

**NOTICE OF FILING OF DEDICATORY INSTRUMENTS  
FOR  
MOUNTAIN LAKES**

STATE OF TEXAS           §  
  §       **KNOW ALL MEN BY THESE PRESENTS:**  
COUNTY OF ERATH       §

**THIS NOTICE OF FILING OF DEDICATORY INSTRUMENTS FOR MOUNTAIN LAKES** (this "Notice") is made this 12 day of March, 2006, by the Property Owners Association of Mountain Lakes Ranch (the "Association").

**WITNESSETH:**

**WHEREAS**, Bluegreen Southwest One, L.P. (the "Declarant") prepared and recorded the following instruments in the Real Property Records of Erath County: (i) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lakes Section One, filed as Document No. 002342 on April 27, 2000; (ii) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lakes Section Two, as Document No. 010227 on January 12, 2001; (iii) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lakes Section Three, as Document No. 20835 on February 1, 2002; (iv) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lake Section Four, Phase I, as Document No. 25672 on July 22, 2002; and (v) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lakes Section Four, Phase Two, as Document No. 38326 on October 29, 2003 (collectively, the "Declaration"); and

**WHEREAS**, the Association is the property owners' association created by the Declarant to manage or regulate the planned unit development covered by the Declaration, which development is more particularly described in the Declaration; and

**WHEREAS**, Section 202.006 of the Texas Property Code provides that a property owners' association must file each dedicatory instrument governing the association that has not been previously recorded in the real property records of the county in which the planned unit development is located; and

**WHEREAS**, the Association desires to record the attached dedicatory instruments in the Real Property Records of Erath County, Texas, pursuant to and in accordance with Section 202.006 of the Texas Property Code.

**NOW, THEREFORE**, the dedicatory instruments attached hereto as **Exhibit "A"** are true and correct copies of the originals and are hereby filed of record in the Real Property Records of Erath County, Texas, in accordance with the requirements of Section 202.006 of the Texas Property Code.

IN WITNESS WHEREOF, the Association has caused this Notice to be executed by its duly authorized agent as of the date first above written.

**PROPERTY OWNERS ASSOCIATION OF MOUNTAIN RANCH, a Texas non-profit corporation**

By: Richard Skinner

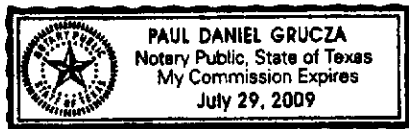
Its: PRESIDENT POA

**ACKNOWLEDGMENT**

STATE OF TEXAS       §  
                                  §  
COUNTY OF ERATH   §

BEFORE ME, the undersigned authority, on this day personally appeared RICHARD SKINNER, PRESIDENT of the Property Owners Association of Mountain Lakes Ranch, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed on behalf of said corporation.

SUBSCRIBED AND SWORN TO BEFORE ME on this 24<sup>th</sup> day of March, 2006.



PAUL D. GRUCZA  
Notary Public, State of Texas

7/29/2009  
My Commission Expires

**AFTER RECORDING, RETURN TO:**  
Riddle & Williams, P.C.  
3811 Turtle Creek Blvd, Suite 1050  
Dallas, Texas 75219

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**EXHIBIT "A"**

**DEDICATORY INSTRUMENTS**

- A-1. Articles of Incorporation of Property Owners Association of Mountain Lakes Ranch
- A-2. By-Laws of Property Owners Association of Mountain Lakes Ranch
- A-3. Property Owners Association of Mountain Lakes Ranch Enforcement Policy
- A-4. Assessment Collection Policy for Mountain Lakes, Sections One, Two and Three and Section Four, Phases I and II (12/05)

ARTICLES OF INCORPORATION  
OF  
PROPERTY OWNERS ASSOCIATION OF  
MOUNTAIN LAKES RANCH

FILED  
In the Office of the  
Secretary of State of Texas  
OCT 7 1999  
Corporations Section

We, the undersigned natural persons over the age of eighteen (18), acting as incorporators, adopt the following Articles of Incorporation of PROPERTY OWNERS ASSOCIATION OF MOUNTAIN LAKES RANCH (referred to as the "Corporation") under the terms of the Texas Non-Profit Corporation Act (referred to as the "Act"):

ARTICLE 1  
NAME

The name of the Corporation is the PROPERTY OWNERS ASSOCIATION OF MOUNTAIN LAKES RANCH.

ARTICLE 2  
NON-PROFIT CORPORATION

The corporation is a non-profit corporation. Upon dissolution, all of the Corporation's assets shall be distributed to the State of Texas or to an organization exempt from taxes under the Internal Revenue Code Section 501 (c) (3) for one or more purposes that are exempt under the Texas franchise tax.

ARTICLE 3  
DURATION

The period of the duration of the Corporation shall be perpetual.

