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## DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR WAGON TRAIL

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR "WAGON TRAIL", ("Declaration") is made effective the 18<sup>th</sup> day of August, 2022, AR DEVELOPMENT, LLC (the "Declarant"); and WAGON TRAIL Homeowners Association, Inc., an Oklahoma not for profit corporation ("Association").

### RECITALS

WHEREAS, Declarant collectively owns all land described on Exhibit "A" attached hereto and made a part hereof (the "Property") and as shown on the subdivision plat entitled "Final Plat of WAGON TRAIL filed in the office of the County Clerk of PAYNE County, Oklahoma;

WHEREAS, the Declarant desires to subject the Property, to the covenants, conditions and restrictions (the Governing Documents) set forth below which are for the purpose of protecting the value and desirability of the Property and are for the purpose of maintaining and operating the Common Areas located within the Property, and any improvements constructed thereon.

NOW, THEREFORE DECLARANT hereby declares that the Property is and shall be held, sold, conveyed and occupied subject to the Governing Documents (hereinafter sometimes referred to as "covenants and restrictions") hereinafter set forth, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the property. The Governing Documents shall run with the property and shall be binding on all parties having or acquiring any right, title or any part thereof, and shall inure to the benefit of each owner thereof.

### ARTICLE 1

#### DEFINITIONS

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1 "Architectural Committee": The committee which the Board of Directors may create, subject to the provisions of Article 3, to review new construction and administer and enforce architecture standards.

1.2 "Area of Common Responsibility": The Common Areas, together with those areas, if any, which the Association does not own but which by the terms of this Declaration, any Supplemental Declaration or other applicable covenants, or by contract, become the Association's responsibility.

1.3 "Articles": The Articles of Incorporation of WAGON TRAIL Homeowners Association, Inc., as filed with the Oklahoma Secretary of State.

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1.4 "Association": WAGON TRAIL Homeowners Association, Inc., an Oklahoma not for Profit Corporation, its successors and assigns.

1.5 "Base Assessment": Assessments levied on all Lots subject to assessment under Section 6.3 to fund Common Expenses for the general benefit of all Lots as more particularly described in Article 6.

1.6 "Board of Directors" or "Board": The body responsible for administration of the Association.

1.7 "Builder": Any person who purchases one or more Lots within the Property for the purpose of constructing improvements for later sale to consumers.

1.8 "Building Restrictions": The rules and Building Restrictions attached as Exhibit "B" and incorporated by reference, as they may be modified, canceled, limited, or expanded under Article 3.

1.9 "Bylaws": The Bylaws of WAGON TRAIL Homeowners Association, Inc.

1.10 "Common Area": The areas designated as Common Area on the Plat and all real and personal property which the Association now or hereafter owns, leases, or otherwise holds, possesses, or possesses "use rights" in, for the common use and enjoyment of the Declarant. The term shall include without limitation, streets, recreational facilities, entry features, signage, landscaped mediums, lakes, watercourses, wetlands, greenbelts, hiking, walking, and bicycle trails.

1.11 "Common Expenses": Actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Lots, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents.

1.12 "Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing at WAGON TRAIL. Such standard shall be established initially by the Board and may contain both objective and subjective elements. The Community-Wide Standard may evolve as the needs and demands of WAGON TRAIL change, as determined by the Board, in its absolute and sole discretion.

1.13 "Declarant": AR DEVELOPMENT, LLC, an Oklahoma limited liability company, or any successor, successor-in-title, or assignee of AR DEVELOPMENT, LLC, who has or takes title to any portion of the property described in Exhibit "A" for the purpose of development and/or resale in the ordinary course of business and who is designated as Declarant in an instrument executed by the immediately preceding Declarant and recorded in the Official Records.

1.14 "Design Guidelines": Architectural, design, development, and other guidelines,

standards, controls, and procedures including, but not limited to, application and review procedures, adopted and administered, as they may be amended pursuant to Article 3.

1.15 "Lot": Any portion of WAGON TRAIL, designated for separate ownership, the boundaries of which are the lot lines as shown on the recorded Plat, a copy of which is attached hereto as Exhibit "A."

1.16 "Member": A Person and/or entity entitled to membership in the Association. Every Owner shall automatically be a Member, but subject to the limitations on co-Owners as provided in Article 5 and in the Bylaws.

1.17 "Mortgage": A mortgage, or deed to secure debt, or any other form of security instrument.

1.18 "Mortgagee": A beneficiary or holder of a Mortgage.

1.19 "Official Records": The Office of the County Clerk of PAYNE County, Oklahoma.

1.20 "Owner": Collectively, one or more Persons or entity which holds record (fee simple) title to any Lot.

1.21 "Person": A human being, a corporation, a limited liability company, a partnership, a trust, or any other legal entity, capable of owning real property.

1.22 "Property" or "WAGON TRAIL": The real property described in Exhibit "A".

1.23 "Special Assessment": Assessments levied against all Declarant to cover anticipated or unanticipated costs as more particularly described in Section 6.4.

1.24 "Street": shall mean any street, lane, drive, boulevard, court, circle, road, place, manor, avenue, trailway or terrace as shown on the plat of WAGON TRAIL.

1.25 "Structure": Any dwelling, house, building, or structure that is constructed upon any Lot, which is used as the primary residence for one family.

## ARTICLE 2

### USE AND CONDUCT

2.1 Regulation. Declarant has established a general plan of development for the Property to enhance all Declarant quality of life and collective interests and the aesthetics and environment within WAGON TRAIL, and to engender a pride of place and sense of community Property. To accomplish this objective, the Property is subject to the land development, architectural, and design provisions set forth in Article 3, the other provisions of the Governing

Documents governing individual conduct and use of or actions upon the Property, and the guidelines, rules and restrictions promulgated pursuant to this Article, all of which establish affirmative and negative covenants, easements, and restrictions on WAGON TRAIL. Notwithstanding the above, with respect to rules and regulations promulgated pursuant to this Article, the Board and the Members shall have the ability, in the manner set forth below, to respond to changes in circumstances, conditions, needs, and desires within the community. All provisions of this Declaration and any Association rules shall apply to all Persons on the Property. The lessee and all occupants of any leased residence shall be bound by the terms of the Governing Documents, whether or not the lease so provides. All Declarants shall be responsible for including a provision in any lease informing the lessee and all occupants of the residence of all applicable rules and Building Restrictions affecting the Lot and the Common Areas.

## 2.2 Rule Making Authority.

(a) Subject to the terms of this section and in accordance with its duty of care and undivided loyalty to the Association and its Members, the Board may adopt rules which modify, cancel, limit, create exceptions to, or expand the initial Building Restrictions set forth in Exhibit "B". The Board shall send notice by mail to all Declarants concerning any such proposed action at least five (5) business days prior to the Board meeting at which such action is to be voted upon. PROVIDED, prior to mailing any such five (5) day notice, the Board shall have first complied with the thirty-day (30)-notice requirement contained in Section 2.2(b) below. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken. Any such rules shall become effective after compliance with Section 2.2(b) below.

(b) At least thirty (30) days prior to the effective date of any action under Sections 2.2(a) or 2.2(b), the Board shall send a copy of the proposed rule to each Owner specifying the effective date of such rule. The Association shall provide, without cost, a copy of the Building Restrictions and rules then in effect to any requesting Member or Mortgagee.

(c) In the event of a conflict between the Design Guidelines and the Building Restrictions, the Design Guidelines shall control.

(d) Procedures required under this article shall not apply to enactment and enforcement of administrative rules and regulations governing use of the Common Area unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative rules and regulations shall include, but not be limited to, hours of operation of a recreational facility, speed limits on private roads, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times. The Board shall exercise business judgment in the enactment, amendment, and enforcement of such administrative rules and regulations.

2.3 Declarant Acknowledgement. All Owners are subject to the Building Restrictions and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board and the Members may add, delete, modify, create exceptions to, or amend the Building Restrictions. By acceptance of a deed, each Owner acknowledges and agrees that the



use and enjoyment and marketability of his or her property can be affected by this provision and that the Building Restrictions and rules may change from time to time.

2.4 Protection of Owners. Except as may be specifically set forth herein, neither the Board nor the Members may adopt any rule in violation of the following provisions:

2.4.1 Similar Treatment. Similarly situated Owners and occupants shall be treated similarly.

2.4.2 Speech. The rights of Owners and occupants to display on their Lot political signs and symbols of the kinds normally displayed in or outside residences located in single-family residential neighborhoods in individually owned property shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions regulating signs and symbols which are visible from outside the Lot. This Declaration and any Rules adopted by the Board shall not be construed to supersede or limit applicable governmental ordinances regulating signs or symbols on Lots.

2.4.3 Religious and Holiday Displays. The rights of Owners and occupants to display religious and holiday signs, symbols, and decorations on their Lots of the kinds customarily displayed in residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions regulating display which may be visible from outside the Lot. All exterior holiday decorations must be removed within thirty (30) days from the date of the holiday.

2.4.4 Assembly. The rights of Owners and occupants to assemble on such portions of the Common Areas as are designated by the Board from time to time shall not be prohibited; PROVIDED, however, the Board may adopt reasonable time, place, and other restrictions on assembly. At no time shall Common Area be construed as a place of public assembly.

2.4.5 Household Composition. No rule shall interfere with the freedom of Owners and occupants of Lot to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each residence on the basis of the size and facilities of the residence and its fair share use of the Common Area, PROVIDED that such limits shall not be less restrictive than applicable governmental codes or ordinances in establishing the total number of occupants.

2.4.6 Activities Within Dwellings. No rule shall interfere with activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Declarant, that create a danger to the health or safety of occupants of other dwellings, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance. Further, no noxious or offensive activity shall be conducted or carried on upon any lot, and no activity shall be conducted or carried on upon any lot, which

poses a danger or threat to person or property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Further, no machinery or vehicles of any kind that are inoperable or in "junk" condition, unless garaged, shall be permitted upon any lot.

2.4.7 Alienation. No rule shall prohibit leasing or transferring of any Lot, or require consent of the Association or Board for leasing or transferring of any Lot.

