

22 00070

AFTER RECORDING RETURN TO:  
Winstead PC  
401 Congress Ave., Suite 2100  
Austin, Texas 78701



**LAGO HOMEOWNERS ASSOCIATION, INC.**

**SUPPLEMENTAL POLICIES AND RULES**  
**ADOPTED PURSUANT TO THE 2021 LEGISLATIVE SESSION**

Cross-reference to that certain Declaration of Covenants, Conditions and Restrictions FOR Lago Escondido, recorded in Volume 1397, Pages 1-58, in the public records of Llano County, Texas.

These policies and rules amend and supplement all previously adopted dedicatory instruments, governing documents, rules, and resolutions. In the event of a conflict, these rules shall prevail; however, where there is no conflict, these rules merely supplement and complement the existing covenants, restrictions, and rules for the Association.

**LAGO HOMEOWNERS ASSOCIATION, INC.**  
**SUPPLEMENTAL POLICIES AND RULES**  
**ADOPTED PURSUANT TO THE 2021 REGULAR TEXAS LEGISLATIVE SESSION**

**TABLE OF CONTENTS**

1. COVENANT VIOLATION HEARING PROCEDURES
2. ARCHITECTURAL REVIEW SUPPLEMENTAL POLICY
3. BOARD OF DIRECTOR MEETING NOTICE REQUIREMENTS
4. SERVICE CONTRACT BID PROCEDURES
5. POOL ENCLOSURES AND SECURITY MEASURES POLICY
6. ASSESSMENT COLLECTION – DELINQUENCY CURE DEADLINES
7. RELIGIOUS DISPLAY POLICY
8. STATUTORY NOTICE OF POSTING AND RECORDATION OF DOCUMENTS

PLEASE NOTE THAT THESE POLICIES AND RULES ARE NOT ALL OF THE RESTRICTIONS, RULES, OR POLICIES FOR THE ASSOCIATION. THE POLICIES AND PROCEDURES IN THIS DOCUMENT HAVE BEEN ADOPTED TO COMPLY WITH LEGISLATIVE CHANGES MADE DURING THE 2021 REGULAR SESSION OF THE TEXAS LEGISLATURE.

THESE POLICIES AND RULES SUPPLEMENT THE ASSOCIATION'S EXISTING RULES TO INCORPORATE MANDATORY LEGISLATIVE CHANGES. HOWEVER, IN THE EVENT THESE POLICIES AND RULES CONFLICT WITH A PREVIOUSLY RECORDED DEDICATORY INSTRUMENT, THESE POLICIES AND RULES SHALL CONTROL.

TAB 1

LAGO HOMEOWNERS ASSOCIATION, INC.

COVENANT VIOLATION HEARING POLICY

**Background.** Section 209.007 of the Property Code has been amended to require the Association to produce information and documentation it intends to introduce at any covenant or rule violation hearing. This policy may be amended by the Board of Directors.

1. **Applicability.** This policy only applies to restrictive covenant violation hearings. Architectural denial hearings are subject to the Association's Architectural Review Hearing Procedures Policy set forth herein.
2. **Hearing.** If an owner receives a covenant or rule violation notice from the Association and the owner is entitled to an opportunity to cure the violation, then the owner has the right to submit a written request for a hearing before the Board of Directors to discuss and verify facts and resolve the matter in issue.
3. **Written Request Required.** The written request for a hearing must be submitted to the Board before the 30th day after the date the violation notice was mailed to the owner.
4. **Hearing Scheduling.** The Board shall hold a hearing not later than the 30th day after the date it receives the owner's request for a hearing. The Board or the owner may request a postponement, and if it is the first request, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by the agreement of the parties.
5. **Hearing Notice.** At least ten (10) days before the hearing, the Association shall notify the owner of the date, time, and place of the hearing and provide all documents, photographs, and communications the Association intends to introduce at the hearing. If the Association fails to provide the packet at least ten (10) days before the hearing, the owner is entitled to an automatic fifteen (15) day postponement.
6. **Hearing Procedure.** During the hearing, a member of the Board, or the Association's designated representative, shall first present the Association's case against the owner. Next, the owner, or the owner's designated representative, shall be entitled to present the owner's information and issues relevant to the appeal or dispute. The procedure for the hearing is described in **Exhibit A**, attached hereto.

