents provided, if the Association proposes to contract for services that will cost more than \$50,000.00, it shall solicit bids or proposals for such services using a bid process established by the Board as required by *Texas Prop. Code §209.0052(c)*;

(h) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; however, the Association's obligation in this regard shall be conditioned in the manner provided in the Charter;

(i) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Charter, paying the cost thereof, and filing and adjusting claims, as appropriate;

(j) paying the cost of all services rendered to the Association;

(k) keeping a detailed accounting of the Association's receipts and expenditures;

(l) making available upon request to any prospective purchaser of a Lot, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Lot, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Article 7; and

(m) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required by Texas law, the Certificate of Formation, or these By-Laws.

3.17. Conflicts of Interest.

Unless otherwise approved by a majority of the other directors, no Owner Director may transact business with the Association or any Association contractor during his or her term as director or within two years after the term expires. A director shall promptly disclose in writing to the Board any actual or potential conflict of interest affecting the director relative to his or her performance as a director. A director's failure to make such disclosure shall be grounds for removal by a majority vote of the other Board members.

Notwithstanding the above, directors appointed by the Founder may be employed by or otherwise transact business with the Founder or any Founder Affiliate, and the Founder may transact business with the Association or its contractors.

Article 4 Officers

4.1. Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President shall be elected from among the Board members; other officers may, but need not, be Board members. The Board may appoint such other officers, including one or more Assistant Vice Presidents, Assistant Secretaries, and Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office.

The Board shall elect the Association's officers at the first Board meeting following each annual meeting of the Association, to serve until their successors are elected.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the Association's best interests will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as the Board may specifically confer or impose. The President shall be the Association's chief executive officer. The Treasurer shall have primary responsibility for preparing the Association's budgets as provided for in the Charter, and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5. Resignation.

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

Article 5 Committees

5.1. General.

In addition to such committees as the Founder or Board may appoint pursuant to the Charter, the Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Members of any committee serve at the pleasure of the Board and have no authority to take action on behalf of the Association or the Board. Committees serve to inform and make recommendations to the Board. Each committee shall operate in accordance with the terms of such resolution. In the conduct of its duties and responsibilities, each committee shall abide by the notice and quorum requirements applicable to the Board under Sections 3.9, 3.10, and 3.11 of those By-Laws. Notwithstanding the foregoing, at all DRC meetings, the quorum requirement shall be the presence of DRC members constituting at least 40% of all DRC members. Except as otherwise provided by Board resolution or the Governing Documents, a committee may meet by unanimous written consent of its members in lieu of a meeting.

5.2. Covenants Committee.

In addition to any other committees that the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at three Owners. Acting in accordance with the provisions of the Charter, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article 9 of these By-Laws. The Covenants Committee shall have no responsibility for seeking out violations of the Governing Documents.

Article 6 Standards of Conduct; Liability and Indemnification

6.1. Standards for Directors and Officers.

Board determinations of the meaning, scope, and application of Governing Document provisions shall, in the absence of an adjudication by a court of competent jurisdiction to the contrary, be final and binding as to all persons or property benefitted or bound by the provisions of the Governing Documents. The Board shall exercise its power in accordance with any applicable procedures established in the Governing Documents.

In performing their duties, directors and officers shall act as fiduciaries and shall be insulated from liability as provided for directors of corporations under Texas law and as otherwise provided by the Governing Documents. Directors and officers shall discharge their duties as directors or officers, and as members of any committee to which they are appointed, in a manner that the director or officer believes in good faith to be in the best interest of the corporation and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under Texas law.

6.2. Liability.

(a) A director or officer shall not be personally liable to the Association, any Member, or any other Person for any action taken or not taken as a director or officer if he or she has acted in accordance with Section 6.1.

(b) Pursuant to the business judgment rule, a director also shall not be personally liable for any action taken or not taken as a director if the director:

(i) acts within the expressed or implied scope of the Governing Documents and his or her actions are not *ultra vires*;

(ii) affirmatively undertakes to make decisions which the director reasonably believes are necessary for the Association's continued and successful operation and, when decisions are made, makes them on an informed basis;

(iii) acts on a disinterested basis, promptly disclosing any real or potential conflict of interests (pecuniary or other), and avoiding participation in decisions and actions on matters as to which he has a conflict of interest (beyond that which all directors have by virtue of their ownership or occupancy of a Lot or relationship to the Founder or a Founder Affiliate); and

(iv) acts in a non-fraudulent manner and without reckless indifference to the Association's affairs.