2.4.8 Application of Rules. No rule shall be applied retroactively except as otherwise required by law.

2.4.9 Construction Use of Private Roads. As of the date of filing of this Declaration, construction within the Addition continues and will likely continue for some time. The Declarant and Builders shall be entitled to continued use of the private roads within the Addition for construction purposes from the date of recording and filing of this Declaration until the later of 1) termination of the Class "B" Control Period or 2) completion of the last residential structure on a Lot within the Addition. Any such construction use of the private road shall be considered normal wear and tear and usage of the private road. Purchasers of Lots within the Addition and the Association, in consideration of the purchase of a Lot and improvement of the Common Areas, shall indemnify and hold harmless the Declarant and Builders for such construction use of the private road.

The limitations in this Section shall apply to rules only; they shall not apply to amendments to this Declaration adopted in accordance with Article 9.

### ARTICLE 3

#### ARCHITECTURE AND LANDSCAPING

3.1 General Requirement for Prior Approval. No structure shall be placed, erected, or installed on any portion of the Lot, no alterations of or additions to the existing landscaping, and no improvements (including staking, clearing, excavation, grading, and other site work, and exterior alteration of existing improvements) shall take place within the Property except in compliance with this Article and the Design Guidelines promulgated herein. In addition to the construction of dwellings and other buildings, it is specifically intended that placement or posting of other structures (e.g. fences, signs, antennae and satellite dishes, clotheslines, playground equipment, basketball goals, pools, propane and other fuel tanks or devices [other than portable gas grills], lighting, temporary structures, solar devices, and artificial exterior of any Lot or other portion of the Property) shall be regulated by this Declaration, the Building Restrictions, and the Design Guidelines and require the approval of the appropriate Architectural Committee under Section 3.3. Modifications to the interior of specified porches, patios, and similar portions of a Lot visible from outside the structures on the Lot shall be subject to this Article. No approval shall be required to repaint the exterior of a Structure in accordance with the ordinarily approved color scheme. This Article shall not apply to Declarant's activities, nor to improvements to the Common Area by or on behalf of the Association. This Article shall not apply to activities of PAYNE County, Oklahoma performed

on property owned by the County and used for public purposes so long as the County complies with the separate deed restrictions applicable to such property, if any. This Article may not be amended without Declarant's written consent so long as Declarant owns any portion of the Property or any land subject to annexation to this-Declaration.

3.2 Architectural Review. Except as provided below, the Architectural Committee shall be composed of three (3) or more natural persons, all of whom must at all times also be an Owner. PROVIDED, as long as the Declarant owns any Lots within WAGON TRAIL, the Architectural Committee shall be composed of Brett Shadix, Tracy Williams, and Mike Shadix, or such persons as Declarant elects. If at any time after, Declarant, no longer owns any Lots, and if any of the three (3) designated members of the Architectural Committee are not then or cease to be an Owner, then in such event the Board of Directors shall select a replacement. The affirmative vote of a majority of the members of the Architectural Committee (which shall be the required quorum of the Committee) shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Declaration and in the Bylaws. Upon the sale of the Declarant's final lot within, or earlier solely at Declarant's option, the Board of Directors of the Association shall appoint the members of the Architectural Committee, and such persons shall serve at the pleasure of the Board of Directors.

3.3 Procedures. Prior to commencing any activity or phase of construction of any type or description within the scope of Section 3.2, an Owner shall submit an application for approval of the proposed work to the Architectural Committee with a copy to Declarant, if Declarant is not the Architectural Committee. Such application shall be in the form required by the Architectural Committee and shall include plans and specifications ("Plans") showing site layout, structures design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, fencing, utility facilities layout and screening and/or fencing therefore, and other features of proposed construction, as required by the Design Guidelines and as Applicable. The Architectural Committee may require submission of such additional information as it deems necessary to consider any application.

In reviewing each submission, the Architectural Committee may consider whatever factors it deems relevant, including, but not limited to, visual and environmental impact, natural plans, and finish grade elevation, harmony of external design with surrounding structures and environment, and architectural merit. Decisions may be based purely on aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements. The decision of the Architectural Committee is absolute, final, and is non-appealable.

Approval by the Architectural Committee shall be required prior to pursuing or gaining any required approval from the local governing bodies. The Architectural Committee shall not require permits or other approvals by local government entities other than those issued by such entities in the usual course of business.

The Architectural Committee shall, within 30 days of submission, advise the party

submitting the same, in writing, at an address specified by such party at the time of submission of (i) approval of Plans, or (ii) segments or features of the Plans which are deemed by such committee to be inconsistent or not in conformity with this Declaration and/or the Design Guidelines, the reasons for such finding, and suggestions for curing such objections. In the event the Architectural Committee fails to advise the submitting party by written notice within 30 days, of either the approval or disapproval and suggestions for curing objections, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the submitting party.

If construction does not commence on a project for which Plans have been approved within one hundred twenty (120) days of such approval, such approval shall be deemed automatically withdrawn, and it shall be necessary for the Owner to resubmit the Plans to the Architectural Committee for reconsideration. If construction is not completed on a project for which Plans have been approved within the period set forth in the Design Guidelines or in the approval, such approval shall be deemed withdrawn, and such incomplete construction shall be deemed to be in violation of this Article.

3.4 Procedure If There Is No Architectural Committee. In the event the Declarant no longer owns any Lots in the development and the Board fails to appoint an Architectural Committee, then any Plans which need to be reviewed shall be submitted to the Board who shall follow the procedure set forth in Section 3.3 above.

3.5 General Restrictions and Guidelines. Except as may otherwise be approved by an Architectural Committee under Section 3.7 (regarding variances), the following general guidelines shall apply to all Lots located within WAGON TRAIL ("the Addition"):

- a. Structures Used as Residence. No residential home shall be erected, altered, placed, or permitted to remain on any Lot other than one to be used as a detached single-family dwelling, not to exceed three (3) stories in height.
1. b. Square Footage. The square footage shall only include actual living space, and shall not include areas comprised of the garage, breezeways, open porches, basements, storm cellars, out buildings and unfinished attics. The minimum square footage required for any Structure shall be: 1,000 square feet with 60% of the living space on the bottom floor with a 2-car garage preferred and 1-car garage allowed. The exterior materials of homes may consist of multiple product styles and materials, which must receive prior approval by the design/architectural committee. There is a minimum 6/12 pitch roof.
- c. Compliance with Building Restrictions. In addition to all other requirements set forth in this Section and this Declaration, all Structures shall strictly adhere to and comply with all other Building Restrictions as attached hereto exhibit B and as later amended, as applicable.



d. Lot Size. Except as provided below, none of the Lots in this Addition shall be sub-divided or reduced in size in excess of four feet (4) from the dimensions as shown on the official plat of said Addition. The purpose of this Covenant is to allow and permit minor adjustments between adjacent property Owners. However, nothing in this Covenant shall prevent an Owner from building one (1) dwelling on two (2) or more Lots; or prevent Declarant of three (3) adjoining Lots from dividing the middle Lot between themselves and annexing it to the Lots adjoining on each side. However, no more than one (1) dwelling house (Structure) shall be permitted on the land encompassed by any Lot so divided and the adjoining Lot to which it has been annexed. The landfill of areas must be approved by the Architectural Committee in advance of soil movement.

e. Set-backs and Elevations. No Structure shall be located on any residential building lot nearer than fifty feet (50') from the center line of the road. No detached garage or other outbuilding shall be permitted closer than five (5) feet from property line or easements reserved for utilities, including eaves and overhangs.

f. Prohibition on Temporary Residences. No trailer, tent, modular or pre-fabricated home, mobile home, shack, garage, or other outbuildings other than those defined in section 3.5 q. ("Prohibited Structures") may be placed or erected on any Lot at any time, nor shall any such Prohibited Structures be used as a residence, either temporarily or permanently.

g. Firearms, explosives. No use or discharge of firearms or explosives shall occur on a Lot, provided the Board shall have no obligation to take action or prevent or stop such discharge.

h. Fences. No fences shall be installed in the front portion of any Lot between the front elevation of the home and the street. It is not the intention of this governing document or this paragraph to exclude the use of shrubbery or trees in landscaping front yards in WAGON TRAIL. The Architectural Committee shall first approve all fences before they are constructed. Any and all fences which are primarily used along the Lot lines ("perimeter fence") shall be constructed with a "picket" or "split rail" style fence, iron fencing, black powder coated chain link fencing, or stockade wood fencing. Maximum height for any perimeter fence shall not exceed six (6) feet. Any such fence shall be measured from the ground to the top of the highest point on the fence. Dog runs, kennels and the likes cannot be visible from any road, must be placed behind house, and must be made from the accepted building materials listed above.

i. Vehicles. No car, truck, trailer, recreational vehicle, camper, van, boat, water craft, motorized cart, four-wheeler, all-terrain vehicle, tractor, mobile home or any form of motorized transportation or conveyance (collectively "Vehicle"), and no tent, or temporary structure of any nature whatsoever shall ever be

temporarily or permanently parked, located or otherwise maintained forward of the front building limit or set-back line on each Lot as same is shown on the recorded plat of WAGON TRAIL. PROVIDED, HOWEVER, that it is not the intention of this paragraph to exclude the temporary parking of passenger automobiles on any portion of the garage driveway that is located forward of such front building limit or set-back line on each Lot. No Vehicles may be parked or stored on the street.

j. Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that dogs, cats, laying hens or other common household pets may be kept provided that they are not kept, bred or maintained for any commercial purpose, and provided further that any such pet is not known to be vicious, dangerous, or known to be a threat to injure people or other household pets. All pets must be restrained within boundaries of Owner's Lot unless accompanied by Owner. Chickens/laying hens are allowed in Wagon Trail. Up to 5 laying hens per household, no roosters allowed. Chickens/laying hens must be housed in a coop and out of sight from front view of home. Coop shall be no closer than 25 feet from any dwelling other than the owner/occupants. Coops shall be located in areas that are not susceptible to stormwater run-off onto neighboring properties.

k. Building Materials. No building material of any kind or character shall be placed upon the Lot until the Owner is ready to commence improvements, and then such material shall be placed within the property lines of the Lot upon which the improvements are to be erected and shall not be placed in the streets or easements. The Architectural Committee shall approve all exterior brick, roofing, or other building materials, including but not limited to colors, designs, patterns and related aesthetic concerns.

l. Yards. All Lots must be kept free from weeds, brush, and high grass. Trash and rubbish shall not be permitted to accumulate upon any Lot. The Association may, after due warning, cut, trim or otherwise remove any weeds, brush or high grass, or remove any trash or rubbish, the costs of which shall be charged or assessed against the Lot Owner, regardless of whether or not the Declarant has begun construction, has construction on-going, or has completed construction.

