

**BYLAWS OF  
LIBERTY TOWNHOMES ASSOCIATION, INC.**

**ARTICLE I: OFFICES**

1.01 The initial registered office of the Association shall be at 5151 Belt Line Road, Suite 1050, Dallas, Texas 75254 (hereinafter referred to as "Association").

1.02 The Association may have offices at such places, both within and without the State of Texas, as the Board of Directors may from time to time decide are necessary or proper to the business of the Association.

1.03 The words used in these Bylaws shall have the same meaning as set forth in said Declaration, unless the context shall prohibit.

**ARTICLE II: MEMBERSHIP**

2.01 The Association shall have two (2) classes of membership, Class A and B, in accordance with the respective Undivided Interests in the Common Use Areas of the Property owned by the respective Unit Owners, as more fully set forth in that Declaration of Covenants, Conditions, and Restrictions for Liberty Townhomes, (said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated herein by reference.

2.02 The membership of each Unit Owner shall terminate when he ceases to be a Unit Owner, and upon the sale, transfer, or other disposition of his ownership interest in the Property, his membership in the Association shall automatically be transferred to the new Unit Owner succeeding to such ownership interest. In the event of a sale, transfer, or other disposition of a portion of such ownership interest, he and any new Unit Owner shall be members of the Association in accordance with their new percentages of ownership interest as provided in the Declaration.

**ARTICLE III: MEETINGS**

3.01 All meetings of the Corporation for any purposes shall be held at such time and place, within or without the State of Texas, or by means of conference telephone or similar communication equipment, as shall be designated by the Board of Directors in the notice of the meeting.

3.02 The first meeting of the members shall be held, whether a regular or special meeting within one (1) year from the date of incorporation of the Association and not later than six (6) months after the closing of the sale of the first Unit.

3.03 Annual meetings of the members, commencing with the year 2017, shall be held at a time and on a day to be selected by the Board of Directors, within thirty (30) days before the

closing of the Corporation's fiscal year. At the meeting, the members shall elect a Board of Directors and transact such other business as properly may be brought before the meeting.

3.04 Special meetings of the members may be called for any purpose by the President, or at the request in writing of no less than fifty percent (50%) of the Board of Directors, or at the request in writing of holders of not less than five percent (5%) of the total votes entitled to vote at the meeting. A request directed to either the President or the Secretary shall state the purposes of the proposed meeting and business transacted at any special meeting of the members shall be confined to the purposes stated in the notice of the meeting.

3.05 Written notice stating the place, day and hour of the meeting of any regular or special board meeting, including a general description of the subject matter of any regular or special meeting or any matter to be raised for deliberation in executive session, shall be delivered according to one of the following:

(a) not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, to each member of record entitled to vote at such meeting at the address of their Unit or such other address as a member gives notice in writing. If mailed, such notice shall be prepaid, addressed to the member at his/her address as it appears on the membership books of the Association; or

(b) provided at least 72 hours before the start of the meeting by posting the notice in a conspicuous manner reasonably designed to provide notice to Association members:

(1) in a place located on the Association's Common Areas or, with the Owner's consent, on other conspicuously located privately owned property within the Lexington Additions; or

(2) on any website maintained by the Association or other internet media; and

(3) sending the notice by e-mail to each Owner who has registered an e-mail address with the Association. It is an Owner's duty to keep an updated e-mail address registered with the Association through the property management company retained by the Association.

3.06 The holders of one-fourth (1/4) of the total votes entitled to be cast at such meeting, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the members for the transaction of business. To the extent of any greater requirement for a quorum in the Declaration, this paragraph shall be deemed to amend and supersede the Declaration, unless the Declarant specifically requires otherwise in writing submitted to the Board of Directors. If a quorum is not present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the original meeting

date, without notice other than announcement at the meeting, until a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

3.07 When a quorum is present at any meeting, the vote of the holders of fifty-one percent (51%) of the members represented at the meeting, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which a different vote is required by law, by the Certificate of Formation or these Bylaws. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough to leave less than a quorum.

3.08 Each member shall have such voting rights as are set forth in the Declaration. A member may vote either in person or by proxy executed in writing by the member or by his duly authorized attorney in fact, but no proxy shall be valid after eleven (11) months from the date of its execution, unless expressly provided in the proxy. Each proxy shall be filed with the Secretary of the Association prior to or at the time of the meeting. Any vote must be taken by written ballot upon the oral request of any member, but otherwise may be made in a manner permitted under the Act.

3.09 Any action required by statute to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof and such consent shall have the same force and effect as a unanimous vote of the members. Any such signed consent, or a signed copy thereof, shall be placed in the minute book of the Association.

3.10 Appearance at any meeting by a member shall constitute a waiver of notice of an annual or special meeting.

3.11 The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

3.12 A Board may meet by any method of communication, including electronic and telephonic, without prior notice to Owners under Section 3.05, if each Director may hear and be heard by every other Director, or the board may take action by unanimous written consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate board action. Any action taken without notice to Owners under Section 3.05 must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting.

#### **ARTICLE IV: DIRECTORS**

4.01 The business and affairs of the Association shall be managed by its Board of Directors, which may exercise all powers of the Association and do all lawful acts and things as

are not by statute, the Declaration, the Certificate of Formation or by these Bylaws directed or required to be exercised or done by the members. Except as provided in Section 4.02 of these Bylaws, Directors shall be members. No person and his or her spouse may serve on the Board at the same time.

4.02 The initial Directors shall be selected by the Declarant acting in its sole discretion and they, and their replacements, if any, shall serve at the pleasure of the Declarant so long as the Class B membership exists as set forth in the Declaration (subject to Section 4.05 (a) of these Bylaws), unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Owners or residents in Liberty Townhomes. After the period of Declarant appointment, all Directors must be members of the Association.

4.03 The number of Directors which shall constitute the entire Board of Directors shall not be less than three (3) or more than five (5). The number of Directors may be increased or decreased, but never below three (3), from time to time by the affirmative unanimous vote of the Board of Directors. The Directors shall be elected and qualified, and except for any person appointed by Declarant, including the appointment of the initial Board of Directors, each Director shall be and continuously remain a member, or an authorized representative of a member, if the member is a corporation, limited partnership, limited liability company, or other entity. In the event a Director ceases to be an eligible member or becomes a person disqualified to be a member, he shall immediately cease to be a Director on the effective date of his disqualification and his office as Director shall become vacant without the necessity of corporate action.

4.04 Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the members to solicit votes.

4.05 In addition to Section 4.02 above, the following will apply with respect to the members of the Board of Directors:

- (a) Regardless of the period of time during which Class B membership exists, at least one-third of the Board must be elected by Owners other than Declarant upon the later to occur of: i) the 10th anniversary of the date the Declaration was recorded, or ii) if Declarant establishes the number of Lots subject to the Declaration, then by or before the 120th day after the date that 75 percent of the Lots subject to the Declaration (including without limitation annexed lots) are conveyed to Owners that are not declarants or Selected Builders.