7. **Audio Recording Permitted.** The owner or the Association may make an audio recording of the meeting. Disclosure of any intent to record shall be made before the hearing begins.

## EXHIBIT A

### PROCEDURE FOR THE HEARING BEFORE THE BOARD

#### **I. Introduction**

**Association Rep:** The Board of Directors has convened to conduct a hearing at the written request of an owner.

This hearing is being conducted as required by Section 209.007 of the Texas Property Code, and is an opportunity for the Association and the owner to discuss and verify facts and attempt to resolve the matter at issue. If no resolution is reached during the hearing, the Association will communicate its decision in writing within fifteen (15) days.

#### **II. Presentation of Facts**

**Association Rep:** This portion of the hearing is to permit a representative of the Association the opportunity to describe the violation and to present any information the Association wishes to offer. After the Association's representative has finished the presentation, the owner or any representative will be given the opportunity to present information and issues relevant to the appeal or dispute.

[Presentations]

#### **III. Discussion**

**Association Rep:** This portion of the hearing is to permit the Board and the owner to discuss matters relevant to the violation.

#### **IV. Resolution**

**Association Rep:** [Announce any agreement or resolution or state that the Board will take the matter under advisement]

#### **V. Adjournment**

**Association Rep:** At this time the hearing is adjourned.

TAB 2

LAGO HOMEOWNERS ASSOCIATION, INC.

ARCHITECTURAL REVIEW POLICY  
[REVIEWER ELIGIBILITY, NOTICE, AND HEARING REQUIREMENTS]

**Background.** Section 209.00505 of the Property Code has been amended to: (1) restrict who may serve as an architectural reviewer; (2) require specific notice of a denial to be provided by the Association; and (3) establish an owner's right to a hearing to discuss the denial. This policy supplements the Association's existing rules to incorporate the legislative changes and may be amended by the Board of Directors.

1. **Architectural Review Eligibility.** A person may not be appointed or elected to serve on an architectural review authority if the person is: (a) a current Board member; (b) a current Board member's spouse; or (c) a person residing in a current Board member's household.
2. **Denial Information.** Written notice of a denial must be provided to the owner by certified mail, hand delivery, or electronic delivery. The notice must: (a) describe the basis for the denial in reasonable detail and changes, if any, to the application or improvements required as a condition to approval; and (b) inform the owner that the owner may request a hearing before the Board of Directors by providing the request on or before the 30th day after the date the notice was mailed.
3. **Appeal to the Board of Directors.** A decision by the architectural review authority denying an application or request by an owner for the construction of improvements in the subdivision may be appealed to the Board of Directors. The Board shall hold a hearing not later than the 30th day after the date the Board receives the owner's request for a hearing and shall notify the owner of the date, time, and place of the hearing at least ten (10) days before the date of the hearing.
4. **Hearing Procedures.** During a hearing, the Board or the designated representative of the Association and the owner or the owner's designated representative will each be provided with the opportunity to: (a) discuss and verify facts; (b) resolve the denial of the owner's application or request for the construction of improvements; and (c) discuss and address changes, if any, requested by the architectural review authority in the notice provided to the owner. The Board or the owner may request a postponement for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The Board or the owner may make an audio recording of the meeting, and the Board may affirm, modify, or reverse, in whole or in part, any decision of the architectural review authority as consistent with the Association's governing documents. Recording of the hearing by either party

shall be disclosed before the hearing begins. The hearing will be conducted in accordance with the procedures set forth in Exhibit A.