(c) The Association's officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the Association's behalf.

6.3. Indemnification.

Subject to the limitations of Texas law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that the Association shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the Association, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under Texas law; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

(i) appropriation, in violation of his or her duties, of any business opportunity of the Association; or

(ii) intentional misconduct or knowing violation of the law; or

- (iii) an unlawful distribution to members, directors or officers; or
- (iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

6.4. Advancement of Expenses.

In accordance with the procedures and subject to the conditions and limitations set forth in Texas law, the Board may authorize the Association to advance funds to pay for or reimburse the reasonable expenses incurred by a present or former officer, director or committee member in any proceeding to which he or she may be a party by reason of being or having been an officer, director, or committee member of the Association.

6.5. Board and Officer Training.

The Board may conduct or provide for seminars and continuing educational opportunities designed to educate and inform its officers and directors of their responsibilities as officers and directors. Such programs may include instruction on applicable Texas corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected officer and director shall be encouraged to complete a training seminar within the first six months of assuming such position. The seminar may be live, video or audiotape, or in other format. The cost of such seminar shall be a Common Expense.

The Board also may provide, or provide for, Owner and resident education designed to foster a better understanding of Aria Isle at East Shore's governance and operations, and leadership training classes designed to educate Owners of the nomination, election, and voting processes and the duties and responsibilities of directors and officers.

Article 7 Management and Accounting

7.1. Compensation of Directors and Officers.

The Association shall not compensate directors and officers for acting as such unless Owner Members representing a majority of the total votes in the Association approve such compensation at an Association meeting. The Association may reimburse any director or officer for expenses he or she incurs on the Association's behalf upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director or officer, or any entity with which a director or officer is affiliated, for services or supplies he or she furnishes to the Association in a capacity other than as a director or officer pursuant to a contract or agreement with the Association. However, such director must make known his or her interest to the Board prior to entering into such contract, and a majority of the Board, excluding any interested director, must approve such contract.

7.2. Right of Founder Member to Disapprove Actions.

So long as there is a Founder Membership, the Founder shall have a right to disapprove any action, policy, or program of the Association, the Board and any committee which, in the Founder's sole judgment, would tend to impair rights of the Founder or Builders under the Charter or these By-Laws, interfere with development or construction of any portion of East Shore, or diminish the level of services the Association provides. The Board shall not implement any action, policy, or program subject to the right of disapproval set forth herein until and unless the requirements of this section have been met.

(a) Notice. The Association shall give the Founder written notice of all meetings of the membership, the Board, and committees and any actions which any of them propose to take by written consent in lieu of a meeting. The Association shall give such notice by certified mail, return receipt requested, or by personal delivery at the address the Founder has registered with the Association. Such notice shall comply as to Board meetings with Section 3.9, and shall, except in the case of regular Board meetings pursuant to these By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting.

(b) Opportunity to be Heard. At any such meeting, the Association shall give the Founder the opportunity to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

The Founder, its representatives, or its agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Founder, acting through any officer or director, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was approved or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the approved action.

The Founder may use this right to disapprove to block proposed actions but shall not use it to require any action or counteraction of any committee, the Board, or the Association. The Founder shall not use its right to disapprove to reduce the level of services the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

7.3. Management Certificate and Managing Agent.

The Association shall record a management certificate as required by *Tex. Prop. Code §209.004* and amend the same within 30 days of any change in the information required to be set forth therein. In addition, within seven days after recording an initial or amended management certificate, the Association shall electronically file a copy of the same with the Texas Real Estate Commission.

The Board may employ for the Association professional management agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policy-making authority or ultimate responsibility for those duties set forth in Section 3.16. The Board may employ the Founder or any Founder Affiliate as managing agent or manager.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of the managing agent or manager which might arise between Board meetings.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Founder Control Period unless such contract contains a right of termination which may be exercised by the Association, with or without cause and without penalty, at any time after termination of the Founder Control Period upon not more than 90 days' written notice.

