

MONTGOMERY TRACE PROPERTY OWNERS ASSOCIATION

STANDARD PRACTICE BULLETIN

PROCEDURE FOR PETITIONING TO CHANGE THE COVENANTS

I. POLICY

It is the policy of the Board of Directors to provide a standardized process for property owners to follow when preparing petitions to change the Covenants.

II. PURPOSE

The purpose of this Procedure is to standardize a petitioning process which property owners shall follow when seeking to amend, delete, or add to the Covenants.

III. RESPONSIBILITY OF THE BOARD OF DIRECTORS

- A. The Board of Directors (Board) of the Association has overall administrative responsibility for this Standard Practice Bulletin.
- B. The Board has fiduciary responsibility to determine the legality and financial implication to the Montgomery Trace Property Owners Association (Association) of proposed changes to the Covenants before presenting those proposed changes to the membership of the Association for a vote.
- C. The Board is responsible for presenting to the membership of the Association for a vote without petition, any proposed change to the Covenants that the Board has determined to be legal and in the best business interest of the Association.
- D. The Board has sole responsibility for authorizing the expenditure of Association funds for attorney fees required to determine the legality of proposed changes to the Covenants.

IV. RESPONSIBILITY OF PROPERTY OWNERS

- A. Property owners seeking to initiate a change to the Covenants have the responsibility to prepare a written Petition that meets the following criteria.
 - 1. The Petition shall first cite the Covenants of the Section, or Sections, of Montgomery Trace which will be affected along with the specific Article, Section and Item number being proposed for amendment, change and/or deletion.
 - 2. The Petition shall next cite the words "**As Stated**", followed by the exact wording contained in the Covenants.
 - 3. The Petition shall next cite the words "**Shall Read As**", followed by the exact wording being proposed.
 - 4. If the proposal is to delete a certain provision of the Covenants, the Petition shall cite the words "**Delete in its Entirety**", followed by the Article, Section and Item number.

4. If the Proposal is to add a new provision to the Covenants, the Petition shall cite the words **“ADD the Following in Its Entirety”**, followed by a proposed Article, Section and Item number and the exact words being proposed for addition.
- B. A Petition shall contain only one (1) proposed change, deletion and/or addition.
- C. The Petition shall indicate the support of a minimum of twenty-five (25) different owners of lots in Montgomery Trace in the following prescribed manner.
 1. The Petition must bear a minimum of twenty-five (25) original signatures of different owners and only one (1) signature per lot shall be permitted.
 2. Next to each signature, the following information must appear.
 - a. Printed name.
 - b. Section, Block and Lot Number of property owned.
 - c. Current mailing address
 - d. Telephone number
- D. The Petition shall be presented to the Board in the following prescribed manner.
 1. The sponsor of the Petition or a designated representative, who must be an Association member in good standing, is responsible to contact the Association’s property management company, or the President of the Board, to schedule time on the agenda of an upcoming Board meeting.
 2. At the scheduled Board meeting, the sponsor of the Petition shall deliver eleven (11) copies of the completed Petition to the Secretary of the Association, who will distribute copies to the other Board members.
 3. The sponsor of the Petition or a designated representative, who must be an Association member in good standing, shall make a brief presentation (10 minutes or less) at the Board meeting to explain the perceived benefits of the proposed changes to the Covenants.
- E. It is the sole responsibility of the sponsor of a Petition to schedule and complete Items IV, A thru D so that reasonable time is available to complete the Board actions outlined in the following Item V.

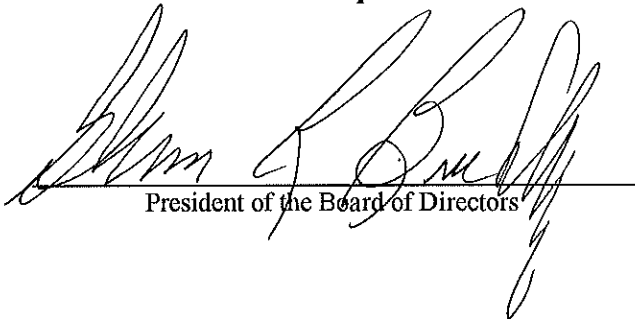
V. BOARD ACTIONS FOR PROCESSING PETITIONS TO CHANGE THE COVENANTS

- A. Following the presentation of a Petition(s) at a Board meeting at which a quorum of the members of the Board is in attendance, an executive session shall be convened to discuss the Petition(s) to change the Covenants. If a quorum is not present, the executive session will be postponed until a later date when a quorum can be in attendance.
- B. The Board shall act with reasonable diligence to consider Petitions to change the Covenants, but shall not be under any obligation to meet unreasonable deadlines for printing and distributing ballots.
- C. The Board has an obligation to carefully consider the merits of a proposed Petition which has been properly completed and submitted in accordance with all of the requirements set out in Item IV above. The Board has no obligation to consider Petitions which are incomplete; which, if implemented, would violate Federal, State or local laws; which would adversely affect the Association as a whole; which would be in conflict with any existing contract(s) so as to expose the Association to unreasonable financial liability; or which would in any way negatively impact the business of the Association.

- D. The disposition of the Petition shall be determined by majority of a quorum of Board members voting in person in one of the following manners.
1. Petitions which the Board determines to be beneficial to the Association shall be delivered to the Association's attorney with instructions that a legal opinion and recommendation be rendered.
 2. Petitions which the Board determines not to be in the best interest of the Association shall be rejected and notice shall be posted on the Association's website (www.montgomerytracepoa.com) and in the monthly newsletter.
- E. Upon receipt of favorable legal opinion from the Association's attorney, the Secretary of the Board shall coordinate with the property management company to place the proposed change to the Covenants on the ballot for a vote at the next annual meeting.
- F. Upon receipt of an unfavorable legal opinion from the Association's attorney, the proposed changes will not be placed on the ballot and notice will be posted on the Association's website and in the monthly newsletter.

This Procedure shall not be construed in any way to limit the Board's authority or its discretion to propose Covenant changes to the entire Montgomery Trace voting membership, nor is it intended to require the Board to petition property owners before proposed changes to the Covenants are placed on the ballot.

This Procedure for Petitioning to Change the Covenants was adopted by a majority vote of the Board of Directors and put into full effect on the date of signature below.



President of the Board of Directors

January 19, 2006
Date