## EXHIBIT A

### PROCEDURE FOR THE APPEAL OF AN ARCHITECTURAL DENIAL

**I. Introduction:**

**Association Rep:** The Board has convened to conduct a hearing for the appeal of the denial of a request for architectural approval

This hearing is being conducted as required by Section 209.00505 of the Texas Property Code and is an opportunity for the Board and the owner to discuss and verify facts and attempt to resolve the matter at issue. If no resolution is reached during the hearing, the Board will communicate its decision in writing within fifteen (15) days.

**II. Presentation of Facts:**

**Association Rep:** This portion of the hearing is to permit a representative of the Association the opportunity to describe the architectural approval request and the related denial, and to present any information the Association wishes to offer. After the Association's representative has finished, the owner or any representative will be given the opportunity to present information and issues relevant to the appeal.

[Presentations]

**III. Discussion:**

**Association Rep:** This portion of the hearing is to permit the Board and the owner to discuss matters relevant to the matter.

**IV. Resolution:**

**Association Rep:** [Announce any agreement or resolution or state that the Board will take the matter under advisement]

**V. Adjournment**

**Association Rep:** At this time the hearing is adjourned.



TAB 3

LAGO HOMEOWNERS ASSOCIATION, INC.

BOARD MEETING NOTICE REQUIREMENTS

**Background.** Section 209.0051 of the Property Code has been amended to extend the notice period for regular meetings of the Board of Directors and to eliminate the ability of the Board to approve the Association's annual budget without an open Board meeting.

1. **Board Meetings.** The term "Board meeting" means a deliberation between a quorum of the Association's Directors during which the Association's business is considered, and the Board takes formal action.
2. **Board Meeting Notice Content Requirements.** Members shall be given notice of the date, hour, place, and general subject of a regular or special Board meeting, including a general description of any matter to be brought up for deliberation in executive session.
3. **Regular Board Meeting Notice Deadline.** If sent by mail, notice must be mailed to each owner between 10 and 60 days before the meeting. If posted/e-mailed, notice must be provided at least 144 hours before the start of the meeting.
4. **Special Board Meeting Notice Deadline.** If sent by mail, notice must be mailed to each owner between 10 and 60 days before the meeting. If posted/e-mailed, notice must be provided at least 72 hours before the start of the meeting.
5. **Notice Posting/Email Requirements.** Posted/e-mailed notice shall be provided by: (a) posting the notice in a conspicuous manner reasonably designed to provide notice to Association's members in a place located on the Association's common property *or* any internet website available to the Association's members that is maintained by the Association or by a management company on behalf of the Association *and*; (b) by sending the notice by e-mail to each owner who has registered an e-mail address with the Association.
6. **Extended Notice Requirements.** If the Association's rules require a longer notice period for a Board meeting, the longer notice requirement will apply.
7. **Action Taken Outside of an Open Meeting.** A Board may take action outside of a meeting, including voting by electronic and telephonic means, without prior notice to owners if each Board member is given a reasonable opportunity to express the Board member's opinion to all other Board members and to vote. Any action taken without notice to owners must be summarized orally, including an explanation of any known actual or estimated expenditures

approved at the meeting and documented in the minutes of the next regular or special Board meeting.

8. **Open Board Meetings Required for Certain Matters.** The Board may not, unless done in an open meeting for which prior notice was given to owners, consider or vote on: (a) fines; (b) damage assessments; (c) initiation of foreclosure actions; (d) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; (e) increases in assessments; (f) levying of special assessments; (g) appeals from a denial of architectural control approval; (h) a suspension of a right of a particular owner before the owner has an opportunity to attend a Board meeting to present the owner's position, including any defense, on the issue; (i) lending or borrowing money; (j) the adoption or amendment of a dedicatory instrument; (k) the approval of an annual budget or the approval of an amendment of an annual budget; (l) the sale or purchase of real property; (m) the filling of a vacancy on the Board; (n) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or (o) the election of an officer.
  