ARTICLE 4  
PURPOSES

The purposes for which the Corporation is organized are as follows:

- A. To manage and maintain any and all common areas, parks, lakes, or otherwise generally accessible areas in any units of The MOUNTAIN LAKES RANCH SUBDIVISION of Erath County, Texas, such sections of The MOUNTAIN LAKES RANCH SUBDIVISION all being created out of the certain tracts or parcels of land in Erath County, Texas and being the same property described in a Deed from Bluffdale Development Corporation to Properties of the Southwest, L.P. dated January 23, 1999, and recorded under County Clerk's Volume 1618, Page 0753, Erath County Deed Records and any additional real property annexed thereto by Properties of the Southwest, L.P., hereinafter referred to collectively as "MOUNTAIN LAKES RANCH on Lake Granbury Subdivision."
- B. To promote a community spirit and neighborly cooperation among all of the residents of The MOUNTAIN LAKES RANCH SUBDIVISION, and to take such steps as may be necessary and appropriate for the promotion, protection, and care of any and all occupied and unoccupied lots in The MOUNTAIN LAKES RANCH SUBDIVISION.
- C. To supervise, enforce, and comply with all of the restrictive covenants and conditions as may be imposed upon any of the lot owners of the lots located in any of the sections of The MOUNTAIN LAKES RANCH SUBDIVISION, as above described;
- D. To enter into any agreements, documents, and things whatsoever, as may be incidental or appropriate to the carrying out of the foregoing purposes, including the hiring of any and all employees, agents, security guards, accountants, attorneys, or other parties as may be necessary or appropriate;
- E. Such additional powers as needed to do everything as determined by the bylaws and by the Board of Directors of the Corporation, as such acts are authorized by the Texas Non-Profit Corporation Act, as is now in force, as the same may be from time to time hereafter amended.

EXHIBIT  
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**ARTICLE 5  
MEMBERSHIP**

The Corporation shall have one or more classes of members as provided in the bylaws of the Corporation.

**ARTICLE 6  
INITIAL REGISTERED OFFICE AND AGENT**

The street address of the initial registered office of the Corporation is 3860 W. Northwest Hwy, Suite 230, Dallas, Texas 75220. The name of the initial registered agent at the office is Oscar Rohne.

**ARTICLE 7  
BOARD OF DIRECTORS**

The qualifications, manner of selection, duties, terms and other matters relating to the Board of Directors shall be provided in the bylaws. The initial Board of Directors shall consist of three persons. The number of directors may be increased or decreased by amendment of the bylaws. In electing directors, members may be permitted to cumulate their votes by giving one candidate as many votes as the number of directors to be elected or by distributing the same number of votes among any number of candidates. The initial Board of Directors shall consist of the following persons at the following addresses:

<u>NAME OF DIRECTORS</u>	<u>STREET ADDRESS</u>
<i>Oscar Rohne</i>	<i>3860 W. Northwest Hwy. Suite 230 Dallas, Texas 75220</i>
<i>David Cleveland</i>	<i>3860 W. Northwest Hwy. Suite 230 Dallas, Texas 75220</i>
<i>Rebecca Hearn</i>	<i>3860 W. Northwest Hwy. Suite 230 Dallas, Texas 75220</i>

**ARTICLE 8  
LIMITATION ON LIABILITY OF DIRECTORS**

A director is not liable to the Corporation or members for monetary damages for an act or omission in the director's capacity as director, except to the extent otherwise provided by a statute of the State of Texas.

**ARTICLE 9  
INDEMNIFICATION**

Section 1. **EXTENT OF INDEMNIFICATION.** The Corporation shall indemnify and advance expenses to any person who (i) is or was a Director, officer, employee, or agent of the Corporation or (ii) serves or has served at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, to the fullest extent that a corporation may or is required to grant indemnification to a director under the Texas Business Corporation Act and the Texas Non-Profit Corporation Act; notwithstanding the foregoing, however, the Corporation may indemnify and advance expenses to an officer, employee or agent, or any person who is identified in (ii) of the first clause of this Article VII and who is not a Director to such further extent, consistent with law, as may be provided by the Corporation's Articles of Incorporation, these Bylaws, general or specific action of the Board of Directors, or by contract, or as otherwise permitted or required by common law.

Section 2. **INSURANCE.** The Corporation may purchase and maintain insurance, at its expense, to protect itself and any such director, officer, employee, agent or person as specified in Section 1 of this Article 9, against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify him against such expense, liability or loss under the Texas Business Corporation Act or the Texas Non-Profit Corporation Act.

ARTICLE 10  
CONSTRUCTION

All references on these Articles of Incorporation to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

ARTICLE 11  
INCORPORATORS

The name and street address of each incorporator is:

<u>NAME OF INCORPORATOR</u>	<u>STREET ADDRESS</u>
Oscar Rohne	3860 W. Northwest Hwy. Suite 230 Dallas, Texas 75220
David Cleveland	3860 W. Northwest Hwy. Suite 230 Dallas, Texas 75220
Rebecca Hearn	3860 W. Northwest Hwy. Suite 230 Dallas, Texas 75220

We executed these Articles of Incorporation on this 20 day of September, 1999.

