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AFTER RECORDING RETURN TO:

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# STEINER RANCH CASITAS SUB-CONDOMINIUMS

# COMMUNITY MANUAL

**Consisting of:**
**Certificate of Formation**
**Bylaws**
**Initial Rules & Regulations**
**Assessment Collection Policy**
**Fine Policy**
**Certification and Acknowledgment**

*PROPERTY*

Steiner Ranch Casitas Sub-Condominiums is located at 2210 University Club Drive, Austin, Texas 78732 and is subject to the Subordinate Declaration of Condominium Regime for Steiner Ranch Casitas Sub-Condominiums, recorded or to be recorded in the Official Public Records of Travis County, Texas.

# STEINER RANCH CASITAS SUB-CONDOMINIUMS
# COMMUNITY MANUAL

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**ATTACHMENT 1**

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

John Steen
Secretary of State

# Office of the Secretary of State

## CERTIFICATE OF FILING
## OF

Steiner Ranch Casitas Condominium Community, Inc.
File Number: 801769991

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

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

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

Dated: 04/18/2013

Effective: 04/18/2013

John Steen
Secretary of State

FILED
In the Office of the
Secretary of State of Texas
APR 18 2013
Corporations Section

# CERTIFICATE OF FORMATION
# OF
# STEINER RANCH CASITAS 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: Steiner Ranch Casitas 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 may be forth in that certain "Subordinate Declaration of Condominium Regime for Steiner Ranch Casitas Sub-Condominiums," recorded or to 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 401 Congress Avenue, Suite 2100, Austin, Texas 78701. The name of its initial registered agent at such address is Robert D. Burton.

## ARTICLE VI
## MEMBERSHIP

Membership in the Association shall be determined as set forth in the Declaration.

## ARTICLE VII
## VOTING RIGHTS

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

## ARTICLE VIII
## INCORPORATOR

The name and street address of the incorporator is:

| NAME | ADDRESS |
|---|---|
| Robert D. Burton | 401 Congress Avenue, Suite 2100<br>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 |
|---|---|
| Adib Khoury | 11200 Lakeline Blvd Suite 150A<br>Austin, TX 78717 |
| Tim Towell | 11200 Lakeline Blvd Suite 150A<br>Austin, TX 78717 |
| Michael Lindeman | 11200 Lakeline Blvd Suite 150A<br>Austin, TX 78717 |

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 two-thirds (2/3) 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 18 day of April, 2013.

Robert D. Burton, Incorporator

ATTACHMENT 2

# STEINER RANCH CASITAS CONDOMINIUM COMMUNITY, INC.
## BYLAWS
(a Texas condominium association)

## ARTICLE 1
## INTRODUCTION

1.1. **Property**. These Bylaws of Steiner Ranch Casitas Condominium Community, Inc., provide for the governance of the condominium regime known as Steiner Ranch Casitas Sub-Condominiums, established from and out of Master Unit 3, as more fully described in that certain Declaration of Condominium Regime for Steiner Ranch MU8 Master Condominiums, recorded in the Official Public Records of Travis County, Texas (the "**Master Declaration**"), and subject to the terms and provisions of both the Master Declaration and that certain Subordinate Declaration of Condominium Regime For Steiner Ranch Casitas Sub-Condominiums, recorded in the Official Public Records of Travis County, Texas (the "**Declaration**").

1.2. **Parties to Bylaws**. All present or future Owners of Units and all other Persons who use or occupy the Regime 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 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 Regime 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, *Section 12.5* 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**. Upon expiration or termination of the Declarant Control Period, unless the Bylaws or Certificate provide otherwise, the Board will consist of at least three (3) Persons elected at the annual meeting of the Association, or at a special meeting called for that purpose. Each director shall be elected at a meeting duly called for such purpose and shall serve for a two-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.

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

2.2.1. Owners. Upon expiration or termination of the Declarant Control Period, 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 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**. Upon expiration or termination of the Declarant Control Period, 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 year. 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 Regime. 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. Notwithstanding the foregoing, during the Declarant Control Period, the Declarant will have the exclusive authority to appoint and remove all officers of the Association.

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 twelve (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 forty percent (40%) 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 Regime 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-five percent (25%) of the Units constitutes a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of Members constituting a quorum.