9. **Amendment.** This policy may be amended by the Board of Directors.

TAB 4

LAGO HOMEOWNERS ASSOCIATION, INC.

BID PROCEDURES

**Background.** Section 209.0052 of the Property Code has been amended to impose certain requirements on contracts for services that will cost more than \$50,000.

1. **Minimum Requirements.** If the Association proposes to contract for services that will cost more than \$50,000.00, the Association shall solicit bids or proposals in accordance with this Bid Procedure Policy.
  
2. **Bid Solicitation Process.** The Association will attempt to obtain multiple bids or proposals for any contract for services that will cost more than \$50,000. The Association will not require more than one (1) bid before entering into a contract if:
  - (a) the Association's authorized agent, manager, or representative (including an authorized director or committee member) has submitted a written request for a bid or proposal to at least three (3) vendors;
  
  - (b) the request included a deadline for the Association to receive bids or proposals that afforded the vendor at least seven (7) days to submit a bid or proposal; and
  
  - (c) despite the request for bids or proposals, only one (1) bid or proposal was received by the Association on or before the stated deadline.
  
3. **Amendment.** The Association's Board of Directors may modify these bid procedures; however, any amended or supplemental bid procedures must be documented in writing and approved by a majority vote of the Board of Directors.

TAB 5

LAGO HOMEOWNERS ASSOCIATION, INC.

POOL FENCING AND SECURITY DEVICES/FENCES

1. **Approval Required.** All improvements, including the installation of pool fencing, security measures, and security fencing, must be submitted for approval in accordance with the Association's architectural review requirements. Written approval must be furnished to the owner before installation or construction may commence.
  
2. **Swimming Pool Enclosures.** The term "swimming pool enclosure" means a fence surrounding a water feature, including a swimming pool or spa, consisting of transparent mesh or clear panels set in metal frames, is not more than six feet in height and is designed not to be climbable. An owner must submit any request to install a swimming pool enclosure to the Association for approval. The Association will apply its architectural requirements to the request; however, the Association may not deny an owner's request to install a swimming pool enclosure if the swimming pool enclosure conforms to applicable state or local safety requirements and the swimming pool enclosure is black in color and consists of transparent mesh set in metal frames.
  
3. **Security Measures.** To the extent a property owner is authorized by law to build or install security measures, including, but not limited to, a security camera, motion detector, or security/perimeter fencing, the owner must still submit a request for architectural approval in accordance with the Association's architectural review requirements for the construction or installation of improvements. Front yard fencing is discouraged. However, if an owner wishes to install security fencing in the front yard, the fencing must consist of ornamental wrought iron or metal fencing (painted black) with the following general specifications: Pickets ¾" square; Rails 1 ½" square; Standard Posts 2 ½" square; Picket Spacing between 3" and 4"; Post Spacing 8' OC; Height between 48" and 60". Slats, planks, or other solid material may not be installed on metal fencing.
  
4. **Amendment.** This policy may be amended by the Board of Directors.

**TAB 6**

**LAGO HOMEOWNERS ASSOCIATION, INC.**

**DELINQUENT ASSESSMENT NOTICE REQUIREMENTS**

**Background.** Sections 209.006, 209.0063, and 209.0064 of the Property Code have been amended to require an Association to afford an owner a minimum period of 45 days to cure the delinquency and impose additional restrictions on the Association's ability to report the delinquency to a credit reporting service. In particular, this Delinquent Assessment Notice Requirements Policy *supplements* any existing assessment collection policies and procedures to (a) extend the cure opportunity to 45 days; (b) to require notice and an opportunity to cure in the event the Association decides to notify any credit reporting service of the owner's delinquency; and (c) to incorporate the new requirement that certain fees or charges be "reasonable."