After initial Lot clearing for pad site, driveway, and septic system, no more than 35% of remaining trees shall be removed by any future owner without approval.

m. This section was intentionally deleted.

n. Construction Deadlines. The Owner of a Lot shall have one (1) year from the date of purchasing the Lot to begin construction. Once construction upon a Lot is started, the Owner shall have twelve (12) months to complete the construction process. If the Owner of the Lot: (i) fails to start construction within one (1) year

of purchasing the Lot, and/or (ii) fails to complete construction within twelve (12) months after construction first begins, and if either or both such failures are without reasonable cause, the Association will have the authority to levy a fine not to exceed fifty dollars (\$50.00) per day for each day beyond the appropriate limit or deadline(s).

o. Trash Containers and Disposal. Each residence shall provide a trash or garbage container. No person shall cause the incineration of trash, garbage, or other waste within WAGON TRAIL and the same shall not be permitted in WAGON TRAIL.

p. Maintain Good Appearance. The Owner shall at all times maintain the Lot in good appearance, keeping the Lot mowed and free of trash and debris, regardless of whether or not construction has begun, construction is in progress, or if construction is completed. All yards must be maintained all the way to the road's edge. Tindhorns must be cleaned out periodically so as not to obstruct WAGON TRAIL water drainage.

q. Outbuildings. No outbuilding shall exceed 2,000 square feet or 50' x 40' with a maximum wall height of 16'. Committee approval is required on all outbuildings prior to the erection of said outbuilding. All outbuildings must be built with aesthetically acceptable new materials that complement and blend with other structures in the neighborhood.

r. Swimming Pools. All swimming pools must be approved by the architectural committee.

3.6 No Waiver of Future Approvals. Each Owner acknowledges that the Architectural Committee will change from time to time and that interpretation, application, and enforcement of the Design Guidelines may vary accordingly. Approval of proposals plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval. Should the Architectural Committee permit nonconforming improvements for whatever reason, it shall not be construed as a waiver of future enforcement rights or permission for future noncompliance.

3.7 Variances. The Architectural Committee may authorize variances in writing from its guidelines and procedures but only: (a) in accordance with duly adopted rules and regulations, (b) when unique circumstances dictate, such as unusual topography, natural obstructions, hardship or aesthetic or environmental considerations, and (c) when construction in accordance with the variance would be consistent with the purposes of the Declaration and compatible with existing and anticipated uses of adjoining property. Inability to obtain governmental approval or the terms or requirements of any financing shall not be considered a hardship warranting a variance. Notwithstanding the above, the Architectural Committee may not authorize variances without the written consent of Declarant, as long as Declarant owns any

portion of the Property.

3.8 Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and Declarant, the Association, the Board, the Architectural Committee, or any member of the foregoing, shall not bear any responsibility or liability for ensuring the structural integrity or soundness of approved construction or modifications, or for ensuring compliance with building codes and other governmental requirements. Declarant, the Association, the Board, the Architectural Committee, or any member of any of the foregoing shall not be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Lot. In all matters, the Architectural Committee, its members, Declarant, and the Board shall be defended and indemnified by the Association as provided in the Bylaws.

3.9 Enforcement. All approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Lot, unless approval to modify any application has been obtained. The Association shall be primarily responsible for enforcement of this Article. If, however, in Declarant's discretion, the Association fails to take appropriate enforcement action within a reasonable time, Declarant, for so long as it owns any portion of the Property, shall be authorized to exercise any enforcement rights, which could have been exercised by the Association.

#### ARTICLE 4

##### OWNERSHIP, USE AND MANAGEMENT OF THE COMMONS AREAS

Section 1. Owner's Easements of Enjoyment. Every Owner has the right and easement of enjoyment in and to the entire Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the right of the Association to control and limit the use of the Common Areas as provided in this Declaration, the Articles, the Bylaws, The Design Review Rules, and the Association Rules. An Owner, subject to the Bylaws and Association Rules, may delegate his or her right of enjoyment of the Common Areas to the members of his or her family, his or her guests, and his or her tenants. The controls and limitations shall include, but not necessarily be limited to the following:

- A. The right of the Board to suspend the Owner's voting rights and right of the Owner and the Owner's invitees, including but not limited to members of the Owner's family and an Owner's tenants and guests, to use the Common Areas and the facilities situated upon the Common Areas (except for ingress and egress to an Owner's Lot) for any period during which any assessment against his or her Lot remains unpaid, and to suspend such rights until the infraction is remedied for any infraction of this Declaration; the Articles, the Bylaws, the Design Review Rules, or the Association Rules by an Owner or an Owner's invitee;
- B. The right of the Association by instrument executed by the President (or any Vice-President) and attested to by the Secretary (or any Assistant Secretary) of the Association to dedicate, transfer, or grant an easement or right-of-way to all or any part



of the Common Areas to any public or quasi-public agency, authority, or utility for such purposes and subject to such conditions as may be authorized by the Board. No such dedication or transfer shall be effective unless an instrument has first been executed by the President (or any Vice-President) and Secretary (or any Assistant Secretary) of the Association, certifying that a majority of the Board has agreed to such dedication or transfer, and filed of record. Such certificate shall be deemed conclusive as to the fact that a majority of the Board has authorized such dedication, transfer, or grant, as well as to the purposes and conditions thereof.

C. The right of the Association to take such steps as is reasonably necessary to protect the Common Area against foreclosure.

Section 2. No Right to Split Lots, etc. A Lot and the easement of use and enjoyment in the Common Areas appurtenant thereto shall be not separated or divided one from the other by any means; nor shall any Lot be physically split or subdivided into two or more parcels unless approved by the Architectural Committee. For the purpose of the preceding sentence, "any means" includes by is not limited to deeds, mortgages or liens, mortgage or lien foreclosures, partition suits or any other means.

Section 3. Maintenance by Association. The Board may, at any time, as to any part of the Common Areas:

A. Repair. Repair, maintain, reconstruct, replace, refinish or complete any improvement or portion thereof upon any such area in accordance with the last plans thereof approved by the Architectural Committee; the original plans for the improvement; or, if neither of the foregoing is applicable, then in accordance with the original design, finish, or standard of construction of such improvement as same existed, as determined by the Board;

B. Streets, Etc. Construct, reconstruct, repair, replace, maintain, resurface, or refinish any street improvement or surface upon any portion of the Common Areas, whether used as a road, street, walk, driveway, parking area, dam, spillway, or drainage area;

C. Maintenance. Maintain, remove, replace or treat injured and diseased trees, or other vegetation in such area, and plant trees, shrubs, and ground cover and maintain, repair, replace, or construct any lake, pond, water way, drainage area, dam, spillway, or shoreline to the extent that the Association deems desirable for the conservation of water and soil or for aesthetic purposes in the common areas;

D. Signs. Place and maintain upon any Common Areas such signs as the Board may deem appropriate for the proper identification, use and regulation thereof, and,

E. Other. Do all and such other and further acts, which the Board deems necessary to maintain, preserve, and protect the Common Areas, and the beauty thereof, in accordance with the general purposes specified in the Declaration. The Board shall be

the sole judge as to the appropriate maintenance, preservation, and protection of all grounds within the Common Areas.

Section 4. Damage or Destruction of the Common Areas by Owners. In the event any part of the Common Areas is damaged by tenants, licensees, agents or family members of an Owner, such Owner does hereby authorize the Board to repair the damaged area in a good workmanlike manner in conformance with the original plans and specifications of the area involved, or as they may have been modified or altered subsequently by the Board, in the discretion of the Board; or, in the absence of plans and specifications, then as recommended by architects or engineers and approved by the Board. The amount necessary for such repairs shall be paid by such Owner, upon demand, to the Association, and the Association may enforce collection of same by any legal means available.

Section 5. Use by Motor Vehicles. No motor vehicle of any description, other than vehicles used in the maintenance of the Common Areas, shall be allowed on the unpaved portion of the Common Areas, unless specifically authorized by the Board. The Board's right to control the use of hard-surfaced portion of the Common Areas shall include but not be limited to, establishing speed limits and parking rules.

Section 6. Regulations. The Association shall have the exclusive right to make, promulgate, supplement, amend, change, or revoke the Association Rules pertaining to the use and operation of the Common Areas and all other property within the Properties. All Owners shall abide by the Association Rules and shall be responsible for all acts of the Owner's invitees.

Section 7. Uniform Maintenance. Declarant, each Owner of any Lot in the Properties, and the Association hereby covenant each with the other that any maintenance provided by the Association for the Common Areas, and the improvements located thereon, including but not limited to, the streets and crossings, shall be in a substantially uniform manner and to uniform standards consistent with the intent of the Declaration. Such maintenance shall be performed by the Association.

Section 8. Improvements. No improvements shall be placed or constructed upon or added to the Common Areas except with the prior written approval of the Architectural Committee and the Board, except as otherwise specifically provided herein.

Section 9. Existing Improvements. The maintenance of the streets, gates and other improvements in the Common Areas shall be the responsibility of and at the expense of the Association. Notwithstanding anything herein contained to the contrary or any possible implications of the subdivision plat, the Declarant is not under any obligation whatsoever to make any improvements or provide utilities or other facilities beyond those which exist in the Properties as of the date a Purchaser acquires a Lot. Declarant makes no warranties (implied or otherwise) regarding any improvements in the Properties but assigns to the Association all warranties (if any) made by third parties with respect to Common Area improvements.

Section 10. Additional Improvements. Though Declarant has no obligation for additional improvements, Declarant (or any other party, with the consent of the Board and the

prior written approval of the Architectural Committee) may build or construct improvements which shall become part of the Properties and be for the benefit of all Owners.