Oscar Rohne  
Oscar Rohne

Rebecca Hearn  
Rebecca Hearn

David Cleveland  
David Cleveland

ACKNOWLEDGMENT

STATE OF TEXAS        )(

COUNTY OF DALLAS     )(

This instrument was acknowledged before me on this 27 day of Sept, 1999, by Oscar Rohne, David Cleveland and Rebecca Hearn.



Janet E. Ward  
Notary Public, State of Texas

**BY-LAWS  
OF  
PROPERTY OWNERS ASSOCIATION OF MOUNTAIN LAKES RANCH**

**ARTICLE ONE  
REGISTERED OFFICE**

1.01 The registered office of the Corporation is located at 3860 W. Northwest Hwy, Suite 230, Dallas, Texas 75220. The name of the registered agent of the Corporation at such address is Oscar Rohne.

**ARTICLE TWO  
DEFINITIONS**

2.01 As used in these By-Laws the following definitions shall apply:

(A) **THE MOUNTAIN LAKES SUBDIVISION:** Those portions of the property described on Exhibit "A" as are included in any section of THE MOUNTAIN LAKES SUBDIVISION, as such sections are shown by plats of record among the Plat Records of Erath County, Texas whether such plats are presently on record or are hereinafter to be recorded, so long as such properties are bound by any subdivision restriction promulgated by BLUEGREEN SOUTHWEST, its successors or assigns, which subdivision restrictions provided for the payment of assessments to BLUEGREEN SOUTHWEST until assigned to the Corporation herein.

(B) **MEMBERS:**

1. Ownership of each lot in THE MOUNTAIN LAKES SUBDIVISION shall entitle the owner thereof to one membership in the Corporation. Members of the Corporation shall include all those persons or entities who are voting members, non-voting members, or advisory members of the Corporation as provided below.

2. For purposes of these provisions, those persons who have purchased any of the lots in THE MOUNTAIN LAKES SUBDIVISION under the provisions of any Contracts of Sale and Purchaser with the Veterans Land Board of the State of Texas shall be considered as "members" of the Corporation, and the State of Texas shall not be considered as a member of the corporation. In the case of any lots owned by two or more persons or entities other than one individual, the owner or owners thereof may designate one person in writing as the person eligible for memberships.

3. A person shall be considered as an owner of a lot in THE MOUNTAIN LAKES SUBDIVISION only after such person has received legal title to such lot, or after legal title to such lots has been transferred by BLUEGREEN SOUTHWEST (ITS SUCCESSORS OR ASSIGNS) to the individual, the entity, or the Veterans Land Board of the State of Texas.

(C) **VOTING MEMBERS:** All those persons or entities owning a lot or lots in THE MOUNTAIN LAKES SUBDIVISION who are (a) current in the payment of any and all assessments due to BLUEGREEN SOUTHWEST or the Corporation; (b) not otherwise default under any of the subdivision restrictions affecting such lot or lots in THE MOUNTAIN LAKES SUBDIVISION; and (c) are current in all other dues or other obligations to the Corporation. BLUEGREEN SOUTHWEST, its successors or assigns, shall not be considered a voting member of the Corporation.

(D) **NON-VOTING MEMBERS:** Non-voting members of the Corporation shall be those members who are in arrears for more than thirty (30) days in the payment of any assessments to be provided for hereunder, or in the payment of any other dues or accounts of the Corporation, or in default in the performance of any of the obligations contained in any of the subdivision restrictions affecting THE MOUNTAIN LAKES SUBDIVISION. However, no member shall be considered to be in default in the payment of any other dues or accounts, due to BLUEGREEN SOUTHWEST or the Corporation, nor will they be considered to be in default in the performance of any other obligations under the subdivision restrictions of THE MOUNTAIN LAKES SUBDIVISION unless such member has been notified of such default by a written statement for at least thirty days. Notice shall be conclusively deemed as having been given if the notice has been deposited in the U.S. mails, with postage property prepaid, addressed to the last known address of the member as shown by the records of the Corporation.

(E) **ADVISORY MEMBERS:** BLUEGREEN SOUTHWEST, the developer of THE MOUNTAIN LAKES SUBDIVISION, its successors and assigns, shall be an advisory member of the Corporation. An advisory member of the Corporation shall not have the right to vote in any meeting of the Corporation, but shall be entitled to have a representative present at all meetings of the Corporation and at all meetings of the Board of Directors of the Corporation. The right of BLUEGREEN SOUTHWEST, its successors and assigns, to be considered an advisory member of the Corporation may not be revoked. The Board of Directors of the Corporation may designate any other person or entity as

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**EXHIBIT**

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an advisory member of the Corporation. If so designated, such advisory member of the Corporation shall serve as an advisory member for so long as the Board of Directors shall permit.

(F) A member shall be in default, as provided for herein, if such member shall have failed to pay any assessments to the Corporation, as provided for in any subdivision restrictions of THE MOUNTAIN LAKES SUBDIVISION, for more than thirty (30) days after the same shall become due. A member shall further be considered to be in default if he has violated any of the terms, conditions, or stipulations of the restrictions affecting THE MOUNTAIN LAKES SUBDIVISION, or is in violation of any local, state, or federal law, order, rule, or regulation, has been notified of such violation, and has refused to correct such violation within thirty (30) days after the date such notice was sent.