1. **45-Day Deadline to Cure.** For any delinquency, before the Association may hold an owner liable for the fees of a collection agent or report any delinquency of an owner to a credit reporting service, the Association or its agent must give written notice to the owner by certified mail. The notice shall specify each delinquent amount and the total amount of the payment required to make the account current. The notice must also describe the options the owner has to avoid having the account turned over to a collection agent, including information regarding the availability of a payment plan through the Association, and the notice must provide the owner with a period of at least 45 days for the owner to cure the delinquency before further collection action is taken.
  
2. **Credit Reporting.** If the Association reports any delinquency, including delinquent fines, fees, or assessments, to a credit reporting service, the Association must first send the owner, via certified mail, hand delivery, or electronic delivery, a notice that includes:
  - (a) a detailed report of all delinquent charges owed; and
  - (b) information about the opportunity to enter into a payment plan.

Notice of the intent to report the delinquency may be combined with the 45-day notice set forth in *Paragraph 2* above. The Association or its agent may not report any delinquent fines, fees, or assessments to a credit reporting service that are the subject of a pending dispute between the owner and the Association. In addition to the foregoing requirements, the notice must be sent at least 30 business days before the report is made. No fee may be charged back to the owner for the cost of the actual reporting of the delinquency to the credit reporting service.

3. **Application of Payments.** Any payment made by an owner who is not in default under a payment plan shall be applied to owner's debt in the following order of priority:

- (a) any delinquent assessment;
- (b) any current assessment;
- (c) any reasonable attorney's fees or reasonable third-party collection costs incurred by the Association associated solely with assessments or any other charge that could provide the basis for foreclosure;
- (d) any reasonable attorney's fees incurred by the Association that are not subject to the preceding provision (Paragraph 3(c));
- (e) any reasonable fines assessed by the Association; and
- (f) any other reasonable amount owed to the Association.

If at the time the property owners' Association receives a payment from a property owner, the owner is in default under a payment plan entered into with the Association, then the Association is not required to apply the payment in the order of priority specified above; and, in applying the payment, a fine assessed by the Association may not be given priority over any other amount owed to the Association.

4. **Amendment.** This policy may be amended by the Board of Directors.

TAB 7

LAGO HOMEOWNERS ASSOCIATION, INC.

RELIGIOUS DISPLAY POLICY

1. **Display of Religious Items.** Section 202.018 of the Texas Property Code provides certain rights for an owner or resident to display or affix one or more religious items on the owner's or resident's property. The display of which is motivated by the owner's or resident's sincere religious belief.
2. **Content Prohibitions.** No religious item may be displayed that: (a) threatens the public health or safety; (b) violates a law other than a law prohibiting the display of religious speech; or (c) contains language, graphics, or any display that is patently offensive to a passerby for reasons other than its religious content.
3. **Location Restrictions.** No religious item may be displayed that: (a) is installed on property owned or maintained by the Association; (b) installed on property owned in common by members of the Association; (c) violates any applicable building line, right-of-way, setback, or easement; or (d) is attached to a traffic control device, street lamp, fire hydrant, or utility sign, pole, or fixture.
4. **Removal.** The Association may cause to be removed any item which is in violation of the terms and provisions of this policy.
5. **Conflicts.** To the extent that any provision of the Association's recorded covenants restrict or prohibit an owner or resident from displaying or affixing a religious item in violation of the controlling provisions of Section 202.018 of the Texas Property Code, the Association shall have no authority to enforce such provisions, and the provisions of this policy shall control.

**TAB 8**

**LAGO HOMEOWNERS ASSOCIATION, INC.**

**STATUTORY NOTICE OF POSTING AND RECORDATION OF  
ASSOCIATION GOVERNING DOCUMENTS**

1. **Association Information – Web Access.** The Association shall make current versions of the Association's dedicatory instruments available to the Association's members via the internet. As set forth in Texas Property Code Section 202.001, "dedicatory instrument" means each document governing the establishment, maintenance or operation of a residential subdivision, planned unit development, condominium or townhouse regime, or any similar planned development. The term includes the declaration or similar instrument subjecting real property to: (a) restrictive covenants, bylaws, or similar instruments governing the administration or operation of a property owners' Association; (b) properly adopted rules and regulations of the property owners' Association; or (c) all lawful amendments to the covenants, bylaws, instruments, rules, or regulations. The Association shall file the dedicatory instruments in the real property records of each county in which the property to which the documents relate is located.
  
