

ARTICLE I

DEFINITIONS

Section 1. “Association” shall mean and refer to Bailey Ranch Estates Homeowners’ Association, Inc., an Oklahoma corporation, its successors and assigns.

Section 2. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of any Lot which is a part of the Properties, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 3. “Properties” shall mean and refer to the real property above described, and such additional real property annexed to the jurisdiction of the Association as hereinafter provided.

Section 4. “Common Area” shall mean all real property owned or maintained by the Association for the common use and enjoyment of the Owners, whether a part of Bailey Ranch Estates subdivision or a part of any additional real property annexed to the jurisdiction of the Association as hereinafter provided. The Common Area to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

All of Reserve Areas “A”, “B”, and “C” of Bailey Ranch Estates, a subdivision in the City of Owasso, Tulsa County, Oklahoma, according to the recorded plat thereof.

Section 5. “Lot” shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties (including any real property annexed to the jurisdiction of the Association as hereinafter provided), with the exception of the Common Area. No such plot of land shall be excluded from this definition of a “Lot” merely because the Fence Easement described in the Deed of Dedication of Bailey Ranch Estates is located on a portion of such plot. This definition of “Lots” shall specifically include all of the “Single Family Lots” as defined above.

Section 6. “Declarant” shall mean and refer to Bailey Ranch Estates, L.L.C., an Oklahoma Limited Liability Company, its successors and assigns, if such successors or assigns should acquire all of the Lots within Bailey Ranch Estates and any subdivision annexed to the jurisdiction of the Association then owned by Bailey Ranch Estates, L.L.C., unless all of the Adjacent Property has been platted and annexed to the jurisdiction of the Association and the number of Lots acquired by such successors or assigns does not exceed ten (10) in number.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement of use and enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the right of the Association to charge reasonable fees for the use of any facility situated upon the Common Area;
- (b) the right of the Association to suspend the voting rights of and right to use of the facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;
- (c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association. A dedication or transfer of Common Area by the Association shall require the assent of two-thirds (2/3rds) of each class of members.

Section 2. Delegation of Use. The Owner of a Lot may delegate, in accordance with the By-Laws, his right of use and enjoyment of the Common Area to the members of his family, his tenants, or contract purchasers who reside on the Lot.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 2. The Association shall have two classes of voting membership:

Class "A". Class "A" members shall be all Owners with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person is an Owner of 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". The Class "B" member(s) shall be the Declarant, and shall be entitled to five hundred (500) votes. The Class "B" membership shall cease and be converted to Class "A" membership on the earlier of:

- (a) the date on which all of the Adjacent Property has been platted and annexed to the jurisdiction of the Association and seventy-five percent (75%) of the Lots in each subdivision (as opposed to 75% of the aggregate number of Lots in all subdivisions) so platted and annexed have been sold by Declarant; or
- (b) November 1, 2004; or
- (c) Such date as Declarant executes and records with the County Clerk of Tulsa County, Oklahoma, a notice that Declarant has elected to convert the Class "B" membership to Class "A" membership.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title to a Lot unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the

Common Area and the facilities thereon situated, the landscaping of the adjacent public right-of-way, and the maintenance, repair, improvement, and replacement of the fence on the Fence Easement set forth in the Deed of Dedication of Bailey Ranch Estates.

Section 3. Maximum Annual Assessment. The maximum annual assessment for the initial assessment year shall be Fifty Dollars (\$50.00) per Lot.

- (a) After the initial assessment year, the maximum annual assessment may be increased each year, without a vote of the membership, by not more than the greater of \$5.00 or 5% above the maximum annual assessment for the previous year. The maximum annual assessment shall not be decreased.
- (b) After the initial assessment year, the maximum annual assessment may be increased above the limitation imposed in subparagraph (a) above by a vote of two-thirds (2/3rds) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose
- (c) The Board of Directors shall fix the annual assessment for each assessment year at an amount not in excess of the maximum annual assessment for such assessment year.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Area, the Fence Easement, or adjacent public right-of-way, including fixtures and personal property related thereto. Any such special assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. Any such special assessment shall not exceed Two Hundred Dollars (\$200.00) per Lot, and a special assessment may not be levied more often than once every five (5) assessment years. The Association may provide for the payment of any such special assessment in advance or in quarterly or annual installments.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event two-thirds (2/3rds) of the membership do not assent at the time of the meeting, members not present may within 30 days thereafter give assent by delivery of written assent to the Secretary of the Association, and such assents shall be deemed votes cast at the meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate, except as otherwise provided in Section 11 below of the Article.

