

Cross Mountain Ranch Homeowners Cooperative Proposed Revisions and Amendments to the Governing Documents

Articles of Incorporation

It has been recommended by our attorneys that we amend our *Articles of Incorporation* to reflect that we are not a Cooperative. This is primarily a name change, dropping "Cooperative" from our name and using the word "Association" exclusively, as many of our documents already do.

Bylaws

There are several discrepancies between the CMR bylaws and the Deed Restrictions that need to be corrected, as well as clarification of some items:

- The name of the association will be CROSS MOUNTAIN RANCH HOMEOWNERS ASSOCIATION; references to "Texas Cooperative Act" should be changed to "Texas Property Code". Other references pertaining to a change of status from a Cooperative to a Nonprofit will also be changed, including:
 - Section 3.6 - Proxies are allowed under Nonprofit, but not under Cooperatives
 - Section 7.8 - Reporting requirements for a *Cooperative* are more stringent, and will be amended accordingly as a nonprofit corporation.
- Other minor changes are needed to update the address (Section 1.2), and Registered Agent designation (Section 15.2)
- 2.8 - "Member" should be clarified to mean that if one person owns multiple lots, the member is entitled to one vote **per lot**.
- To be consistent with the Deed Restrictions, Policies on Assessments, late fees, and collections should be amended, including:
 - Section 11.3 - Assessments: **"The Board may increase such assessments only with approval by the membership at the annual meeting."**
 - Section 11.6 - delete "cause to be recorded in the office of ..." add **"if not paid by July 15, cause a lien to be filed..."**
 - Section 11.7 - Late Fee: the late fee for assessments has been excessively high for the amount of the assessment. The Board recommends that:
 - the late fee be limited to a penalty of 10% plus interest after a 30 day grace period; and
 - the option of having a discount for early payment of the assessment be included in the policy on *Collections, Fees & Fines* in Deed Restrictions and Bylaws
- Section 13.1 - Signatures of checks: Checks for budgeted amounts shall require one signature only - Managing Agent or Board Member (preferably Treasurer). Checks for any amounts not budgeted shall require documented approval by the board and recorded in the meeting minutes.

Deed Restrictions

The restrictions pertaining to architectural construction requirements and other restrictions on use of the properties are not to be changed, and are still very similar to the original covenants of 1980, expanded in 2011 and 2015 to include new laws pertaining to solar energy and water catchment systems.

Inconsistencies and conflicts in the Restrictions will be revised and amended, together with the Bylaws to agree on policy, including:

- "Failure to receive a response from the Architectural Review Committee within 30 days from the date of submission/delivery **Will** constitute approval ..."Failure to receive a response to a request that would require a **waiver** from any restriction will NOT constitute approval..." (The deed restrictions seem to contradict themselves between Section A.5 (page 6) and Section B, paragraph 2 (page 16).
- Late fees should not be specified in the Restrictions - **refer to Policy on Collections, Fees & Fines instead**; OR - conform to the bylaws on late fees (Section E. 7) **See Bylaws Note above on Late Fees**
- **Wording to authorize the board to include fines in a deed restriction enforcement policy - probably under Section E.2.**
- Delete reference to class A and class B members - these designations no longer apply
- Subordination of lien to first mortgage - amendment passed at Oct. 2017 annual meeting; add to include **second mortgages/home equity loans**

Bylaws SECTION XVII and Restrictions Section C,D, and E - to be discussed

Amendment of Deed Restrictions should require a vote approval of a minimum of 50% of all lot owners. **State law Section 209.0041 specifies that a vote by homeowners is required to amend Deed Restrictions (CC&Rs) - 67% is required, unless a lower percentage is specified.**

The relationship of Board, Architectural Review Committee and Deed Restriction Committee should be clarified as to an appeal process in the case of disputes . Should there be Term limits for RC and ARC similar to Board; election process for RC and ARC?