The managing agent shall not accept remuneration from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association. The managing agent shall promptly disclose to the Board any financial or other interest that it may have in any firm providing goods or services to the Association.

7.4. Accounts and Reports.

(a) The Board shall follow the following accounting standards unless the Board by resolution specifically determines otherwise:

- (i) accounting and controls should conform to generally accepted accounting principles; and
- (ii) the Association's cash accounts shall not be commingled with any other accounts, and during the Founder Control Period, operating accounts shall not be commingled with reserve accounts;

(b) Commencing at the end of the Association's first full fiscal year, the following financial reports shall be prepared for the Association within 90 days after the end of each fiscal year:

- (i) an income statement reflecting all income and expense activity for the preceding fiscal year;
- (ii) a statement reflecting all cash receipts and disbursements for the preceding fiscal year;
- (iii) a balance sheet as of the last day of the preceding fiscal year;
- (iv) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless the Board specifies otherwise by resolution); and
- (v) a statement of changes in financial position for the fiscal year.

Such annual report may be prepared on an audited, reviewed, or compiled basis, as the Board determines. A copy of the annual financial report shall be made available at no charge to any Member requesting a copy within 180 days after the close of the fiscal year.

(c) The Board shall report in writing to the Members any indemnification of or advancement of legal expenses to any officer, director, or committee member in accordance with *Tex. Business Organizations Code* §8.152, as it may be amended or any successor Texas statute thereof.

7.5. Borrowing.

The Association shall have the power to borrow money for any legal purpose and to pledge its property, including assessment revenues, as collateral for the debt.

7.6. Right to Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, any Neighborhood Association, amenity providers, and other owners or residents of associations within and outside of Aria Isle at East Shore.

7.7. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All Association agreements, contracts, deeds, leases, checks, and other instruments shall be executed by at least two officers or by such other person or persons as the Board may designate by resolution.

**Article 8
Enforcement Procedures**

The Association shall have the power, as provided in the Charter, to impose sanctions for any violation of the Governing Documents. If notice and an opportunity for a hearing is expressly required by the Charter, the Board shall comply with the following procedures prior to imposition of sanctions:

8.1. Notice and Response.

The Board or its delegate shall serve the alleged violator and/or the Owner with written notice, by certified mail, return receipt requested,

(a) describing the alleged violation or property damage which is the basis of the proposed sanction or amount due to the Association, as applicable;

(b) describing the proposed sanction to be imposed; and

(c) informing the alleged violator and/or Owner that:

(i) he or she has 30 days after receipt of the notice to present a written request for a hearing to the Board or the Covenants Committee, if one has been appointed pursuant to Article 6;

(ii) he or she may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 *et seq.*), if serving on active military duty;

(iii) attorneys fees and costs may be charged if the delinquency or violation continues after a certain date; and

(iv) if the violation is of a curable nature and does not pose a threat to public health or safety, he or she may avoid the proposed sanction by curing the violation within a reasonable cure period stated in the notice.

Notwithstanding the above, the Association shall have no obligation to provide notice or a cure period if the alleged violator has been given notice of a similar violation within the preceding six months. If the hearing

is to be held before a Covenants Committee, the notice shall also state that the alleged violator has the right to appeal the decision of the Covenants Committee to the Board.

The alleged violator shall respond to the notice of the alleged violation in writing within such 30-day period, regardless of whether the alleged violator is challenging the imposition of the proposed sanction. If the alleged violator cures the alleged violation and notifies the Board of such cure in writing within such 30-day period the Board may not assess a fine for such violations and may, but shall not be obligated to, waive or suspend the imposition of others sanctions. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person. If a timely request for a hearing is not made, the sanction stated in the notice may be imposed without further action. Notwithstanding any suspension of proceedings hereunder, subject to Texas law, if the same or similar violation is reported within 12 months after the date of the notice of the original violation, the Association may pursue any and all sanctions described in the original notice without further notice to the alleged violator.

Prior to the effectiveness of sanctions imposed pursuant to this Article, proof of proper notice shall be placed in the minutes of the Board or Covenants Committee, as applicable. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative requests and appears at the hearing.