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-five percent (25%) 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 Regime; 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 Regime 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, *Section 12.3* 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. **Transition Meeting**. On or before termination of the Declarant Control Period, or sooner at Declarant's option, Declarant will call a 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 of the Board of Directors.

11.2. **Proposals**. The Association will provide an Owner of each Unit with a detailed description, if not exact wording, of any proposed amendment. The description will be included in the notice of any annual or special meeting of the Association if the proposed amendment is to be considered at the meeting.

11.3. **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.

11.4. **Effective**. To be effective, each amendment must be in writing and, 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.

11.5. **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; and

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., Winstead, PC, 401 Congress Ave., Suite 2100, Austin, Texas 78701

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## ATTACHMENT 3

## INITIAL RULES & REGULATIONS

These Initial Rules & Regulations are established by **TAYLOR MORRISON OF TEXAS, INC.**, a Texas corporation, for the benefit of Steiner Ranch Casitas Condominium Community, Inc., a Texas non-profit corporation (the "**Association**"). These Community Rules are the "Rules" defined in Article 1 of the Subordinate Declaration of Condominium Regime for Steiner Ranch Casitas Sub-Condominiums, recorded or to be recorded in the Official Public 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 Occupant agrees to abide by these Rules and to comply with the obligations of Owners and Occupants 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 Occupants 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 "Occupant," each of those terms are deemed to include the other, and applies to all persons for whom an Owner or Occupant is responsible. Again, the Owner is ultimately responsible for compliance by all persons using or related to his Unit. An Owner should contact the Association if he has a question about these Rules. The Association has the right to enforce these Rules against any person on the Property.

A-2. Additional Rules. Each Occupant must comply with any rules and signs posted from time to time on the Property by the Association. Posted rules are incorporated in these Rules by reference. Each Occupant must comply with notices communicated by the Association, from time to time, in the nature of seasonal or temporary rules, or notice of a change affecting use of the Property. Temporary rules are incorporated in these Rules by reference.

A-3. Waiver. Circumstances may warrant waiver or variance of these Rules. To obtain a waiver, 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. These Rules represent standards of conduct and maintenance in a high density community. 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 Occupant to enforce these Rules against another Occupant. Occupants 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 Occupants 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 Occupants to help keep each other informed about the Rules. Recognizing that an Occupant may be reluctant to confront another Occupant about a violation, the Association will work with Occupants to enforce the Rules. Generally, a complaint must be in writing and must be signed by an Occupant 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 Occupants or their guests, or to the Common Elements.

B-2. Association Does Not Insure. A person assumes full risk and sole responsibility for placing his personal property in or on the Property. Each Occupant is solely responsible for insuring his personal property in the Unit and on the Property, including his furnishings and vehicles. THE ASSOCIATION STRONGLY RECOMMENDS THAT ALL OWNERS AND RESIDENTS PURCHASE AND MAINTAIN INSURANCE ON THEIR PERSONAL BELONGINGS.

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 Estate 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.

## 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 not be leased for hotel or transient purposes. Less than the entire Unit may not be leased. Any violation of the minimum lease term set forth in the Declaration will result in a $25 daily fine against the Unit Owner.

C-3. 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 Occupant 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 Occupant 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. Occupants may keep and use barbeque grills that comply with all applicable regulatory 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. Intrusion Monitoring. Although the Unit may be wired for intrusion monitoring service, the Association is not the service provider to the Unit, and has no responsibility or liability for the availability for quality of the service, or for the maintenance, repair, or replacement of the wires, conduits, equipment, or other fittings relating to the contract service. As stated in the Declaration, the Association may serve as a conduit for the service fees and payments from the Owner to the provider.

D-5. 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, monitors, and self-closing gates or doors. This Section may not be construed to require the installation or use of such equipment.

D-6. 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, Occupant, 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. 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 an Occupant 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. An Occupant may not use his Unit in a way that: (a) annoys Occupants of neighboring Units; (b) reduces the desirability of the Property as a residential community; (c) endangers the health or safety of other Occupants; or (d) 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 repair.