### ARTICLE THREE MEMBERS MEETINGS

3.01 All meetings of the members shall be held at the registered office of the Corporation or at any other place within or outside this state as may be designated for that purpose from time to time by the Board of Directors.

3.02 Annual meeting of the members. The annual meetings of the members shall be held each year at 7:00 p.m. on the first Monday in August. If this day falls on a legal holiday, the annual meeting shall be held at the same time on the next following business day.

3.03 Notice of meetings. Notice of the meeting, stating the place, date, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given in writing to each member (whether voting, non-voting, or advisory) at least five (5) but not more than thirty (30) days before the date of the meeting either personally or by mail or other means of written communication addressed to the member at his address appearing on the books of the Corporation or given by him to the Corporation for the purpose of notice. Notice of adjourned meetings is not necessary until the meeting is adjourned for thirty (30) days or more, in which case notice of the adjourned meeting shall be given as in the case of any special meeting.

3.04 Special meetings. Special meetings of the members for any purpose or purposes whatsoever may be called at any time by the President, or by the Board of Directors, or by any two or more directors. Any special meeting must be called for specific purposes, which purposes shall be identified in the call of the meeting and notice of the meeting.

3.05 Quorum. Ten percent (10%) of the voting members constitutes a quorum for transaction of business. Once the presence of a quorum has been confirmed, business may continue despite any failure to maintain a quorum during the remainder of the meeting.

3.06 Voting. Only persons listed as voting members on the date of the meeting shall be entitled to vote at such meeting. Any non-voting members may elevate his status to a voting member by curing any default prior to the stated time of the meeting. Votes shall be apportioned by lots, i.e., each lot shall be entitled to one vote, and therefore, if any voting members owns two or more lots, he shall be entitled to the same number of votes as he shall own lots. There shall be no fractional voting, but rather, if a lot is owned by two or more persons, that lot shall be entitled to only one vote and shall not be entitled to split that vote, and the owners of such lot must, in writing, designate one of their members to be the voting member of the Corporation. A voting member may execute a written proxy granting to another voting member, or to an advisory member, the right to cast such voting member's vote at any meeting. A voting member may not grant a proxy to a non-voting member as defined in Article 2.01 D.

3.07 Presiding officer. All meetings of the membership shall be presided by the President of the Corporation, and shall be conducted in accordance with Roberts Rules of Order.

### ARTICLE FOUR BOARD OF DIRECTORS

4.01 The management of the Corporation shall be vested in a Board of Directors consisting of three directors, which board shall have full power and authority to carry out the purposes of the Corporation and to do any and all lawful acts necessary or profitable thereto. The director shall act only as the board, and an individual director shall have no power as such. The powers of the Corporation shall be exercisable by the Board of Directors or under its authority, and the action of the President of the corporation shall be controlled by the Board of Directors, subject, however, to such limitations as are imposed by law, the Articles of Incorporation, or these By-Laws as to the actions to be authorized or approved by the members. The Board of Directors may, by contract or otherwise, give general or limited special power and authority to the officers and employees of the Corporation to transact the general business, or any special business of the Corporation, and may give powers of attorney to agents of the Corporation to transact any special business required by such authorization.

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4.02 The Directors shall be voting members of the corporation. The authorized number of directors of this Corporation shall be three. The directors need not be members of the Corporation. The number of directors may be increased or decreased from time to time by amendment to these By-Laws, but no decrease shall have the effect of shortening the term of any incumbent director. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of the members called for that purpose.

4.03 The first Board of Directors shall be appointed or selected by the initial Board of Directors and shall serve until the first annual meeting of the Property Owners Association next following the recording of the instrument executed by Developer evidencing transfer of control of the Association to the Association. The directors shall be elected annually by the voting members, and shall hold office until their respective successors are elected, or until their death, resignation, or removal.

4.04 Vacancies of the board of Directors may be filled by a majority of the remaining directors, or by the sole remaining directors. The voting members may elect a director at any time to fill any vacancy not filled by the directors. The entire Board of Directors or any individual director may be removed from office with or without cause by a vote of the majority of the voting members at any regular or special meeting of the members.

4.05 All meetings of the Board of Directors shall be held at the principal office of the corporation at such place within or outside the state as may be designated from time by resolution of the board or by written consent of the members of the board. Regular meetings of the Board of Directors shall be held, without call or notice, immediately following each annual meeting of the membership of the Corporation, and at such other times as the directors may determine.

4.06 Special meetings of the Board of Directors for any purpose shall be called at any time by the President, or if the President is absent or unable or refuse to act, by the Vice-President or by any two directors. Written notices of the special meetings, stating the time and in general terms the purpose or purposes thereof, shall be mailed ten (10) days prior to the meeting or personally delivered to each director not later than three (3) days before the day appointed for the meeting.