## ARTICLE 5

### HOMEOWNER'S ASSOCIATION

5.1 Functions of Association. The Association shall be (i) the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility, (ii) the primary entity responsible for compliance with and enforcement of this Declaration and such reasonable rules regulating use of the Property as the Board may adopt; (iii) primarily responsible for monitoring compliance with and enforcing the Design Guidelines; and (iv) permitted to provide for and fund such community-activities and services as deemed necessary, appropriate, or desired in accordance with the Governing Documents, or as may be required by PAYNE County, Oklahoma. The Association may delegate such responsibilities to committees or engage outside Persons to monitor and enforce the Design Guidelines under the Board's supervision. The Association shall perform its functions in accordance with the Governing Documents and Oklahoma law.

5.2 Membership. Every Owner shall automatically be a Member of the Association. There shall be only one membership per Lot. If a Lot is owned by more than one Person, all co-owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 5.3 and in the Bylaws, and all such co-owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner, which is not a natural person may be exercised by any officer, director, partner, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

#### 5.3 Voting.

Class A. Class A members shall be all those Owners of single-family residential Lots with the exception of DECLARANT. Each Class A Member shall be entitled to one vote for each Lot in which the Member holds the interest required for Membership by Article 5. When more than one person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. Class B Member(s) shall be the DECLARANT, its successors and assigns. The Class B Member(s) shall be entitled to four (4) votes for each Lot in which it hold the interest required for membership by Article 5. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever first occurs.

- (a) On twenty (20) years from filing of the Declaration.

(b) Or earlier if in its discretion the DECLARANT so determines.

From and after the happening of these events, whichever occurs earliest, the Class "B" Member shall be deemed to be a Class 'A' Member entitled to one vote for each Lot in which it holds the interest required for membership under Article IV hereof. DECLARANT, its successors, or assigns whether class B or after conversion to Class A shall have no obligation to pay annual dues or special assessments.

5.4 Acceptance and Control of Association Property. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association improved or unimproved real estate located within the Property, personal property, and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed, including but not limited to restrictions governing the use of such property.

5.5 Maintenance of the Common Area. The Association shall maintain and keep in good repair the Common Area. The Association may also maintain and improve other property which it does not own, including, without limitation, wetlands, greenbelts, wildlife habitats, and property, including any trail systems that may be dedicated to public use, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard and if otherwise permitted by applicable law. Except as otherwise specifically provided herein, all costs for maintenance, repair, and replacement of the Common Area shall be a Common Expense allocated among all Lots as part of the Base Assessment, without prejudice to the Association's right to seek reimbursement from the Persons responsible for such work pursuant to this Declaration, other recorded covenants, or agreements with such Persons.

The Common Area shall include, but need not be limited to:

- (a) All portions of and structures situated upon the Common Area; including streets, playground equipment, ponds, front entry way, neighborhood lights.
- (b) Landscaping within public rights-of-way within or abutting the Property;
- (c) All ponds, streams, and/or wetlands located within the Property which serve as part of the storm water drainage system for the Property, including improvements and equipment installed therein or used in connection therewith; and
- (d) Any property and facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from Declarant to the Association and to remain a part of the Common Area and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.



The Association shall not be liable for any damage or injury occurring on or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities. The Association shall maintain the facilities and equipment within the Common Area in continuous operation, except for any periods necessary, as determined in the sole and absolute discretion of the Board, to perform required maintenance or repairs, unless seventy-five percent (75%) of the Members in the Association agree in writing to discontinue such operation. Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with the prior written approval of Declarant as long as Declarant owns any portion of the Property.

## 5.6 Insurance.

5.6.1 Types and Limits of Insurance. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following insurance coverage, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(a) The Association shall carry a blanket insurance policy in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) from an insurance company qualified to do and conduct business in the State of Oklahoma and holding a rating of Best's Insurance Reports of Class XV or better (the limits of coverage of which insurance shall be reviewed annually by the Board of Directors) of fire, lighting, extended coverage, vandalism and malicious mischief, all risk, agreed amount and inflation guard endorsement and replacement cost covering the Common Areas (except land, foundation, excavation and other items normally excluded from coverage), including fixtures and building service equipment to the extent they are part of the Common Areas, as well as common personal property and supplies, and, if required by law, workmen's compensation insurance (all of which is hereinafter referred to as the "Master Policy"), with respect to WAGON TRAIL, and the Association's administration thereof in accordance with the following. The name of the insured must be stated in form and substance similar to the following: "WAGON TRAIL Homeowners Association, Inc. for use and benefit of the individual Owners." Such policy must contain the standard mortgagee clause (without contribution) which must be endorsed to provide that any proceeds shall be paid to WAGON TRAIL Homeowners Association, Inc. for the use and benefit of the Association's mortgagees, if any, and their successors and assigns, as their interest may appear.

(b) The Board of Directors shall also obtain and maintain, to the extent obtainable, comprehensive general liability insurance in such limits as may from time to time be determined necessary covering all of the Common Areas in WAGON TRAIL. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Lot Owner because of negligent acts of the Association or other Lot Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for projects similar in construction, location, and use. Coverage shall be for not less than One Million Dollars (\$1,000,000.00) per occurrence, for personal injury including death of persons, and/or property damage. The Association shall use its

best efforts to see that the liability insurance carried by the Association shall contain appropriate provisions to cover liability of the Owners, individually and as a group. Such policies must provide that they may not be canceled or substantially modified, without at least ten (10) days' prior written notice to the Association.

(c) Such additional insurance as the Board, in its best business judgment, determines advisable, which may include, without limitation, flood insurance, tornado, or windstorm insurance, boiler and machinery insurance, and building ordinance coverage.

(d) In addition to the insurance requirements set forth above, the Association shall also obtain, and pay all premiums for, an insurance policy covering all acts, actions, inactions, errors, omissions, decisions, or otherwise, of the Members of the Board of Directors and the Members of the Architectural Committee. Coverage shall be not less than one million dollars (\$1,000,000.00) per occurrence.

5.6.2 Insurance for Lot Owner. Each Owner shall be required to obtain insurance, at his or her own and sole expense, on his or her Lot, improvements, and on all furnishings and decorations and other items of personal property belonging to an Owner. Casualty and public liability insurance coverage within each Lot are specifically made the responsibility of the Owner thereof.

#### 5.7 Compliance and Enforcement.

(a) Every Owner and occupant of a Lot shall at all times comply with the Governing Documents and the rules of the Association. The Board may impose sanctions for violation of the Governing Documents or any rule or regulation, after notice and a hearing in accordance with the procedures set forth in the Bylaws. Such sanctions may include, without limitation some or all of the following, in the sole and absolute discretion of the Board:

(i) Imposing reasonable monetary fines which shall constitute a lien upon the violator's Lot. In the event that any occupant, guest, or invitee ("Non-Owner Violator") of a Lot violates the Declaration, the Bylaws or any rule or regulation and a fine is imposed, the fine shall first be assessed against the Non-Owner Violator; provided, however, if the fine is not paid by the Non-Owner Violator within the time period set by the Board, the Owner of the Lot shall pay the fine upon notice from the Board;

(ii) Suspending a Member's right to vote;

(iii) Suspending any Person's right to use any recreational facilities within the Common Areas, provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Lot;

(iv) Suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association;

(v) Exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

(vi) Requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Lot in violation of the Governing Documents and to restore the Lot to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the Lot, remove the violation, and restore the Lot to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(vii) Without liability to any Person, prohibiting any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article 3 and the Design Guidelines from continuing or performing any further activities in the Property;

(viii) Levying Specific Assessments to cover costs incurred by the Association to bring a Lot into compliance with the Governing Documents or the Community-Wide Standard; and

(ix) The filing of liens against the Owner's Lot; and the taking of any legal action the Board may elect to take, including but not limited to the filing of a lawsuit to (a) foreclose the lien, (b) seek a monetary judgment against the Owner, (c) seek specific performance of a specific act, (d) seek appropriate temporary and permanent restraining orders and/or injunctions, and any combination thereof.

(b) In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the Bylaws:

(i) Exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations in accordance with any applicable ordinance(s) of PAYNE County, Oklahoma or statutes of the State of Oklahoma); and

(ii) Bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Governing Documents or any rule or regulation, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorney's fees and court costs, reasonably incurred in such action.

Notwithstanding any of the foregoing options available to the Board, the Association shall not be obligated to take action to enforce any covenant, restriction, or rule

which the Board reasonably determines is, or is likely to be construed as, inconsistent with the applicable law, or in any case in which the Board determines that the Association may not prevail in a contested lawsuit, or the Association's position is not strong enough, or sufficient funds are not available, to justify taking enforcement action. Any such determination shall not be construed as a waiver of the right of the Association to enforce such provision at a later time under other circumstances, or prohibit the Association from enforcing any other covenant, restriction, or rule.

5.8 Implied Rights: Board Authority. The Association may exercise any right or privilege given to it by this Declaration or the Bylaws or which may be reasonably implied from, or reasonably necessary to effectuate, any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or Bylaws, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

5.9 Disclaimer of Liability. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to promote the health, safety, and welfare of Owners and occupants of any Lot. Notwithstanding anything contained in the Governing Documents or the Association, the Board, any management company(s) of the Association, Declarant, nor any successor Declarant shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety, or welfare of any Owner or occupant of any Lot or any tenant, guest, or invitee of any Owner or occupant or for any property of any such Persons. Each Owner and occupant of a Lot and each tenant, guest and invitee of any Owner or occupant shall assume all risks associated with the use and enjoyment of the Property, including all recreational facilities, if any, and may be required to execute specific liability waivers from time to time as a condition of such use.

Neither the Association, the Board, any Association's management company, Declarant, nor any successor Declarant, shall be liable or responsible for any personal injury, illness, or any other loss or damage caused by the presence or malfunction of utility lines, or utility sub-stations adjacent to, near, over, under, or on the Property. Each Owner and occupant of a Lot and each tenant, guest, and invitee of any Owner, Declarant, or occupant shall assume all risk of personal injury, illness, or other loss or damage arising from the presence or malfunction of utility lines, utility sub-stations, and electromagnetic fields and further acknowledges that the Association, the Board, any management company(s) of the Association, Declarant, or any successor Declarant, have made no representations or warranties, nor has any Owner or occupant, any tenant, guest, or invitee of any Owner, Declarant, or occupant relied upon any representations or warranties, expressed or implied, relative to the condition or impact of utility lines or utility sub-stations, or electromagnetic fields.

