

20. Terms, conditions and stipulations contained in Adoption of Working Capital Assessment dated May 17, 2007, recorded in/under Document No. 2007090796 of the Official Public Records of Travis County, Texas.
21. Terms, conditions and stipulations contained in Landscape and Access Easement Agreement executed by and between The Villas at Rough Hollow Condominium Community, Inc., and Sierra Associate Group, Inc., dated July 3, 2008, recorded in/under Document No. 2008122355 of the Official Public Records of Travis County, Texas.
22. Terms, conditions and stipulations contained in Fence Maintenance License and Indemnity Agreement executed by and between The Villas at Rough Hollow Condominium Community, Inc. and David Silbert, dated July 3, 2008, recorded in/under Document No. 2008122358 of the Official Public Records of Travis County, Texas.
23. Easement executed by Rough Hollow Development, Ltd., to SDD Gas Company LLC, dated July 28, 2008, recorded in/under Document No. 2008127080 of the Official Public Records of Travis County, Texas.
24. Easement executed by Rough Hollow Development, Ltd. to Travis County Municipal Utility District No. 11, dated August 12, 2008, recorded in/under Document No. 2008136834 of the Official Public Records of Travis County, Texas.
25. Terms, conditions and stipulations contained in Information Statement Regarding Mandatory Membership in Rough Hollow Yacht Club and Marina dated March 10, 2009, recorded in/under Document No. 2009038886 of the Official Public Records of Travis County, Texas.
26. Rights of adjoining property owners in and to all structural elements that comprise any part of the overall structural unit of which any individual condominium residence is a part and which may be considered common to all such residences; and subject to the rights, also, of adjoining property owners in and to common areas of use, if any; and subject to the rights of co-owners to any such common structures or areas as determined by any agreement to which all the property owners may be a party.
27. Any encroachment, encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.

EXHIBIT "B"

COMMON INTEREST ALLOCATION AND VOTES

The Percentage of Common Interest and Share of Common Expense Liability for each Unit is 1/7. Each Unit is allocated one (1) vote.

THE ALLOCATED INTEREST ASSIGNED TO A PARTICULAR UNIT WILL DECREASE AS ADDITIONAL UNITS ARE CREATED AND ADDED TO THE REGIME BY DECLARANT.

BUILDING LCE ALLOCATION

There are currently no Attached Units within the Regime. Upon recording an amendment to this Declaration which creates Attached Units, a Building LCE Allocation will be made for each Attached Unit in the Regime.

THE BUILDING LCE ALLOCATION ASSIGNED TO A PARTICULAR ATTACHED UNIT WILL DECREASE IF ADDITIONAL ATTACHED UNITS ARE CREATED AND ADDED TO THE REGIME BY THE DECLARANT.

EXHIBIT "C"

GUIDE TO THE ASSOCIATION'S EXAMINATION OF COMMON ELEMENTS

This Guide provides information to assist the Board in conducting an annual examination of the Common Elements for the purpose maintaining replacement and repair reserves at a level that anticipates the scheduled replacement or major repair of components of the General Common Elements maintained by the Association. The annual examination is required by *Section 9.2* of the Declaration and is a necessary prerequisite to establishing sufficient reserves as required by *Section 6.11* of the Declaration. Additional information on conducting the examination may be obtained from the Community Associations Institute and their publication, *The National Reserve Study Standards of the Community Associations Institute*. See www.caionline.org. In addition, the Community Associations Institute provides certification for qualified preparers of reserve studies, known as a "Reserve Professionals Designation" (R.S.). Neither this Declaration or current law requires that the Board engage an individual holding a Reserve Professional Designation for the purpose of conducting the annual examination of the Common Elements. Because laws and practices change over time, the Board should not use this Guide without taking into account applicable changes in law and practice.

Developing a Plan

In developing a plan, the age and condition of Common Elements maintained by the Association must be considered. The possibility that new types of material, equipment, or maintenance processes associated with the repair and/or maintenance of Common Elements should also be taken into account. The individual or company who prepares the examination calculates a suggested annual funding amount and, in doing so, may consider such factors as which components are included, estimated replacement costs of the components, useful lives of the components, inflation, and interest on reserve account balances or other earnings rates. Annual contributions to the replacement fund from annual assessments are based on this examination or reserve study. A reserve study generally includes the following:

- Identification and analysis of each major component of Common Elements maintained by the Association
- Estimates of the remaining useful lives of the components
- Estimates of the costs of replacements or repairs
- A cash flow projection showing anticipated changes in expenditures and contributions over a time period generally ranging between 20 and 30 years
- The "Funding Goal" which is generally one of the following:

- Component Full Funding: Attaining, over a period of time, and maintaining, once the initial goal is achieved, a cumulative reserve account cash balance necessary to discharge anticipated expenditures at or near 100 percent; or
- Threshold Funding: Maintaining the reserve account cash balance above a specified dollar or percent funded amount.

Note that Threshold Funding will increase the likelihood that special assessments will be required to fund major repairs and replacements. For example, one study has shown that a Threshold Funding goal of 40 to 50% results in a 11.2% chance that the Association will be unable to fund repairs and replacement projects in the next funding year. See "Measuring the Adequacy of Reserves", *Common Ground*, July/August 1997. The same study found that Component Full Funding reduces this likelihood to between .09 and 1.4%.

Finding Common Element Component Replacement Information

Common Element component replacement information may be obtained from contractors, suppliers, technical specialists (IT, cable, fiber optics, etc), a "Reserve Study" specialist or from using tables in technical manuals on useful lives of various components. As provided in *Section 9.2* of the Declaration, the Board must reevaluate its funding level each year based upon changes to the Common Elements as well as changes to replacement costs and component conditions. The specific components of Common Elements include, but are not limited to, recreational facilities and furniture and equipment owned or maintained by the Association. Components covered by maintenance contracts may be excluded if the contracts include maintenance and replacement of the components. The Board must also include within their overall budget a deferred maintenance account for those components requiring periodic maintenance which does not occur annually. Typically, the deferred maintenance account would include such components as painting, staining, and caulking.

EXHIBIT "D"

GUIDE TO ASSOCIATION'S MAJOR MANAGEMENT & GOVERNANCE FUNCTIONS

This Guide lists several of the major management and governance functions of a typical residential development with a mandatory owners association. The Association's Board of Directors may, from time to time, use this Guide to consider what functions, if any, to delegate to one or more managers, managing agents, employees, or volunteers. Because laws and practices change over time, the Association and/or the Board should not use this Guide without taking account of applicable changes in law and practices.

MAJOR MANAGEMENT & GOVERNANCE FUNCTIONS	Performed by Association officers or directors	Delegated to Association employee or agent
<u>FINANCIAL MANAGEMENT</u> To adopt annual budget and levy assessments, per Declaration. Prepare annual operating budget, periodic operating statements, and year-end statement. Identify components of the property the Association is required to maintain. Estimate remaining useful life of each component. Estimate costs and schedule of major repairs and replacements, and develop replacement reserve schedule. Annually update same. Collect assessments and maintain Association accounts. Pay Association's expenses and taxes. Obtain annual audit and income tax filing. Maintain fidelity bond on whomever handles the Association funds. Report annually to members on financial status of the Association.		
<u>PHYSICAL MANAGEMENT</u>		

MAJOR MANAGEMENT & GOVERNANCE FUNCTIONS	Performed by Association officers or directors	Delegated to Association employee or agent
<p>Inspect, maintain, repair, and replace, as needed, all components of the property for which the Association has maintenance responsibility.</p> <p>Contract for services, as needed to operate or maintain the property.</p> <p>Prepare specifications and call for bids for major projects.</p> <p>Coordinate and supervise work on the property, as warranted.</p>		
<p><u>ADMINISTRATIVE MANAGEMENT</u></p> <p>Receive and respond to correspondence from owners, and assist in resolving owners' problems related to the Association.</p> <p>Conduct hearings with owners to resolve disputes or to enforce the governing documents.</p> <p>Obtain and supervise personnel and/or contracts needed to fulfill Association's functions.</p> <p>Schedule Association meetings and give owners timely notice of same.</p> <p>Schedule board meetings and give directors timely notice of same.</p> <p>Enforce the governing documents.</p> <p>Maintain insurance and bonds as required by the governing documents or state law, or as customary for similar types of property in the same geographic area.</p> <p>Maintain Association books, records, and files.</p>		

MAJOR MANAGEMENT & GOVERNANCE FUNCTIONS	Performed by Association officers or directors	Delegated to Association employee or agent
Maintain Association's corporate charter and registered agent & address.		
<u>OVERALL FUNCTIONS</u> Promote harmonious relationships within the community. Protect and enhance property values in the community. Encourage compliance with governing documents and applicable laws and ordinances. Act as liaison between the community of owners and governmental, taxing, or regulatory bodies. Protect the Association and the property from loss and damage by lawsuit or otherwise.		

APPENDIX "A"

DECLARANT RESERVATIONS AND REPRESENTATIONS

A.1. General Provisions.

A.1.1. Introduction. Declarant intends the Declaration to be perpetual and understands that provisions pertaining to the initial development, construction, marketing, and control of the Property will become obsolete when Declarant's role is complete. As a courtesy to future users of the Declaration, who may be frustrated by then-obsolete terms, Declarant is compiling Declarant-related provisions in this Appendix.

A.1.2. General Reservation and Construction. Notwithstanding other provisions of the Documents to the contrary, nothing contained therein may be construed to, nor may any mortgagee, other Owner, or the Association, prevent or interfere with the rights contained in this Appendix which Declarant hereby reserves exclusively unto itself and its successors and assigns. In case of a conflict between this Appendix "A" and any other Document, this Appendix "A" controls. This Appendix may not be amended without the prior written consent of Declarant. The terms and provisions of this Appendix must be construed liberally to give effect to Declarant's intent to protect Declarant's interests in the Property.

A.1.3. Purpose of Development and Declarant Control Periods. This Appendix gives Declarant certain rights during the Development Period and Declarant Control Period to ensure a complete and orderly sellout of the Property, which is ultimately for the benefit and protection of Owners and mortgagees. The "**Development Period**", as specifically defined in *Section 1.15* of the Declaration, means the fifteen (15) year period beginning on the date this Declaration is recorded, unless such period is earlier terminated by Declarant's recordation of a notice of termination. Declarant Control Period is defined in *Section 1.13* of the Declaration. Declarant may not use its control of the Association and the Property for an advantage over the Owners by way of retention of any residual rights or interests in the Association or through the creation of any contractual agreements which the Association may not terminate without cause with ninety (90) days' written notice.

A.2. Declarant Control Period Reservations. For the benefit and protection of Owners and mortgagees, and for the purpose of ensuring a complete and orderly build-out and sellout of the Property, Declarant will retain control of the Association, subject to the following:

A.2.1. Association Budget. During the Declarant Control Period, the Declarant-appointed Board will establish a projected budget for the Property as a fully developed,

fully constructed, and fully occupied residential community with a level of services and maintenance that is typical for similar types of developments in the general area of the Property, using cost estimates that are current for the period in which the budget is prepared. The Association budget may not include enhancements voluntarily provided by Declarant to facilitate the marketing of new homes in the Property.

A.2.2. Officers and Directors. During Declarant Control Period, the Board may consist of three (3) persons. Declarant may appoint, remove, and replace any officer or director of the Association, none of whom need be members or owners, and each of whom is indemnified by the Association as a "Leader," subject to the following limitation: within one hundred and twenty (120) days after 50 percent of the maximum number of Units that may be created have been conveyed to Owners other than Declarant, at least one-third of the Board must be elected by Owners other than Declarant.

A.2.3. Obligation for Assessments. For each Unit owned by Declarant, Declarant is liable for Special Assessments, Utility Assessments, Individual Assessments, and Deficiency Assessments in the same manner as any Owner. Regarding Regular Assessments, during the Declarant Control Period only, Declarant at Declarant's option may support the Association's budget by either of the following methods: (i) Declarant will pay Regular Assessments on each Declarant owned Unit in the same manner as any Owner; or (ii) Declarant will assume responsibility for the difference between the Association's actual common expenses as they are paid and the Regular Assessments received from Owners other than Declarant, and will provide any additional funds necessary to pay actual cash outlays of the Association. On the earlier to occur of three (3) years after the first conveyance of a Unit by the Declarant or termination of the Declarant Control Period, Declarant must begin paying Assessments on each Declarant owned Unit according to the Unit's allocated Interest for Assessments.

A.2.4. Obligation for Reserves. During the Declarant Control Period, neither the Association nor Declarant may use the Association working capital or reserve funds to pay operational expenses of the Association.

A.2.5. Enhancements. During the Declarant Control and Development Periods, Declarant – solely at Declarant's discretion – may voluntarily provide enhancements for the Property, such as higher levels of maintenance, management, insurance, and seasonal color in landscaping. Such enhancements are not included in the Association's annual operating budget or, alternatively, if included are identified as Declarant enhancements.

A.2.6. Expenses of Declarant. Expenses related to the completion and marketing of the Property will be paid by Declarant and are not expenses of the Association.

A.2.7. Management Contract. If Declarant enters into a professional management contract on behalf of the Association during Declarant Control Period, the Association has the right to terminate the contract without cause or penalty, but with at least 30 days written notice to the manager, at any time after a Board elected by the Owners other than Declarant takes office.

A.2.8. Common Elements. At or prior to termination of Declarant Control Period, if title or ownership to any Common Element is capable of being transferred, Declarant will convey title or ownership to the Association. At the time of conveyance, the Common Element will be free of encumbrance except for the property taxes, if any, accruing for the year of conveyance. Declarant's conveyance of title or ownership is a ministerial task that does not require and is not subject to acceptance by the Association or the Owners.

A.3. Development Period Rights. Declarant makes the following representations and reservations regarding Declarant's development of the Property:

A.3.1. Annexation. The Property is subject to expansion for up to fifteen (15) years from the date this Declaration is recorded. During the Development Period, Declarant may annex additional property into the Regime, and subject such property to this Declaration and the jurisdiction of the Association by Recording an amendment or supplement of this Declaration, executed by Declarant.

A.3.2. Creation of Units. When created, the Property contains seven (7) Units; however, Declarant reserves the right to create up to and including fifty-two (52) Units upon full buildout of all phases of the project which may include land added by the Declarant in accordance with Section 2.2 of the Declaration. Declarant's right to create Units is for a term of years and does not require that Declarant own a Unit in the Property at the time or times Declarant exercises its right of creation. The instrument creating additional units must include a revised schedule of allocated interests.

A.3.3. Changes in Development Plan. During the Development Period, Declarant may modify the initial development plan to respond to perceived or actual changes and opportunities in the marketplace. Modifications may include, without limitation, the subdivision or combination of Units, changes in the sizes, styles, configurations, materials, and appearances of Units, and Common Elements.