(b) At the first annual meeting of the membership after the termination of the Class B membership, and at each annual meeting of the membership thereafter, Directors shall be elected. There shall be at least one (1) Director elected from and representing each of the "Electoral Districts" (such term to be defined by the Directors if they choose to make such an election, if any). There shall, in addition, be Directors elected at-large. If no Electoral Districts are established, then all Directors shall be elected at large. All members of the Association shall vote upon the election of at-large Directors; separate slates shall be proposed for candidates specifying those representing an Electoral District and those running at-large, and only those members in an Electoral District shall vote on the representatives for the Electoral District. It is specifically provided and required that no more than two (2) Directors, including the representative of an Electoral District and one (1) at-large Director, may come from any Electoral District. The candidate receiving a majority vote shall be elected. In the event no candidate receives a majority vote at the first balloting, a run-off shall be held between the top two (2) candidates. Cumulative voting shall not be permitted.

The initial terms of the Directors shall be fixed at the time of their election as they among themselves shall determine. So long as there are seven (7) Directors, the terms of three (3) Directors shall be fixed at two (2) years, and the terms of four (4) Directors shall be fixed at three (3) years. If there are fewer than seven (7) Directors, then the term of office shall be one (1) year or until their successors are qualified and duly elected, except in relation to Directors appointed by the Declarant who shall serve until their successors have been appointed by Declarant or duly elected as otherwise provided in these Bylaws. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

4.06 Any vacancy occurring in the Board of Directors may be filled by affirmative vote of a majority of the remaining Directors, although less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

4.07 Directors shall be elected by plurality vote. Cumulative voting shall not be permitted. Any member may, not later than the 15th day after the date of a meeting at which an election was held, require a recount of the votes in accord with the notice and related procedures provided in the Act.

4.08 Upon the termination of the Class B membership, at any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed, with or without cause, by a majority vote of the Owners of Lots, and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Owners of Lots shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than twenty (20) days

may be removed by a majority vote of the Directors at a meeting, a quorum being present. A Director who was elected solely by the votes of members other than the Declarant may be removed from office prior to the expiration of his or her term by the votes of a majority of members other than the Declarant.

In the event of the death or resignation of a Director, his or her successor shall be selected by a majority of the remaining members of the Board and shall serve for the unexpired term of the predecessor.

4.09 Regular or special meetings of the Board of Directors may be held within or without the State of Texas, except that upon termination of the Class B membership, meetings must be held in the County of the Property unless such meeting is held by electronic or telephonic means.

4.10 A Chairman of the Board shall be elected by majority vote at each first and annual meeting and shall preside over the Board meetings until removed and replaced by majority vote or until the succeeding annual meeting. The Chairman of the Board shall preside over all meetings of the Board of Directors, and in his absence, the President shall preside over meetings of the Board of Directors.

4.11 The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the members at the annual meeting and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present. If the members fail to fix the time and place of such first meeting, it shall be held without notice immediately following the annual meeting of the members, and at such time and place, unless by unanimous consent of the Directors then elected and serving, such time or place shall be changed.

4.12 Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. The Directors should consider having of approximately one (1) meeting per quarter. However, the Directors shall only be required to have at least one (1) such meeting per year. Notice of the time and place of the meeting shall be posted at a prominent place within the Common Use Areas and shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

4.13 Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or the President and shall be called by any officer on the written request of one (1) Director. Notice of any special meeting of the Board of Directors shall be given to each Director at least four (4) business days before the date of meeting.

4.14 Regular or special meetings may be held by conference telephone, electronic or similar modes of communication.

4.15 Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends for the express purpose of objecting to the transaction of

any business on the grounds that the meeting is not lawfully called or convened, but a written waiver may be executed as evidence of such attendance. Except as may be otherwise provided by law, by the Certificate of Formation, or by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice to such meeting.

4.16 Except for Directors elected and appointed during the Declarant's control, the first election of the Board shall be conducted at the first meeting of the Association. At such election, the members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Voting for Directors shall be by secret written or other authorized form of ballot.

4.17 At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

4.18 The Board of Directors by resolution passed by a majority of the entire Board, may from time to time designate members of the Board to constitute committees, including an executive committee, which shall in each case consist of such number of Directors, not less than two, and shall have and may exercise such powers as the Board may determine and specify in the respective resolutions appointing them. A majority of all the members of any such committee may determine its action and fix the time and place of any meeting, unless the Board of Directors shall otherwise direct. The Board of Directors shall have power at any time to change the number and the members of any such committee, to fill vacancies and to discharge any such committee.

4.19 Any action required or permitted to be taken at a meeting of the Board of Directors or at any executive committee meeting may be taken without a meeting if a consent in writing, setting forth the actions so taken, is signed by all members of the Board of Directors or such committee, as the case may be. Notwithstanding, exclusive of the Declarant Control Period, the Board will be restricted in regard to taking action outside of a meeting without prior notice to Owners as follows:

- (a) The Board may take action by unanimous written consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate Board action. Any action taken without notice to owners must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting. However, the Board may not, unless done in an open meeting, consider or vote on:

- (i) fines; or if a policy is in place that establishes a procedure for fines that does not require additional Board approval, then the Board may not vote on changes to such policy regarding fines except in an open meeting;
- (ii) damage assessments; or if a policy is in place that establishes a procedure for damage assessments that does not require additional Board approval, then the Board may not vote on changes to such policy regarding damage assessments except in an open meeting;
- (iii) initiation of foreclosure actions; or if a policy is in place that establishes a procedure for foreclosure actions that does not require additional Board approval, then the Board may not vote on changes to such policy regarding foreclosure actions except in an open meeting;
- (iv) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; or if a policy is in place that establishes a procedure for enforcement actions that does not require additional Board approval, then the Board may not vote on changes to such policy regarding enforcement actions except in an open meeting;
- (v) increases in assessments;
- (vi) levying of special assessments;
- (vii) appeals from a denial of architectural control approval;
- (viii) a suspension of a right of a particular owner before the owner has an opportunity to attend a board meeting to present the owner's position, including any defense, on the issue;
- (ix) lending or borrowing money;
- (x) the adoption or amendment of a dedicatory instrument;
- (xi) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than 10 percent;
- (xii) the sale or purchase of real property;
- (xiii) the filling of a vacancy on the board;
- (xiv) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or
- (xv) the election of an officer.



(b) During the Declarant Control Period, the Board may not, unless done in an open meeting, consider or vote on:

- (i) adopting or amending the governing documents, including Declaration, Bylaws, rules, and regulations of the Association (but exclusive of changes to the Design Guidelines);
- (ii) increasing the amount of regular assessments of the Association or adopting or increasing a special assessment;
- (iii) electing non-Declarant appointed Directors of the Association or establishing a process by which those members are elected; or
- (iv) changing the voting rights of members of the Association.

4.20 By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attending each meeting of the Board and may be paid a fixed sum for attending each meeting of the Board or the stated salary for a Director. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefore. Members of the executive committee or of special or standing committees may, by resolution of the Board of Directors, be allowed like compensation for attending committee meetings.