No provision of the Governing Documents shall be interpreted as creating a duty of the Association, the Board, any management company(s) of the Association, Declarant, nor any successor Declarant, to protect or further the health, safety or welfare of any Person(s), even if the funds of the Association are used for any such purpose.

Each Owner (by virtue of his or her acceptance of title to his or her Lot) and each



other Person having an interest in or lien upon, or making any use of, any portion of the Property (by virtue of accepting such interest or lien or making such use) shall be bound by this Section and shall be deemed to have waived any and all rights, claims, demands and causes of action against the Association, the Board, the Association's management company(s), (if any), Declarant, and any successor Declarant, and their respective directors, representatives, contractors, subcontractors, successors, and assigns arising from or connected with any matter for which the liability has been disclaimed.

5.10 Provision of Services. The Association may provide services and facilities for the Members of the Association and for third parties. The Association shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant, to provide such services and facilities. In addition to Common Expenses charges, the Board shall be authorized to charge additional use and consumption fees for selected services and facilities. By way of example, some services and facilities, which may be provided, include landscape maintenance, pest control service, security, caretaker, fire protection, utilities, and similar services and facilities. The Board shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein is a representation as to what services and facilities will or will not be provided.

5.11 Security. It is the goal of all Owners, including Declarant, to have a safe and healthy environment within WAGON TRAIL. The Association may, but shall not be obligated to, maintain or support certain activities within the Property intended to make the Property safer than they otherwise might be; provided, neither the Association, its Board of Directors, the Association's management company, nor Declarant, shall in any way be considered insurers or guarantors of security within the Property. Neither the Association, its Board of Directors, the Association's management company(s), (if any), nor Declarant shall be held liable for any loss, or damage for failure to provide adequate security or ineffectiveness of security measures undertaken.

All Owners and occupants of any Lot, and all tenants, guests, and invitees of any Owner or Declarant, acknowledge that the Association, its Board of Directors, the Association's management company(s), (if any), Declarant, any successor Declarant, and the Architectural Committee do not represent or warrant that any controlling access to any entrance, patrolling of the Property, neighborhood watch group, volunteer security patrol, or any security system designated by or installed according to guidelines established by Declarant or the Architectural Committee may not be compromised or circumvented; nor that any controlling access to any entrance, patrolling of the Property, neighborhood watch group, volunteer security patrol, or any security systems will prevent loss by burglary, theft, hold-up, or otherwise: nor that any controlling access to group, volunteer security patrol, any fire protection, system, burglar alarm system, or other security, systems will provide the detection or protection for which the system is designed or intended.

All Owners and occupants of any Lot and all tenants, guests, and invitees of any Owner or Declarant assume all risks for loss or damage to Persons, to Lots, and to the contents of Lots and no Owner, occupant, or any tenant, guest, or invitee of any Owner or Declarant relied upon any representations or warranties, expressed or implied, relative to the controlling access to

any entrance, patrolling of the Property, neighborhood watch group, volunteer security patrol, or any security systems recommended or installed or any security measures undertaken within the Property.

## ARTICLE 6

### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 6.1 Creation of Lien and Personal Obligation of Assessment. Except for Builders, each Owner of any Lot in any platted area which is a part of the Subdivision, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements; such assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made, pursuant and superior to any homestead or other exemption provided by law, which lien may be enforced by the Association and may be foreclosed in any manner provided by the laws of the State of Oklahoma for the foreclosure of mortgages or deeds of trust, with or without power of sale. Each such assessment, together with such interest, costs and reasonable attorney's fees shall be the personal obligation of the person who was the Owner of such property as the time when the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them but, nevertheless, the lien above mentioned arising by reason of such assessment shall continue to be a charge and lien upon the land as above provided.

Section 6.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of promoting the health, safety and welfare of the property owners, and, in particular, for the improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas, including, but not limited to, the maintenance of insurance thereon, repairs, replacements, and additions thereto, ad valorem and other property taxes and assessments levied thereon, for the cost of labor, equipment, materials, management and supervision thereof, and utility services for the Common Areas.

Section 6.3 Basis and Maximum of Annual Assessments. Annual assessments must be fixed at a uniform rate per Lot per class membership. The maximum annual assessment shall be no greater than [One Thousand Dollars (\$1,000.00)]. The initial assessment shall be as follows:

<u>Type of Member</u>	<u>Amount</u>
Class A	\$ 250.00 per year
Class B	\$ 0 per year

For each year following the first annual assessment, the maximum permissible annual assessment may be increased not more than twenty percent (20%) above the maximum assessment without the necessity of a vote of the membership of the Association. Said maximum annual assessment may be increased above the twenty percent (20%) limitation only by 51% of the total votes of the Members of the Association (i.e. sum of the votes of Class A Members and the votes of Class B Members), voting in person or proxy, at a meeting called for such purpose. Written notice of a meeting to increase the annual assessment, setting out the purpose of the meeting, must be sent to all members not less than ten days or more than forty days in advance of the meeting.

From and after January 1, of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment as to any or all classes of members may be increased above twenty percent by a vote of the members for the next succeeding year and at the end of such period of one (1) year, for each succeeding one (1) year; provided that, any such charge as to any class shall have the assent of one-half (1/2) of the Members of each such class, pursuant to votes cast in person or by proxy, at a meeting called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) nor more than sixty (60) days in advance of the meeting setting out the purpose of the meeting. Class B shall never pay assessments unless Declarant or its successors agree to pay assessment in writing.

After consideration of current maintenance costs and future needs of the Association, the Board of Directors of the Association may fix the annual assessment at an amount not in excess of the maximum.

**Reserves and Reserve Assessment.** The Board shall require a Reserve Assessment equal to the current annual HOA dues. This Assessment shall be collected at the closing of the purchase of a home. This Reserve Assessment shall be held in a separate account to be used for future road repairs or for any other expenses deemed necessary by the current Board. The Reserve Assessment shall be collected in like manner as regular assessments and may be the subject of a lien for those portions of the unpaid assessment.

Section 6.4 Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year, as to any or all Class A Members, except for builders, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto; provided that any such assessment as to any class shall have the assent of at least one-half (1/2) of the Members of such class or members, pursuant to votes cast in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 6.5 Uniform Rate of Assessment. Both Base and Special Assessments must be fixed at a uniform rate for Members and may be collected on an annual basis.

Section 6.6 Commencement Date of Annual Assessments. The annual

assessments provided for herein shall commence as to a Lot on the first day of the month following the conveyance of the Lot from the Declarant to an Owner/Member and issuance of a certificate of occupancy. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every Owner subject thereto. Unless otherwise provided by the Board of Directors of the Homeowner's Association all annual assessments shall be due on or before January 30th of each calendar year. Within ten (10) days after a single-family home is initially occupied by any person, whether by lease or otherwise, the Owner's thereof shall furnish written notice of commencement of such occupancy to the Association. The due dates shall be established by the Board of Directors. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on the specified Lot have been paid. A reasonable charge may be made by the Board of the issuance of these certificates. These certificates shall be conclusive evidence of the payment of any assessment therein stated to have been paid.

Declarant, as Class B Member, shall not be required to pay any assessment, after Class B converts to Class A DECLARANT shall pay no assessment on undeveloped lots it owns. Further, notwithstanding any provision herein to the contrary, Builders shall not be required to pay any assessment.

Section 6.7 Effect of Non-Payment of Assessments and Remedies. Any assessments that are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from its due date at an annual rate of one and one-half percent (1 1/2%) per month plus a late fee of \$50.00 and the Association may bring an action at law against the Owner personally obligated to pay same, and/or foreclose the lien against property as provided the laws of the State of Oklahoma for the foreclosure of a mortgage or deed of trust, with or without power of sale; and interest costs and reasonable attorneys' fees of such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his or her Lot.

Section 6.8 Subordination of Lien to Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of any first lien priority real estate mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to a decree of foreclosure under such first lien priority mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof nor shall such sale or transfer release personal liability of the Owner foreclosed.

Section 6.9 Exempt Property. The following property subject to his Declaration shall be exempt from the assessments:



- (a) All properties dedicated to and accepted by a local public authority;
- (b) The Common Areas;

Section 6.10 Change of Ownership. Any person becoming an Owner shall, within ten (10) days next following the recording of a deed reflecting such as Owner, give written notice to the Association that such person has become an Owner.

## ARTICLE 7

### EASEMENTS

7.1 Easements in Common Area. Every Owner shall have a right and non-exclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The right of the Board to adopt rules, regulations, or policies regulating the use and enjoyment of the Common Area, including rules restricting use of recreational facilities within the rules limiting the number of occupants and guests who may use the Common Area;
- (d) The right of the Board to suspend the right of an Owner to use recreational facilities within the Common Area pursuant to Section 5.5;
- (e) The right of the Board to impose reasonable membership requirements and charge reasonable membership, admission, or other fees for the use of any recreational facility situated upon the Common Area;
- (f) The right of the Board to permit use of any Common Area recreational, educational, or cultural facilities by a non-owner, their families, lessees, and guests upon payment of Board established use fees or such other basis as the Board determines;
- (g) The rights of the Board to create, enter into agreements with, grant easements to, and transfer portions of the Common Area to tax-exempt organizations.
- (h) The rights of the Association to mortgage, pledge, or hypothecate any or all of its real or personal property as security for Association obligations.

7.2 Easements of Encroachment. Declarant reserves unto itself, so long as it owns any portion of the Property, easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area and between adjacent Lots due to the unintentional placement or settling or shifting of the improvements

constructed, reconstructed, or altered thereon (in accordance with this Declaration) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing misconduct on the part of Declarant. Additionally, Declarant reserves easements of encroachment for Declarant if the encroaching item or structure was built in substantial conformity with plans approved by the appropriate Architectural Committee pursuant to Article 3.