E-4. Porch, Balcony & Deck Maintenance. An Occupant will maintain the porch, balcony, and deck portions of his Unit (if any) in a clean manner. An Occupant will take care that the cleaning of his porch, balcony, and deck does not annoy or inconvenience other Occupants. A porch, balcony, or deck may not be enclosed or used for storage purposes. If the Board determines that a porch, balcony, or deck is unsightly, the Board may give the Owner notice of the problem and a reasonable time period in which to correct it, after which the Board may take corrective action at the Owner's expense.

E-5. 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-6. 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-7. Combustibles. An Occupant may not store or maintain, anywhere on the Property – including within a Unit – explosives or materials capable of spontaneous combustion.

E-8. Report Malfunctions. An Occupant 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. An Occupant 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-9. Emergencies. In case of continuous water overflow, an Occupant should immediately turn off water and TURN OFF THE SHUT-OFF VALVES BEHIND THE TOILET OR UNDER THE SINK.

E-10. Cable. An Occupant who subscribes directly to cable service is solely responsible for maintaining that subscription and the appurtenant equipment. No additional exterior cable lines may be connected to the Unit except in the cable conduit maintained by the Association. No holes or protrusions may be made in any exterior surface of the Property. Wires may not be draped, hung, or strong on the building or the grounds, the Owner of the Unit to which cable service is provided is responsible to the Association for any damage to the Property caused by the cable installer or servicer.

E-11. Utilities. An Occupant will try to conserve the use of utilities furnished through the Association, including water consumption within his Unit.

E-12. Frozen Water Pipes. Some units are constructed with water lines in exterior walls. It is the duty of every Owner and Occupant of such a Unit to protect the water lines from freezing during winter months. Between November 1 and March 25 of any year, no Unit

with water lines in exterior walls may be left unheated. During periods of anticipated below freezing temperatures, water lines in exterior walls should be allowed to drip continuously, and cabinets enclosing plumbing lines should be left ajar. Dishwashers on exterior walls should not be used during and immediately after periods of extreme cold. Failure by an Owner or Occupant to monitor the local weather and take appropriate precautions may be deemed negligence.

## F. GENERAL USE & MAINTENANCE OF COMMON ELEMENTS

F-1. Grounds. Unless the Board designates otherwise, Occupants may not use or abuse the landscaped areas, lawns, beds, and plant materials on the Common Elements.

F-2. 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 the General Common Elements are deemed abandoned and may be disposed of by the Board.

## G. COMMUNITY ETIQUETTE

G-1. Courtesy. Each Occupant will endeavor to use his Unit and the Common Elements in a manner calculated to respect the rights and privileges of other Occupants.

G-2. Annoyance. An Occupant will avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other Occupants or their guests, or the Association's employees and agents.

G-3. Noise and Odors. Each Occupant 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 Occupants of other Units. The following are expressly prohibited: (1) installing speakers, subwoofers, or other noise or vibration emitting equipment in or on a party wall (a wall between 2 Units); (2) creating any protrusion in a party wall (a wall between 2 Units), through which sound may more easily transfer; (3) mounting a speaker in a ceiling at a point that is less than 5 feet from a party wall; and (4) loud vocalizations and boisterous conduct on Common Elements.

**NOT SOUNDPROOFED**

The Units are not soundproofed, and some noise transmission between adjoining units will occur. Reasonable people may disagree about "customary" noise levels and what constitutes a "disturbance." Persons who are hypersensitive to noise may be required to tolerate a degree of noise transmission.

G-4. Parties. In planning private social functions at the Property, an Occupant should be aware of the potential consequences on the Property's parking resources and on the sensibilities of other Occupants. An Occupant 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 Occupants 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 Occupant will also give the Board timely prior written notice of the event.

G-5. Reception Interference. Each Occupant will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on the Property.

## H. ARCHITECTURAL CONTROL; WORK UPON UNITS AND COMMON ELEMENTS

H-1. Exteriors. Without the written approval of the Architectural Reviewer, an Owner or Occupant 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, and driveway appurtenant to the Unit.

H-2. Protrusions. An Owner or Occupant may not cause anything to protrude or project through the boundaries of the Unit, such as the foundation, roof, party wall between units, or an exterior wall of a Unit. Examples of installations that may entail protruding wires or conduits include, without limitation, exterior horns, lights, speakers, or aerials.