A.3.4. Architectural Control. During the Development Period, Declarant has the absolute right of architectural control. Notwithstanding the foregoing, during the

Development Period and after termination of Declarant Control, or earlier if Declarant permits, the Board may appoint or serve as a "modifications committee" to respond exclusively to modifications of completed Units that are owned by persons other than Declarant. A modifications committee may not involve itself with the approval of new Units or Common Elements.

A.3.5. Transfer Fees. During the Development Period, Declarant will not pay transfer-related and resale certificate fees.

A.3.6. Website & Property Name. During the Development Period, Declarant has the unilateral right to approve or disapprove uses of any website purporting to serve the Property or the Association, all information available on or through the Property website, if any, and all uses of the property name by the Association.

A.3.7. Fines and Penalties. During the Development Period, neither Declarant nor Units owned by Declarant are liable to the Association for late fees, fines, administrative charges, or any other charge that may be considered a penalty.

A.3.8. Statutory Development Rights. As permitted by the Act, Declarant reserves the following Development Rights which may be exercised during the Development Period: (i) to add real property to the Property; (ii) to create Units, General Common Elements, and Limited Common Elements within the Property, including the reallocation of portions of the Property currently designated as General Common Element as Units and Limited Common Element for the exclusive use and benefit of one or more Units; (iii) to subdivide Units or convert Units into Common Elements; and (iv) to withdraw from the Property any portion of the real property marked on the Plat and Plans as "Development Rights Reserved" or "Subject to Development Rights," provided that no Unit in the portion to be withdrawn has been conveyed to an Owner other than Declarant.

A.3.9. Development Rights Reserved. Regarding portions of the real property shown on the Plat and Plans as "Development Rights Reserved" or "Subject to Development Rights," if any, Declarant makes no assurances as to whether Declarant will exercise its Development Rights, the order in which portions will be developed, or whether all portions will be developed. The exercise of Development Rights as to some portions will not obligate Declarant to exercise them as to other portions.

A.3.10. Amendment. During the Development Period, Declarant may amend this Declaration and the other Documents, without consent of other Owners or any mortgagee, for the following limited purposes:

- (i) To meet the requirements, standards, or recommended guidelines of an Underwriting Lender to enable an institutional or governmental lender to make or purchase mortgage loans on the Units.
- (ii) To correct any defects in the execution of this Declaration or the other Documents.
- (iii) To add real property to the Property, in the exercise of statutory Development Rights.
- (iv) To create Units, General Common Elements, and Limited Common Elements within the Property, in the exercise of statutory Development Rights.
- (v) To subdivide, combine, or reconfigure Units or convert Units into Common Elements, or convert Attached Units into Stand-Alone Units, in the exercise of statutory Development Rights.
- (vi) To withdraw from the Property any portion of the real property marked on the Plat and Plans as "Development Rights Reserved" or "Subject to Development Rights" in the exercise of statutory Development Rights.
- (vii) To resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the Documents.
- (viii) To change the name or entity of Declarant.
- (ix) For any other purpose, provided the amendment has no material adverse effect on any right of any owner.

A.4. Special Declarant Rights. As permitted by the Act, Declarant reserves the below described Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Property during the Development Period. Unless terminated earlier by an amendment to this Declaration executed by Declarant, any Special Declarant Right may be exercised by Declarant so long as Declarant holds a Development Right to create additional Units or Common Elements or Declarant owns a Unit, whichever ceases last. Earlier termination of certain rights may occur by statute.

- (i) The right to complete or make Improvements indicated on the Plat and Plans.
- (ii) The right to exercise any Development Right permitted by the Act and this Declaration.

- (iii) The right to change, modify, or amend the description assigned to a Unit, so long as Declarant, or any assignee of Declarant's rights reserved pursuant to this Declaration, is the owner of the Unit. The change, modification, and/or amendment may increase or decrease the size of the Unit, and in conjunction therewith, Declarant may reallocate portions of the General Common Elements or Limited Common Elements, if any, as part of a Unit, or reallocate portions of the Unit as additional General Common Element or Limited Common Element, or reallocate portions of the General Common Elements as Limited Common Elements.
- (iv) The right to make the Property part of a larger condominium or planned community.
- (v) The right to use Units owned or leased by Declarant as models, storage areas, and offices for the marketing, management, maintenance, customer service, construction, and leasing of the Property.
- (vi) For purposes of promoting, identifying, and marketing the Property, Declarant reserves an easement and right to place or install signs, banners, flags, display lighting, potted plants, exterior decorative items, seasonal decorations, temporary window treatments, and seasonal landscaping on the Property, including items and locations that are prohibited to other Owners and Residents. Declarant reserves an easement and right to maintain, relocate, replace, or remove the same from time to time within the Property. Declarant also reserves the right to sponsor marketing events – such as open houses, MLS tours, and brokers parties – at the Property to promote the sale of Units.
- (vii) Declarant has an easement and right of ingress and egress in and through the Common Elements and Units owned or leased by Declarant for purposes of constructing, maintaining, managing, and marketing the Property, and for discharging Declarant's obligations under the Act and this Declaration.
- (viii) The right to appoint or remove any Declarant-appointed officer or director of the Association during Declarant Control Period consistent with the Act.

A.5. Additional Easements and Rights. Declarant reserves the following easements and rights, exercisable at Declarant's sole discretion, for the duration of the Development Period:

- (ix) An easement and right to erect, construct, and maintain on and in the Common Elements and Units owned or leased by Declarant whatever Declarant determines to be necessary or advisable in connection with the

construction, completion, management, maintenance, and marketing of the Property.

- (x) The right to sell or lease any Unit owned by Declarant. Units owned by Declarant are not subject to leasing or occupancy restrictions or prohibitions contained elsewhere in this Declaration or the other Documents.
- (xi) The right of entry and access to all Units to perform warranty-related work, if any, for the benefit of the Unit being entered, adjoining Units, or Common Elements. Requests for entry must be made in advance for a time reasonably convenient for the Owner who may not unreasonably withhold consent.
- (xii) An easement and right to make structural changes and alterations on Common Elements and Units used by Declarant as models and offices, as may be necessary to adapt them to the uses permitted herein. Declarant, at Declarant's sole expense, will restore altered Common Elements and Units to conform to the architectural standards of the Property. The restoration will be done within one hundred and twenty (120) days after termination of the Development Period.
- (xiii) An easement over the entire Property, including the Units, to inspect the Common Elements and all Improvements thereon and related thereto to evaluate the maintenance and condition of the Common Element Improvements.
- (xiv) The right to provide a reasonable means of access for the home-buying public through the gated entrance in connection with the active marketing of Units by Declarant, including the right to require that the gates be kept open during certain hours or on certain days.

A.6. Marketing Other Locations. This Declaration grants to Declarant a number of significant rights to market the Property. Declarant hereby reserves for itself and its affiliates the right to use each and every such right and privilege for the additional purposes of promoting, identifying, and marketing off-site developments of Declarant or its affiliates for the duration of the Development Period, even though Declarant may have completed the marketing of Units in the Property. Additionally, Declarant – at Declarant's sole option and discretion – may extend the effect of this Section for up to twelve (12) months after the end of the Development Period by paying the Association \$1,000.

A.7. Common Elements. Because the Common Elements are owned by the owners, collectively and in undivided interest, the Common Elements are not capable of being separately conveyed. The transfer of control of the Association at the end of the Declarant

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AMENDED AND RESTATED DEVELOPMENT AREA DECLARATION &
DECLARATION OF CONDOMINIUM REGIME
FOR THE VILLAS AT ROUGH HOLLOW SOUTH SHORE

Control Period is not a transfer of the ownership of the Common Elements. Because ownership of the Common Elements is not conveyed by Declarant to the Association, there is no basis for the popular misconception that Owners may "accept" or "refuse" the Common Elements.

A.8. Successor Declarant. Declarant may designate one or more Successor Declarants for specified designated purposes and/or for specified portions of the Property, or for all purposes and all of the Property. To be effective, the designation must be in writing, signed and acknowledged by Declarant and Successor Declarant, and Recorded. Declarant (or Successor Declarant) may subject the designation of Successor Declarant to limitations and reservations. Unless the designation of Successor Declarant provides otherwise, a Successor Declarant has the rights of Declarant under this Section and may designate further Successor Declarants.

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dana DeBeauvoir

Aug 24, 2011 03:54 PM

2011123806

PEREZTA: \$432.00

Dana DeBeauvoir, County Clerk

Travis County TEXAS

THE VILLAS AT ROUGH HOLLOW
CONDOMINIUM INFORMATION STATEMENT

ATTACHMENT "2"
CERTIFICATE OF FORMATION



Office of the Secretary of State

CERTIFICATE OF FILING OF

The Villas at Rough Hollow Condominium Community, Inc.
File Number: 800890911

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: 10/29/2007

Effective: 10/29/2007



A handwritten signature of Phil Wilson in black ink.

Phil Wilson
Secretary of State

OCT 29 2007

Corporations Section

CERTIFICATE OF FORMATION

OF

THE VILLAS AT ROUGH HOLLOW CONDOMINIUM COMMUNITY, INC.

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as incorporator of a corporation under the Texas Business Organizations Code, does hereby adopt the following Certificate of Formation for such corporation:

ARTICLE I

NAME

The name of the corporation is: The Villas at Rough Hollow Condominium Community, Inc. (hereinafter called the "Association").

ARTICLE II

NONPROFIT CORPORATION

The Association is a nonprofit corporation.

ARTICLE III

DURATION

The Association shall exist perpetually.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized in accordance with, and shall operate for nonprofit purposes pursuant to, the Texas Business Organizations Code, and does not contemplate pecuniary gain or profit to its members. The Association is formed for the purpose of exercising all of the powers and privileges, and performing all of the duties, obligations, and purposes of the Association as set forth in that certain "Development Area Declaration and Declaration of Condominium Regime for The Villas at Rough Hollow South Shore," which is or will be recorded in the Official Public Records of Travis County, Texas, as the same may be amended from time to time (the "Declaration").

ARTICLE V

REGISTERED OFFICE; REGISTERED AGENT

The street address of the initial registered office of the Association is 2101 Lakeway Blvd., Suite 205, Austin, Texas 78734. The name of its initial registered agent at such address is Haythem Dawlett.

ARTICLE VI

MEMBERSHIP

Membership in the Association shall be determined by *Section 13.6* of the Declaration.

ARTICLE VII

VOTING RIGHTS

Voting rights of the members of the Association shall be determined as set forth in *Section 5.8* of the Declaration. Notwithstanding the foregoing, cumulative voting is not permitted.

ARTICLE VIII

INCORPORATOR

The name and street address of the incorporator is:

NAME

Robert D. Burton

ADDRESS

100 Congress Avenue, Suite 1300
Austin, Texas 78701

ARTICLE IX

BOARD OF DIRECTORS

The affairs of the Association shall be managed by an initial Board of Directors consisting of three (3) individuals, who must be members of the Association. The Board shall fulfill all of the functions of, and possess all powers granted to, Boards of Directors for nonprofit corporations pursuant to the Texas Business Organizations Code. The number of Directors of the Association may be increased in accordance with the Bylaws of the Association. The names and addresses of the persons who are to act in the capacity of initial Directors until the selection of their successors are:

NAME

ADDRESS

Haythem Dawlett

2101 Lakeway Blvd., Suite 205
Austin, TX 78734

Joe Longton

2101 Lakeway Blvd., Suite 205
Austin, TX 78734

Steve Brandt

2101 Lakeway Blvd., Suite 230
Lakeway, Texas 78734

All of the powers and prerogatives of the Association shall be exercised by the initial Board of Directors named above until the first annual meeting of the Association.

ARTICLE X

LIMITATION OF DIRECTOR LIABILITY

A director of the Association shall not be personally liable to the Association for monetary damages for any act or omission in his capacity as a director, except to the extent otherwise expressly provided by a statute of the State of Texas. Any repeal or modification of this Article shall be prospective only, and shall not adversely affect any limitation of the personal liability of a director of the Association existing at the time of the repeal or modification.

ARTICLE XI

INDEMNIFICATION

Each person who acts as a director or officer of the Association shall be indemnified by the Association against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him in connection with any civil or criminal action, suit or proceeding in which he may be named as a party defendant or in which he may be a witness by reason of his being or having been such director or officer or by reason of any action alleged to have been taken or omitted by him in either such capacity. Such indemnification shall be provided in the manner and under the terms, conditions and limitations set forth in the Bylaws of the Association.

ARTICLE XII
DISSOLUTION

Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes substantially similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such substantially similar purposes.


ARTICLE XIII
ACTION WITHOUT MEETING

Any action required by law to be taken at any annual or special meeting of the members of the Association, or any action that may be taken at any annual or special meeting of the members of the Association, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the number of members having the total number of votes of the Association necessary to enact the action taken, as determined under the Declaration or this Certificate of Formation.

ARTICLE XIV
AMENDMENT

This Certificate of Formation may be amended by proposal submitted to the membership of the Association. Any such proposed amendment shall be adopted only upon an affirmative vote by the holders of an eighty percent (80%) majority of the total number of votes of the Association, as determined under the Declaration. In the case of any conflict between the Declaration and this Certificate of Formation, the Declaration shall control; and in the case of any conflict between this Certificate of Formation and the Bylaws of the Association, this Certificate of Formation shall control.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand, this 29th day of October, 2007.



Robert D. Burton, Incorporator

THE VILLAS AT ROUGH HOLLOW
CONDOMINIUM INFORMATION STATEMENT

ATTACHMENT "3"
COMMUNITY MANUAL



AFTER RECORDING RETURN TO:

ROBERT D. BURTON, ESQ.
ARMBRUST & BROWN, L.L.P.
100 CONGRESS AVE., SUITE 1300
AUSTIN, TEXAS 78701

COMMUNITY MANUAL



Consisting of:

Bylaws

Initial Rules & Regulations

Assessment Collection Policy

Fining Policy

Mold Policy

Certification and Acknowledgement

**FOR OWNERS AND RESIDENTS OF
THE VILLAS AT ROUGH HOLLOW CONDOMINIUMS**

PROPERTY

The Villas at Rough Hollow are located on Canyon Turn Trail, Austin, Texas 78738, and are subject to the Development Area Declaration and Declaration of Condominium Regime for The Villas at Rough Hollow South Shore, recorded or to be recorded in the Official Public Records of Travis County, Texas.

THE VILLAS AT ROUGH HOLLOW COMMUNITY MANUAL

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I. THE VILLAS AT ROUGH HOLLOW CONDOMINIUM COMMUNITY, INC.