4.07 A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present shall be regarded as an act of the Board of Directors, unless a greater number is required by law or by the Articles of Incorporation.

4.08 Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, and with the same force and effect as the unanimous vote of the Directors, if all of the members of the board shall individually collectively consent in writing to the action.

4.09 A quorum of the directors may adjourn any directors' meeting to meet again at a stated hour on a stated day. Notice of the time and place where an adjourned meeting will be held need not be given to absent directors if the time and place is fixed at the adjourned meeting. In the absence of a quorum, a majority of the directors present at any directors' meeting, either regular or special may adjourn from time to time until the time fixed for the next regular meeting of the board.

4.10 The President, or in the President's absence, any director selected by the directors present, shall preside at meeting of the Board of Directors. The Secretary of the Corporation or, in the Secretary's absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

4.11 Directors and members of the committee shall not receive any compensation for their services. They may receive reimbursement for actual expenses incurred only upon the submission of appropriate written evidence of such expenses incurred.

4.12 The Board of Directors may authorize the Corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, present or former Directors, officers, or employees of this Corporation as provided by Article 1296.22A of Title 32 of the Miscellaneous Corporation Act of the State of Texas.

#### ARTICLE FIVE OFFICERS

5.01 The officers of the Corporation shall be a President, a Vice-President, a Secretary, a Treasurer, and such assistants and other officers at the Board of Directors shall from time to time determine. Any two offices may be held by one person. All officers shall be elected by and hold office at the pleasure of the Board of Directors, which shall fix the compensation and tenure of all officers.

5.02 The officers of the Corporation shall have the power and duties generally ascribed to the respective offices, and such additional authority or duty as may from time to time be established by the Board of Directors.

**ARTICLE SIX  
EXECUTION OF INSTRUMENTS**

6.01 The Board of Directors may, in its discretion, authorize an officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporation name without limitation, except where otherwise provided by law, and such execution or signature shall be binding on the Corporation.

**ARTICLE SEVEN  
MISCELLANEOUS**

7.01 The Board of Directors, on behalf of the Corporation, shall have the authority to employ such agents or employees as the Board of Directors shall deem appropriate for carrying out the purposes of this Corporation.

7.02 There shall be no initiation fees for memberships in the Corporation. The Board of Directors shall have discretion over the disposition of any and all assessments paid as provided for in any of the subdivision covenants, restrictions, and requirements imposed on any lot in THE MOUNTAIN LAKES SUBDIVISION. Subject to the approval of the majority of the voting members at a meeting of the membership duly convened, the Board of Directors may increase or decrease the assessments described in the subdivision restrictions, restrictive covenants, and conditions affecting any lot of THE MOUNTAIN LAKES SUBDIVISION as shown by recorded instrument filed for record in Erath County, Texas. All of the provisions relating to such increases and decreases, and to such assessments, which are shown by recorded instruments affecting any lot of THE MOUNTAIN LAKES SUBDIVISION, or which may be hereinafter filed as to any subsequently created section of THE MOUNTAIN LAKES SUBDIVISION are hereby incorporated herein by reference as if stated in full.

7.03 The Board of Directors shall have the authority to appoint such committees to assist it in the managing of the Corporation as it shall deem appropriate, and to appoint to such committees either members or non-members of the Corporation. Such committees shall be of such number and serve such functions as the Board of Directors may determine; however, there shall always be created an Architectural Control Committee as is described in the subdivision restrictions, restrictive covenants, and conditions affecting any and all sections of THE MOUNTAIN LAKES SUBDIVISION as shown by recorded instruments in Erath County, Texas.

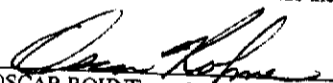
7.04 The Corporation shall not enter into any contract to pay and shall not pay, any salary or other remuneration to any officer, directors, or committee member for their services as such, nor in any other capacity regardless of the capacity in which they may act. However, nothing in this section shall prevent the Corporation from reimbursing any officer or director for actual expenses incurred by such director or officer in the performance of his duties.

7.05 Any and all funds of the Corporation shall be deposited in a bank account owned by the Corporation. All demand withdrawal instruments and checks on such bank account shall bear the signature of at least two authorized persons, the identity of whom shall be made by the Board of Directors, and who may, but do not have to be members of the Corporation.

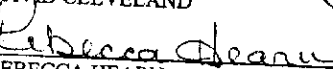
7.06 All books and records provided for by statute shall be open to inspection by the members at any reasonable time.

7.07 The power to alter, amend, or repeal these By-Laws is vested in the Board of Directors, subject to repeal or change by the action of the members.

ADOPTED by the Directors on this the 20 day of September 1999.