7.3 Easements for Utilities Etc... Declarant reserves unto itself, so long as it owns any portion of the Property, and grants to the Association, an easement for the purpose of access Property to the extent reasonably necessary to install, replace, repair, and maintain cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, trails, greenbelts, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity. Declarant and/or the Association may assign these rights to any local utility supplier, cable company, security company, or other company providing a service or utility to WAGON TRAIL, subject to the limitations herein. This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under, or through any existing dwelling on a Lot, and any damage to a Lot resulting from the exercise of this easement shall promptly be repaired by, and at the expense of the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant. Declarant specifically grants to the local utility suppliers easements across the Property for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes, however, the exercise of this easement shall not extend to permitting entry into any Lot, nor shall any utilities be installed or relocated on the Property, except as approved by the Board or Declarant.

7.4 Easements for Cross-Drainage. Every Lot and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Property, PROVIDED, no Person shall alter the natural drainage on any Lot to materially increase the drainage of storm water onto adjacent portions of the Property without the consent of the Owner(s) of the affected property, the Board, and Declarant as long as it owns any portion of the Property.

7.5 Right of Entry. The Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association, to enter all portions of the Property, including each and every Lot, for emergency, security, and safety reasons. Such right may be exercised by the authorized agents of the Association, its Board, officers, or committees, and by all Police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in emergencies, entry onto a Lot shall be only during reasonable hours and after notice to and permission from the Owner thereof. This easement includes the right to enter any dwelling on any Lot to cure any condition which increases the risk of fire or other hazard if an Owner fails or if requested by the Board, but does not authorize entry into any Lot without permission of the Owner, except by emergency personnel acting in their official capacities. Public providers of emergency services shall have access to Lots in an

emergency as provided by state law and, if applicable, by the City of STILLWATER, Oklahoma operating policies.

7.6 Easements for Maintenance and Enforcement. Authorized agents of the Association shall have the right, and a perpetual easement is hereby granted to the Association, to enter all portions of the Property, including each Lot to (a) Perform its maintenance responsibilities under Article 5, and (b) make inspections to ensure compliance with the Governing Documents. Except in emergencies, entry onto a Lot shall be only during reasonable hours and after notice to and permission from the Owner. This easement shall be exercised with a minimum of interference. Any damage caused by the Association shall be repaired by the Association at its expense. The Association also may enter a Lot to abate or remove (using such measures as may be reasonably necessary), any structures, things or conditions which violate the Governing Documents.

7.7 Rights to Storm Water Runoff, Effluent, and Water Reclamation. Declarant hereby reserves for itself and its designees all rights to around water, surface water, storm water runoff, and effluent located or produced within the Property. Such rights shall include an easement over the Property for access to and for installation and maintenance of facilities and equipment to capture and transport such water, runoff, and effluent. This Section may not be amended without the consent of Declarant or its successor, and the rights created in this Section shall survive termination of this Declaration. The Property is hereby burdened with a non-exclusive easement in favor of the Association for over spray of water from any irrigation system serving the Area of Common Responsibility. The Association may use treated effluent to irrigate any Area of Common Responsibility. The Association shall not be held liable for any damage or injury resulting from such over spray or the exercise of this easement.

7.8 Easement for Use of Private Streets. Declarant hereby creates a perpetual, nonexclusive easement for access, ingress, and egress over the private Streets within the Common Area, for law enforcement, firefighting, paramedic, rescue, and other emergency vehicles, equipment, and personnel; for school buses; for U.S. Postal Service delivery vehicles and personnel; private delivery or courier services; and for vehicles, equipment, and personnel providing garbage collection service to such Persons to enter the Property except while acting in their official capacities, unless such persons are acting in or under emergency conditions to protect the safety and health of any person and/or protect and preserve the Property and any improvements made upon the Property.

## ARTICLE 8

### GENERAL PROVISIONS

8.1 Dispute Resolution. Declarant, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Property, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that grievances, or disputes' described in this Section ("Claims") shall be resolved using alternative dispute resolution procedures in lieu of filing suit in any court.

8.1.1 Claims. Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application, or enforcement of the Governing Documents, or the rights, obligations, and duties of any Bound Party under the Governing Documents or relating to the design of construction of improvements on the Property shall be subject to the provisions of Section 8.1.2.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 8.1.2:

- (a) Any suit by the Association to enforce the provisions of Article 6;
- (b) Any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article 3 and Article 4;
- (c) Any suit between Declarant, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- (d) Any suit in which any indispensable party is not a Bound Party; and
- (e) Any suit as to which any-applicable statute of limitations would expire within one hundred eighty (180) days of giving the Notice required by Section 8.1.2.1 unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 8.1.2.

#### 8.1.2 Mandatory Procedures.

8.1.2.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing and provide a copy to the Board (the "Notice"), stating plainly and concisely:

- (a) The nature of the Claim, including the Persons involved and Respondent's role;
- (b) The legal basis of the Claim (i.e., the specific authority out of which the Claim arises);



- (c) The Claimant's proposed remedy; and
- (d) That the Claimant will meet with Respondent to discuss in good faith ways to resolve the claim.

#### 8.1.2.2 Negotiation and Mediation.

- (a) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.
- (b) If the Parties do not resolve the Claim Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), the Claimant shall have thirty (30) additional days to submit the Claim to such entity as is designated by the Association for mediating claims or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Edmond, Oklahoma area.
- (c) If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, the Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to the Claimant on account of such claim; PROVIDED nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.
- (d) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not Settle the Claim within thirty (30) days after submission of the matter to the mediation, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

The Claimant shall thereafter be entitled to sue in any court of competent jurisdiction or to initiate proceedings before any appropriate administrative tribunal on the Claim. Each Party shall bear its own costs of the mediation, including attorney's fees, and each Party shall share equally all charges rendered by the mediator.

8.1.3 Enforcement of Resolution. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 8.1.2 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or agreement without the need to again comply with the procedures

set forth in Section 8.1.2. In such event, the Party taking action to enforce the agreement or award shall be entitled to recover from the noncomplying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or award, including, without limitation, attorney's fees and court Costs.

8.2 Protection of Mortgages. The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Lots in WAGON TRAIL.

8.2.1 Notices of Action. An institutional holder, insurer, or promoter, of a first Mortgage who provides a written request to the Association state the name and address of such holder, insurer, or promoter, and the street address of the Lot to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss which acts a material portion of the community or which acts any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;
- (b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency be continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Lot or the Owner or Occupant which is not cured within sixty (60) days; and
- (c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

8.2.2 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

8.2.3 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

8.3 Condemnation. Whenever any part of the Common Area is taken or conveyed under threat of condemnation by any authority having the power of eminent domain, each Owner shall be entitled to notice thereof. The Board may convey Common Area under threat of condemnation only if approved in writing by Members representing at least sixty-seven percent (67%) of the Members in the Association and Declarant, as long as Declarant owns any portion of the Property.

The award made for such taking shall be payable to the Association as trustee for the

Declarant to be disbursed as follows:

(a) If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent practicable, unless within sixty 60 days after such taking Declarant (so long as Declarant owns any portion of the Property or has the unilateral right to annex property) and Members representing at least sixty-seven percent (67%) of the Members in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board.

(b) If the taking does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine in its sole and absolute discretion.

8.4 No Partition. Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for partition of the whole or any part thereof without the written consent of all Declarant, Mortgagees, and Declarant, if Declarant still owns any portion of the Property.

8.5 Dedication of Common Area. The Association may dedicate or grant easements over portions of the Common Area to any local, state, or federal governmental entity.

8.6 Subordination of Mortgage. Mortgagee joins herein for the purpose of assenting to and subordinating the Mortgage to the legal operation and effect of this Declaration, reserving, however, the lien and effect of the Mortgage on the easements, reservations, rights and benefits reserved and retained by the Declarant herein.

8.7 Severance. If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase or word, or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provisions, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

8.8 Failure to Enforce is Not Waiver. No provision contained in this Declaration or the Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the number violations or breaches which may occur.

8.9 Captions. The captions herein are inserted only as a matter of convenience, and for reference, and in no way define, limit or describe the scope of this Declaration or exhibits or the intent of any provision hereof.

8.10 Gender. The use of the masculine gender in this Declaration shall be deemed to

refer to the feminine or neuter gender, and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

8.11 Attorney's Fees. In the event an action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from the other party thereto, as part of the judgment, reasonable attorney's fees, and costs of such suit. In the event the Association is a prevailing party in such action, the amount of such attorney's fees and costs shall be a special assessment with respect to the Lot involved in the action.

## ARTICLE 9

### DURATION AND AMENDMENT OF DECLARATION

9.1 Duration. Unless terminated as provided below, this Declaration shall have perpetual duration and shall run with the land and be binding on and shall inure to the benefit of all parties having any right, title, or interest in any Lot within the Property, or any part thereof and their heirs successors and assigns.

This Declaration may be terminated within thirty (30) years of the date of recording by consent of all Owners. After thirty (30) years from the date of recording this Declaration may be terminated by an instrument signed by the owners of a majority of the Lots within the Addition.

9.2 Amendment by Declarant. Notwithstanding anything else contained herein to the contrary, so long as Declarant owns one (1) Lot, Declarant may unilaterally amend this Declaration for any purpose, without having to first (1) give notice to, or (2) obtain the consent of the Members, the Board, the Association, or any owners.

9.3 Except as otherwise provided in Section 9.2 above, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, representing seventy-five percent (75%) of the Members, including Declarant, to the extent it owns Lots. Notwithstanding the above, the percentage of votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

9.4 Validity and Effective Date of Amendments. Amendments to this Declaration shall become effective upon recordation in the Official Records unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within three (3) months of its recordation or such amendment shall be presumed to have been validly adopted. A change of conditions or circumstances shall not operate to amend any provisions of this Declaration. If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment may remove, revoke, or modify any Declarant, or the assignee of such right or privilege, as long as Declarant owns any portion of the Property or has the unilateral right to annex property.