BYLAWS

(a Texas condominium association)

ARTICLE 1

INTRODUCTION

1.1. **Property.** These Bylaws of The Villas at Rough Hollow Condominium Community, Inc., provide for the governance of the condominium regime known as The Villas at Rough Hollow, established on Lot 1, located within Rough Hollow Section 8, a subdivision in Travis County, according to the map or plat thereof, recorded as Document No. 200600012, Official Public Records of Travis County, Texas (the "**Property**"), as more particularly described in that certain Development Area Declaration and Declaration of Condominium Regime For The Villas at Rough Hollow South Shore, recorded or to be recorded in the Official Public Records of Travis County, Texas, as amended (the "**Declaration**").

1.2. **Parties to Bylaws.** All present or future Owners of Units and all other persons who use or occupy the Property in any manner are subject to these Bylaws, the Declaration, and the other Documents as defined in the Declaration. The mere acquisition or occupancy of a Unit will signify that these Bylaws are accepted, ratified, and will be strictly followed.

1.3. **Definitions.** Words and phrases defined in the Declaration have the same meanings when used in these Bylaws. Article 1 of the Declaration is incorporated herein by reference.

1.4. **Nonprofit Purpose.** The Association is organized to be a nonprofit corporation.

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

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

ARTICLE 2
BOARD OF DIRECTORS

During the Declarant Control Period, Appendix "A" of the Declaration governs the number, qualification, and appointment of directors. The initial directors will be appointed by Declarant and need not be Owners. Directors appointed by Declarant may not be removed by the Owners and may be removed by Declarant only. Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

2.1. **Number and Term of Office.** The Board will consist of three (3) persons. One director will be elected for a three (3) year term, one director will be elected for a two (2) year term, and one director will be elected for a one (1) year term. A director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed. The number of directors may be changed by amendment of these Bylaws, but may not be less than three (3).

2.2. **Qualification.** The following qualifications apply to the election or appointment of persons to the Board.

2.2.1. **Owners.** At least a Majority of the directors must be Members of the Association or spouses of Members.

2.2.2. **Entity Member.** If a Unit is owned by a legal entity, such as a partnership or corporation, any officer, partner, agent, or employee of that entity Member is eligible to serve as a director and is deemed to be a Member for the purposes of this Section. If the relationship between the entity Member and the director representing it terminates, that directorship will be deemed vacant.

2.2.3. **Delinquency.** No person may be elected or appointed as a director if any assessment or fine against the person or his Unit is delinquent at the time of election or appointment, provided he has been given notice of the delinquency and a reasonable opportunity to cure the delinquency.

2.2.4. **Litigation.** No person may be elected or appointed as a director if the person is a party adverse to the Association or the Board in pending litigation to which the Association or the Board is a party.

2.3. **Election.** Directors will be elected by the Members of the Association. The election of directors will be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by mail, facsimile transmission, electronic mail, or a combination of any of these.

2.4. **Vacancies.** Vacancies on the Board caused by any reason, except the removal of a director by a vote of the Association, are filled by a vote of the Majority of the remaining

directors, even though less than a quorum, at any meeting of the Board. Each director so elected serves until the next meeting of the Association, at which time a successor will be elected to fill the remainder of the term.

2.5. Removal of Directors.

2.5.1. Removal by Members. At any annual meeting or special meeting of the Association, any one or more of the directors may be removed with or without cause by Members representing at least two-thirds of the votes present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Members must be given an opportunity to be heard at the meeting.

2.5.2. Removal by Directors. A director may not be removed by the officers or by the remaining directors, except for the following limited reasons for which a director may be removed by at least a Majority of the other directors at a meeting of the Board called for that purpose:

i. The director is a party adverse to the Association or the Board in pending litigation to which the Association or the Board is a party; provided the Association did not file suit to effect removal of the director.

ii. The director's account with the Association has been delinquent for at least ninety (90) days or has been delinquent at least three (3) times during the preceding twelve (12) months; provided he was given notice of the default and a reasonable opportunity to cure.

iii. The director has refused or failed to attend three (3) or more meetings of the Board during the preceding twelve (12) months; provided he was given proper notice of the meetings.

iv. The director has refused or failed to cure a violation of the Documents for which he has been given notice, a reasonable opportunity to cure, and an opportunity to request a hearing before the Board.

2.6. Meetings of the Board.

2.6.1. Organizational Meeting of the Board. Within ten (10) days after the annual meeting, the directors will convene an organizational meeting for the purpose of electing officers. The time and place of the meeting will be fixed by the Board and announced to the directors.

2.6.2. Regular Meetings of the Board. Regular meetings of the Board may be held at a time and place that the Board determines, from time to time, but at least one (1) such meeting must be held each calendar quarter. Notice of regular meetings of the

Board will be given to each director, personally or by telephone, written, or electronic communication, at least three (3) days prior to the date of the meeting.

2.6.3. Special Meetings of the Board. Special meetings of the Board may be called by the president or, if he is absent or refuses to act, by the secretary, or by any two (2) directors. At least three (3) days notice will be given to each director, personally or by telephone, written, or electronic communication, which notice must state the place, time, and purpose of the meeting.

2.6.4. Emergency Meetings. In case of emergency, the Board may convene a meeting after making a diligent attempt to notify each director by any practical method.

2.6.5. Conduct of Meetings. The president presides over meetings of the Board and the secretary keeps, or causes to be kept, a record of resolutions adopted by the Board and a record of transactions and proceedings occurring at meetings. When not in conflict with law or the Documents, the then current edition of Robert's Rules of Order governs the conduct of the meetings of the Board.

2.6.6. Quorum. At meetings of the Board, a Majority of directors constitutes a quorum for the transaction of business, and the acts of the Majority of the directors present at a meeting at which a quorum is present are the acts of the Board. If less than a quorum is present at a meeting of the Board, the Majority of those present may adjourn the meeting from time to time. At any reconvened meeting at which a quorum is present, any business that may have been transacted at the meeting as originally called may be transacted without further notice. Directors may not participate by proxy at meetings of the Board.

2.6.7. Open Meetings. Regular and special meetings of the Board are open to Members of the Association, subject to the following provisions to the extent permitted or required by the Act:

- i. No audio or video recording of the meeting may be made, except by the Board or with the Board's prior express consent.
- ii. Members who are not directors may not participate in Board deliberations under any circumstances, and may not participate in Board discussions unless the Board expressly so authorizes at the meeting.
- iii. The Board may adjourn any meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar or sensitive nature. The nature of business to be considered in executive session will first be announced in open session.

iv. The Board may prohibit attendance by non-Members, including representatives, proxies, agents, and attorneys of Members.

v. The Board may prohibit attendance by any Member who disrupts meetings or interferes with the conduct of Board business.

vi. The Board may but is not required to publish to Members the time, date, and place of Board meetings, but will provide the information if requested in writing by a Member on a meeting by meeting basis.

2.6.8. Telephone Meetings. Members of the Board or any committee of the Association may participate in and hold meetings of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

2.6.9. Action without a Meeting. Any action required or permitted to be taken by the Board at a meeting may be taken without a meeting, if all directors individually or collectively consent in writing to such action. The written consent must be filed with the minutes of Board meetings. Action by written consent has the same force and effect as a unanimous vote. This Section does not apply to actions that require meetings under the Act.

2.7. Liabilities and Standard of Care. In performing their duties, the directors are required to exercise certain standards of care and are subject to certain liabilities, including but not limited to the following provisions of State law: Section 82.103(a) and (f) of the Act, and Sections 3.102, 3.105, 22.221, 22.223, 22.224, 22.225, 22.226, 22.227 and 22.230 of the Texas Business Organizations Code.

2.8. Powers and Duties. The Board has all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Property. The Board may do all acts and things except those which, by law or the Documents, are reserved to the Members and may not be delegated to the Board. Without prejudice to the general and specific powers and duties set forth in laws or the Documents, or powers and duties as may hereafter be imposed on the Board by resolution of the Association, the powers and duties of the Board include, but are not limited to, the following:

2.8.1. Appointment of Committees. The Board, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the Board with its responsibilities. The resolution may establish the purposes and powers of the committee created, provide for the appointment of a chair and committee Members, and may provide for reports, termination, and other administrative matters deemed appropriate

by the Board. Members of committees will be appointed from among the Owners and residents.

2.8.2. Manager. The Board may employ a manager or managing agent for the Association, at a compensation established by the Board, to perform duties and services authorized by the Board.

2.9. Fidelity Bonds. Any person handling or responsible for Association funds, including officers, agents, and employees of the Association, must furnish adequate fidelity bonds. The premiums on the bonds may be a common expense of the Association.

ARTICLE 3

OFFICERS

3.1. Designation. The principal officers of the Association are the president, the secretary, and the treasurer. The Board may appoint one (1) or more vice-presidents and other officers and assistant officers as it deems necessary. The president and secretary must be directors. Other officers may, but need not, be Members or directors. Any two (2) offices may be held by the same person, except the offices of president and secretary. If an officer is absent or unable to act, the Board may appoint a director to perform the duties of that officer and to act in place of that officer, on an interim basis.

3.2. Election of Officers. The officers are elected no less than annually by the directors at the organizational meeting of the Board and hold office at the pleasure of the Board. Except for resignation or removal, officers hold office until their respective successors have been designated by the Board.

3.3. Removal and Resignation of Officers. A Majority of directors may remove any officer, with or without cause, at any regular meeting of the Board or at any special meeting of the Board called for that purpose. A successor may be elected at any regular or special meeting of the Board called for that purpose. An officer may resign at any time by giving written notice to the Board. Unless the notice of resignation states otherwise, it is effective when received by the Board and does not require acceptance by the Board. The resignation or removal of an officer who is also a director does not constitute resignation or removal from the Board.

3.4. Standard of Care. In performing their duties, the officers are required to exercise the standards of care provided by Section 82.103(a) and (f) of the Act and by Section 3.105 of the Texas Business Organizations Code.

3.5. Description of Principal Offices.

3.5.1. President. As the chief executive officer of the Association, the president: (i) presides at all meetings of the Association and of the Board; (ii) has all the general powers and duties which are usually vested in the office of president of a corporation organized under the laws of the State of Texas; (iii) has general supervision, direction,

and control of the business of the Association, subject to the control of the Board; and (iv) sees that all orders and resolutions of the Board are carried into effect.

3.5.2. Secretary. The secretary: (i) keeps the minutes of all meetings of the Board and of the Association; (ii) has charge of such books, papers, and records as the Board may direct; (iii) maintains a record of the names and addresses of the Members for the mailing of notices; and (iv) in general, performs all duties incident to the office of secretary.

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

3.6. Authorized Agents. Except when the Documents require execution of certain instruments by certain individuals, the Board may authorize any person to execute instruments on behalf of the Association. In the absence of Board designation, the president and the secretary are the only persons authorized to execute instruments on behalf of the Association.

ARTICLE 4 **MEETINGS OF THE ASSOCIATION**

4.1. Annual Meeting. An annual meeting of the Association will be held once during each 12 month period on a date and at a time determined by the Board. At each annual meeting the Members will elect directors in accordance with these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

4.2. Special Meetings. It is the duty of the president to call a special meeting of the Association if directed to do so by a Majority of the Board or by a petition signed by Owners of at least twenty percent (20%) of the Units. The meeting must be held within thirty (30) days after the Board resolution or receipt of petition. The notice of any special meeting must state the time, place, and purpose of the meeting. No business, except the purpose stated in the notice of the meeting, may be transacted at a special meeting.

4.3. Place of Meetings. Meetings of the Association may be held at the Property or at a suitable place convenient to the Members, as determined by the Board.

4.4. Notice of Meetings. At the direction of the Board, written notice of meetings of the Association will be given to an Owner of each Unit at least ten (10) days but not more than sixty (60) days prior to the meeting. Notices of meetings will state the date, time, and place the meeting is to be held. Notices will identify the type of meeting as annual or special, and will

state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the Board.

4.5. **Ineligibility.** The Board may determine that no Member may vote at meetings of the Association if the Member's financial account with the Association is in arrears forty-five (45) days before the date of a meeting of the Association at which Members will vote, provided each ineligible Member is given notice of the arrearage and an opportunity to become eligible. The Board may specify the manner, place, and time for payment for purposes of restoring eligibility. A determination of Members entitled to vote at a meeting of the Association is effective for any adjournment of the meeting, provided the date of the adjourned meeting is not more than forty-five (45) days after the original meeting.

4.6. **Voting Members List.** The Board will prepare and make available a list of the Association's voting Members in accordance with Section 22.158(b) of the Texas Business Organizations Code.

4.7. **Quorum.** At any meeting of the Association, the presence in person or by proxy of Members representing at least twenty percent (20%) of the Units in the Property constitutes a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, provided that Members representing at least twenty percent (20%) of the Units in the Property remain in attendance, and provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

4.8. **Lack of Quorum.** If a quorum is not present at any meeting of the Association for which proper notice was given, Members representing at least a Majority of the votes present at the meeting, although not constituting a quorum, may vote to recess the meeting for not more than twenty-four (24) hours in order to attain a quorum, provided the place of the meeting remains as stated in the notice. If the meeting is adjourned without attainment of a quorum, notice of a new meeting for the same purposes within fifteen (15) to thirty (30) days may be given to an Owner of each Unit, at which meeting the Members present in person or by proxy (even if representing less than twenty percent (20%) of the Units) will be sufficient to constitute a quorum for the purposes of that meeting.

4.9. **Votes.** The vote of Members representing at least a Majority of the votes cast at any meeting at which a quorum is present binds all Members for all purposes, except when a higher percentage is required by these Bylaws, the Declaration, or by law. Cumulative voting is prohibited.

4.9.1. **Co-Owned Units.** If a Unit is owned by more than one Member, the vote appurtenant to that Unit is cast in accordance with Section 82.110(a) of Act, which is summarized as follows. If only one of the multiple Owners of a Unit is present at a meeting of the Association, that person may cast the vote allocated to that Unit. If more than one of the multiple Owners is present, the vote allocated to that Unit may be cast only in accordance with the Owners' unanimous agreement. Multiple Owners are in

unanimous agreement if one of the multiple Owners casts the vote allocated to a Unit and none of the other Owners makes prompt protest to the person presiding over the meeting.

4.9.2. Corporation-Owned Units. If a Unit is owned by a corporation, the vote appurtenant to that Unit may be cast by any officer of the corporation in the absence of the corporation's written appointment of a specific person to exercise its vote. The vote of a partnership may be cast by any general partner in the absence of the partners' written appointment of a specific person. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of a corporation or partnership is qualified to vote.

4.9.3. Association-Owned Units. Votes allocated to a Unit owned by the Association may be counted towards a quorum and for all ballots and votes except the election or removal of directors. The vote appurtenant to a Unit owned by the Association is exercised by the Board.