  
\_\_\_\_\_  
OSCAR ROHNE

  
\_\_\_\_\_  
DAVID CLEVELAND

  
\_\_\_\_\_  
REBECCA HEARN

FEB 16 2006

**PROPERTY OWNERS ASSOCIATION OF MOUNTAIN LAKES RANCH  
ENFORCEMENT POLICY**

WHEREAS, the Board of Directors of the Property Owners Association of Mountain Lakes Ranch. (the "Association") finds there is a need to establish orderly procedures for the enforcement of the rules & regulations of the Association, the Bylaws of the Association and the restrictive covenants set forth in the Declarations of Covenants, Conditions and Restrictions for Mountain Lakes, as amended and/or supplemented from time to time (hereinafter referred to, collectively, as the "Mountain Lakes Ranch Governing Documents") against violating owners.

NOW, THEREFORE, IT IS RESOLVED that the following procedures and practices are established for the enforcement of the Mountain Lakes Ranch Governing Documents and for the elimination of violations of such provisions found to exist in, on and about the Mountain Lakes Ranch residential development (to be referred to herein as the "Enforcement Policy").

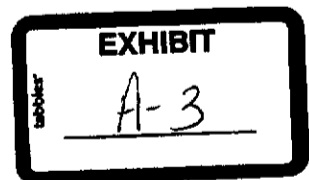
1. **Establishment of Violation.** Any condition, use, activity or improvement which does not comply with the provisions of the Mountain Lakes Ranch Governing Documents, shall constitute a "Violation" under this Policy for all purposes.

2. **Report of Violation.** The existence of a Violation will be verified by a field observation conducted by the Board or its delegate. For the purpose of this Enforcement Policy, the delegate of the Board may include Management, an officer or member of the Board, or a member of any committee established by the Board for this purpose. A timely written report shall be prepared by the field observer for each Violation which will include the following information:

- a. Identification of the nature and description of the Violation(s).
- b. Identification by street address and legal description, if available, of the Lot on which the Violation exists.
- c. Date of the verification observation and name of the person making such observation.

At the same time that the field observation report is prepared, the Board or its delegate may forward to the Owner of the Tract in question written notice via regular first class mail or via postcard of the discovery of a Violation(s) (the "Courtesy Notice"). The Owner will have at least ten (10) days from the date of the Courtesy Notice to correct or eliminate the Violation(s). The Board or its delegate may, in lieu of this notice, proceed immediately to the notice set forth in Paragraph 3 below.

3. **Notice of Violation.** If the Violation is not corrected or eliminated within the time period specified in the Courtesy Notice, or if the Board or its delegate deem it appropriate to



proceed without the Courtesy Notice, the Association will forward to the Owner of the Tract in question written notice of the Violation(s) by regular first class mail or personal delivery and by certified mail, return receipt requested (the "Notice of Violation"). A Notice of Violation is not required if the alleged violator received a Notice of Violation relating to a similar Violation within six (6) months of the current Violation and was given a reasonable opportunity to cure the prior Violation. In such event, the Board may impose sanctions as authorized by the Mountain Lakes Ranch Governing Documents and/or this Enforcement Policy without notice to the Owner other than the Final Notice of Violation described in Paragraph 4 below. The Notice of Violation, if required, will state the following:

a. The nature, description and location of the Violation, including any property damage caused by the Owner.

b. The authority for establishing the Violation, including the authority for recovering property damages caused by the Owner.

c. The proposed sanction to be imposed, including the amount claimed to be due from the Owner for property damage, in the event the Violation is not cured within a reasonable time.

d. The recipient may, on or before thirty (30) days from the receipt of the Notice of Violation, deliver to the Association a written request for a hearing before the Board.

e. Any attorney's fees and costs incurred by the Association in enforcing the Mountain Lakes Ranch Governing Documents after the cure period set forth in the Notice of Violation will be charged to the Owner.

4. Final Notice of Violation. A formal notice of the Violation and the sanction imposed, including the amount of any property damage (the "Final Notice of Violation") will be sent by the Association to the Owner by regular first class mail, where, within the time period specified in the Notice of Violation, the Violation has not been corrected or eliminated.

5. Request for a Hearing. If the Owner submits a written request for a hearing in a timely manner, the hearing shall be held in executive session of the Board of Directors affording the alleged violator a reasonable opportunity to be heard. Such hearing shall be held no later than the 30<sup>th</sup> day after the date the Board receives the Owner's request for a hearing. The notice of the hearing shall be sent no later than the 10<sup>th</sup> day before the date of the hearing. The Association or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. The minutes of the meeting shall contain a written statement of the results of the hearing. The Association shall notify the Owner in writing of its action within ten (10) days after the hearing. The Board may, but shall not be obligated to, suspend any proposed sanction if the Violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions of the Mountain Lakes Ranch Governing Documents by any Owner.

6. **Correction of Violation.** Where the Owner corrects or eliminates the Violation(s) prior to the imposition of any sanction, no further action will be taken (except for collection of any monies for which the Lot Owner may become liable under this Enforcement Policy and/or the Mountain Lakes Ranch Governing Documents). Written notice of correction or elimination of the Violation may be obtained from the Board upon request for such notice by the Owner and upon payment of a fee for same, the amount of which is set by the Board.