## ARTICLE 10

### FUTURE ADDITIONS

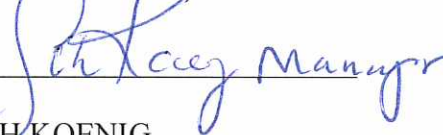
10.1 Future Additions. Although this Declaration includes only the real property described on attached Exhibit "A", the Declarant may desire to develop additional areas which may be complementary in concept to this Declaration and which additional areas will provide additional Declarant as a Member of the Association. The Declarant, its successors and assigns shall have the right to bring within the concept of this Declaration real, property in the vicinity of WAGON TRAIL, as described on Exhibit "A".

Any additions authorized under this Article shall be made by filing of record a Supplementary Declaration of Covenants, Conditions and Restrictions, herein called a "Supplementary Declaration" with respect to the additional property, which shall extend the concept of the covenants and restrictions of this Declaration to such property. Such Supplementary Declaration may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties, provided they are not inconsistent with the concept of this Declaration.

IN WITNESS WHEREOF, the undersigned have executed this Declaration as of the dates indicated below by each party's own respective notarial attestation.

**"DECLARANT"**

**AR DEVELOPMENT, LLC**

  
\_\_\_\_\_

By: SETH KOENIG





## EXHIBIT B

### Building restriction highlights:

2. Minimum of 6/12 roof pitch for main roof areas as per Article 3 section 3.5 b.
3. Pier on grade beam foundation is approved.
4. Footing and stem wall foundations, monolithic, and post-tension foundations are also approved.
5. Shingles shall be composite.
6. 1,000 square foot minimum with 60% of living space on the bottom floor in all residences as per Article 3 section 3.5 b.
7. The exterior materials of homes may consist of multiple product styles and materials, which must receive prior approval by the design/architectural committee.
8. 2-car garage minimum preferred, 1-car garage allowed.
9. Fencing shall be stockade style, black powder coated chain link, or iron unless written approval from the Architectural Committee is given as per Article 3 section 3.5 h.
10. All swimming pools must be approved by the architectural committee as per Article 3 section 3.5 r.
11. All outbuildings or storage sheds must be approved before being placed on the Lot as per Article 3 section 3.5 q.
12. All site built out buildings must be no larger than 2,000 square feet and must be approved by the Architectural Committee as per Article 3 section 3.5 q.



**EXHIBIT "C"**

**BYLAWS OF WAGON TRAIL HOMEOWNERS ASSOCIATION, INC.**

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## BYLAWS OF WAGON TRAIL HOMEOWNERS ASSOCIATION, INC.

### Article 1 Name, Principal Office, and Definitions

**1.1 Name.** The name of the corporation is WAGON TRAIL Homeowners Association, Inc. (the "Association").

**1.2 Principal Office.** The principal office of the Association shall be located either within or outside the State of Oklahoma, as the Board of Directors may determine or as the affairs of the Association may require.

**1.3 Definitions.** The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Recorded Declaration of Covenants, Conditions, and Restrictions for WAGON TRAIL Homeowners Association as it may be amended (the "Declaration"), unless the context indicates otherwise.

### Article 2 Association Membership, Meetings, Quorum, Voting, Proxies

**2.1 Membership.** The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration and incorporated herein by this reference.

**2.2 Place of Meetings.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate.

**2.3 Annual Meetings.** The first meeting of the Association, whether a regular or special meeting, shall be held at such time as in the sole discretion of the Declarant that sufficient Lots are owner-occupied as to warrant an Association meeting. Meetings shall be of Members and, if required by law, shall be open to all Members. Subsequent regular annual meetings shall be set by the Board to occur during the third quarter of the Association's fiscal year on a date and at a time set by the Board.

**2.4 Special Meetings.** Subject to the Declarant's discretion, the President may call special meetings. In addition, it shall be the duty of the President, subject to Declarant approval, to call a special meeting if so directed by resolution of the Board, upon a petition signed by Members representing at least 25% of the total Class "A" votes of the Association.

**2.5 Notice of Meetings.** Written or printed notice stating the place, day, and hour of any meeting of Members shall be posted at each entrance to WAGON TRAIL or delivered, either personally or by mail, to each Member entitled to vote at such meeting, and, if required by law, to all Members not less than 10 nor more than 60 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered three days after deposit in the United States mail addressed to the Member at such Member's address as it appears on the records of the Association, with postage prepaid. If posted, the notice of a meeting shall be deemed delivered three days after such notice is posted at each entrance to WAGON TRAIL.

**2.6 Waiver of Notice.** Waiver of notice of a meeting of Members shall be deemed the equivalent of proper notice. Any Member may waive, in writing, notice of any meeting of Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall be deemed a waiver of notice of all business transacted at such meeting, unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

**2.7 Adjournment of Meetings.** If any meeting of the Association cannot be held because a quorum is not present, a majority of Members who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

**2.8 Voting.** The voting rights of the Members shall be as set forth in the Declaration and in these Bylaws, and such voting rights provisions in the Declaration are specifically incorporated herein by this reference.

**2.9 Proxies.** On any matter as to which a Member is entitled personally to cast the vote for a Lot, such vote may be cast in person, by written ballot, or by proxy, subject to the limitations of Oklahoma law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these Bylaws.

Every proxy shall be in writing specifying the Lot for which it is given, signed by the Member or such Member's duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. If such proxies have not been properly completed or returned in a timely fashion to the Secretary and a Member or such Member's duly authorized attorney-in-fact does not personally appear at a meeting, the vote of



the Member shall be deemed to have been given to the Declarant for quorum and voting purposes. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast. In the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid; however, such conflicting proxies shall be counted for purposes of determining the presence of a quorum.

Every proxy shall be revocable and shall automatically cease upon: (a) conveyance of any Lot for which it was given; (b) receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person; or (c) on the date specified in the proxy.

**2.10 Majority.** As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate, totaling more than 50% of the total eligible number thereof.

**2.11 Quorum.** Except as otherwise provided in these Bylaws or in the Declaration, the presence of Members representing a majority of the total Class "A" votes in the Association shall constitute a quorum at all meetings of the Association. Any Member or their duly authorized attorney-in-fact not personally present at a meeting and who has not properly completed or returned their proxy in a timely fashion to the Secretary shall be deemed to have given to the Declarant the vote of such Member for quorum and voting purposes.

**2.12 Conduct of Meetings.** The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

**2.13 Action Without a Meeting.** Any action required or permitted by law to be taken at a meeting of Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Members entitled to vote thereon were present. Such consents shall be signed within 60 days after receipt of the earliest dated consent, dated and delivered to the Association. Such consents shall be filed with the minutes of the Association and shall have the same force and effect as a vote of Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give notice to all Members entitled to vote who did not give their consent, fairly summarizing the material features of the authorized action.

## **Article 3 Board of Directors: Number, Powers, Meetings**

### **A. COMPOSITION AND SELECTION.**

**3.1 Governing Body; Composition.** The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Members or residents; provided, however, no Owner

and resident representing the same Lot may serve on the Board at the same time. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Lot within \_\_\_\_\_. In the case of a Member which is not a natural person, any officer, director, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

**3.2 Number of Directors.** The Board shall consist of no less than three or more than nine directors, as provided in Articles 3.3 and 3.5 below. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

**3.3 Directors During Class "B" Control Period.** Subject to the provisions of Article 3.5, the directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

- (a) when the Class B Control Period should cease; or
- (b) when, in its discretion, the Class "B" Member so determines.

**3.4 Nomination and Election Procedures.**

(1) Nominations and Declarations of Candidacy. Prior to each Member election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any position to be filled by Class "A" votes. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner.

Except with respect to directors selected by the Class "B" Member, nominations for election to the Board may also be made by a Nominating Committee. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three or more Members or representatives of Members. The members of the Nominating Committee shall be appointed by the Board not less than 30 days prior to each annual meeting to serve a term of one year and until their successors are appointed, and such appointment shall be announced in the notice of each election.

The Nominating Committee may make as many nominations for election to the Board as it shall, in its discretion, determine. The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Class "A" votes. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates.

Each candidate shall be given a reasonable, uniform opportunity to communicate qualifications to the Members and to solicit votes.

(2) Election Procedures. Each Member may cast all votes assigned to the Lots which such Member represents for each position to be filled from the slate of candidates on which such Member is entitled to vote. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

**3.5 Election and Term of Office.** Notwithstanding any other provision of these Bylaws:

(1) During the Class "B" Control Period, the Declarant shall have the right in its sole discretion to appoint each member of the Board. The Declarant may, but shall not be required to, appoint a resident Owner to the Board during the Class "B" Control Period. The fact that the Declarant has in the past appointed a resident Owner to the Board shall not require the Declarant to continue with such appointments.

(2) After termination of the Class "B" Control Period, the Class "B" Member shall be entitled to appoint one director, unless the Declarant waives such right in a Recorded instrument. Such director shall be elected for a term of two years and shall not be subject to removal by the Members. Upon the sole discretion of the Class B Member, the Class B Member appointee may resign, their position to be filled by the Members at the next election of directors. Within 90 days after termination of the Class "B" Control Period, an election shall be held. The directors elected by the Members shall serve staggered terms.

Upon the expiration of the term of office of each director elected by Members, Members entitled to elect such director shall be entitled to elect a successor to serve a term of two years. The directors elected by Members shall hold office until their respective successors have been elected.

**3.6 Removal of Directors and Vacancies.** Any director elected by Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by Members who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time Members entitled to fill such directorship may elect a successor for the remainder of the term.

This Article shall not apply to directors appointed by the Class "B" Member. The Class

"B" Member shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Class "B" Member.

## **B. MEETINGS.**

**3.7 Organizational Meetings.** The first meeting of the Board following each annual meeting of the membership shall be held within 10 days thereafter at such time and place the Board shall fix.

**3.8 Regular Meetings.** Regular meetings of the Board may be held at such time and place a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter. Notice of the time and place of a regular meeting shall be communicated to directors not less than four 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.

**3.9 Special Meetings.** Special meetings of the Board shall be held when called by written notice signed by the President or Vice President or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) facsimile, computer, fiber optics or such other communication device. All such notices shall be given at the director's telephone number, fax number, electronic mail number, or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least seven business days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

**3.10 Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

**3.11 Telephonic Participation in Meetings.** Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subArticle shall constitute presence in person at such meeting.