4.10. Proxies. Votes may be cast in person or by written proxy. To be valid, each proxy must: (i) be signed and dated by a Member or his attorney-in-fact; (ii) identify the Unit to which the vote is appurtenant; (iii) name the person or title (such as "presiding officer") in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the secretary, to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the Board. Unless the proxy specifies a shorter or longer time, it terminates eleven (11) months after the date of its execution. Perpetual or self-renewing proxies are permitted, provided they are revocable. To revoke a proxy, the granting Member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. A proxy may be delivered by fax. However, a proxy received by fax may not be counted to make or break a tie-vote unless: (a) the proxy has been acknowledged or sworn to by the Member, before and certified by an officer authorized to take acknowledgments and oaths; or (b) the Association also receives the original proxy within five (5) days after the vote.

4.11. Conduct of Meetings. The president, or any person designated by the Board, presides over meetings of the Association. The secretary keeps, or causes to be kept, the minutes of the meeting which should record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then current edition of Robert's Rules of Order governs the conduct of meetings of the Association when not in conflict with the Documents. Votes should be tallied by Members appointed by the person presiding over the meeting.

4.12. **Order Of Business.** Unless the notice of meeting states otherwise, or the assembly adopts a different agenda at the meeting, the order of business at meetings of the Association is as follows:

- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Approval of minutes of preceding meeting
- Reports of Officers (if any)
- Election of directors (when required)
- Unfinished or old business
- New business

4.13. **Adjournment of Meeting.** At any meeting of the Association, a Majority of the Members present at that meeting, either in person or by proxy, may adjourn the meeting to another time and place.

4.14. **Action without Meeting.** Subject to Board approval, any action which may be taken by a vote of the Members at a meeting of the Association may also be taken without a meeting by written consents. The Board may permit Members to vote by any method allowed by Section 22.160(b)(c) and (d) of the Texas Business Organizations Code, which may include hand delivery, mail, fax, email, or any combination of these. Written consents by Members representing at least a Majority of votes in the Association, or such higher percentage as may be required by the Documents, constitutes approval by written consent. This Section may not be used to avoid the requirement of an annual meeting and does not apply to the election of directors.

4.15. **Telephone Meetings.** Members of the Association may participate in and hold meetings of the Association by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE 5

RULES

5.1. **Rules.** The Declarant has adopted initial rules and regulations for: (i) the administration of the Association and the Documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the Property; and (iii) the health, comfort, and general welfare of the residents; provided, however, that such rules may not be in conflict with law or the Documents. The Board will, at all times, maintain the then current and complete rules in a written form which can be copied and distributed to the Members. The Board has the right to amend, from time to time, the rules and regulations; provided, however,

that until the expiration or termination of the Development Period, all amendments to the rules and regulations must be approved in advance and in writing by Declarant.

5.2. **Adoption and Amendment.** Any rule may be adopted, amended, or terminated by the Board, provided that the rule and the requisite Board (and Declarant, if applicable) approval are properly recorded as a resolution in the minutes of the meeting of the Board.

5.3. **Distribution.** On request from any Member or resident, the Board will provide a current and complete copy of rules. Additionally, the Board will, from time to time, distribute copies of the current and complete rules to Owners and, if the Board so chooses, to non-Member residents.

ARTICLE 6

ENFORCEMENT

6.1. **Remedies.** The violation of any provision of the Documents gives the Board the following rights, in addition to any other rights set forth in the Documents:

6.1.1. **Fines.** To impose reasonable fines, if notice and an opportunity to be heard are given.

6.1.2. **Self-Help.** After notice and an opportunity to be heard are given, except in case of an emergency, to enter the Unit or Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is contrary to the intent and meaning of the provisions of the Documents. The Board may not be deemed liable for any manner of trespass by this action.

6.1.3. **Courts.** To enjoin, abate, or remedy, by appropriate legal proceedings, the continuance of any breach.

6.2. **Notice and Hearing.** Before imposing a fine or exercising self-help abatement, the Board must give the Owner a written violation notice and an opportunity to be heard.

6.2.1. **Notice of Violation.** The Board's written violation notice will contain the following: (i) the date the violation notice is prepared or mailed; (ii) a description of the violation; (iii) a reference to the rule or provision of the Documents that is being violated; (iv) a description of the action required to cure the violation; (v) the amount of the fine to be levied and/or the abatement action to be taken; (vi) the date the fine begins accruing or abatement action becomes possible; and (vi) a statement that not later than the 30th day after the date of the violation notice, the Owner may request a hearing before the Board to contest the fine or the abatement action.

6.2.2. Notice to Resident. In addition to giving the written violation notice to the Owner, the Board may also give a copy of the notice to the non-Owner resident, if the Board deems it appropriate.

6.2.3. Request for Hearing. To request a hearing before the Board, an Owner must submit a written request to the Board within thirty (30) days after the date of the violation notice. Within ten (10) days after receiving the Owner's request for a hearing, the Board will give the Owner notice of the date, time, and place of the hearing. The hearing will be scheduled for a date within forty-five (45) days from the date the Board receives the Owner's request, and should be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend.

6.2.4. Pending Hearing. Pending the hearing, the Board may continue to exercise the Association's other rights and remedies for the violation, as if the declared violation were valid. The Owner's request for a hearing suspends only the levy of the fine or the abatement action described in the notice.

6.2.5. Hearing. The hearing will be held in a closed or executive session of the Board. At the hearing, the Board will consider the facts and circumstances surrounding the violation. The Owner may attend the hearing in person, or may be represented by another person or written communication. No audio or video recording of the hearing may be made.

6.2.6. Minutes of Hearing. The minutes of the hearing must contain a statement of the results of the hearing and the amount of fine, if any, imposed, or abatement action, if any, authorized. A copy of the violation notice and request for hearing should be placed in the minutes of the hearing. If the Owner appears at the hearing, the notice requirement will be deemed satisfied.

6.3. Imposition of Fine. Within thirty (30) days after levying the fine or authorizing the abatement, the Board must give the Owner notice of the levied fine or abatement action. If the fine or action is announced at the hearing at which the Owner is actually present, the notice requirement will be satisfied. Otherwise, the notice must be in writing.

6.3.1. Amount. The Board may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The Board may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation. If the Board allows fines to accumulate, it may establish a maximum amount for a particular fine, at which point the total fine will be capped.

6.3.2. Type of Fine. If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, weekly, or monthly). If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

6.3.3. Other Fine-Related. The Association is not entitled to collect a fine from an Owner to whom it has not given notice and an opportunity to be heard. The Association may not charge interest on unpaid fines. The Association may not foreclose its assessment lien on a debt consisting solely of fines. The Board may adopt a collection policy that applies Owners' payments to unpaid fines before retiring other types of assessments.

6.4. Additional Enforcement Rights. Notwithstanding the notice and hearing requirement, the Board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the Documents which, in the Board's opinion, are: (i) self-evident, such as vehicles parked illegally or in violation of posted signs; (ii) threatening to life or property; or (iii) repeat violations of the same provision by the same Owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the Documents for certain violations, such as nonpayment of assessments.

ARTICLE 7

OBLIGATIONS OF THE OWNERS

7.1. Notice of Sale. Any Owner intending to sell or convey his Unit or any interest therein must give written notice to the Board of his intention, together with: (i) the address or legal description of the Unit being conveyed; (ii) the name and address of the intended purchaser; (iii) the name, address, and phone number of the title company or attorney designated to close the transaction; (iv) names and phone numbers of real estate agents, if any, representing seller and purchaser; and (v) scheduled date of closing. An Owner will furnish this information to the Board at least ten (10) business days before the scheduled date of closing or conveyance. The requirements of this Section may be satisfied by giving the Association a copy of an accepted resale contract in connection with the Owner's request to the Association for a resale certificate.

7.2. Proof of Ownership. On request by the Association from time to time, any person who purports to be an Owner or the agent of an Owner must furnish to the Board evidence of ownership of the Unit. A copy of the recorded deed is the customary evidence. This requirement may be satisfied by receipt of a Board-approved form that is completed and acknowledged by a title company or attorney at time of conveyance of the Unit or any interest therein. The Association may refuse to recognize a person as a Member unless the requested documentation is provided.

7.3. Owners' Information. Within thirty (30) days after acquiring an ownership interest in a Unit, the Owner must provide the Association with the Owner's mailing address, telephone number, and driver's license number, if any; the name and telephone number of any resident other than the Owner; and the name, address, and telephone number of any person managing the Unit as agent of the Unit Owner. An Owner must notify the Association within

thirty (30) days after he has notice of a change in any information required by this Section, and must provide the information on request by the Association from time to time.

7.4. **Mailing Address.** The Owner or the several co-Owners of a Unit must register and maintain one mailing address to be used by the Association for mailing of notices, demands, and all other communications. If an Owner fails to maintain a current mailing address with the Association, the address of the Owner's Unit is deemed to be his mailing address.

7.5. **Registration of Mortgagees.** Within thirty (30) days after granting a lien against his Unit, the Owner must provide the Association with the name and address of the holder of the lien and the loan number. The Owner must notify the Association within thirty (30) days after he has notice of a change in the information required by this Section. Also, the Owner will provide the information on request by the Association from time to time.

7.6. **Assessments.** All Owners are obligated to pay assessments imposed by the Association to meet the common expenses as defined in the Declaration. A Member is deemed to be in good standing and entitled to vote at any meeting of the Association if he is current in the assessments made or levied against him and his Unit.

7.7. **Compliance with Documents.** Each Owner will comply with the provisions and terms of the Documents, and any amendments thereto. Further, each Owner will always endeavor to observe and promote the cooperative purposes for which the Property was established.

ARTICLE 8

ASSOCIATION RECORDS

8.1. **Records.** The Association will use its best efforts to keep the records required by Section 82.114(a) of the Act , including the following:

- i. Minutes or a similar record of the proceedings of meetings of the Association.
- ii. Minutes or a similar record of the proceedings of meetings of the Board.
- iii. Names and mailing addresses of the Members, the currency and accuracy of the information being the responsibility of the Members.
- iv. Names and mailing addresses of the mortgagees, the currency and accuracy of the information being the responsibility of the Members and their mortgagees.
- v. Financial records and books of account for the Association, kept in a manner consistent with generally accepted accounting principles.

- vi. Copies of income tax returns prepared for the Internal Revenue Service.
- vii. Copies of the Documents and all amendments to any of these.
- viii. A record of all votes or written consents by which amendments to the Documents were approved, for at least four (4) years after the approval.

8.2. **Inspection of Books and Records.** Books and records of the Association will be made available for inspection and copying pursuant to Section 82.114(b) of the Act and Sections 3.151, 3.153 and 22.351 of the Texas Business Organizations Code.

8.2.1. **Proper Purpose.** The Board may require a Member to submit a written demand for inspection, stating the purpose for which the Member will inspect the books and records. The Board has the following rights: (i) to determine whether the Member's purpose for inspection is proper; (ii) to deny the request if the Board determines that the Member's purpose is not proper; (iii) if granting the request, to identify which books and records are relevant to the Member's stated purpose for inspection.

8.2.2. **Copies.** A Member, at Member's expense, may obtain photocopies of books and records for which the Board grants the right of inspection. The Board has the right to retain possession of the original books and records, to make copies requested by the Member, and to charge the Member a reasonable fee for copying.

8.2.3. **Member's Agent.** A Member's inspection of the books and records may be assisted or performed by the Member's agent, accountant, or attorney.

8.2.4. **Records of Attorneys and Accountants.** The files and records of an attorney or accountant who performs services for the Association are not records of the Association, are not subject to inspection by Members, and are not subject to production in a legal proceeding.

8.3. **Resale Certificates.** Any officer may prepare or cause to be prepared, certify, and execute resale certificates in accordance with Section 82.157 of the Act. The Association may charge a reasonable fee for preparing resale certificates. The Association may refuse to furnish resale certificates until the fee is paid. Any unpaid fees may be assessed against the Unit for which the certificate is furnished.

ARTICLE 9

NOTICES

9.1. **Co-Owners.** If a Unit is owned by more than one person, notice to one co-Owner is deemed notice to all co-Owners.

9.2. **Delivery of Notices.** Any written notice required or permitted by these Bylaws may be given personally, by mail, by fax, or by any other method permitted by the Texas Business Organizations Code. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the Member at the address shown on the Association's records. If transmitted by fax, the notice is deemed delivered on successful transmission of the facsimile.

9.3. **Waiver of Notice.** Whenever a notice is required to be given to an Owner, Member, or director, a written waiver of the notice, signed by the person entitled to the notice, whether before or after the time stated in the notice, is equivalent to giving the notice. Attendance by a Member or director at any meeting of the Association or Board, respectively, constitutes a waiver of notice by the Member or director of the time, place, and purpose of the meeting. If all Members or directors are present at any meeting of the Association or Board, respectively, no notice is required and any business may be transacted at the meeting.

ARTICLE 10

DECLARANT PROVISIONS

10.1. **Conflict.** The provisions of this Article control over any provision to the contrary elsewhere in these Bylaws.

10.2. **Board of Directors.** During the Declarant Control Period, Appendix "A" of the Declaration governs the number, qualification, and appointment of directors. The initial directors will be appointed by Declarant and need not be Owners or residents. Directors appointed by Declarant may not be removed by the Owners and may be removed by Declarant only. Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

10.3. **Organizational Meeting.** Within sixty (60) days after the end of the Declarant Control Period, or sooner at Declarant's option, Declarant will call an organizational meeting of the Members for the purpose of electing directors, by ballot of Members. Notice of the organizational meeting will be given as if it were notice of an annual meeting.

ARTICLE 11

AMENDMENTS TO BYLAWS

11.1. **Authority.** These Bylaws may be amended by a majority vote of the Board of Directors.

11.2. **Mortgagee Protection.** In addition to the notices and consents required by these Bylaws, certain actions and amendments require notice to or approval by Eligible Mortgagees, pursuant to the Mortgagee Protection article of the Declaration. If applicable, the Association must give the required notices to and obtain the required approvals from Eligible Mortgagees.

11.3. **Effective.** To be effective, each amendment must be in writing, reference the names of the Property and the Association, and be executed by a majority of the Board of

Directors. Further, if these Bylaws are publicly recorded, the amendment must recite the recording data for the Bylaws, and be recorded in the Official Public Records of Travis County, Texas.

11.4. **Declarant Protection.** During the Development Period, no amendment of these Bylaws may affect the Declarant's rights herein without the Declarant's written and acknowledged consent. Specifically, this Section and the article titled "Declarant Provisions" may not be amended without the prior written approval of the Declarant. The Declarant's written consent must be part of the amendment instrument.