2. **Management Certificate.** The Association will maintain and update, as needed, a Management Certificate, in the form attached hereto as **Exhibit A**, that contains: (a) the name of the subdivision; (b) the name of the Association; (c) the recording data for the subdivision; (d) the recording data for the declaration and any amendments; (e) the name and mailing address of the Association; (f) the name, and mailing address, telephone number, and e-mail address of the person managing the Association or the Association's designated representative; (g) the website address where the Association's dedicatory instruments are available; (h) the amount and description of fees charged by the Association relating to a property transfer in the subdivision; and (i) any other information the Association considers appropriate. The Management Certificate must be signed and acknowledged by an officer or the managing agent of the Association. An amended Management Certificate must be recorded not later than the 30<sup>th</sup> day after the date the Association has notice of a change in any information in the recorded certificate. Not later than the seventh day after the date a Management Certificate or amendment is recorded, the document will also be electronically filed with the Texas Real Estate Commission.



**EXHIBIT A**  
**[EXAMPLE]**  
**MANAGEMENT CERTIFICATE**

The undersigned, being an officer of the Association, and in accordance with Section 209.004 of the Texas Property Code, does hereby certify as follows:

1. The name of the subdivision: \_\_\_\_\_.
2. The name of the Association: \_\_\_\_\_.
3. The recording data for the subdivision: \_\_\_\_\_.
4. The name and mailing address of the Association: \_\_\_\_\_.
5. The name, mailing address, telephone number, and email address of the manager of the Association:  

Name: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_
6. Website for Dedicatory Instruments: \_\_\_\_\_
7. The amount and description of a fee or fees charged by the Association relating to a property transfer in the subdivision: \_\_\_\_\_

EXECUTED to be effective on the date this instrument is recorded.

\_\_\_\_\_  
By: \_\_\_\_\_

NOTARY INFORMATION:

**[EXAMPLE]**

**ACKNOWLEDGEMENT FOR RECORDING**

The undersigned hereby certifies that he/she is the duly elected, qualified and acting President, Director of Lago Homeowners Association, Inc., a Texas non-profit corporation (the "Association"), and that this is a true and correct copy of supplemental policies adopted by the Association at a duly called meeting of the Association, which was held on December 20, 2021.

IN WITNESS WHEREOF, the undersigned has executed this acknowledgement on the 21<sup>st</sup> day of December 2021.

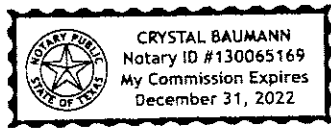
**LAGO HOMEOWNERS  
ASSOCIATION, INC.,**  
a Texas non-profit corporation

By: \_\_\_\_\_  
Printed Name: Timothy S. Baumann  
Title: President, Director

STATE OF TEXAS           §  
COUNTY OF LLANO       §


This instrument was acknowledged before me of on 12/20/21 by Timothy S. Baumann, on behalf of the LAGO HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation, on behalf of said corporation.

[SEAL]



CBaumann  
Notary Public Signature

STATE OF TEXAS  
COUNTY OF LLANO  
FILED AND RECORDED AT 2:40 O'CLOCK P M. ON  
THE 4 DAY OF JANUARY A.D. 2022. IND  
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Records of Llano County, Texas.  
INSTRUMENT NO:

 Marcie Hadeler 22 00070  
COUNTY CLERK, LLANO CO., TEXAS  
BY LTatsch DEPUTY NO OF PAGES: 18