H-3. Balconies Decks, & Porches. Because balconies, decks, and porches are distinctive architectural features of the Property, an Owner or Occupant may not change the appearance or condition of the balcony, deck, or porch portion of his Unit in any manner, without the prior authorization of the Architectural Reviewer. Prohibited activities include the following:

a. Painting or staining any part of the balcony, deck, or porch.

b. Installing a cover of any kind over the open slat top of the balcony.

c. Enclosing or covering of the balcony, deck, or porch in any manner.

d. Hanging items from the trellis, arbor, walls, roof, or railing, or failing to remove hanging items that the Architectural Reviewer has determined to be unattractive, such as windchimes, windsocks, birdfeeders, rope lights, and hanging baskets.

e. Maintaining anything on the balcony, deck, or porch that the Architectural Reviewer determines to be unattractive, such as umbrellas, items of storage, bicycles, and oversize or inappropriate furniture.

f. Barbeque grills may not be kept - even temporarily - on balconies or porches.

H-4. Hot Tubs. A hot tub, spa, jacuzzi, sprinkler or mist system, fountain, or any other plumbed or liquid-based device may not be installed in a Unit or any Common Element. This prohibition does not apply to replacements of customary kitchen and bathroom appliances and fixtures. This prohibition expressly applies to roofs, porches, decks, and balconies.

H-5. Satellite Dishes. An Occupant who desires satellite television service must strictly comply with the applicable requirements set forth in the Declaration. No holes or protrusions may be made in any exterior surface of the Property. Wires may not be draped, hung, or strong on the building or the grounds. The Owner of the Unit to which satellite service is provided is responsible to the Association for any damage to the Property caused by the satellite dish installer or servicer. Contact the Association before shopping for an exterior satellite dish or antenna to determine if such equipment is permitted for a particular Unit and, if so, where it may be located. Owners should get Association's written authorization before any installation.

The Association may, but is not obligated to, install one or more satellite dishes upon the roof of a building, to serve the Units within such building. In lieu of installing a common satellite dish, the Association may, but is not obligated to, permit Owners to install a satellite dish upon the roof of such Owner's building, subject to such additional rules and regulations as the Association may promulgate from time to time concerning the installation of satellite dishes upon the building roofs. Each Owner is advised to contact the Association to determine whether the Association has elected to permit the Owners and Occupants to install satellite dishes upon the building roofs, and if so, to discuss what additional rules will apply.

In the event that the Association elects to permit Owners and Occupants to install satellite dishes upon the building roofs, installation shall be conducted at the Owner's or Occupant's sole cost and expense by an installer or servicer approved by the Association.

H-6. Work Upon Common Elements and Units. Notwithstanding any provision in the Declaration or these Rules to the contrary, no Owner or Occupant shall perform or permit to be performed any work to any portion of: (i) the Owner's 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:

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

b. 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;

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

d. all other information and protections which the Board of Directors may reasonably require.

H-7. 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-8. 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. Prohibited objects include planters and planter boxes, flower pots, window boxes, birdfeeders, windsocks, mobiles, windchimes, and other outside accessories.

c. Hang, shake, or otherwise display linens, clothing, towels, rugs, shoes, mops, bedding, or other similar items from windows, doors, balconies, patios, or passageways.

d. Have bicycles or similar sporting equipment on balconies or patios.

e. Place decorations on exterior walls, doors, and fences, or on the General Common Elements.

f. Enclose or cover a balcony, porch, or deck.

g. Install storm or screen doors and windows, including solar screen.

H-9. 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 and 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. Obstructions. 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." Vehicles parked in violation of the Documents (including this provision) will be towed at the owner's expense.

I-6. 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. Occupant will endeavor to keep the Property clean and will dispose of all refuse in receptacles designated specifically by the Association or by the applicable municipality for that purpose. Occupants may NOT litter Common Elements.

J-2. Hazards. Occupants 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, Occupant will ensure that the debris is thoroughly cold.

J-3. Excess Trash. Occupants 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, Occupants 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. Occupants must arrange privately for removal of discarded furnishings or any unusually large volume of debris.