ARTICLE 12

GENERAL PROVISIONS

12.1. **Compensation.** A director, officer, Member, or resident may not receive any pecuniary profit from the operation of the Association, and no funds or assets of the Association may be paid as a salary or as compensation to, or be distributed to, or inure to the benefit of a director, officer, Member, or resident. Nevertheless,

i. Reasonable compensation may be paid to a director, officer, Member, or resident for services rendered to the Association in other capacities.

ii. A director, officer, Member, or resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided the expense has been approved by the Board.

iii. The Board may budget and use Association funds to purchase awards, certificates, a celebratory meal, or other customary tokens or demonstrations of appreciation for volunteer activities.

iv. This provision does not apply to distributions to Unit Owners permitted or required by the Declaration or the Act.

12.2. **Conflicting Provisions.** If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, the conflicting Bylaws provision is null and void, but all other provisions of these Bylaws remain in full force and effect. In the case of any conflict between the certificate of formation of the Association and these Bylaws, the certificate of formation controls. In the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

12.3. **Severability.** Whenever possible, each provision of these Bylaws will be interpreted in a manner as to be effective and valid. Invalidation of any provision of these Bylaws, by judgment or court order, does not affect any other provision which remains in full force and effect.

12.4. **Construction.** The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions of articles and sections are inserted only for convenience and may not be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

12.5. **Fiscal Year.** The fiscal year of the Association will be set by resolution of the Board, and is subject to change from time to time as the Board determines. In the absence of a resolution by the Board, the fiscal year is the calendar year.

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

12.7. **Indemnification.** To the fullest extent permitted by applicable law, the Association will indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a director, officer, committee member, employee, servant, or agent of the Association against expenses (including attorney's fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by such person in connection with such action, suit or proceeding if it is found and determined by the Board or a court that such person: (i) acted in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Association; or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of any action, suit, or proceeding by settlement, or upon a plea of Nolo Contendere or its equivalent, will not of itself create a presumption that the person did not act in good faith or in a manner reasonably believed to be in, or not opposed to, the best interests of the Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that such conduct was unlawful.

12.8. **Preparer.** These Bylaws were prepared in by Robert D. Burton, Esq., Armbrust & Brown, L.L.P., 100 Congress Ave., Suite 1300, Austin, Texas 78701.

II. INITIAL RULES & REGULATIONS

These Initial Rules & Regulations are established by **JH YACHT CLUB VILLAS, LTD.**, a Texas limited partners, for the benefit of The Villas at Rough Hollow Condominium Community, Inc., a Texas non-profit corporation (the "**Association**"). These Community Rules are the "**Rules**" defined in Article 1 of the Development Area Declaration and Declaration of Condominium Regime for The Villas at Rough Hollow South Shore, recorded or to be recorded in the Real Property Records of Travis County, Texas (the "**Declaration**").

These Rules are in addition to the provisions of the Declaration and Bylaws. By owning or occupying a Unit, each Owner and Resident agrees to abide by these Rules and to comply with the obligations of Owners and Residents under the Declaration and Bylaws of the Association.

Words and phrases defined in the Declaration have the same meaning when used in these Rules. In the event of a conflict between Documents, the hierarchy of authority is as follows: Declaration (highest), Bylaws, and these Rules (lowest). The Association's board of directors is empowered to interpret, enforce, amend, and repeal these Rules.

A. COMPLIANCE

- A-1. Compliance. Each Owner will comply with the provisions of these Rules, the other Documents, and policies adopted by the Board to supplement these Rules, as any of these may be revised from time to time. Each Owner, additionally, is responsible for compliance with the Documents by the Residents of his Unit, and his or their respective relatives, invitees, tenants, agents, employees, or contractors. If a Rule requires or prohibits conduct by an "Owner" or "Resident," each of those terms are deemed to include the other, and applies to all persons for whom an Owner or Resident is responsible. Any question regarding these rules should be referred to the Association. The Association has the right to enforce these Rules against any person on the Property.

DRAFTER'S DICTUM

Users of this document should periodically review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by this document.

- A-2. Additional Rules. Each Resident must comply with any rules and signs posted from time to time on the Property by the Association. Each Resident must comply with notices communicated by the Association, from time to time, which may include seasonal or temporary rules, or notice of a change affecting use of the Property. Posted and temporary rules are incorporated in these Rules by reference.
- A-3. Variance. Circumstances may warrant a variance of these Rules. To obtain a variance an Owner must make written application to the Board. The Board's approval of a variance must be in writing, and may be conditioned.

- A-4. Limits. It is understood that individuals may have different interpretations of and tolerances for these Rules. On lifestyle-related rules, such as the "Community Etiquette" rules below, the Association may refrain from acting on a perceived violation unless the Board determines the violation to be significant or a community-wide problem. The Association may not be compelled by one Resident to enforce these Rules against another Resident. Residents are expected to deal directly and peaceably with each other about their differences.
- A-5. Filing Complaints. Because the Association is not staffed to monitor the Property for Rules violations, the Association relies on Residents to identify and report violations of these Rules and the Documents, and to monitor compliance with these Rules by violators. The Association also relies on Residents to help keep each other informed about the Rules. Recognizing that a Resident may be reluctant to confront another Resident about a violation, the Association will work with Residents to enforce the Rules. Generally, a complaint must be in writing and must be signed by a Resident or Owner who is willing to be identified as the complainant. The Association may refuse to enforce a violation (1) that cannot be easily and independently verified, (2) for which it did not receive a signed written complaint, (3) for which the complainant will not cooperate with monitoring the violation and compliance, and (4) which the Board does not consider to be significant or community-wide.

B. OBLIGATIONS OF OWNERS AND RESIDENTS

- B-1. Damage. An Owner is responsible for any loss or damage he causes to his Unit, other Units, the personal property of other Residents or their guests, or to the common elements.
- B-2. Association Does Not Insure. The Association does not insure Units or an Owner's personal property. Each Owner is solely responsible for insuring his Unit, including all improvements within their Unit, and the Owner's furnishings and vehicles. THE ASSOCIATION STRONGLY RECOMMENDS THAT ALL OWNERS AND RESIDENTS PURCHASE AND MAINTAIN INSURANCE ON 100% OF THE REPLACEMENT VALUE OF THE UNIT AND THEIR PERSONAL BELONGINGS AND IMPROVEMENTS AND BETTERMENTS IN THEIR UNIT.
- B-3. Risk Management. An Owner may not permit anything to be done or kept in his Unit or the common elements that is illegal or that may result in the cancellation of insurance on the Property.
- B-4. Reimbursement for Enforcement. An Owner must promptly reimburse the Association for any expense incurred by the Association to enforce the Documents against the Owner, his Unit, or persons for whom the Owner is responsible.

- B-5. Reimbursement for Damage. An Owner must promptly reimburse the Association for the cost of damage to the Property caused by the negligent or willful conduct of the Owner or persons for whom the Owner is responsible.
- B-6. No Garage Sales. Without the Board's prior written permission, no person may conduct at the Property a sale or activity that is advertised or attractive to the public, such as garage sales, car sales or estate sales. This section does not apply to marketing the sale or rental of a Unit, unless combined with a prohibited activity.
- B-7. Supervision of Minors. For their own well-being and protection, persons who are legally incompetent or younger than 18 years must be under the general control and supervision of their parents or guardians at all times while on the Property. Persons who are below the chronological or mental age of 13 years must at all times be in the actual company of a person at least 13 years old who is responsible for their well being. A person under 13 years may not be left unattended in a Unit at any time. After nightfall, unless accompanied by a parent or guardian, persons under 18 years may not be on the General Common Elements.

C. OCCUPANCY STANDARDS

- C-1. Numbers. The maximum number of persons who may occupy a Unit is one more than the number of bedrooms in the Unit. Two persons per bedroom, however, may occupy a Unit if the occupants qualify for familial status protection under the Fair Housing Act. Occupancy of a Unit, for purposes of these Rules, means occupancy in excess of 30 continuous days or 60 days in any 12-month period.
- C-2. Leases. Each lease must be in writing. At the Association's request, an Owner must give the Board a copy of each lease and lease renewal. A unit may be not be leased for hotel or transient purposes. Less than the entire unit may not be leased.
- C-3. Minors. No person under the age of 18 years may occupy a Unit unless he lives with a Resident who is his parent, legal guardian, or a designee of his parent or legal guardian. Upon request by the Association, an Owner will provide satisfactory proof of the ages and relationships among the occupants of his Unit.
- C-4. Danger. As permitted by the federal Fair Housing Act Rules, no Unit may be occupied by a person who constitutes a direct threat to the health or safety of other persons, or whose occupancy would result in substantial physical damage to the property of others.

D. FIRE AND SAFETY

- D-1. Safety. Each Resident is solely responsible for his own safety and for the safety, well-being, and supervision of his guests and any person on the Property to whom the Resident has a duty of care, control, or custody.

- D-2. Fires. Except for barbecue fires as permitted by these Rules, there may not be any exterior fires on the Property.
- D-3. Barbecue. Residents may keep and use barbeque grills that comply with the City's requirements, subject to the limitations contained in this Section. The Board reserves the right to prohibit or restrict the existence and/or use of all or certain outdoor cooking grills if, in the Board's discretion, a grill constitutes a fire hazard or is unattractive or oversized for the area in which it is kept. On permitted grills, (a) open fires must be supervised at all times; (b) gas tanks must be properly used and maintained; (c) no flames may be higher than the cooking surface; and (d) a grill may not be used near combustible materials.
- D-4. Safety Equipment. No person may use, tamper with, or modify the fire and safety equipment, if any, in the Common Elements of the Property, such as alarms, extinguishers, and monitors. This Section may not be construed to require the installation or use of such equipment.
- D-5. Security. The Association may, but is not be obligated to, maintain or support certain activities within the Property designed to make the Property less attractive to intruders than it otherwise might be. The Association, its directors, committees, Members, agents, and employees will not in any way be considered an insurer or guarantor of security within the Property, and may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each Owner, Resident, guest, and invitee on the Property assumes all risk for loss or damage to his person, to his Unit, to the contents of his Unit, and to any other of his property on the Property. The Association expressly disclaims and disavows any and all representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any security systems, equipment, or measures recommended, installed, or undertaken within the Property.

E. GENERAL USE AND MAINTENANCE OF UNIT

- E-1. Residential Use. Each Unit must be used solely for residential use, and may not be used for commercial or business purposes, except as permitted in the Declaration. This restriction does not prohibit a Resident from using his Unit for personal, business, or professional pursuits, provided that: (a) the non-residential use is incidental to the Unit's residential use; (b) the use conforms to applicable laws and ordinances; (c) there is no external evidence of the non-residential use; (d) the non-residential use does not entail visits to the Unit by the public, employees, suppliers, or clients; and (e) the non-residential use does not interfere with the use and enjoyment of neighboring Units.
- E-2. Annoyance. A Resident may not use his Unit in a way that: (a) endangers the health or safety of other Residents; or (b) violates any law or any provision of the Documents.

- E-3. Maintenance. An Owner, at his expense, will maintain his Unit and keep it in good condition and repair.
- E-4. Glass. Each Owner, at his expense, must promptly repair and replace any broken or cracked glass in his unit's windows and doors, regardless of the source of the damage. Replacement glass must conform to the standard for the Property.
- E-5. Utility Equipment. Each Owner, at his expense, will maintain, repair, and replace the water heating and air heating and cooling equipment/system serving his unit.
- E-6. Combustibles. A Resident may not store or maintain, anywhere on the Property – including within a Unit – explosives or materials capable of spontaneous combustion.
- E-7. Report Malfunctions. A Resident will immediately report to the Board his discovery of any leak, break, or malfunction in any portion of the Property which the Association has a duty to maintain. A Resident who fails to promptly report a problem may be deemed negligent, in which case the Owner may be liable for any additional damage caused by the delay.
- E-8. Emergencies. In case of continuous water overflow, a Resident should immediately turn off water and TURN THE SHUT-OFF VALVES BEHIND THE TOILET OR UNDER THE SINK.

F. GENERAL USE & MAINTENANCE OF COMMON ELEMENTS

- F-1. Intended Use. Every area and facility in the Property may be used only for its intended and obvious use. For example, streets, walkways, sidewalks, and driveways are used exclusively for purposes of access, not for social congregation or recreation.
- F-2. Personal Property. The sidewalks, entrances, passages, driveways, parking areas and similar portions of the Common Elements shall not be obstructed nor used for any purpose other than for ingress and egress to and from the Regime and the Units. No carts, bicycles, carriages, chairs, tables or other similar objects or personal property shall be stored in, on or upon the Common Elements, except in areas, if any, designated for such purposes. All personal property must be stored within an Owner's Unit or designated storage space.
- F-3. Grounds. Unless the Board designates otherwise, Residents may not use or abuse the landscaped areas, lawns, beds, and plant materials on the common elements.
- F-4. Abandoned Items. No item or object of any type may be stored, placed, or maintained anywhere on the General Common Elements, except by the Board or with the Board's prior written consent. Items of personal property found on General Common Elements are deemed abandoned and may be disposed of by the Board.

G. COMMUNITY ETIQUETTE

- G-1. Courtesy. Each Resident will endeavor to use his Unit and the Common Elements in a manner calculated to respect the rights and privileges of other Residents.
- G-2. Annoyance. A Resident will avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other Residents or their guests, tenants or employees, or the Association's employees and agents.
- G-3. Noise and Odors. Each Resident must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb Residents of other Units. Loud vocalizations and boisterous conduct on common elements are expressly prohibited.
- G-4. Reception Interference. Each Resident will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on the Property.
- G-5. Parties. In planning private social functions at the Property, a Resident should be aware of the potential consequences on the Property's parking resources and on the sensibilities of other Residents. A Resident intending to use his Unit for a party or other activity that may be expected to produce a higher-than-customary level or duration of noise or other disturbance will make a diligent effort to give Residents of adjoining Units timely prior notice of the event, as a courtesy. If the event is expected to attract 20 or more guests to the Property, the Resident will also give the Board timely prior written notice of the event.

H. ARCHITECTURAL CONTROL; WORK UPON UNITS AND COMMON ELEMENTS

- H-1. Exteriors. Without the written approval of the Architectural Reviewer, an Owner or Resident may NOT change, remodel, decorate, destroy, or improve any exterior surface or component of the Property, nor do anything to change the outside appearance of the Property, including without limitation the entry door, front porch, windows, garage doors, and driveway appurtenant to the Unit.
- H-2. Work Upon Common Elements and Units. Notwithstanding any provision in the Declaration or these Rules to the contrary, no Owner or Resident shall perform or permit to be performed any work to any portion of his: (i) Unit, which work may require access to, over or through the common elements or other Units or (ii) the common elements, without the prior consent of the Board of Directors except in case of an emergency. All such work may only be performed by a person who shall deliver to the Board of Directors prior to commencement of such work, in form satisfactory to the Board of Directors:

(i) releases of the Board of Directors and the Association for all claims that such Person may assert in connection with such work;

(ii) indemnities of the Board of Directors and the Association, holding each and all of them harmless from and against any claims asserted for loss or damage to persons or property, including, but not limited to, Common Elements or other Units;

(iii) certificates of insurance, including liability and workmen's compensation coverage, in amounts and with companies reasonably acceptable to the Board of Directors; and

(iv) all other information and protections which the Board of Directors may reasonably require.