4.21 The Board of Directors shall keep regular minutes of its proceedings and such minutes shall be placed in the minute book of the Association.

4.22 Powers and Duties. The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Certificate of Formation, or these Bylaws directed to be done and exercised exclusively by the members.

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the Managing Agent or Manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be hereafter adopted, and subject to the restrictions imposed by the Declaration, the Board of Directors shall have the power to and be responsible for the following, by way of explanation, but not limitation, subject at all times to any contrary limitations imposed by Statutes of the State of Texas:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;
- (b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment

payments of the Annual Assessment; it being understood that unless otherwise determined by the Board of Directors, the Annual Assessment shall be payable from each Owner obligated to pay such expenses pursuant to the Declaration (exclusive of Declarant) as follows: i) with respect to Lots purchased from Declarant by a builder who will not occupy the Unit as his or her residence, the purchaser/Owner of such Lots (referred to herein as "Selected Builders") will pay at Closing one-half of the then applicable Annual Assessment as well as the Working Capital Assessment due under Article II., Section 5. (d) (i) of the Declaration; ii) upon each sale of a Lot by a Class A Member, the Working Capital Assessment is due in the amount provided in Article II., Section 5. (d) (ii) of the Declaration; iii) with respect to Lots or Residential Units purchased from any Selected Builder, or any other Owner except Declarant, upon the acquisition of such a Lot or Residential Unit, any uncollected portion of the applicable Annual Assessment and/or any uncollected portion of the Working Capital Assessment, as well as any other amounts then due in accordance with the Declaration will be collected and payable upon the closing of such purchase and sale; and iv.) otherwise, Annual Assessments will be collected from each Owner (except Selected Builders with respect to any portion of the Annual Assessment amount then due which has already been collected at closing) in one annual payment each year, such annual payment to be due and payable in advance on the first day of January each year or as otherwise determined by the Board of Directors.

(c) providing for the operation, care, upkeep, and maintenance of all the Common Maintenance Areas;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Maintenance Areas, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of these duties;

(e) collecting the Assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Use Areas, in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(i) subject to the minimum notice or other requirements of the Texas Residential Property Owners Protection Act (the "Act"), Texas Property Code §209.001 et seq., enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted

on behalf of or against the Owners concerning the Association. Enforcement or sanctions may include, without limitation, the imposition of fines, the suspension of voting privileges, the imposition of additional fines for second offenses or in the event of losing on appeal described in Article 10.01(d), and the imposition of attorney's fees incurred as a result of enforcing the Declaration, these Bylaws or other rules and regulations, so long as in accordance with §209.008 or other applicable provisions of the Act;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its members and not chargeable to Owners; and

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents, accounts, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting practices.

(m) posting on the Association's website and making available to any prospective purchaser of a Unit, any Owner of a Unit, any first Mortgagee, and the Holders, Insurers, and Guarantors of a first Mortgage on any Unit current copies of the Declaration, the Certificate of Formation, the Bylaws, rules governing the Units, and all other books, records, and financial statements of the Association; and

(n) permit utility suppliers to use portions of the Common Use Areas reasonably necessary to the ongoing development or operation and maintenance of the Project.

4.23 Collection Policy. In accord with the Act, the Company adopts the following policy regarding notification for collection of delinquent amounts due the Association:

(a) Members that are delinquent in the payment of any amount, prior to referral to an attorney for collection of the same, shall be notified by certified mail, return-receipt requested, of: the amount due to the Association supported by an itemization of same, notice of the Member's option to enter into an alternative payment schedule based on the Association's current Payment Policy (initially provided in the Bylaws below as may be amended from time to time), and their right to a period of 30 days to cure the delinquency before further collection action is taken.

(b) The amount of the delinquency that triggers the aforementioned notice shall be determined by the board from time to time.

(c) No less than 30 days subsequent to the notice sent pursuant to Section 4.23 (a) of these Bylaws, or no less than 30 days following the delinquent Member's default on any alternative payment schedule established under the Bylaws, whichever is later, the Association will refer the matter to the Association's attorney for collection of all delinquent amounts and administrative fees. At that time, the delinquent Member shall be responsible for all reasonable and necessary attorney fees associated with the collection of the delinquent amount.

4.24 Payment Plan Policy: In accord with the Act, the Company adopts the following policy regarding a Payment Plan for delinquent amounts due the Association:

(a) Any Member that is delinquent in the payment of any amount may enter into a payment plan with the Association without penalty, except as provided herein.

(b) Except in the event of express written approval of the Board, no Member shall be entitled to enter into a payment plan if such Member was in violation of any payment plan with the Association in the previous two-year period prior to the request for a payment plan.

(c) Payment plans will last for a minimum of 3 months or such longer period as the Board may determine in its sole discretion, but in no event longer than 18 months. The payment plan, shall include all delinquent amounts owed by the member, all costs of the administration of the payment plan as indicated in 4.24 (g) below, and each payment thereunder shall be generally equal. Upon the member's request, all additional amounts that will come due during the term of the plan will be included in the plan.

(d) After a member is notified of a delinquency in the payment of amounts due to the Association, the member shall have a period of 30 days within which to request in writing a payment plan. A written offer describing the payment plan will be prepared and delivered to the member within 10 days after the Association's receipt of the member's written request for a payment plan. The member must execute and return the payment plan along with the first payment due under the plan within 5 days after receipt of the written plan from the Association.

(e) If the member does not execute and deliver the payment plan to the Association within the period stated above, it shall be conclusively presumed the member elects not to enter into a payment plan and no further alternative payment schedules shall be offered without Board approval.

(f) Any payment returned for insufficient funds constitutes a breach of the payment plan agreement.

(g) Members who take advantage of a payment plan will be responsible for the administrative costs of the management company to administer such plan as well as all applicable legal fees associated with the enforcement of the payment plan agreement in the event it is necessary to place a Member's account with an attorney for collection. The

initial minimum cost for participating in a payment plan will be \$20 per payment under the plan and must be included with each payment from the member.

4.25 Enforcement Policy for Architectural Control Violations: The initial policy related to enforcement of design guidelines and related rules of the Architectural Control Committee, will be reflected in Exhibit "B" attached hereto and incorporated herein by reference. Notwithstanding anything contained in these Bylaws to the contrary, the Exhibit regarding the Enforcement Policy for Architectural Control violations will be subject to change at any time upon the affirmative vote of the Board of Directors and will not require a vote of the members.

## **ARTICLE V: NOTICES**

5.01 Any notice (including written demand) to Directors or members shall be in writing and shall be delivered personally or mailed to the Directors or members at their respective addresses appearing on the books of the Association. Notice by mail shall be deemed to be given at the time when the same shall be deposited in the United States mail, certified, return receipt requested.

5.02 Except for notices required pursuant to the Act, any notice required to be given may be subject to a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, and such waiver shall be deemed equivalent to the giving of such notice, in a timely manner. Any such signed waiver of notice, or a signed copy thereof, shall be placed in the minute book of the company. Attendance of such persons at any meeting shall constitute a waiver of notice of such meeting, except where the persons attend for the express purpose of objecting that the meeting is not lawfully convened.

## **ARTICLE VI: MANAGEMENT AGENT**

6.01 Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at compensation established by the Board of Directors to perform such duties and services, as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all the powers granted to the Board of Directors by these Bylaws, other than the powers set forth in subparagraphs (a), (b), (f), (g) and (i) of Section 4.22 of Article IV hereof. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of three (3) years and must permit termination by either party without cause and without termination fee on ninety (90) days or less written notice.

## **ARTICLE VII: ACCOUNTS AND REPORTS**

7.01 Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform with established American Institute of Certified Public Accountants (AICPA) guidelines and principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods and services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall be applied to the benefit of the Association.
- (e) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and
- (f) commencing at the end of the month in which the first Unit is sold and closed, quarterly financial reports shall be prepared for the Association containing:
  - (i) an Income Statement reflecting all income and expense activity for the preceding three (3) months on an accrual basis;
  - (ii) an Account Activity Statement reflecting all receipt and disbursement activity for the preceding three (3) months on an accrual basis;
  - (iii) an Account Status Report reflecting the status of all accounts in an actual versus approved budget format with a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent (10%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts);
  - (iv) a Balance Sheet of an accounting date which is the last day of the month closest in time to three (3) months from the date of closing of the first sale of a Unit in the Property, and an Operating Statement for the period from the date of the first closing to the said accounting date, which shall be distributed within sixty (60) days after the accounting date;

(v) a Balance Sheet as of the last day of the Association's fiscal year and an Operating Statement for said fiscal year, which shall be distributed within ninety (90) days after the close of a fiscal year; and

(vi) a Delinquency Report listing all Owners who have been delinquent during the preceding three (3) month period in paying the monthly installments of Assessments and who remain delinquent at the time of the report and describing the status of any action to collect such installments which remain delinquent. Except as otherwise stated in the Declaration, a monthly installment of the Assessment shall be considered to be delinquent on the fifteenth (15th) day of each month.

### **ARTICLE VIII: BORROWING**

8.01 The Board of Directors shall have the power to borrow for the purpose of repair or restoration of the Common Use Areas and facilities without the approval of the members of the Association; provided, however, the Board shall obtain membership approval in the same manner provided in the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five (5%) per cent of the budgeted gross expenses of the Association for that fiscal year.

### **ARTICLE IX: RIGHTS OF THE ASSOCIATION**

9.01 With respect to the Common Use Areas or other Association responsibilities, in accordance with the Certificate of Formation and Bylaws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other homeowners or residents' associations, both within and without the Liberty Townhomes. Such agreements shall require the consent of two-thirds (2/3) of the total votes of all Directors of the Association.

### **ARTICLE X: HEARING AND FORECLOSURE PROCEDURE**

10.01 The Board shall not impose sanctions as that term is defined in Article 4.22(i), or infringe upon any other rights of a member or other occupant for violations of rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and

(iii) a time period, not less than ten (10) days or such longer period as may be required under the Act, during which the violation may be abated without further sanction if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

If the same rule is violated again by the same Owner within a twelve (12) month period, the Board will not be required to give notice under this Section 10.01(a), but instead the Board may immediately begin notification under Section 10.01(b) below.

(b) Notice Before Enforcement Action. Except as provided under Section 10.02 hereof or otherwise required under the Act, before the Association may i) suspend an Owner's right to use Common Use Areas, ii) file suit against an Owner, other than a suit to collect regular or special assessments or foreclose under an Association's lien, iii) charge an Owner for property damage, or iv) levy a fine for a violation of the restrictions, Bylaws or rules of this Association, the Association must give written notice to the Owner in question. The notice shall contain the following:

(i) the nature of the alleged violation or the basis for any proposed suspension action, charge or fine;

(ii) the amount due to the Association and/or the proposed sanction to be imposed;

(iii) notice to Owner of the right to submit a written request for hearing to discuss and verify facts and resolve the matter at issue before a Covenants Committee, or if none, before the Board. The Owner will be advised that it may request a hearing on or before the 30<sup>th</sup> day after the date Owner receives notice and, thereafter, such hearing will be held no later than the 30<sup>th</sup> day after the Board receives notice of the Owner's request for a hearing;

(iv) notice that the hearing will be postponed one time if requested by either the Board or the Owner for a period of not more than ten (10) days. Additional postponements may be granted only upon the agreement of both parties;

(v) in the event Owner does not request a hearing by or before the 30<sup>th</sup> day, then the Board will schedule a hearing to occur at its convenience, but not less than ten (10) days after the 30<sup>th</sup> day from the Board's notice under this Section 10.01(b), and notice of the date of hearing will be provided to the Owner.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the alleged violating member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The minutes of the meeting



shall contain a written statement of the results of the hearing and the sanction, if any imposed.

(d) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the Manager, President, or Secretary of the Association within thirty (30) days after the hearing date. To the extent any appeal causes the Association to incur expense, the violating member shall be required to pay any and all expenses including attorney's fees incurred by the Association in connection with an unsuccessful appeal. Any sanctions or costs which are levied or charged against a violating member may be enforced equally against that member's lot in the same manner as unpaid dues.

10.02 The notice and hearing provisions set forth above do not apply if the Association files a suit seeking a temporary restraining order or temporary injunctive relief or files a suit that includes foreclosure as a cause of action. If a suit is filed relating to any of the foregoing matters, a party to the suit may file a motion to compel mediation. The notice and hearing provisions set forth above do not apply to a temporary suspension of a person's right to use Common Use Areas if the temporary suspension is a result of a violation that occurred in a common area and involved a significant and immediate risk of harm of others in the Liberty Townhomes. A temporary suspension is effective until the Board makes a final determination on the suspension action following the notice and hearing procedures prescribed above. In the event of foreclosure, the Board must comply with rules and regulations set forth under the Act. Specifically, the Association may not foreclose upon an assessment lien if the debt securing the lien consists solely of fines assessed by the Association or attorney's fees incurred by the Association solely associated with fines assessed by the Association.

#### **ARTICLE XI: DECLARANT'S VETO**

11.01 From the inception of the Class B membership, the Declarant shall have a veto power over all actions of the Board, as is more fully provided below. This power shall expire when the number of Class A votes other than Owners formerly owning Class B interest have votes equal to more than Eight percent (80.00%) of the total number of votes entitled to be cast. This veto power shall be exercisable only by Declarant, its successors, and assigns.

The veto shall be as follows: No action authorized by the Board of Directors shall become effective, nor shall any action, policy, or program be implemented, until and unless;

(a) Subject to waiver by Declarant pursuant to Section 3.09 or 3.10 hereof, Declarant shall have been given written notice of all meetings by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies with Article III, of the Bylaws as to regular and special meetings of the Directors, and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant shall be given the opportunity at any such meeting, if Declarant so desires, to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board. Declarant and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the Association and/or Board. At such meeting, Declarant shall have and is hereby granted a veto power over any such action, policy, or program authorized by the Board of Directors and to be taken by said Board, the Association, or any individual member of the Association if Board approval is necessary for said member's action. Said veto may be exercised by Declarant, its representatives, or agents at the meeting held pursuant to the terms and provisions hereof.

This Article may not be amended without the express written consent of the Declarant until Declarant no longer owns any land described in Exhibit "A" to the Declaration (as may be amended or supplemented from time to time through annexation) or until December 31, 2026, whichever first occurs.

## **ARTICLE XII: PROHIBITED ACTS**

12.01 The Board of Directors shall not take any of the following actions except with the written consent of a majority of the total votes of the Association, other than those of the Declarant:

(a) incurring aggregate expenditures for capital improvements to the Common Use Areas, in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(b) selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) paying compensation other than such compensation to Board members as may be otherwise allowed in these Bylaws, to members of the Board or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, the Board may cause a Member or officer to be reimbursed for expenses incurred in carrying on the business of the Association;

(d) levy special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(e) fill a vacancy on the Board created by the removal of a Director; or

(f) enter into a contract with a third person wherein the third person will furnish goods or services for the Common area of the Association for a term longer than one (1) year with the following exceptions:

(i) a management contract, the terms of which have been approved by the Federal Housing Administration or Veterans' Administration;

(ii) a contract with a public utility company, if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; and

(iii) prepaid casualty and/or liability insurance policies not to exceed three (3) years duration, provided that the policy permits short rate cancellation by the insured.

### **ARTICLE XIII: OFFICERS**

13.01 Any two or more offices of the Association may be held by the same person.

13.02 The Board of Directors shall elect a President, Vice-President, Secretary, Treasurer and such other officers and assistant officers, as it may deem desirable for the conduct of the affairs of the Association.

13.03 The officers of the Association shall hold office until their successors are elected or appointed and qualified, or until their death, resignation, or removal from office. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or employer shall not of itself create contract rights. Any vacancy occurring in any office of the Association by death, resignation, removal, or otherwise, may be filled by the Board of Directors.

13.04 Any officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

13.05 Any officer may resign at any time by giving written notice to the Board of Directors, or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of this notice or at any later specified time; and, unless otherwise specified, the acceptance of this resignation shall not be necessary to make it effective.

13.06 The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority maybe general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

13.07 The President shall be the chief executive officer of the Association, shall have general and active management of the business of the Association, and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall preside at all meetings of the members and, in the absence of a Chairman of the Board, at all meetings of the Board of Directors.

13.08 The Vice-Presidents, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and have the authority and exercise the powers of the President. They shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe, or as the President may from time to time delegate.

13.09 The Secretary shall attend all meetings of the Board of Directors and of the members and record all business transacted at such meetings in a minute book to be kept for that purpose, and he shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the members and perform such other duties as may be prescribed by the Board of Directors, or President, under whose supervision he shall be. He shall keep and take custody of the seal of the Association and, when authorized by the Board of Directors, shall affix the same to any instrument requiring it, and, when so affixed, it shall be attested by his signature or by the signature of an Assistant Secretary or of the Treasurer.

13.10 The Assistant Secretaries shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as the President may from time to time delegate.

13.11 The Treasurer shall have the custody of the Association funds and securities and shall keep full and accurate accounts and records of receipts, disbursements and other transactions in books belonging to the Association and shall deposit all funds and other valuable effects in the name and to the credit of the Association, in such depositories as may be designated by the Board of Directors.

13.12 The Treasurer shall disburse funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association.

13.13 The Treasurer shall perform such other duties and have such other authority as the Board of Directors may from time to time prescribe, or as the President may from time to time delegate.

13.14 The Assistant Treasurers in the order of their seniority, unless otherwise determined by the Board of Directors, shall in the absence or disability of the Treasurer, perform the duties and have the authority and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or the President may from time to time delegate.

#### **ARTICLE XIV: COMMITTEES**

14.01 Committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a

quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall be composed as required by law and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

14.02 At the time the Board is no longer under Declarant control, the Board of Directors shall appoint a Covenants Committee (or may appoint at any earlier time at its sole discretion) consisting of at least five (5) and no more than seven (7) members. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the Board may adopt, the Covenants Committee shall be the hearing tribunal of the Association.

## **ARTICLE XV: OTHER PROVISIONS**

15.01 The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members and Board of Directors, and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its members, giving the names and addresses of all members and the number and class of the shares held by each.

15.02 All checks or demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

15.03 Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law, the Certificate of Formation, the Declaration, or these Bylaws.

15.04 Books and Records.

(a) Inspection by Members. The membership register, books of account, and minutes of meetings of the members, the Board, and committees shall be made available for inspection and copying by any member of the Association or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a member at the office of the Association or at such other place within Liberty Townhomes as the Board shall prescribe.

(b) Records Retention Policy. The Association will retain the following records for a minimum of the time periods provided below:

- (i) Formation documents, Bylaws, Minutes of Meetings, Declaration and related amendments – permanently;
- (ii) Financial records - 7 years;
- (iii) Owner account records - 5 years;

- (iv) Contracts with a one-year term or more - 4 years from the date of termination;
  - (v) Board meeting minutes - 7 years; and
  - (vi) Tax returns and audits - 7 years.
- (c) Rules for Inspection. The Board shall establish reasonable rules with respect to:
- (i) notice to be given to the custodian of the records by the member desiring to make the inspection;
  - (ii) hours and days of the week when such an inspection may be made; and
  - (iii) for production and copying of records and payment of costs for copies of documents requested by a member, the following costs will apply, until otherwise determined and approved by the Board:
    - a. \$15 per hour for any labor associated with the compilation or production of any requested information;
    - b. \$.10 per page for photocopies; and
    - c. \$1.00 per CD or \$3.00 for DVD;
    - d. To the extent that the aforementioned charges may exceed those allowed by current or future law, the charges shall be reduced to the legal maximum limit; and
    - e. Members may be required to pay an estimated cost in advance of the compilation/production and copying process with a final reconciliation to be prepared after the compilation/production and copying is performed. Any costs over the amount prepaid by the member may be charged to the member's account as an assessment. Any overpayment by the member shall be promptly refunded.

(d) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at the expense of the Association.

15.05 The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

15.06 The Association's seal shall be in such form as maybe prescribed by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

**15.07 The Association shall indemnify any person who serves as a Director, officer, agent or employee of the Association against expenses actually and necessarily incurred by such person, and any amount paid in satisfaction of judgment in connection with any action, suit or proceeding in which he is made a party by reason of being or having been such a Director, officer, agent or employee, except in relation to matters as to which he shall be adjudged by final order of a court of competent jurisdiction in such action, suit or proceeding to be liable for gross negligence or willful misconduct. Except as otherwise stated in the preceding sentence, this indemnity will apply regardless of whether any such claim involves the alleged or actual negligence of such Director, officer, agent or employee.**

15.08 The Association also may reimburse to any such person described in the preceding paragraph the reasonable costs of settlement of any such proceeding, if it is found by a majority of the Directors not involved in the proceeding that it was in the interest of the Association to make such settlement and that such person was not guilty of gross negligence or willful misconduct. These rights of indemnification and reimbursement shall not be exclusive of any other right to which such person may be entitled by law, Bylaw, agreement, member's vote or otherwise.

15.09 Any Director, officer or agent may resign by giving written notice to the President or the Secretary. The resignation shall take effect at the time specified therein, or immediately if no time is specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### **ARTICLE XVI: AMENDMENT AND CONSTRUCTION**

16.01 These Bylaws may be altered, amended, or repealed or new Bylaws may be adopted by the members at any regular or special meeting. In addition, if the members delegate to the Board of Directors the power to alter, amend or repeal the Bylaws, or to adopt new Bylaws, the Board of Directors shall act accordingly at any regular or special meeting upon notice given at least ten (10) days prior to any meeting stating that purpose.


16.02 If any portion of these Bylaws shall be invalid or inoperative, then, so far as is reasonable, the remainder of these Bylaws shall be considered valid and operative and effect shall be given to the intent manifested by the portion held invalid or inoperative.

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[signature page follows]

CERTIFIED to be the Bylaws of Liberty Townhomes Association, Inc. by the Directors on this the 16<sup>th</sup> day of February 2017.

  
\_\_\_\_\_  
Arash Moradi, Director

  
\_\_\_\_\_  
Kamil Navai, Director

  
\_\_\_\_\_  
Delbarr Moradi, Director



**EXHIBIT "A"**

**DESCRIPTION OF LAND**

WHEREAS, URBAN CORP. INC. is the owner of a tract of land situated in the W.B. Watkins Survey, Abstract No. 1004, in the City of Frisco, Collin County, Texas, being part of a tract conveyed to Frisco Square Land, Ltd. as recorded in Collin County Clerk's File No. 2005-0049944 of the Land Records, Collin County, Texas, and being more particularly described as follows:

BEGINNING, at a ½ inch iron rod found for corner at the intersection of the south right-of-way line of Page Street (67 foot R.O.W.) with the west right-of-way line of West Library Street (64 foot R.O.W.);

THENCE, South 06° 36' 16" East, with said west right-of-way line, for a distance of 252.00 feet to a ½ inch iron rod found for corner;

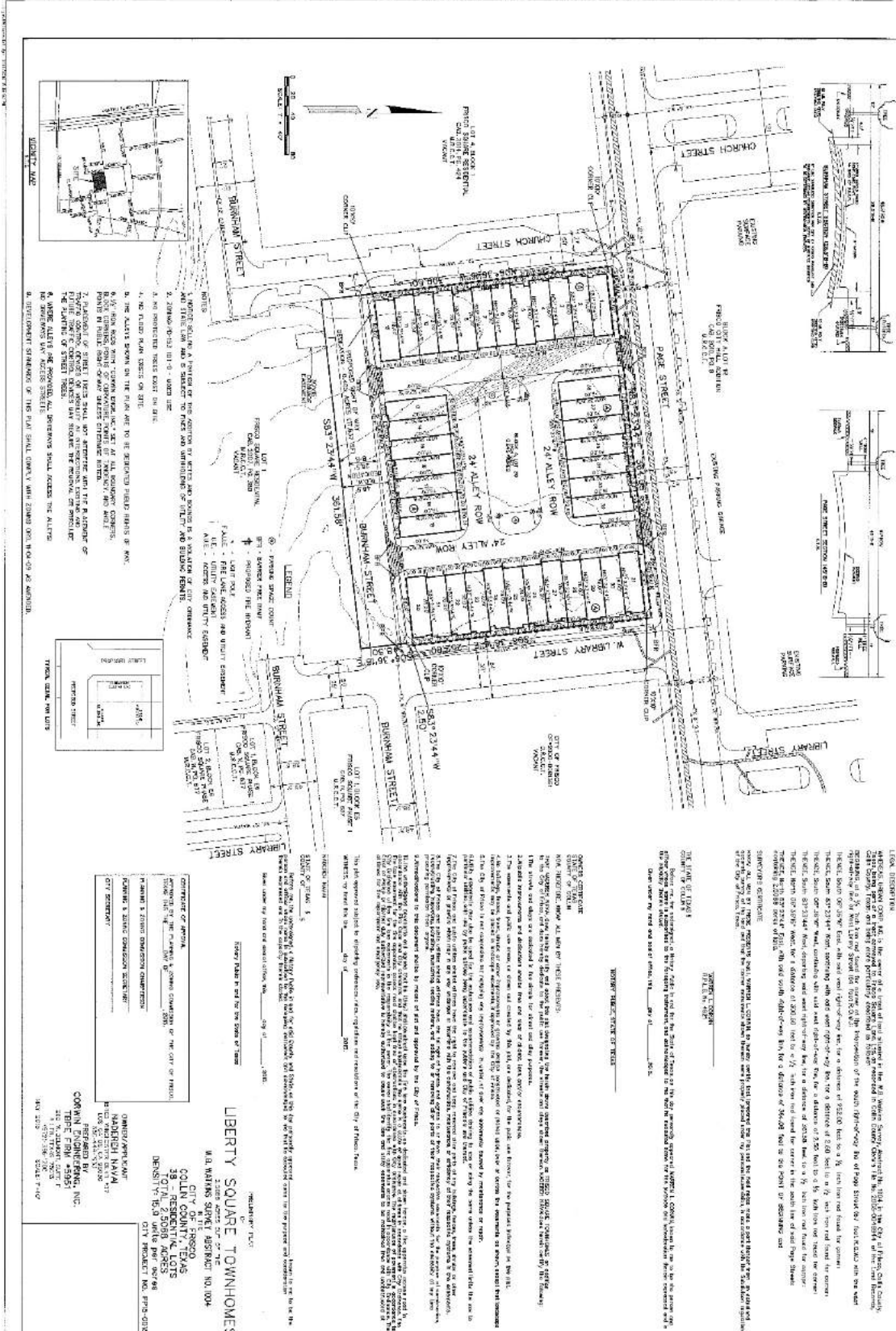
THENCE, South 83° 23' 44" West, continuing with said west right-of-way line, for a distance of 2.50 feet to a ½ inch iron rod found for corner;

THENCE, South 06° 36' 16" West, continuing with said west right-of-way line, for a distance of 2.50 feet to a ½ inch iron rod found for corner;

THENCE, South 83° 23' 44" West, departing said west right-of-way line, for a distance of 361.58 feet to a ½ inch iron rod found for corner;

THENCE, North 06° 36' 16" West, for a distance of 300.50 feet to a ½ inch iron rod found for corner in the south line of said Page Street;

THENCE, North 83° 23' 44" East, with said south right-of-way line, for a distance of 364.08 feet to the POINT OF BEGINNING and containing 2.5088 acres of land.



1. UNITS SHALL BE CONSTRUCTED AS PER THE FLOOR PLAN ATTACHED TO THESE BYLAWS.
2. UNITS SHALL BE CONSTRUCTED AS PER THE FLOOR PLAN ATTACHED TO THESE BYLAWS.
3. UNITS SHALL BE CONSTRUCTED AS PER THE FLOOR PLAN ATTACHED TO THESE BYLAWS.
4. UNITS SHALL BE CONSTRUCTED AS PER THE FLOOR PLAN ATTACHED TO THESE BYLAWS.
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7. UNITS SHALL BE CONSTRUCTED AS PER THE FLOOR PLAN ATTACHED TO THESE BYLAWS.
8. UNITS SHALL BE CONSTRUCTED AS PER THE FLOOR PLAN ATTACHED TO THESE BYLAWS.
9. UNITS SHALL BE CONSTRUCTED AS PER THE FLOOR PLAN ATTACHED TO THESE BYLAWS.
10. UNITS SHALL BE CONSTRUCTED AS PER THE FLOOR PLAN ATTACHED TO THESE BYLAWS.



**LIBERTY SQUARE TOWNHOMES**  
 418. W. MAINS STREET, AUSTIN, TX 78701  
 CITY OF AUSTIN  
 COUNTY OF TRAVIS  
 PLAT NO. 1004  
 LIBERTY SQUARE TOWNHOMES  
 39 RESIDENTIAL LOTS  
 DENSITY: 16.00 UNITS PER ACRE  
 CITY PROJECT NO. P19-010

**CONTRACTOR OF RECORD**  
 THE PLANNING & CONSTRUCTION OF THE CITY OF AUSTIN  
 PLANNING & CONSTRUCTION DEPARTMENT  
 1000 N. MOORE AVENUE, SUITE 1000  
 AUSTIN, TEXAS 78701  
 CONTACT: (512) 978-2000

**OWNER CONTRACTOR**  
 THE CITY OF AUSTIN  
 1000 N. MOORE AVENUE, SUITE 1000  
 AUSTIN, TEXAS 78701  
 CONTACT: (512) 978-2000

**THE CITY OF AUSTIN**  
 1000 N. MOORE AVENUE, SUITE 1000  
 AUSTIN, TEXAS 78701  
 CONTACT: (512) 978-2000

**SECTION 1**  
 THE CITY OF AUSTIN  
 1000 N. MOORE AVENUE, SUITE 1000  
 AUSTIN, TEXAS 78701  
 CONTACT: (512) 978-2000

**SECTION 2**  
 THE CITY OF AUSTIN  
 1000 N. MOORE AVENUE, SUITE 1000  
 AUSTIN, TEXAS 78701  
 CONTACT: (512) 978-2000

**SECTION 3**  
 THE CITY OF AUSTIN  
 1000 N. MOORE AVENUE, SUITE 1000  
 AUSTIN, TEXAS 78701  
 CONTACT: (512) 978-2000

**SECTION 4**  
 THE CITY OF AUSTIN  
 1000 N. MOORE AVENUE, SUITE 1000  
 AUSTIN, TEXAS 78701  
 CONTACT: (512) 978-2000

**SECTION 5**  
 THE CITY OF AUSTIN  
 1000 N. MOORE AVENUE, SUITE 1000  
 AUSTIN, TEXAS 78701  
 CONTACT: (512) 978-2000

## EXHIBIT “B”

### INITIAL ENFORCEMENT POLICY FOR ARCHITECTURAL VIOLATIONS IN LIBERTY TOWNHOMES ASSOCIATION, INC.

The following procedures and practices are established for the enforcement of the protective covenants, maintenance requirements and architectural control provisions contained in the Declaration, and subsequent design guidelines, if any, and for the elimination of violations of such covenants, requirements and provisions found to exist in, on and about the Lexington Additions (the “Enforcement Policy”):

1. **Establishment of Violation.** An Initial Improvement or Proposed Improvement (as such terms are defined in the Declaration) of any kind or nature erected, placed or altered on any Lot which has not been first approved by the Architectural Control Committee (“ACC”) or which does not in all respects conform to what has been approved is deemed to be a “Violation” under this Enforcement Policy for all purposes. Failure to properly maintain any improvement on a Lot and/or to properly maintain the landscaping on a Lot according to the requirements of the Declaration or design guidelines shall also be deemed a “Violation” under this Enforcement Policy.

2. **Handling of Violations.**

(a) **Initial Notice.** Upon verification of the existence of a Violation by the management staff (“Management”) of the Association, Management will send to the Owner a written notice of the discovery of the Violation (“Initial Notice”). The Initial Notice will inform the recipient as follows:

- (i) The nature, description and location of the Violation will be described;  
and
- (ii) The Violation must be corrected or eliminated within thirty (30) days from the date of the Initial Notice to avoid further enforcement measures.

(b) **Statutory Notice of Violation.** If the Owner has i.) failed to submit the plans and specifications for approval to the ACC or if the ACC has denied approval of the plans and specifications submitted, and/or ii.) the Violation is continuing, then no earlier than thirty (30) days from the date of the Initial Notice, Management shall send to the Owner a Notice of Violation (“Notice of Violation”) informing the recipient as follows:

- (i) The nature, description and location of the Violation and notification that the Violation must be corrected or eliminated on or before the cure date set forth in the Notice of Violation;

- (ii) Notification that if the Violation is not corrected or eliminated on or before the cure date set forth in the Notice of Violation, any attorneys' fees incurred by the Association in eliminating or abating the Violation will be charged to the Owner's account; and
- (iii) Advise the Owner that he or she may have special rights or relief related to the enforcement action under federal law, including the Service Members Civil Relief Act (50 U.S.C. app. Section 501 et seq.), if the Owner is serving on active military duty.

In order to comply with Section 209.006 of the Texas Property Code, the Notice of Violation shall be sent to the Owner by certified mail. The Owner shall be advised that he or she has the right to request a hearing on or before the thirtieth (30th) day after the date of the Notice of Violation. The request for a hearing must be in writing and received by Management in a timely manner. The hearing will be held before the Association's Board.

(c) **Failure to Remedy.** In the event the Violation is not cured or eliminated by the cure date set forth in the Notice of Violation, said Violation shall be deemed a continuing Violation, and the Violation may be referred to legal counsel for the Association. Counsel for the Association shall advise the Owner in writing of the continuing Violation and provide fifteen (15) days from the date of the notice to cure or eliminate the Violation to avoid further enforcement measures. Failure to cure the Violation after the fifteen (15) day cure period (the "Fine Date") shall result in one or more of the following: i.) the levying of per diem fines by or on behalf of the Association against the Owner; ii.) correction of the offending improvement by the Association at the expense of the Owner; or iii.) the pursuit of any remedy available at law or in equity, in the Declaration or this Enforcement Policy as approved by the Board.

(d) **Fine Structure.** Any fine imposed pursuant to the provisions of this Paragraph 2 shall be imposed at a rate not to exceed \$50.00 per day. All per diem fines shall begin to accrue on the Fine Date.