8.2. Hearing.

If a hearing is requested within the allotted 30-day period, the hearing shall be held before the Covenants Committee, or if one has not been appointed, then before the Board in executive session within 30 days after receipt of the alleged violator's request. Either the Board or the alleged violator may request a postponement of up to 10 days, and such postponement shall be granted. Additional postponements may be granted upon agreement of both the Association and the alleged violator. The Board shall notify the alleged violator at least 10 days prior to the hearing of the time, date, and place of the hearing and provide the Owner with a packet containing all documents, photographs, and communications relating to the matter the Association intends to introduce at the hearing. If the Association does not provide such packet at least 10 days prior to the hearing, the Owner is entitled to an automatic 15-day postponement of the hearing. At the hearing, a member of the Board or the Association's designated representative shall first present the Association's case against the Owner. The alleged violator shall be afforded a reasonable opportunity to be heard and both the Association and the Owner shall be entitled to make an audio recording of the hearing. If the alleged violator fails to appear, a hearing may be held in his or her absence. The Board may adopt rules for the conduct of such hearings that may include, without limitation, rules that govern the presentation of evidence and witnesses and the ability of an alleged violator to question adverse witnesses. The minutes of the meetings of the Board or Covenants Committee, as applicable, shall contain a written statement of the results of the hearing (i.e., the Board's or Committee's decision) and the sanction, if any, to be imposed. Written notice of the decision shall be mailed to the violator within three days after the hearing.

8.3. Appeal.

Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board in accordance with *Tex. Prop. Code* §209.007, as it may be amended or any successor Texas statute thereof.

Article 9 Miscellaneous

9.1. Fiscal Year.

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

9.2. Parliamentary Rules.

Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law or the Governing Documents.

9.3. Conflicts.

If the Governing Documents violate any applicable provision of Texas law, such provision of Texas law shall control. If there are conflicts among the provisions of the Certificate of Formation, the Charter, and these By-Laws, the provisions of the Charter, the Certificate of Formation, and the By-Laws (in that order) shall prevail.

9.4. Books and Records.

(a) Document Retention. The Board shall be responsible for compliance with the following document retention policy relating to the Association's books and records:

- (i) certificates of formation, bylaws, restrictive covenants, and all amendments to the certificates of formation, bylaws, and covenants shall be retained permanently;
 - (ii) financial books and records shall be retained for seven years;
 - (iii) account records of current owners shall be retained for five years;
 - (iv) contracts with a term of one year or more shall be retained for four years after the expiration of the contract term;
 - (v) minutes of meetings of the owners and the board shall be retained for seven years;
- and
- (vi) tax returns and audit records shall be retained for seven years.

(b) Turnover of Books and Records. Within 90 days after termination of the Founder Control Period, the Founder shall deliver to the Association all property, books and records of the Association in the Founder's possession.

(c) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Lot, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Governing Documents, the membership register, books of account, the minutes

of meetings of the Members, the Board, and committees, and any other records as required by Texas law. The Board shall provide for such inspection to take place within 10 business days after receipt of a written request for access at the Association's office or at such other place within East Shore as the Board shall designate. The Association shall not be required to make available for inspection or copying any records that identify:

- (i) a particular Owner's violation history, personal financial information, history of payments or delinquencies in paying amounts due to the Association, or contact information other than address; or
- (ii) information related to an Association employee, including personnel files;

unless the Owner or employee whose records would be disclosed has given his or her prior written approval to release such information or a court orders such records to be released or made available to the requesting Owner or his or her representative.

(d) Rules for Inspection. An Owner or the Owner's authorized representative must submit to the Association a written request for access to inspect or copies of books and records under subsection (b), identifying the specific books and records or information desired. Such request shall be mailed by certified mail to the Association's mailing address or that of its authorized representative as reflected on the most current management certificate filed under *Tex. Prop. Code §209.004*, as it may be amended or any successor Texas statute thereof. 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:

(i) if an inspection is requested, then on or before the 10th business day after the date the Association receives the request, the Association shall send written notice to the Owner of dates during normal business hours that the Owner or its authorized representative 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

(ii) if copies of identified books and records are requested, then the Association shall produce the requested books and records, to the extent required under subsection (c) and in the possession, custody, or control of the Association, on or before the 10th business day after the date the Association receives the request, except as otherwise provided by *Tex. Prop. Code §209.005*, as it may be amended or any successor Texas statute thereof.