H-3. Window Treatments. An Owner MAY install window treatments inside his Unit, provided:

- a. The window treatment, including drapes, blinds, shades, or shutters, must appear to be (1) clear, (2) white, (3) near-white light neutral, or (4) light wood tone when viewed from outside the Unit.
- b. The use of bed sheets, tablecloths, or other obviously non-drapery fabrics is expressly prohibited, even on a temporary basis.
- c. Aluminum foil, reflective window treatments, window tinting, and window decals or stickers are expressly prohibited.
- d. Window treatments must be maintained in good condition, and must be removed or replaced if they become stained, torn, damaged, or otherwise unsightly in the opinion of the Board.

H-4. Prohibited Acts. In addition to the foregoing, a person may not:

- a. Post signs, notices, or advertisements on the Common Elements or in a Unit if the sign is visible from outside the Unit.
- b. Place or hang an object in, on, from, or above any window, interior window sill, deck, balcony or patio that, in the sole opinion of the Board, detracts from the appearance of the Property.
- c. Hang, shake, or otherwise display linens, clothing, towels, rugs, shoes, mops, bedding, or other similar items from windows, doors, balconies or patios.
- d. Place decorations on exterior walls, doors, and fences, or on the General Common Elements.

- e. Enclose or cover a balcony, porch, or deck.
 - f. Install storm or screen doors and windows, including solar screen.
- H-5. Board Approval. To obtain the Architectural Reviewer's written consent for an alteration or modification, an Owner must comply with the architectural control requirements of the Declaration. An applicant may not rely on verbal assurances of an Association manager, director, or officer. If approval is obtained, the Owner must maintain the approved item in a good and attractive condition. For example, if the Architectural Reviewer approves a potted plant, the pot must be removed if the plant dies or becomes unsightly.

I. VEHICLE RESTRICTIONS

- I-1. Permitted Vehicles. To be permitted on the Property, a vehicle must be operable, and must display a current license tag and inspection sticker. For purposes of these Rules, vehicles include automobiles, motorcycles, motorized bikes, passenger trucks, small vans, and similar passenger vehicles. The following are not permitted on the Property without the Board's consent: trailers, boats, recreational vehicles, buses, large commercial trucks, industrial vehicles. Motorcycles, motorbikes, or other motorized vehicles may not be operated on the Property except to provide transportation to and from a Unit.
- I-2. Repairs. Washing, repairs, restoration, or maintenance (including oil changes) of vehicles is prohibited on driveways, the private streets, in the parking facilities and in offstreet parking areas, except for emergency repairs, and then only to the extent necessary to enable movement of the vehicle to a repair facility.
- I-3. Proper Placement. No vehicle, including motorcycles, may be driven, parked, or placed anywhere on the Property except in designated areas. Motorcycles may not be chained to buildings, fences, or any other part of the Property, unless designated for that purpose.
- I-4. Nuisances. Each vehicle must be muffled and must be maintained and operated to minimize noise, odor, and oil emissions. The use of car horns on the Property is discouraged. No vehicle may be kept on the Property if the Board deems it to be unsightly, inoperable, inappropriate, or otherwise violative of these Rules.
- I-5. Private Firelanes/Obstructions. All private streets in the Property are private firelanes and utility easements on which parking of vehicles is prohibited at all times. No vehicle may be parked in a manner that impedes or prevents ready access to the Property, driveways, or parking spaces. No vehicle may obstruct the flow of traffic, constitute a nuisance, or otherwise create a safety hazard. No vehicle may be parked, even temporarily, in spaces reserved for others, in firelanes, or in any area designated as "No Parking."

- I-6. Visitor Spaces. The use of unassigned and visitor parking spaces, if any, must be rotated, may not be used for storage of vehicles, and may not be used consistently by the same driver or vehicle. The Board may designate some of the unassigned offstreet parking spaces, if any, as "visitor spaces" for use, exclusively, by guests of Residents.
- I-7. Violations. A vehicle in violation of these Rules may be stickered, wheel-locked, towed, or otherwise removed from the Property by the Board, at the expense of the vehicle's Owner. The Association expressly disclaims any liability for damage to vehicles on which the Association exercises these remedies for Rules violations.

J. TRASH DISPOSAL

- J-1. General Duty. Residents will endeavor to keep the Property clean and will dispose of all refuse in other receptacles designated specifically by the Association or by the city for that purpose. Residents may NOT litter Common Elements.
- J-2. Hazards. Residents may NOT store trash inside or outside his Unit in a manner that may permit the spread of fire, odors, or seepage, or encouragement of vermin. Before discarding coals, ashes, logs, or other materials used in barbecue grills or fireplaces, Resident will ensure that the debris is thoroughly cold.
- J-3. Excess Trash. Residents will place trash entirely within the designated receptacle, and may not place trash outside, next to, or on top of the receptacle. If a receptacle is full, Residents should locate another receptacle to hold his trash. Boxes and large objects should be crushed or broken down before placed in a receptacle. Receptacles are to be closed at all times when not in use. Residents must arrange privately for removal of discarded furnishings or any unusually large volume of debris.

K. PETS

- K-1. Permitted Pets. A Resident may not keep or permit on the Property a pet or animal of any kind, except as permitted by these Rules and the Documents. Subject to these Rules, a Resident may keep in his Unit customary domesticated housepets, such as domesticated dogs, cats, caged birds, and aquarium fish, provided there are not more than two cats, or two dogs, or one cat and one dog.
- K-2. Prohibited Animals. No Resident may keep a dangerous or exotic animal, pit bull terrier, trained attack dog, or any other animal deemed by the Board to be a potential threat to the well-being of people or other animals. No animal or housepet may be kept, bred, or maintained for any commercial purpose or for food.
- K-3. Indoors/Outdoors. A permitted pet must be maintained inside the Unit, and may not be kept on a porch, balcony, or deck. No pet is allowed on Common Elements unless carried or leashed. No pet may be leashed to a stationary object on the Common Elements.

- K-4. Disturbance. Pets must be kept in a manner that does not disturb another Resident's rest or peaceful enjoyment of his Unit or the Common Elements. No pet may be permitted to bark, howl, whine, screech, or make other loud noises for extended or repeated periods of time.
- K-5. Damage. Each Resident is responsible for any property damage, injury, or disturbance his pet may cause or inflict. A Resident who keeps a pet on the Property is deemed to indemnify and agrees to hold harmless the Board, the Association, and other Owners and Residents, from any loss, claim, or liability of any kind or character whatever resulting from any action of his pet or arising by reason of keeping or maintaining the pet on the Property.
- K-6. Pooper Scooper. No Resident may permit his pet to relieve itself on the Property, except in areas designated by the Board for this purpose. Each Resident is responsible for the removal of his pet's wastes from the Common Elements. The Board may levy a fine against a unit and its Owner each time feces are discovered on the Common Elements and attributed to an animal in the custody of that Unit's Resident.
- K-7. Removal. If a Resident or his pet violates these Rules, or if a pet creates a noise, odor, or other disturbance or nuisance, the Resident or person having control of the animal may be given a written notice by the Board to correct the problem. If the problem is not corrected within the time specified in the notice (not less than 10 days), the Resident, upon written notice from the Board, may be required to remove the animal. Each Resident agrees to permanently remove his violating animal from the Property within 10 days after receipt of a removal notice from the Board.

L. MISCELLANEOUS

- L-1. Right to Hearing. An Owner may request in writing a hearing by the Board regarding an alleged breach of these Rules by the Owner or any person for whom the Owner is responsible. The Board will schedule a hearing within 30 days after receiving the Owner's written request. At the hearing, the Board will consider the facts and circumstances surrounding the alleged violation. The Owner may attend the hearing in person, or may be represented by another person or written communication.
- L-2. Mailing Address. An Owner who receives mail at any address other than the address of his Unit must maintain with the Association his current mailing address. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to Owners by the Documents may be sent to an Owner's most recent address as shown on the records of the Association. If an Owner fails to provide a forwarding address, the address of that Owner's Unit is deemed effective for purposes of delivery.

- L-3. Revision. These Rules are subject to being revised, replaced, or supplemented, and Owners and Residents are urged to contact the Association to verify the rules currently in effect on any matter of interest. These Rules will remain effective until 10 days after an Owner of each Unit has been given a notice of the amendment or revocation of these Rules.
- L-4. Other Rights. These Rules are in addition to and in no way whatsoever detract from the rights of the Association under the other Documents and the laws of the State of Texas.

III. ASSESSMENT COLLECTION POLICY

The Villas at Rough Hollow is a condominium regime created by and subject to the Development Area Declaration and Declaration of Condominium Regime for The Villas at Rough Hollow South Shore, recorded or to be recorded in the Official Public Records of Travis County, Texas County, Texas, as it may be amended (the "**Declaration**"). As a condominium regime, The Villas at Rough Hollow is also subject to State laws, including Chapter 82 of the Texas Property Code -- the Texas Uniform Condominium Act ("**TUCA**"). The operation of The Villas at Rough Hollow is vested in The Villas at Rough Hollow Condominium Community, Inc. (the "**Association**"), acting through its board of directors (the "**Board**"). The Association is empowered to enforce the covenants of the Declaration, including the obligation of owners to pay assessments. In addition to rights and remedies of the Association under the Declaration, TUCA gives the Association, acting through the Board:

1. Authority to adopt and amend rules regulating the collection of delinquent assessments and the application of payments. §82.102(a)(13).
2. Authority to impose interest and late charges for late payments of assessments, and returned check charges. §82.102(a)(12).
3. Authority to adopt and amend rules regulating the termination of utility service to a unit, the owner of which is delinquent in the payment of an assessment that is used, in whole or in part, to pay the cost of that utility. §82.102(a)(14).
4. Authority to suspend the voting privileges of or the use of certain general common elements by an owner delinquent for more than 30 days in the payment of assessments. §82.102(a)(18).
5. A private power of sale to foreclose the assessment lien nonjudicially, subject to a limited right of redemption by the unit owner. §82.113.

To establish equitable policies and procedures for the collection of delinquent assessments, the declarant adopts this policy for the benefit of the Association, as part of the initial project documentation.

SECTION 1. DELINQUENCIES, LATE CHARGES & INTEREST

- 1-A. Due Date. An owner will timely and fully pay regular assessments and special assessments. Regular assessments are due and payable on the first calendar day of each month.
- 1-B. Delinquent. Any assessment that is not fully paid when due is delinquent. When the account of a unit becomes delinquent, it remains delinquent until paid in full -- including collection costs and late fees.

- 1-C. Late Fees & Interest. If the Association does not receive full payment of a regular assessment by 5:00 p.m. on the fifth calendar day of the month, the Association may levy a late fee of \$25 per month and/or interest of ten percent (10%) per annum from the first day of delinquency until the delinquency is paid in full. After the initial month of delinquency, a late fee of \$25 may be on the first day of each month the account is delinquent until the account is current.
- 1-D. Liability for Collection Casts. The defaulting owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, court casts, filing fees, and other reasonable costs and attorney's fees incurred by the Association in collecting the delinquency.

DRAFTER'S DICTUM

Users of this document should periodically review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by this document.

- 1-E. Insufficient Funds. The Association may levy a charge of \$25 for any check returned to the Association marked "not sufficient funds" or the equivalent.
- 1-F. Waiver. Properly levied collection costs, late fees, and interest may not be waived by the Board, unless a majority of the directors determines that extraordinary circumstances warrant an adjustment to the account, in which case the adjustment must be described in detail in the minutes of the Board's meeting. Because of the potential for inadvertently effecting a waiver of the policies contained in this policy, the Board will exercise caution in granting adjustments to an owner's account.

SECTION 2. INSTALLMENTS & ACCELERATION

If a special assessment is payable in installments, and if an owner defaults in the payment of any installment, the Association may declare the entire assessment in default and accelerate the due date on all remaining installments of that assessment. A special assessment payable in installments may be accelerated only after the Association gives the owner at least fifteen (15) days prior notice of the default and the Association's intent to accelerate the unpaid balance if the default is not timely cured. Following acceleration of the indebtedness, the Association has no duty to reinstate the installment program upon partial payment by the owner.

SECTION 3. PAYMENTS

- 3-A. Application of Payments. After the Association notifies the owner of a delinquency and the owner's liability for late fees or interest, and collection costs, any payment received by the Association may be applied in the following order, starting with the oldest charge in each category, until that category is fully paid, regardless of the amount of payment, notations on checks, and the date the obligations arose:

- | | |
|---|------------------------------------|
| (1) Collection costs and attorneys fees | (6) Delinquent regular assessments |
| (2) Fines | (7) Current special assessments |
| (3) Reimbursable expenses | (8) Current regular assessments |
| (4) Late charges & interest | |
| (5) Delinquent special assessments | |

3-B. Form of Payment. The Association may require that payment of delinquent assessments be made only in the form of cash, cashier's check, or certified funds.

3-C. Partial and Conditioned Payment. The Association may refuse to accept partial payment (i.e., less than the full amount due and payable) and payments to which the payer attaches conditions or directions contrary to the Board's policy for applying payments. The Association's endorsement and deposit of a payment does not constitute acceptance. Instead, acceptance by the Association occurs when the Association posts the payment to the unit's account. If the Association does not accept the payment at that time, it will promptly refund the payment to the payer. A payment that is not refunded to the payer within thirty (30) days after being deposited by the Association may be deemed accepted as to payment, but not as to words of limitation or instruction accompanying the payment. The acceptance by the Association of partial payment of delinquent assessments does not waive the Association's right to pursue or to continue pursuing its remedies for payment in full of all outstanding obligations.

3-D. Notice of Payment. If the Association receives full payment of the delinquency after recording a notice of lien, the Association will cause a release of notice of lien to be publicly recorded, a copy of which will be sent to the owner. The Association may require the owner to prepay the cost of preparing and recording the release.

3-E. Correction of Credit Report. If the Association receives full payment of the delinquency after reporting the defaulting owner to a credit reporting service, the Association will report receipt of payment to the credit reporting service.

SECTION 4. LIABILITY FOR COLLECTION COSTS

The defaulting owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, filing fees, and other reasonable costs and attorney's fees incurred in the collection of the delinquency, which amounts are secured by a lien against the unit.

SECTION 5. COLLECTION PROCEDURES

5-A. Delegation of Collection Procedures. From time to time, the Association may delegate some or all of the collection procedures, as the Board in its sole discretion deems appropriate, to the Association's managing agent, an attorney, or a debt collector.