7. **Referral to Legal Counsel.** Where a Violation is determined or deemed determined to exist and where the Board deems it to be in the best interests of the Association to refer the Violation to legal counsel for appropriate action, the Board may do so at any time and without prior notice to the Owner. Such legal action may include, without limitation, sending demand letters to the violating Owner and/or seeking injunctive relief against the Owner to correct or otherwise abate the Violation. Attorney's fees and all costs incurred by the Association in enforcing the Mountain Lakes Ranch Documents and administering this Enforcement Policy shall become the personal obligation of the Owner.

8. **Fines.** Subject to the provisions of this Enforcement Policy and/or the Mountain Lakes Ranch Governing Documents, the imposition of fines will be on the following basis:

- a. First fine for violation = \$50.00
- b. Second fine for same violation = \$100.00
- c. Third fine for same violation = \$150.00
- d. Fourth fine for same violation = \$200.00
- e. Fifth fine for same violation = \$300.00
- f. All subsequent fines for same violation = not to exceed \$350.00

**The first fine will be imposed when the Final Notice of Violation is issued. Subsequent fines may be imposed after ten (10) days written notice to Owner of the continuing Violation.**

9. **Notices.** Unless otherwise provided in the Enforcement Policy, all notices required by this Enforcement Policy shall be in writing and shall be deemed to have been duly given if delivered personally and/or if sent by United States Mail, first class postage prepaid, to the Owner at the address which the Owner has designated in writing and filed with the Secretary of the Association or, if no such address has been designated, to the address of the Tract of the Owner.

a. Where the notice is directed by personal delivery, notice shall be deemed to have been given, sent, delivered or received upon actual receipt by any person accepting delivery thereof at the address of the recipient as set forth in such notice or if no person is there, by leaving the notice taped to the front door of the residence.

b. Where the notice is placed into the care and custody of the United States Postal Service, notice shall be presumed to have been given, sent, delivered or received, as of the third (3<sup>rd</sup>) calendar day following the date of postmark of such notice hearing postage prepaid and the appropriate name and address as required herein unless otherwise shown by the recipient to have been received at a later date.

c. Where a day required for an action to be taken or a notice to be given, sent, delivered or received, as the case may be, falls on a Saturday, Sunday or United States Postal Service holiday, the required date for the action or notice will be extended to the first day following which is neither a Saturday, Sunday or United States Postal Service holiday.

d. Where the Board has actual knowledge that such situation exists, any action to be taken pursuant to this Enforcement Policy which would directly affect the property of a third party or would be the responsibility of a party other than the Owner, notices required under this Enforcement Policy may be given, if possible, to such third party in addition to the Owner. Notwithstanding any notice sent to a third party, the Owner remains the party responsible for compliance with the requirements of the Declaration. The Board shall accept a response from any such third party only upon the written direction of the Owner of the Tract upon which the Violation exists.

e. Where the Owner has notified the Association that the interests of said Owner in a Lot are being handled by a representative or agent of such Owner or where an Owner has otherwise acted so as to put the Association on notice that its interest in a Tract has been and are being handled by a representative or agent, any notice or communication from the Association pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to such representative or agent.

f. Where an Owner transfers record title to a Tract at any time during the pendency of any procedure prescribed by this Enforcement Policy, such Owner shall remain personally liable for all costs under this Enforcement Policy. As soon as practical after receipt by the Association of a notice of a change in the record title to a Tract which is the subject of enforcement proceedings under this Enforcement Policy, the Board may begin enforcement proceedings against the new Owner in accordance with this Enforcement Policy. The new Owner shall be personally liable for all costs under this Enforcement Policy which are the result of the new Owner's failure and/or refusal to correct or eliminate the Violation in the time and manner specified under this Enforcement Policy.

10. **Cure of Violation During Enforcement.** An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by written report to the Board that the Violation has been corrected or eliminated, the Violation will be deemed no longer to exist except as set forth in Paragraph 3 above. The Owner will remain liable for all costs under this Enforcement Policy, which costs, if

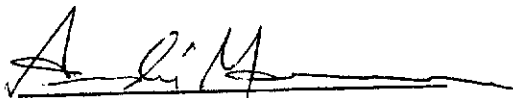
not paid upon demand therefor by Management, will be referred to the Board of Directors of the Association for collection.

11. **Definitions.** The definitions contained in the Mountain Lakes Ranch Governing Documents are hereby incorporated herein by reference.

**IT IS FURTHER RESOLVED** that this Enforcement Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended by the Board of Directors.

This is to certify that the foregoing Enforcement Policy was adopted by the Board of Directors at a duly convened meeting held on the 12<sup>TH</sup> day of FEBRUARY ~~2005~~ <sup>2006</sup>, and that the same shall be filed of record in the Real Property Records of Erath County.