## K. PETS

K-1. Permitted Pets. An Occupant 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, an Occupant 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 Occupant 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. In the event that any regulatory authority (i.e. animal control) determines than an animal within the Property is dangerous or hazardous, then the owner of such animal shall be required to immediately remove the animal from the Property. 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 General 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 Occupant'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 Occupant is responsible for any property damage, injury, or disturbance his pet may cause or inflict. An Occupant who keeps a pet on the Property is deemed to indemnify and agrees to hold harmless the Board, the Association, and other Owners and Occupants, 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. Each Occupant 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 Occupant.

K-7. Removal. If an Occupant or his pet violates these Rules, or if a pet creates a noise, odor, or other disturbance or nuisance, the Occupant 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 Occupant, upon written notice from the Board, may be required to remove the animal. Each Occupant 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 Occupants 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.

## ATTACHMENT 4

## ASSESSMENT COLLECTION POLICY

Steiner Ranch Casitas Sub-Condominiums is a condominium regime created by and subject to the Subordinate Declaration of Condominium Regime for Steiner Ranch Casitas Sub-Condominiums, 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, Steiner Ranch Casitas Sub-Condominiums is also subject to State laws, including Chapter 82 of the Texas Property Code -- the Texas Uniform Condominium Act ("**TUCA**"). The operation of Steiner Ranch Casitas Sub-Condominiums is vested in Steiner Ranch Casitas 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 thirty (30) days in the payment of assessments. §82.102(a)(18); and

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 hereby 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, Individual, Utility and Deficiency Assessments. Regular Assessments are due and payable on the first calendar day of each month. Special, Individual, Utility and Deficiency Assessments are due on the date stated in the notice of Assessment or, if no date is stated, within ten (10) days after notice of the Special, Individual, Utility or Deficiency Assessment is given.

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 (5th ) 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 Costs. The defaulting Owner is liable to the Association for the cost of title reports, credit reports, certified mail, long distance calls, court costs, filing fees, and other reasonable costs and attorney's fees incurred by the Association in collecting the delinquency.

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 or Deficiency 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 or Deficiency 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 will 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**

(2) **Fines**

(3) **Reimbursable expenses**

(4) **Late charges and interest**

(5) **Delinquent Individual Assessments**

(6) **Delinquent Deficiency Assessments**

(7) **Delinquent Special Assessments**

(8) **Delinquent Utility Assessments**

(9) **Delinquent Regular Assessments**

(10) **Current Individual Assessments**

(11) **Current Deficiency Assessments**

(12) **Current Special Assessments**

(13) **Current Utility Assessments**

(14) **Current Regular 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. Lawsuit for Owner's Personal Liability. Whether or not the Association forecloses the Association's assessment lien, the Board may file a lawsuit 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 ninety (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 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 thirty (30) days.

5-P. Suspension of Use of Certain Facilities or Services. The Association may suspend the use of the any 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, Texas 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 two (2) or more persons own a Unit, notice to one co-Owner is deemed notice to all co-Owners. Similarly, notice to one Occupant is deemed notice to all Occupants. 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 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.

## ATTACHMENT 5

## FINE POLICY

1. Background. This fine 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.

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.

## ATTACHMENT 6

## CERTIFICATION & ACKNOWLEDGMENT

As the Declarant of Steiner Ranch Casitas Sub-Condominiums and the initial and sole member of Steiner Ranch Casitas Condominium Community, Inc. (the "**Association**"), I certify that the foregoing Steiner Ranch Casitas Sub-Condominiums Community Manual was adopted for the benefit of the Association as part of the initial project documentation for Steiner Ranch Casitas Sub-Condominiums, located in Travis County, Texas. This Community Manual becomes effective when recorded.

SIGNED on this 17 day of April, 2013.

TAYLOR MORRISON OF TEXAS, INC., a Texas corporation

By: _____
Printed Name: Adib R. Khoury
Title: Vice President

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 17th day of April, 2013 by Adib R. Khoury, Vice Pres. of Taylor Morrison of Texas, Inc., a Texas corporation, on behalf of said corporation.

(seal)

NOTARY PUBLIC STATE OF TEXAS
POLLY J. HAGERTY
My Commission Expires
October 03, 2013

_____
Notary Public, State of Texas

**FILED AND RECORDED**
OFFICIAL PUBLIC RECORDS

DANA DEBEAUVOIR, COUNTY CLERK
TRAVIS COUNTY, TEXAS
April 19 2013 04:31 PM
FEE: $ 212.00 **2013071163**