- 5-B. Delinquency Notices. If the Association has not received full payment of an assessment by the due date, the Association may send one or more written notices of nonpayment to the defaulting owner, by hand delivery, first class mail, and/or by certified mail, stating the amount delinquent. The Association's delinquency-related correspondence may state that if full payment is not timely received, the Association may pursue any or all of the Association's remedies, at the sole cost and expense of the defaulting owner.
- 5-C. Collection by Attorney. After giving the owner notice of the delinquency, the Association may refer the delinquent account to an attorney for collection. In that event, the defaulting owner will be liable to the Association for its legal fees and expenses.
- 5-D. Verification of Owner Information. The Association may obtain a title report to determine the names of the owners and the identity of other lienholders, including the mortgage company.
- 5-E. Notification of Mortgage Lender. The Association may notify the mortgage lender of the default obligations.
- 5-F. Notification of Credit Bureau. The Association may report the defaulting owner to one or more credit reporting services.
- 5-G. Notice of Lien. The Association may cause a notice of the Association's assessment lien against the unit to be publicly recorded. In that event, a copy of the notice will be sent to the defaulting owner, and may be sent to his mortgage holder.
- 5-H. Foreclosure of Lien -- Nonjudicially. The Board may instruct an attorney, officer, or agent of the Association to notify the defaulting owner of the Association's intent to foreclose its assessment lien, to post the property for public auction, and to conduct a public auction of the unit on the steps of the county courthouse in accordance with State law and the Association's documents. The Board may not foreclose a lien consisting solely of fines or securing money for which the Association has obtained a personal money judgment.
- 5-I. Foreclosure of Lien -- Judicially. The Association may file suit against the owner for judicial foreclosure of the Association's assessment lien, This action may be combined with a claim against the owner's personal liability, for recovery of a money judgment.
- 5-J. Suit for Owner's Personal Liability. Whether or not the Association forecloses the Association's assessment lien, the Board may file suit for a personal judgment against the defaulting owner, and may execute on the judgment.
- 5-K. Possession Following Foreclosure. If the Association purchases the unit at public auction, the Board may immediately institute actions to recover possession.

- 5-L. Limited Right of Redemption. If the Association buys a unit at the nonjudicial foreclosure sale of its assessment lien, the Association's ownership is subject to a 90-day right of redemption by the owner. TUCA's statutory right of redemption does not apply to judicial foreclosures or foreclosures of judgment liens.
- 5-M. Collection Agency. The Board may employ or assign the debt to one or more collection agencies.
- 5-N. Cancellation of Debt. If the Board deems the debt to be uncollectible, the Board may elect to cancel the debt on the books of the Association, in which case the Association may report the full amount of the forgiven indebtedness to the Internal Revenue Service as income to the defaulting owner.
- 5-O. Suspension of Voting Rights. The Association may suspend the voting rights of an owner whose account with the Association is delinquent for at least 30 days.
- 5-P. Suspension of Use of Certain Facilities or Services. The Association may suspend the use of the common element amenities by an owner, or his tenant, whose account with the Association is delinquent for at least thirty (30) days.
- 5-Q. Utility Shut-Off. The Association may terminate utility service to the unit for which assessments used to pay the cost of that utility are delinquent, according to the Association's utility shut-off policy.

SECTION 6. GENERAL PROVISIONS

- 6-A. Independent Judgment. Notwithstanding the contents of this detailed policy, the officers, directors, manager, and attorney of the Association will exercise their independent, collective, and respective judgment in applying this policy.
- 6-B. Other Rights. This policy is in addition to and does not detract from the rights of the Association to collect assessments under the Association's Documents and the laws of the State of Texas.
- 6-C. Limitations of Interest. The Association, and its officers, directors, managers, and attorneys, intend to conform strictly to the applicable usury laws of the State of Texas. Notwithstanding anything to the contrary in the Documents or any other document or agreement executed or made in connection with this policy, the Association will not in any event be entitled to receive or collect, as interest, a sum greater than the maximum amount permitted by applicable law. If from any circumstances whatsoever, the Association ever receives, collects, or applies as interest a sum in excess of the maximum rate permitted by law, the excess amount will be applied to the reduction of unpaid special and regular assessments, or reimbursed to the owner if those assessments are paid in full.

- 6-D. Notices. Unless the Documents, State law, or this policy provide otherwise, any notice or other written communication given to an owner pursuant to this policy will be deemed delivered to the owner upon depositing same with the U.S. Postal Service, addressed to the owner at the most recent address shown on the Association's records, or on personal delivery to the owner. If the Association's records show that a unit is owned by 2 or more persons, notice to one co-owner is deemed notice to all co-owners. Similarly, notice to one resident is deemed notice to all residents. Written communications to the Association, pursuant to this policy, will be deemed given on actual receipt by the Association's president, secretary, managing agent, or attorney.
- 6-E. Definitions. Words and phrases used in this policy have the same meanings given to them by the Declaration.
- 6-F. Amendment of Policy. This policy will remain effective until 10 days after the Association delivers to an owner of each unit notice of amendment or revocation of this policy. The notice may be published and distributed in an Association newsletter or other community-wide publication.

IV. FINING POLICY

1. Background. This fining policy is based on the requirements of Sec. 82.102(d) and (e) of TUCA. To establish policies and procedures for fining under TUCA, the declarant adopts this policy for the benefit of the Association, as part of the initial project documentation.
2. Policy. The Association uses fines to discourage violations of the Documents, and to encourage compliance when a violation occurs - not to punish violators or generate revenue for the Association. Although a fine may be an effective and efficient remedy for certain types of violations or violators, it is only one of several methods available to the Association for enforcing the Documents. The Association's use of fines does not interfere with its exercise of other rights and remedies for the same violation. Nor may the Association use fines to the exclusion of other remedies.

DRAFTER'S DICTUM

Users of this document should periodically review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by this document.

3. Owner's Liability. An owner is liable for fines levied by the Association for violations of the Documents by the owner, the residents of the unit, and the relatives, guests, employees, and agents of the owner and residents. Regardless of who performs the violation, the Association will direct its communications to the owner, although the Association may send copies of its notices to the resident.
4. Violation Notice. Before levying a fine, the Association will give the owner a written violation notice and an opportunity to be heard. This requirement may not be waived. The Association's written violation notice will contain the following items: (1) the date the violation notice is prepared or mailed; (2) a description of the violation; (3) a reference to the rule or provision that is being violated; (4) a description of the action required to cure the violation; (5) the amount of the fine; (6) a statement that not later than the 30th day after the date of the violation notice, the owner may request a hearing before the Board to contest the fine; and (7) the date the fine attaches or begins accruing (the "**Start Date**"), subject to the following:
 - a. New Violation. If the owner was not given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months, the notice will state a specific date by which the violation must be cured to avoid the fine, if the violation is ongoing or continuous. If the violation is not ongoing, but is instead sporadic or periodic, the notice must state that any future violation of the same rule may result in the levy of a fine.

- b. Repeat Violation. In the case of a repeat violation, the notice will state that, because the owner was given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months, the fine attaches from the date of the violation notice.
- 4. Violation Hearing. An owner may request in writing a hearing by the Board to contest the fine. To request a hearing before the Board, an owner must submit a written request to the Association's manager within thirty (30) days after the date of the violation notice. Within fifteen (15) days after owner's request for a hearing, the Association will give the owner at least fifteen (15) days' notice of the date, time, and place of the hearing. The hearing will be scheduled to provide a reasonable opportunity for both the Board and the owner to attend. Pending the hearing, the Association may continue to exercise its other rights and remedies for the violation, as if the declared violation were valid. The owner's request for a hearing suspends only the levy of a fine. The hearing will be held in a closed or executive session of the Board. At the hearing, the Board will consider the facts and circumstances surrounding the violation. The owner may attend the hearing in person, or may be represented by another person or written communication. No audio or video recording of the hearing may be made. The minutes of the hearing must contain a statement of the results of the hearing and the fine, if any, imposed. A copy of the violation notice and request for hearing should be placed in the minutes of the hearing. If the owner appears at the meeting, the notice requirements will be deemed satisfied.
- 5. Levy of Fine. Within thirty (30) days after levying the fine, the Board must give the owner notice of the levied fine. If the fine is levied at the hearing at which the owner is actually present, the notice requirement will be satisfied if the Board announces its decision to the owner at the hearing. Otherwise, the notice must be in writing. In addition to the initial levy notice, the Association will give the owner periodic written notices of an accruing fine or the application of an owner's payments to reduce the fine. The periodic notices may be in the form of monthly statements or delinquency notices.
- 6. Amount. The Association may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The Association may establish a schedule of fines for certain types of violations. If circumstances warrant a variance from the schedule, the Board will document the reasons for the variance in the minutes of its meeting. The amount and cumulative total of a fine must be reasonable in comparison to the violation, and should be uniform for similar violations of the same provision of the Documents. If the Association allows fines to accumulate, it will establish a maximum amount for a particular fine, at which point the total fine will be capped.
- 7. Type of Levy. If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, monthly, or quarterly), beginning on the Start Date. If the

violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

8. Collection of Fines. The Association is not entitled to collect a fine from an owner to whom it has not given notice and an opportunity to be heard. The Association may not foreclose its assessment lien on a debt consisting solely of fines. The Association may not charge interest or late fees for unpaid fines.
9. Amendment of Policy. This policy may be revoked or amended from time to time by the Board. This policy will remain effective until ten (10) days after the Association delivers to an owner of each unit notice of amendment or revocation of this policy. The notice may be published and distributed in an Association newsletter or other community-wide publication.

V. MOLD POLICY

RECITALS

A. Background. Because of extensive news coverage in recent years relating to mold, the public and the insurance industry have a heightened awareness of and sensitivity to anything pertaining to mold.

B. Mold Information. In adopting this policy, the Association relies on information about mold obtained from government sources, including the "Indoor Air Mold" website sponsored by the U. S. Environmental Protection Agency at www.epa.gov/mold. On the date of this policy, the first page of the website contains this information:

The key to mold control is moisture control. It is important to dry water damaged areas and items within 24-48 hours to prevent mold growth. If mold is a problem in your home, clean up the mold and get rid of the excess water or moisture. Fix leaky plumbing or other sources of water. Wash mold off hard surfaces with detergent and water, and dry completely. Absorbent materials (such as ceiling tiles & carpet) that become moldy may have to be replaced.

C. Insurance. Property insurance obtained by the Association does not and will not include coverage of mold at a price that is affordable for the Association. An owner who wants insurance coverage with respect to mold and mold-related damages is advised to purchase such insurance coverage as part of his homeowners insurance policy.

D. Mold Reminders. Mold spores are a natural component of our environment. Mold spores are everywhere - in the outside air and inside of units. In addition to air-borne mold, visible surface mold is a common occurrence in wet areas, such as showers. Air quality tests for mold are capable of being unreliable as determinates of a health problem.

RULES

1. Inspect for Surface Mold. Each resident and owner will regularly inspect his entire unit (including inside closets and cabinets, and behind furniture and appliances) for visible surface mold and will promptly remove same using procedures recommended by an appropriate source, such as the U. S. Environmental Protection Agency (www.epa.gov). Similarly, the resident and owner will be alert to odors associated with mold, and will try to locate the source of such odor when detected.
2. Inspect for Water Leaks. Each resident and owner will regularly inspect his entire unit (including inside closets and cabinets, and behind furniture and appliances) for leaks, breaks, or malfunctions of any kind that may emanate from or cause damage to the common elements or another unit. When possible, such inspection will be performed after rains when leaks from wind-driven rain are most likely to be evident. Typical

indicators of water penetration problems include water leaks around windows, doors, flues, and vents; standing water on a floor; water stains on ceilings and walls.

3. Monitor Water Appliances. Each owner is responsible for the inspection, maintenance, repair, and replacement of all water-using appliances and fixtures in the unit or serving the unit exclusively, such as dishwashers, water heaters, washing machines, ice-makers, toilets, air conditioning drip pans, and shower pans.
4. Mitigate. To mitigate damage from water leaks and penetrations, and to discourage mold, the resident or owner of a unit that experiences a water leak or penetration must promptly dry, clean, and disinfect the wet area. If the water penetration is inside a wall cavity or above a ceiling, it may be necessary to cut a hole in the wall or ceiling to circulate air that will dry the wet materials.
5. Humidity. To discourage mold in his unit, the owner or resident should maintain an inside humidity level under sixty percent (60%). If condensation or moisture collects on windows, walls or pipes, the owner or resident should promptly dry the wet surface and reduce the moisture/water source. Condensation can be a sign of high humidity.
6. Information. For more information about mold, please consult a reliable source, such as "A Brief Guide to Mold, Moisture, and Your Home" - a brochure published by the U. S. Environmental Protection Agency, which is available on its website at www.epa.gov/mold.

VI.

THE VILLAS AT ROUGH HOLLOW

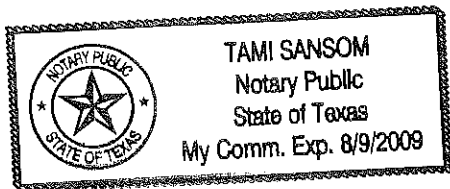
COMMUNITY MANUAL

CERTIFICATION & ACKNOWLEDGMENT

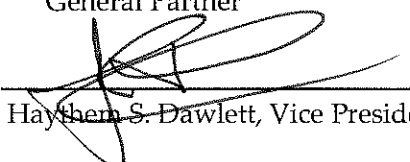
As the Declarant of The Villas at Rough Hollow and the initial and sole member of The Villas at Rough Hollow Condominium Community, Inc. (the "Association"), I certify that the foregoing The Villas at Rough Hollow Community Manual was adopted by the Board of Directors of the Association for the benefit of the Association as part of the initial project documentation for The Villas at Rough Hollow, located in Travis County, Texas. This Community Manual becomes effective when recorded.

SIGNED on this 30 day of November, 2007.

JH YACHT CLUB VILLAS, LTD.,
a Texas limited partnership



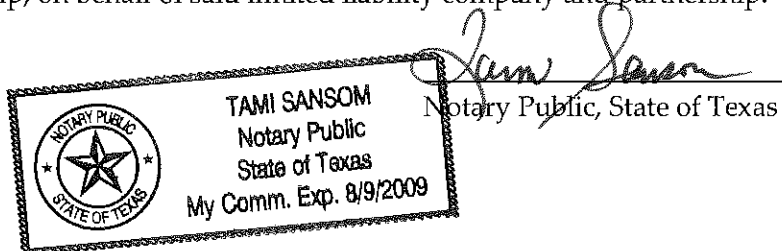
By: JH YACHT CLUB VILLAS, GP, LLC,
a Texas limited liability company, its
General Partner

By: 
Haythem S. Dawlett, Vice President

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 30 day of November, 2007, by Haythem S. Dawlett, Vice President of JH YACHT CLUB VILLAS, GP, LLC., a Texas limited liability company, General Partner of JH YACHT CLUB VILLAS, LTD., a Texas limited partnership, on behalf of said limited liability company and partnership.