DATE: 12 FEB 06

  
Secretary

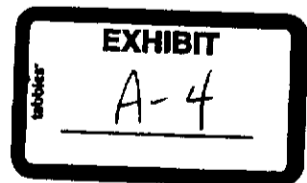
**ASSESSMENT COLLECTION POLICY**

**FOR MOUNTAIN LAKES, SECTIONS ONE, TWO AND THREE  
AND SECTION FOUR, PHASES I AND II.**

12/05

The Mountain Lakes Property Owners Association ("Association") has established the following procedures and practices for the collection of assessments and other amounts owing and/or to become due and owing to the Association by Owners in the Properties located in Mountain Lakes, Sections One, Two and Three and Section Four, Phases I and II. These procedures and practices are entitled the "Assessment Collection Policy" for the Association in the discharge of its responsibilities regarding collection of assessments and other amounts levied against Lots:

1. Due Date: Annual assessments for the fiscal year from January to December are due on the 1<sup>st</sup> day of January.
2. Delinquency Date: Assessments are delinquent if not received by the 31<sup>st</sup> day of January.
3. Interest for late payments: Any assessment not paid by the 31<sup>st</sup> day of January shall bear interest at the rate of 18% per annum or the maximum rate permitted by law, which ever is lower. Such interest shall accrue from the Due Date to the date of payment in full.
4. Costs of collection: All costs of collection for past due assessments and other charges incurred by the Association to bring an Owner into compliance with the Declaration provisions and this Assessment Collection Policy shall be added to the unpaid assessment or other charges.
5. Reminder Notice: If an assessment has not been paid by the Delinquency Date, the Association will send a Reminder Notice, at the Owner's expense, to the Owner. This Reminder Notice will include the amount of the unpaid assessments, other charges, collection costs and interest. This letter shall include information regarding the Owner's rights in accordance with the provisions of The Fair Debt Collection Act.
6. Default Letter: No sooner than sixty (60) days beyond the Due Date, the Association will send a Default letter, via certified mail, return receipt requested, at Owner's expense, to the Owner, demanding payment for all amounts due, within thirty (30) days of the date of the letter. Failure to make payment in full within the thirty (30) days from the date of the letter shall result in the Owner's account being referred to an attorney for collection. Any legal fees incurred to enforce an Owner's compliance with the controlling Declaration and/or this Assessment Collection Policy from a date thirty (30) days from the date of the letter, will be the responsibility of the Owner.





**ASSESSMENT COLLECTION POLICY**  
**FOR**  
**MOUNTAIN LAKES, SECTIONS ONE, TWO AND THREE**  
**AND SECTION FOUR, PHASES I AND II.**  
12/05

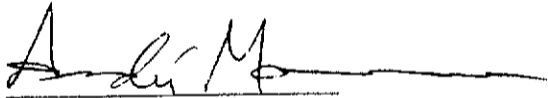
7. Legal Action (formal demand, Notice of Lien, Non-Judicial Foreclosure): Counsel will send a demand letter to the Owner making formal demand for all outstanding assessments and other charges. If an Owner fails to pay in full all amounts within thirty (30) days from the date of Counsel's formal demand letter, counsel will cause to be prepared and recorded in the Real Estate Records of the appropriate County a written Notice of Lien as prescribed in the controlling Declaration. A copy of the Notice of Lien will be sent to the Owner contemporaneously with the filing of same with the County Clerk's office, together with an additional demand for payment in full of all amounts then outstanding, including additional attorney's fees and costs incurred, within thirty (30) days of the date of the transmittal to the Owner of the Notice of Lien. Upon an Owner's failure to pay within thirty (30) days of the Formal Demand letter, the Association shall have the right to pursue a non-judicial foreclosure upon an Owner's property, as provided in the controlling Declaration. In the event of non-payment by any Owner of any charge due the Association, the Association may, in addition to foreclosing the lien against an Owner, exercise all other rights and remedies available at law or in equity.

**CASH APPLICATION POLICY**

Any payment made by an Owner to the Association whose account reflects an unpaid balance for any assessments or other charges, shall be applied to the outstanding balance in the following order:

1. Attorneys fees
2. Costs incurred in collection
3. Collection fees
4. Late charges
5. Special Assessments
6. Assessments for Annual Dues, applied to the oldest amount first

DATE: 12 FEB 06



Secretary

ANDRÉ MARROU

WARNING: THIS IS PART OF THE OFFICIAL RECORD  
DO NOT DESTROY

FILED FOR RECORD

M 11:15 O'Clock A M

MAY 12 2006

GWINDA JONES, COUNTY CLERK  
ERATH COUNTY, TEXAS

BY LCS DEPUTY



STATE OF TEXAS  
COUNTY OF ERATH  
I Hereby certify that this instrument was FILED on the date  
and at the time stamped hereon by me and was duly  
RECORDED in the Official Public Records of Erath  
County, Texas in the Volume and Page as shown heron.

*Gwinda Jones*  
County Clerk, Erath County, Texas

Paid  Charge \$ 80.00

Return to:  
Kiddell + Williams PC  
1050 Justice Creek Centre  
3811 Justice Creek Blvd.  
Dallas, TX 75219  
Envelope

CLERK'S NOTICE: ANY PROVISION HEREIN, WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED  
REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW