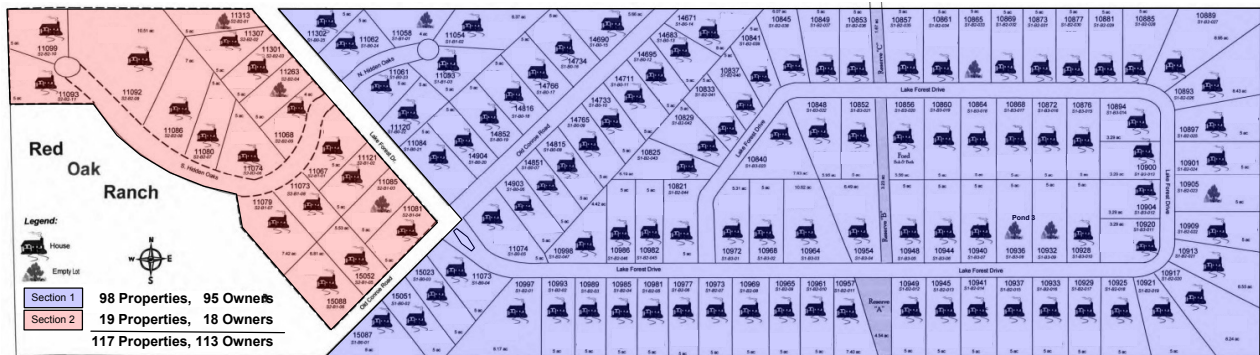


Red Oak Ranch Property Owners Association Property Owner Guidance Document Deed Restrictions Process for Amendment

Legal Requirements:

Amendment, modification or additions to the Declaration of Covenants, Conditions and Restrictions for Red Oak Ranch (**Deed Restrictions**) are possible but must follow strict and specific requirements in the Deed Restrictions, Red Oak Ranch By-Laws and State of Texas legal requirements. Included are the requirements that (1) there is a formal document created (**Instrument**), (2) the Instrument must be signed by not less than 2/3 of the Members of Red Oak Ranch Property Owners Association (**Owners**) in the Section of ROR to which the amendment is to apply and (3) it must be recorded in the Real Property Records of Montgomery County.

Red Oak Ranch is comprised of two Sections, each with their own, very similar, set of Deed Restrictions within the Deed Restrictions. Any amendments to the Deed Restrictions must be approved and applied to a specific Section.



Section 1 has 98 properties with 95 Owners, due to multiple lot ownership. Section 2 has 19 properties with 18 Owners, again due to multiple lot ownership. With one vote per Owner, the number of Owners required to sign an Instrument to meet the 2/3 requirement is: 64 for in amendments Section 1; 12 for amendments in Section 2.

Throughout the process, the Board of Directors of Red Oak Ranch Property Owners' Association (**Board**) will remain neutral – neither supporting nor opposing any proposed amendments. As property owners, each individual Member of the Board will retain their right to their own opinion and their individual Ballot in the process.

Process:

1. The proposing Property Owners (**Proposer(s)**) will prepare a formal written request for an amendment, modification, deletion from or addition to the Deed Restrictions and submit this request to the Board, clearly setting out the exact intent of the amendment to the Deed Restrictions and to which ROR Section(s) the request applies. This is neither a legally-reviewed document

nor one that could be filed. The date that this request is received by the Board is considered to be the start date to a process that must be completed in three hundred and sixty-five (365) days or less, including conducting straw polls, community meetings, ballot distribution, voting and return, and validation of the vote. Any proposed amendment that has not been approved within this time frame will be abandoned.

2. The Board will review the formal request by the Proposer(s) in order to understand the boundaries (application, duration, limitations, location, nuisance etc.) and intent, assess potential unintentional consequences, assess compliance with legal requirements, estimate costs to the Association and determine if these estimate costs can be covered by the Contingency budget or whether a special assessment will be required.
3. The Proposer(s) will be required to carry out a straw poll of the Owners in the relevant Section(s). The Board, in cooperation with the Proposer(s), will supply a Straw Poll Document which will describe the proposed amendment and which will be emailed or mailed out to Owners, as applicable. The requirement for the straw poll is to ensure that the proposed amendment has sufficient support prior to the Association incurring any costs associated with implementation.
4. The straw poll will be conducted in the relevant Section(s). Announcements will be made in the Board Bulletin and on the ROR website. Specific questions regarding the proposal will be fielded by the ROR Managing Agent, who will seek clarification from the Board &/or the Proposer(s) if necessary. A maximum of 30 days will be allowed for the completion of straw poll, with reminders sent at 14 days, if applicable.
5. The Board will review the straw poll upon its completion. A maximum of 30 days will be allowed for the return of straw poll documents, with reminders sent at 14 days, if applicable.
6. Upon confirmation that 2/3 of the Owners in the relevant Section(s) have responded to the Straw Poll Document in support of the proposed amendment, the Board will notify the Proposer(s) that they may proceed with drawing up the legal Instrument of amendment for review by the RORPOA lawyer. The legal instrument must include both the existing wording in the Deed Restrictions and any exact proposed new wording to be amended, modified, deleted from or added to the Deed Restrictions, while also identifying the Red Oak Ranch Section(s) to which the amendment would apply.
7. The Board will facilitate the legal review process and liaise between the Proposer(s) and the ROR lawyer regarding any legal concerns and/or recommended changes to the Instrument.

8. Following successful review and completion of the Instrument, the Board will facilitate a formal vote in the community, by official paper Ballot mailed to each Owner (with a provision for a Proxy Ballot). Ballots will be mailed out with a covering letter explaining the process and instructions for the return of Ballots.
9. Property owners will be required to return their completed Ballots, by mail, to the ROR Managing Agent.
10. Only Official Ballot returns will be counted.
11. The Board will report on the current status of Ballot returns at regular Board Meetings, as applicable.
12. If the proposed amendment IS approved by the required 2/3 of Property Owners in the relevant Section(s), the amendment will be adopted and the Board will notify the Owners in the relevant Section(s) accordingly. The Board will arrange for the formal filing of the amended Deed Restrictions in the Real Property Records of Montgomery County, at which point the new provisions will be in full effect.
13. If the proposed amendment is NOT approved by the required 2/3 of Owners in the relevant Section(s), or if the 365-day limit expires without the required 2/3 approval having been received, the proposed amendment will be abandoned, the Board will notify the Owners in the relevant Section(s) and no further action will be taken. No amendment that is the same or similar in intent may be proposed within one (1) year of an abandoned proposal.

Responsibilities

Proposer(s)

- 1) Submitting the formal written request for amendment to the Board.
- 2) Arranging and conducting informational meetings within the community as the Proposers feel necessary.
- 3) Cooperating with the Board in developing the Straw Poll Document.
- 4) Conducting the straw poll.
- 5) Creating the legal Instrument of amendment.
- 6) Liaising with the Board and agreeing to any changes deemed necessary by the ROR lawyer.
- 7) Recognizing that the process must be completed within the 365-days.

Board

The Board and the Managing Agent will assist in facilitating the process by:

- 1) Conducting an initial review of the proposed amendment for: conformance with legal requirements, including the requirements of the RORPOA governing

documents; determining the boundaries and intent of the proposed amendment and financial implications.

- 2) In cooperation with the Proposer(s), preparing and providing the straw poll document, to be signed by Owners.
- 3) Reviewing the signed straw poll document upon its return to the Board and announcing the result.

In the case of a successful straw poll (i.e. affirmative signatures from 2/3 of the Owners in the relevant Section(s)) steps 4-12 apply, if unsuccessful, all further effort terminates except for communicating this action to all Owners in the relevant Section(s):

- 4) Conducting an initial review of the Instrument of amendment, prepared by the Proposer(s).
- 5) Submitting the Instrument for review and approval by the ROR lawyer.
- 6) Funding the legal cost of implementation in cases where such cost can be borne within the Contingency budget OR raising a special assessment to cover the costs of implementation.
- 6) Mailing the Instrument, together with an unbiased cover letter, the Official Ballot and return instructions to all Owners in the relevant Section(s).
- 7) Facilitating the collection of Proxy Ballots, if applicable.
- 8) Collecting and counting Ballots and providing updates to the community at the regular meetings of the Board.
- 10) Announcing the final results to all Owners in the relevant Section(s).
- 11) Filing the approved amendment in the Real Property Records of Montgomery County.
- 12) Conform to records retention requirements for information and ballots in this process.