Section 7. Date of Commencement of Annual Assessments: Due Dates.
The annual assessments provided for herein shall commence as to the Lots in Bailey Ranch Estates on the first day of January, 1996; provided, however, the Declarant may defer the commencement of assessments by the recording of an instrument establishing a commencement date and setting forth the Declarant's assumption of the obligation and cost of maintenance of assessments. The Board of Directors of the Association shall fix the amount of the first annual assessment for Lots in Bailey Ranch Estates at least thirty (30) days in advance of the commencement date of the assessments, and shall fix the amount of subsequent assessments against each Lot at least thirty (30) days in advance of each annual assessment period. The omission or failure of the Board of Directors to timely fix the annual assessment shall not be deemed a waiver or release of any Owner from the obligation to pay the assessment when fixed. Written notice of the annual assessment shall be sent to each Owner. The due dates shall be established by the Board of Directors of the Association, and the Board may provide for the collection of the annual assessment in advance or on a monthly basis. The commencement date for annual assessments for Lots in any portion of the Adjacent Property (defined in Section 1 of Article VI below) which is annexed within the jurisdiction of Association in accordance with Article VI below and Section III of the Deed of Dedication of Bailey Ranch Estates, shall be determined by the Declarant, provided that such commencement date shall be not later than twenty-four (24) months from the date of annexation. In the event such commencement date does not coincide with the beginning of an assessment year, then the annual assessment for such year shall be pro-rated accordingly.

Section 8. Certification of Assessment. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an office of the Association, setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Non-Payment of Assessments: Remedies of the Association. Any assessment or installment thereof not paid within 30 days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien; provided, however, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve the Lot from the lien for assessments thereafter becoming due.

Section 11. Declarant's Lot Assessments. Notwithstanding any provision herein to the contrary, the annual assessment for each Lot owned by Declarant at the beginning of an assessment year shall be forty percent (40%) of the annual assessment for such assessment year until the earlier to occur of the following:

- (a) twenty-four (24) months after the date annual assessments commence on such Lot, or
- (b) the substantial completion of a dwelling on such Lot.

ARTICLE V

MERGERS AND CONSOLIDATIONS

Section 1. Merger or consolidation shall require the assent of two-thirds (2/3rds) of each class of members.

Section 2. Merger or consolidation requiring assent of the members shall be considered at a meeting duly called for such purpose, written notice of which shall be sent to all members not less than 30 nor more than 60 days in advance of the meeting. The presence of 60% of the membership required to assent shall constitute a quorum, but in the event two-thirds (2/3rds) of each class of members do not assent at the time of the meeting, members not present may within 30 days thereafter deliver written assent to the Secretary of the Association, and such assents shall be deemed votes cast at the meeting in favor of merger, consolidation, or annexation, as the case may be.

ARTICLE VI

ANNEXATION

Section 1. The following described real property (the "Adjacent Property"), to-wit:

The North half of the Southwest quarter (N2 SW4) and the South half of the Northwest quarter (S2 NW4) of Section Seventeen (17), Township Twenty-One (21) North, Range Fourteen (14) East of the Indian Base and Meridian, Tulsa County, State of Oklahoma, according to the United States Government Survey thereof, less and except such portion thereof as is included in Bailey Ranch Estates, a subdivision in the City of Owasso Tulsa County, Oklahoma, according to the recorded plat thereof.

may, in whole or in part, be annexed to the geographic jurisdiction of the Association by the Declarant without approval of the Association or its members; provided, however, that the property to be annexed is developed for residential purposes.

Section 2. Annexation of real property, except as above described, shall require the assent of two-thirds (2/3rds) of each class of members.

Section 3. Annexation requiring assent of the members shall be considered at a meeting duly called for such purpose, written notice of which shall be sent to all members not less than 30 nor more than 60 days in advance of the meeting. The presence of 60% of the membership required to assent shall constitute a quorum, but in the event two-thirds (2/3rds) of each class of members do not assent at the time of the meeting, members not present may within 30 days thereafter deliver written assent to the Secretary of the Association, and such assents shall be deemed votes cast at the meeting in favor of annexation.

Section 4. Upon satisfaction of the prerequisites for annexation of additional lands, the annexation shall be evidenced by notice of annexation executed by the owners of the annexed lands and filed of record in the office of the County Clerk of Tulsa County, Oklahoma. The notice shall describe the lands annexed and shall provide that the lands are subject to the covenants, conditions, and restrictions set forth in the Declaration. Such notice may be included within the Deed of Dedication in connection with the platting of the annexed lands.

Section 5. Upon annexation of any single-family lot within the annexed area, for all Association purposes including, without limitation, voting rights and assessment obligations, shall be equivalent to any single-family lot within the original Bailey Ranch Estates, and all common area with the annexed area, upon conveyance to the Association, shall become part of the Common Area of the Association.

ARTICLE VII

RESERVATION OF DECLARANT

Section 1. Common Area Easement. The Declarant herein reserves the right and easement to enter upon the Common Area and, at Declarant's cost, to construct, repair, and maintain improvement.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all easements, restrictions, and covenants now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of the provisions of the Declaration by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 3. Term and Amendment. The restrictions and covenants of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended at any time by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots, provided that if Declarant is a Class "B" member of the Association as set forth in Section 2 of Article III above, such instrument must also be signed by Declarant. Any amendment must be recorded.

IN WITNESS WHEREOF, the Declarant has executed this instrument on this 9th day of November, 1994.

**BAILEY RANCH ESTATES, L.L.C., an
Oklahoma Limited Liability Company,**

**By: JOHN NEAS TANK LINES, INC., an
Oklahoma Corporation, Member**

**By: John Neas
President**

**By: NPS\HALLMARK, L.L.C., an
Oklahoma Limited Liability
Company, Member**

**By: NATIONAL PETROLEUM SALES,
INC., an Oklahoma Corporation
Member**

**By: John Neas
President**