(seal)



Notary Public, State of Texas

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dana DeBeauvoir

2007 Dec 03 04:13 PM 2007216985

GONZALES M \$188.00

DANA DEBEAUVOIR COUNTY CLERK

TRAVIS COUNTY TEXAS

THE VILLAS AT ROUGH HOLLOW
CONDOMINIUM INFORMATION STATEMENT

ATTACHMENT "4"
PROPOSED BUDGET



Estimated Monthly Assessments

Detached Units (8 Units)

Villas at Rough Hollow Condominium Association Dues	\$157 / Month
Rough Hollow South Shore Master Association Dues *	\$ 45 / Month
Rough Hollow Yacht Club & Marina Membership Dues**	<u>\$ 75 / Month</u>

Total Detached Unit Monthly Assessments: **\$277 / Month**

Attached Units (42 Units):

Villas at Rough Hollow Condominium Association Dues	\$252 / Month
Rough Hollow South Shore Master Association Dues *	\$ 45 / Month
Rough Hollow Yacht Club & Marina Membership Dues**	<u>\$ 75 / Month</u>

Total Attached Unit Monthly Assessments: **\$372 / Month**

Condominium Association Dues Include:

- Landscape Maintenance of the Common Areas
- Lawn Maintenance of individual units (includes rye, mulch and fertilization)
- Weekly mowing, irrigation checks and irrigation water
- Additional Property Insurance covering Exterior Buildings (***Patio Homes Only***)

**The Rough Hollow South Shore Master Association Dues of \$45 per month are half the dues assessment that the rest of the Community pays.*

***Rough Hollow Yacht Club & Marina Membership Dues are paid to the Yacht Club; it is a separate mandatory membership.*

**ROUGH HOLLOW YACHT CLUB VILLAS
CONDOMINIUM REGIME
PROPOSED / ESTIMATED BUDGET**

SUMMARY - HOA & YACHT CLUB DUES & ASSESSMENTS	YC Villas Assoc Assess	RH SS I Master Assess	Yacht Club Dues	Total Monthly Assess
Detached Units (8 units)	\$157	\$45	\$75	\$277
Attached Units (42 attached units)	\$252	\$45	\$75	\$372

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
INCOME													
Assessments - Regular (Detached & Attached Homes = 50 Total Units)	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850	7,850	94,200
Assessments-Building LCE (Attached Units = 42 Total Units)	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	48,238
Working Fund Contribution(2 mos Regular Assess @ closing)*	-	-	314	-	-	314	-	-	314	-	-	314	1,256
Administrative Fees (Late Fees etc.)	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income-General Fund	-	-	100	-	-	100	-	-	100	-	-	100	400
SUBTOTAL INCOME	11,870	11,870	12,284	11,870	11,870	12,284	11,870	11,870	12,284	11,870	11,870	12,284	144,094
EXPENSES - REGULAR EXPENSES -DETACHED & ATTACHED UNITS													
Accounting Services	-	-	-	-	-	175	-	-	-	-	-	175	350
Electricity	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Filing Fees / Liens	-	-	-	-	-	-	-	-	-	-	-	50	50
Insurance-Directors & Officers, Fidelity & Com Umbrella	-	-	-	-	-	2,115	-	-	-	-	-	-	2,115
Insurance-Property / Liability	-	-	-	-	-	1,700	-	-	-	-	-	-	1,700
Irrigation	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Landscape - Maint Contract	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	31,000
Landscape - Irrigation Maint & Repair	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Landscape - Rye Seed & Relat Exp	700	700	700	700	700	700	700	700	700	700	700	700	8,400
Landscape- Supplies & Labor (Fert/Mulch)	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Legal	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Management Contract	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Misc Expense	-	-	50	-	-	50	-	-	50	-	-	50	200
Office Supplies & Expenses	50	50	50	50	50	50	50	50	50	50	50	50	600
Pest Control - Exterior	-	-	1,500	-	-	1,500	-	-	1,500	-	-	1,500	6,000
Postage	-	-	75	-	-	75	-	-	75	-	-	75	300
Printing	-	-	50	-	-	50	-	-	50	-	-	50	200
Property Tax	-	-	-	-	-	-	-	-	-	-	-	150	150
Reserve Funds-Replacement & Repair Reserves-General Common Elements	783	783	783	783	783	783	783	783	783	783	783	783	9,400
Water	125	125	125	125	125	125	125	125	125	125	125	125	1,500
SUBTOTAL-REGULAR EXPENSES- DETACHED & ATTACHED UNITS	6,892	6,892	8,567	6,892	6,892	12,557	6,892	6,892	8,567	6,892	6,892	8,942	93,765
EXPENSES- BUILDING LCE -ATTACHED UNITS													
Additional Property Insurance - Building LCE (Attached Units)	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	16,500
Reserve Funds-Replacement & Repair Reserves-Building LCE	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	31,736
SUBTOTAL- BUILDING LCE- ATTACHED UNITS	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	4,020	48,236
TOTAL EXPENSES	10,911	10,911	12,586	10,911	10,911	16,576	10,911	10,911	12,586	10,911	10,911	12,961	142,001
NET INCOME / LOSS													2,093

*Estimating 1 closing per quarter at buildout

Rev. 5.24.11

THE VILLAS AT ROUGH HOLLOW
CONDOMINIUM INFORMATION STATEMENT

ATTACHMENT "5"
LIMITED WARRANTY

LIMITED WARRANTY

Buyer: _____

Unit: _____

This limited warranty ("**Limited Warranty**") constitutes the sole and only warranty regarding the labor and materials used in the construction of above-described Unit, parking space, and appurtenant common elements (collectively, the "**Subject Property**") pursuant to the provisions of that certain Villas at Rough Hollow Agreement of Sale and Purchase (herein so called) between Buyer and Seller.

Seller warrants that all construction and materials incorporated in and made a part of the Subject Property shall remain free from material defect in workmanship and quality for a period of one (1) year from the date of Closing. A "material defect" means a defect that either fails to conform to the latest version of the plans and specifications for the Subject Property as of the date of this Limited Warranty or fails to conform to the standard of quality of construction of residential condominiums prevalent in Travis County, Texas as of the date of this Limited Warranty.

Buyer must give Seller written notice of any material defect within ten (10) days after Buyer's discovery of the defect; provided, in any event that such notice must be given prior to expiration of this Limited Warranty. Any such notice shall be addressed to Seller at the address set forth below or such other address for notice furnished to Buyer in writing. Buyer's sole remedy (in lieu of all remedies implied by law or otherwise) against Seller in connection with such material defects shall be to require Seller to correct the defect in material or workmanship. Seller shall determine, in Seller's sole discretion, whether any material defect covered by this Limited Warranty shall be repaired or replaced.

Notwithstanding the foregoing, or any provision in this Limited Warranty to the contrary, with respect to matters covered under both this Limited Warranty and the limited warranty delivered to Seller by the general contractor engaged by Seller to construct the Unit (the "**Contractor's Warranty**"), it is Seller's express intent that the scope of coverage of this Limited Warranty be no broader than the scope of coverage of the Contractor's Warranty. Accordingly, in the event of any dispute or claim concerning matters which covered under both this Limited Warranty and the Contractor's Warranty, this Limited Warranty shall be construed in such a manner as to limit its scope only to those matters which are covered under the Contractor's Warranty; provided, however, that to the extent that any limitations and conditions set forth herein further narrow the scope of this Limited Warranty from the scope of the Contractor's Warranty, such limitations and conditions shall nonetheless apply.

Consumer Products (as such term is used and defined by the Federal Trade Commission) that are covered by the Magnuson-Moss Warranty Act when sold as part of a home are EXCLUDED from this Limited Warranty. Such Consumer Products are covered solely to the extent of any manufacturers' and/or suppliers' warranties. Buyer's sole remedy for the malfunction or defect in materials or workmanship of equipment or appliances installed in the Subject Property by Seller or its agents or subcontractors ("**Installers**"), are specifically limited to the warranty provided by the manufacturer of such equipment or appliance, unless such claimed defect is or was caused by installation by Installers, in which event, this Limited Warranty applies. For purposes of illustration and not by way of limitation, such appliances and equipment include the following: refrigerators, freezers, ice makers, microwave ovens, conventional ovens, range tops, dishwashers, garbage disposals, trash compactors, clothes washers and dryers, heating and air conditioning units, hot water heaters, garage door openers, intercom systems, security systems and audio and video equipment.

BUYER _____
SELLER _____

This Limited Warranty gives Buyer specific legal rights and Buyer may also have other rights under Texas law.

The following are limitations to or exceptions from the warranty:

A. All claims under this warranty MUST BE MADE IN WRITING and delivered to Seller prior to expiration of this Limited Warranty. The written notice must identify the nature of the defect, the date the defect first occurred, the loss or damage claimed, the times that the Seller may have access to the Subject Property to inspect the loss or damage and, if necessary, take corrective action.

Buyer must:

- 1) Contact Seller, or its representatives, in the most expeditious manner possible;
- 2) Do everything within the Buyer's power to mitigate any damage being caused by the problem;
- 3) Mitigation must be accomplished with prudence and with due regard for relative costs. Seller shall only bear those Buyer-incurred costs that are reasonable and competitive in the opinion of Seller.

B. Seller must be given reasonable time to correct defects to allow subcontractors and vendors to correct defects. Buyer acknowledges that work and materials originally supplied through subcontractors and vendors may be warranted to Seller by the subcontractors and vendors. Service by these third parties is not one hundred percent (100%) under the control of Seller and may not always be as prompt as desired by Buyer or Seller.

C. No wood items (other than doors, windows, wood cabinets and countertops) are guaranteed against warping, splitting, shrinking or other characteristics known to be common to wood at this particular locale and climate.

D. Cosmetic cracks in sheetrock, wood trim, caulking, or tile grout joints caused by the normal drying out and settling of wood frame construction are not covered under this warranty. Cosmetic cracks or separation in the surface of ceramic tile installed directly on to the concrete foundation or wood floor decking caused by normal expansion and contraction of the foundation and framing are not covered under this warranty. Exposed concrete is not warranted against cosmetic cracking or variations in color.

E. All items which were contracted for directly by Buyer, whether administered by Seller or not, are NOT warranted by Seller. This exclusion includes modifications or changes to the original construction.

F. Any item which is a change order to the standard specifications but are performed at cost, without profit or at minimal charge as an accommodation to Buyer, carry no warranty by Seller.

G. This Limited Warranty is personal to Buyer and may not be assigned. No assignment shall be permitted without the prior written consent of Seller.

H. The introduction of excessive water into the Subject Property must not occur.

BUYER _____
SELLER _____

I. Normal settling of the Subject Property within tolerances generally acceptable under the building standards in effect for the geographic area in which the Subject Property is situated.

FOR BREACH OF THIS LIMITED WARRANTY, DAMAGES INCURRED BY BUYER ARE LIMITED TO THE LESSER OF THE COST TO REPAIR OR REPLACE THE DEFECTIVE ITEM OR THE DECREASE IN THE MARKET VALUE OF THE ITEM AFFECTED BECAUSE OF THE DEFECT. IN NO CASE SHALL SELLER BE LIABLE TO BUYER FOR PUNITIVE, INCIDENTAL, SPECULATIVE OR CONSEQUENTIAL DAMAGES AS A RESULT OF ANY BREACH OF THIS LIMITED WARRANTY.

SELLER DISCLAIMS ALL OTHER WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED (OTHER THAN THE WARRANTY OF TITLE SET FORTH IN THE DEED FOR THE UNIT), INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR USE, REGARDING THE IMPROVEMENTS, FIXTURES, EQUIPMENT, MATERIALS, OR OTHER PROPERTY LOCATED ON OR BEING A PART OF THE REAL PROPERTY SOLD TO BUYER PURSUANT TO THE PURCHASE AND SALE AGREEMENT. NO SAMPLE OR MODEL HAS BEEN MADE PART OF THE BASIS OF THE BARGAIN OR HAS CREATED OR AMOUNTED TO AN EXPRESS WARRANTY THAT THE WHOLE OF THE GOODS WOULD CONFORM TO ANY SUCH SAMPLE OR MODEL.

BUYER, BY SIGNING THIS LIMITED WARRANTY, WAIVES ANY CLAIM OR CAUSE OF ACTION AGAINST SELLER AND ANY CONTRACTORS OR VENDORS HIRED BY SELLER UNDER ANY THEORY OF IMPLIED WARRANTY OF GOOD AND WORKMANLIKE CONSTRUCTION AND THAT ANY SUCH IMPLIED WARRANTY, TO THE EXTENT IT EXISTS IN TEXAS, IS EXPRESSLY REPLACED BY THE TERMS OF THIS LIMITED WARRANTY.

SELLER SPECIFICALLY DISCLAIMS, AND BUYER SPECIFICALLY WAIVES AND RELEASES SELLER AND ANY CONTRACTOR OR VENDOR HIRED BY SELLER FROM, ANY CLAIMS OR LIABILITY FOR INCIDENTAL, SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES TO ANY PERSON OR REAL OR PERSONAL PROPERTY, INCLUDING THE REAL PROPERTY UNDERLYING THE REGIME, RESULTING FROM A DEFECT OR FLAW IN ANY CONSTRUCTION OR MATERIALS.

SELLER MAKES NO REPRESENTATION OR WARRANTY CONCERNING ANY GEOLOGICAL OR ENVIRONMENTAL MATTERS AND SPECIFICALLY EXCLUDES GEOLOGICAL AND ENVIRONMENTAL MATTERS FROM THIS LIMITED WARRANTY.

BUYER HEREBY ACKNOWLEDGES AND ACCEPTS SUCH DISCLAIMERS AND WAIVES ANY AND ALL RIGHTS BUYER MAY HAVE BY VIRTUE OF THE REPRESENTATIONS AND WARRANTIES DISCLAIMED. EXCEPT AS OTHERWISE PROVIDED IN THIS LIMITED WARRANTY, BUYER ASSUMES THE RISK OF DAMAGE OCCURRING ON OR IN THE SUBJECT PROPERTY AFTER THE CLOSING, REGARDLESS OF THE CAUSE.

*NOTE: This Limited Warranty has been prepared to comply with the disclosure requirements of the federal Magnuson-Moss Warranty - Federal Trade Improvement Act (15 U.S.C. § 2301, as amended).

BUYER _____
SELLER _____