**3. Right to a Hearing for Before the Board.** Pursuant to Section 209.006 of the Texas Property Code, if Management receives a written request for hearing on or before the thirtieth (30th) day after the date of the Notice of Violation, the Board shall hold a hearing not later than the thirtieth (30th) day after the date Management receives the written request for hearing. Management shall notify the Owner of the date, time and place of the hearing not later than the tenth (10th) day before the date of the hearing. The Board or the Owner may request a postponement and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The Owner's presence is not required to hold a hearing under this Paragraph 3.

**4. Cumulative Enforcement Rights.** Notwithstanding any requirement contained herein to the contrary and in addition to any other remedy provided for herein, where a Violation is determined or deemed to exist pursuant to any of the provisions of this Enforcement Policy, Management, with the approval of the Board, may undertake to cause the Violation to be corrected,

removed or otherwise abated by qualified contractors, if Management, in its reasonable judgment, determines the Violation may be readily corrected, removed or abated without undue expense and without breach of the peace. Where the Management decides to initiate any action by qualified contractors, the following will apply:

- (a) Management must give the Owner and any third party directly affected by the proposed action prior written notice of undertaking of the action. The foregoing notice may be given at any time.
- (b) Costs incurred in correcting or eliminating the Violation will be referred to the Association to be recovered from the Owner as a Specific Assessment.
- (c) The Association, and its agents and contractors, will not be liable to the Owner or any third party for any damages or costs alleged to arise by virtue of action taken under this Paragraph 4 where the Association and its agents and contractors have acted reasonably and in conformity with this Enforcement Policy.

**5. Referral to Legal Counsel.** Notwithstanding any requirement contained herein to the contrary and in addition to any remedy contained herein, where a Violation is determined or deemed determined to exist pursuant to any of the provisions of this Enforcement Policy, and where Management deems it to be in the best interests of the Association, Management may at any time during the enforcement process refer the Violation to legal counsel for action seeking injunctive relief against the Owner to correct or otherwise abate the Violation or to pursue any other legal or equitable remedy that may be available to the Association. Any attorneys' fees and costs incurred by the Association in correcting or abating a Violation shall be charged to the Owner's assessment account if the Owner is notified in writing of same should the Violation not be corrected within a date certain. The Owner will be liable for such attorneys' fees and costs if the same were incurred after the conclusion of a hearing before the Board under Paragraph 3 of this Enforcement Policy or, if the Owner does not request a hearing in a timely manner. Notwithstanding the above, neither written notification, a hearing before the Board or the expiration of a thirty (30) day period is required before charging attorney's fees and costs to the Owner's assessment account where the Association files suit seeking a temporary restraining order or temporary injunctive relief.

**6. Notices.**

(a) Any notice required by this Enforcement Policy to be given, sent, delivered or received in writing will, be deemed given if hand delivered, mailed, sent via facsimile or electronic mail (where the Owner has consented to receiving notices from the Association via electronic mail), and will be deemed to have been given, sent, delivered or received, as the case may be, upon the earlier to occur of the following:

- (i) When the notice is delivered by facsimile transmission or electronic mail, the notice is deemed delivered when the sender receives an acknowledgment that the facsimile has been transmitted or the electronic mail was sent to the Owner's email address on file with the Association and

the sender does not receive notification that the electronic mail was returned undeliverable.

- (ii) When the notice is placed into the care and custody of the United States Postal Service, the notice is deemed delivered as of the date the notice is deposited into a receptacle of the United States Postal Service, as certified mail with postage prepaid, and addressed to the most recent address of the recipient according to the records of the Association;
- (iii) When the notice is directed by personal delivery, the notice is deemed delivered upon delivery to the recipient by a service charged with the duty of delivering the notice to the Owner, as evidenced by a recipient's agent.

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

(c) Where Management has actual knowledge that such situation exists, any action to be taken pursuant to this Enforcement Policy which would directly affect the property of a third party or would be the responsibility of a party other than the Owner, notices required under this Enforcement Policy may be given to such third party in addition to the Lot Owner. Notwithstanding any notice sent to a third party, the Owner remains the party responsible for compliance with the requirements of the Declaration, design guidelines, if any, and this Enforcement Policy, and the Association and Management are only required to accept a response from any such third party upon the written direction of the Owner of the Lot upon which the Violation exists.

(d) Where written notice has been delivered to Management that the interests of an Owner in a Lot have been handled by a representative or agent of such Owner, any notice or communication from the Association or Management pursuant to this Enforcement Policy will be deemed full and effective for all purposes if given to such representative or agent.

**7. Cure of Violation During Enforcement.** An Owner may correct or eliminate a Violation at any time during the pendency of any procedure prescribed by this Enforcement Policy. Upon verification by Management that the Violation has been corrected or eliminated, the Violation will be deemed to no longer exist and the Notice of Violation voided. The Owner will remain liable for all costs and fines under this Enforcement Policy, which costs and fines, if not paid upon demand by Management, will be deemed a Specific Assessment pursuant to Article II, Section 5 of the Declaration.

**8. Repeated Violation of the Same Provision.** Whenever an Owner, who has previously cured or eliminated a Violation after receipt of a Notice of Violation, commits a separate Violation of the same provision of the Declaration or design guidelines, if any, within six (6) months from the date of the Notice of Violation or the Initial Notice, as the case may be,

Management shall reinstate the Violation and pursue the procedures set forth herein as if the Violation had never been cured or eliminated. For purposes of illustration only: i.) in the event the Owner cured a Violation after having received an Initial Notice, the second Violation of the same provision shall prompt Management to send a Notice of Violation; ii.) similarly, in the event the Owner cured a Violation after having received a Notice of Violation, the second Violation of the same provision shall prompt Management to refer the Violation to counsel as provided herein.

**9. Authority of Management to Act.** The Board hereby authorizes and empowers Management to do all such things and perform all such acts as are necessary to implement and effectuate the purposes of the Enforcement Policy without further action by the Board except as set forth herein.

**10. Binding Effect.** The terms and conditions of this Enforcement Policy, as may be amended from time to time by the Association's Board, shall bind all Lots in what is known as the Lexington Additions, and the Owners of such Lots, including their heirs, successors, transferees or assigns, and all such Lots shall hereafter be held, occupied, transferred and conveyed subject to the terms and conditions of this Enforcement Policy, as amended. This Enforcement Policy shall remain in effect until amended by the Association's Board of Directors. It is intended that this Enforcement Policy comply with the Act and in particular the requirements of 209.0051 of the Texas Property Code by adopting said Policy during an open Board meeting at the inception of the Association. To the extent any of the foregoing policies require additional presentation before an open Board meeting with notice to Owners, then the remedy of a particular Owner will be to request presentation of said policy before an open Board Meeting, as the sole and exclusive remedy of that Owner. In no respect will the implementation of these Policies result in monetary damages to any Owner, and all such remedies are waived in connection with the Association upon becoming an Owner in the Association.