**3.12 Quorum of Board.** At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise



specifically provided in these Bylaws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

**3.13 Compensation.** Directors shall not receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total Class "A" votes in the Association at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

**3.14 Conduct of Meetings.** The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

**3.15 Notice to Owners; Open Meetings.** Except in an emergency, notice of the time and place of Board meetings shall be posted at least 48 hours in advance of the meeting at a conspicuous place within WAGON TRAIL which the Board establishes for the posting of notices relating to the Association. Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment. Subject to the provisions of Article 3.16, all meetings of the Board shall be open to all Members and, if required by law, all Owners, but attendees other than directors may not participate in any discussion or deliberation unless permission to speak is authorized by a vote of the majority of a quorum of the Board. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than directors, to discuss any or all of the following:

- (a) employment or personnel matters for employees of the Association;
- (b) legal advice from an attorney retained for the Board or the Association;
- (c) pending or contemplated litigation; or
- (d) pending or contemplated matters relating to enforcement of the Governing Documents.

**3.16 Action Without a Formal Meeting.** Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

## C. POWERS AND DUTIES.

**3.17 Powers.** The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these Bylaws, the Articles, and as provided by law. The Board may do or cause to be done all acts and things which the Declaration, Articles, these Bylaws, or Oklahoma laws do not direct to be done and exercised exclusively by Members or the membership generally.

**3.18 Duties.** After the Class B Control Period, the duties of the Board shall include, without limitation:

- (1) preparing and adopting, in accordance with the Declaration, an annual budget and establishing each Owner's share of the Common Expenses;
- (2) providing for the operation, care, upkeep, and maintenance of the Common Area;
- (3) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (4) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the Board's best business judgment, in depositories other than banks;
- (5) making and amending use restrictions and rules in accordance with the Declaration;
- (6) opening of bank accounts on behalf of the Association and designating the signatories required;
- (7) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these Bylaws;
- (8) enforcing the provisions of the Declaration, these Bylaws, and the rules adopted pursuant thereto and bringing any legal proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action;
- (9) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;
- (10) paying the cost of all services rendered to the Association;
- (11) keeping books with detailed accounts of the receipts and expenditures of the Association;
- (12) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties;
- (13) indemnifying a director, officer or committee member, or former director, officer, or committee member of the Association to the extent such indemnity is authorized by Oklahoma law, the Articles of Incorporation, or the Declaration;
- (14) assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration;

**3.19 Right of Class "B" Member to Disapprove Actions.** So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which, in the sole judgment of the Class "B" Member, would tend to impair rights of Declarant or Builders under the Governing Documents, or interfere with development or construction of any portion of WAGON TRAIL, or diminish the level of services being provided by the Association.

**(1) Notice.** The Class "B" Member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Articles 3.8, 3.9, 3.10, and 3.11 and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth with reasonable particularity the agenda to be followed at such meeting.

**(2) Opportunity To Be Heard.** The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of sub Articles (1) and (2) above have been met.

The Class "B" Member, through its representatives or agents, shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, the Board, or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

**3.20 Management.** The Board may employ for the Association a professional manager agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The manager may be a corporation or an individual. The Board may delegate such powers as are necessary to perform the manager's assigned duties but shall not delegate policymaking authority or those duties set forth in Articles 3.18(1), 3.18(2), 3.18(5)-(6), 3.18(8) and 3.18(13)-(14). Declarant or an affiliate of Declarant may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on behalf of the Board

on all matters relating to the duties of the manager, if any, which might arise between meetings of the Board.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Class "B" Control Period unless such contract contains a right of termination exercisable by the Association, with or without cause and without penalty, at any time after termination of the Class "B" Control Period upon not more than 90 days' written notice.

**3.21 Accounts and Reports.** Following the Class B Control Period, the following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(1) cash accounting, as defined by generally accepted accounting principles, shall be employed;

(2) accounting and controls should conform to generally accepted accounting principles;

(3) cash accounts of the Association shall not be commingled with any other accounts;

(4) no remuneration shall be accepted by the manager from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;

(5) any financial or other interest which the manager may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(6) commencing at the end of the quarter in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(7) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor, or insurer of any first Mortgage on a Lot, the Association shall provide an audited financial statement.

**3.22 Borrowing.** The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Member approval in the same manner provided in Section 8.4 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making



discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 10% of the budgeted gross expenses of the Association for that fiscal year. During the Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Members representing at least 51% of the total Class "A" votes in the Association.

**3.23 Right To Contract.** The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, and other owners or residents associations, within and outside the Properties. Any common management agreement shall require the consent of an absolute majority of the Board.

**3.24 Enforcement.** The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation of any duty imposed under WAGON TRAIL Homeowners Association Governing Documents. In the event that any occupant, tenant, employee, guest, or invitee of a Lot violates the Declaration, Bylaws, or a rule and a fine is imposed, the fine shall first be assessed against the occupant; Provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association.

The Association shall not be obligated to take any enforcement action if the Board reasonably determines that the Association's position is not strong enough to justify taking such action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction, or rule.

The Association, by contract or other agreement, may, but shall not be obligated to, enforce applicable city and county ordinances, if applicable, and may, but shall not be obligated to, permit PAYNE County or the City of STILLWATER to enforce ordinances within the Properties for the benefit of the Association and its Members.

In conducting the business of the Association, the Board, at all times, shall act within the scope of WAGON TRAIL Homeowners Association Governing Documents and in good faith to further the legitimate interests of the Association and its Members. In fulfilling its governance responsibilities, the Board shall limit its actions to those reasonably related to the Association's purposes; those reasonably related to or within the Association's powers, as provided by WAGON TRAIL Homeowners Association Governing Documents and as provided by the laws of the State of Oklahoma; and those that are reasonable in scope. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in WAGON TRAIL Homeowners Association Governing Documents.

**(1) Notice.** Prior to imposition of any sanction hereunder or under the Declaration, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing to the Board or the

Covenants Committee, if one has been appointed pursuant to Article 5; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided that the Board or Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

**(2) Hearing.** If a hearing is requested within the allotted 10-day period, the hearing shall be held before the Covenants Committee, or if none has been appointed, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice 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 Person, who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

**(3) Appeal.** Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To exercise this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within 10 days after the hearing date.

**(4) Additional Enforcement Rights.** Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration, these Bylaws, or the rules of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or, following compliance with the dispute resolution procedures set forth in Section 12 of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Lot for purposes of exercising this power of self-help shall not be deemed a trespass.

## **Article 4 Officers**

**4.1 Officers.** The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

**4.2 Election and Term of Office.** The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of Members, to serve until their

successors are elected.

**4.3 Removal and Vacancies.** The Board may remove any officer whenever in the Board's judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

**4.4 Powers and Duties.** The officers of the Association each shall have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, manager, or both.

**4.5 Resignation.** Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc.** All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

**4.7 Compensation.** Compensation of officers shall be subject to the same limitations as compensation of directors under Article 3.13.

## Article 5 Committees

**5.1 General.** The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

**5.2 Covenants Committee.** In addition to any other committees which the Board may establish pursuant to Article 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Members. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Article 3.24 of these Bylaws.

## Article 6 Miscellaneous

**6.1 Fiscal Year.** The fiscal year of the Association shall be a calendar year, unless the Board establishes a different fiscal year by resolution.

**6.2 Parliamentary Rules.** Except as may be modified by Board resolution, Robert's Rules of

Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Oklahoma law, the Articles of Incorporation, the Declaration, or these Bylaws.

**6.3 Conflicts.** If there are conflicts among the provisions of Oklahoma law, the Articles of Incorporation, the Declaration, and these Bylaws, the provisions of Oklahoma law (unless displaceable by the Governing Documents), the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

#### **6.4 Books and Records.**

**(1) Inspection by Members and Mortgagees.** The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Lot, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Lot: the Declaration, Bylaws, and Articles of Incorporation, including any amendments, the rules of the Association, the membership register, books of account, including financial records, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Properties as the Board shall designate.

**(2) Rules for Inspection.** The Board shall establish rules with respect to: (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing documents requested.

**(3) 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 a copy of relevant documents at the expense of the Association.

**(4) Exceptions to Inspection Requirement.** Notwithstanding any provision to the contrary, the Board shall not be required to make available for inspection any portion of any book or record which relates to any of the following:

- (i) personnel matters or a person's medical records;
- (ii) communication between an attorney for the Association and the Association;
- (iii) pending or contemplated litigation;
- (iv) pending or contemplated matters relating to enforcement of the Governing Documents; or
- (v) meeting minutes or other records of a session of a Board or Association meeting that is not required by law to be open to all Members.

In addition, the Board shall not be required to disclose or make available for inspection any financial or other records of the Association if disclosure would violate local, state, or federal law.

**6.5 Notices.** Except as otherwise provided in the Declaration or these Bylaws, all notices, demands, bills, statements, or other communications under the Declaration or these Bylaws shall be in writing and shall be deemed to have been duly given if posted at each entrance to WAGON TRAIL, delivered personally, or if sent by United States mail, first class postage prepaid:

- (1) if to a Member or Member, at the address which the Member or Member has designated in



writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member or Member;

(2) if to the Association, the Board, or the manager, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Article; or

(3) if to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this Article.

## **6.6 Amendment.**

**(1) By Class "B" Member.** Prior to termination of the Class "B" Control Period, the Class "B" Member may unilaterally amend these Bylaws. Thereafter, the Class "B" Member may unilaterally amend these Bylaws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Lots.

**(2) By Members Generally.** Except as provided above and Oklahoma law, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 51% of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists. In addition, the approval requirements set forth in Section 13 of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

**(3) Validity and Effective Date of Amendments.** Amendments to these Bylaws shall become effective upon Recordation unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its Recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

No amendment may remove, revoke, or modify any right or privilege of Declarant or the Class "B" Member without the written consent of Declarant, the Class "B" Member, or the assignee of such right or privilege.

## **CERTIFICATION**

I, the undersigned, do hereby certify: I am a managing member of WAGON TRAIL Homeowners Association, Inc., an Oklahoma corporation; the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 30th day of July, 2021.

IN WITNESS WHEREOF, I have hereunto subscribed my name as representative of the