The Board shall establish a records production and copying policy that prescribes the charges to be paid by the Owner for compilation, production, and reproduction of information requested by such Owner or its authorized representative under this Section, which charges may include all reasonable costs of materials, labor, and overhead, but may not exceed costs that would be applicable for an item under 1 T.A.C. Section 70.3, as it may be amended or any successor Texas statute thereof ("**Authorized Charges**"). No charge shall be made pursuant to such policy until the policy has been recorded as required by *Tex. Prop. Code §209.005*, as it may be amended or any successor Texas statute thereof, and *§202.006*, as it may be amended or any successor Texas statute thereof. The Association may require advance payment of the estimated costs of compilation, production, and reproduction of the requested information. If the Authorized Charges vary from the estimate, the Association shall submit a final invoice to the Owner on or before the 30th business day after the date the information is delivered reflecting the variance and any balance or refund due. Any balance due which is 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. Any amount paid in excess of

Authorized Charges shall be refunded to the Owner not later than the 30th business day after the date the invoice is sent to the Owner.

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

9.5. Notices.

(a) Form of Notice and Method of Delivery. Except as otherwise provided in the Charter or these By-Laws or by Texas law, all notices, demands, bills, statements, or other communications under the Charter or these By-Laws shall be in writing and may be delivered in person, by United States mail, by private carrier, or if the intended recipient has given its prior written authorization to use such method of delivery, by facsimile or electronic mail with written confirmation of transmission. It is the responsibility of each Member to give notice to the Association of any change in the Member's address, facsimile number, or email address. Where the Governing Documents or applicable law require notice to an Owner or Member, notice given to any co-Owner of a Lot shall be deemed notice to all co-Owners of such Lot.

(b) Delivery Address. Notices shall be delivered or sent to the intended recipient as follows:

(i) if to a Member, at the address, telephone facsimile number, or e-mail address which the Member has designated in writing and filed with the Secretary or, if no such address or number has been designated, at the address of the Lot of such Member;

(ii) if to the Association, the Board, or a committee of either, at the address, facsimile number, or e-mail address of the principal office of the Association or its managing agent, or at such other address as the Association shall designate by notice in writing to the Members pursuant to this section; or

(iii) if to the Founder, at the Founder's principal address as it appears on the Secretary of State's records, or at such other address as the Founder shall designate by notice in writing to the Association pursuant to this section.

(c) Effective Date. Notice sent in accordance with Sections 9.5(a) and (b) shall be deemed to have been duly given and effective:

(i) if sent by United States mail, when deposited with the U.S. Postal Service, correctly addressed, with first class or higher priority postage prepaid;

(ii) if delivered personally or by private carrier, when actually delivered to the address of the intended recipient, as evidenced by the signature of the person at such address who accepts such delivery; or

(iii) if sent by telephone facsimile or electronic mail, upon transmission, as evidenced by a printed confirmation of transmission.

9.6. Amendment.

(a) *By Founder.* Prior to termination of the Founder Control Period, the Founder may unilaterally amend these By-Laws. Thereafter, the Founder may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; or (iii) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Lots. So long as there is a Founder Membership, the Founder Member may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any Member's right.

(b) *By Owner Members Generally.* Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Owner Members representing 67% of the total votes in the Association, and the consent of the Founder if Founder Membership exists. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) *Validity and Effective Date of Amendments.* Amendments to these By-Laws shall become effective upon recordation in the Real Property Records of Montgomery County, Texas, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its adoption, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of the Founder or the Founder Membership without the written consent of the Founder, the Founder Member, or the assignee of such right or privilege.

E-FILED FOR RECORD

07/06/2022 02:29PM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS,
COUNTY OF MONTGOMERY

I hereby certify that this instrument was e-filed in the file number sequence on the date and time stamped herein by me and was duly e-RECORDED in the Official Public Records of Montgomery County, Texas.

07/06/2022



County Clerk
Montgomery County, Texas