

BYLAWS
OF
THOUSAND OAKS OWNERS ASSOCIATION, INC.
a Texas nonprofit corporation

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ARTICLE I.
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INTRODUCTION

- 1.01 **Purpose.** These Bylaws (“*Bylaws*”) shall provide for the governance of the THOUSAND OAKS OWNERS ASSOCIATION, INC., (“*Association*”), a Texas nonprofit corporation, formed by filing a Certificate of Formation with the Texas Secretary of State on June 2, 2016, under file number 802470917 (“*Certificate*”), in addition to the Declaration of Covenants, Conditions, and Restrictions (“*Declaration*”), recorded as Document Number _____ in the Official Public Records of Williamson County, Texas. The Association shall have the powers of a Texas nonprofit corporation and a property owners association under the Texas Business Organizations Code, the Texas Property Code, and the other Dedicatory Instruments.
- 1.02 **Principal Office.** The principal office of the Association shall be located at 7200 Mopac Expressway, Suite 350, Austin, Texas 78731 (“*Principal Office*”) or as otherwise designated by the Board.
- 1.03 **Definitions.** All capitalized words and phrases used but not otherwise defined herein shall have the same meanings given in the Declaration.

ARTICLE II.
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MEMBERSHIP; MEETINGS; VOTING

- 2.01 **Membership.** Each Owner is a Member of the Association. Membership is appurtenant to and runs with the Owner’s property interest, and membership may not be separated from, or in any way transferred, pledged, mortgaged, or alienated from the Owner’s property interest.
- 2.02 **Meetings.**
- a. Place of Meetings. Members’ meetings will be held at the Association’s Principal Office or at another place designated by the Board.

- b. Annual Meetings. There shall be an annual meeting of the Members of the Association at such reasonable place and time as may be designated by the Board.
- c. Special Meetings. The president may call special meetings of the Association. The president shall call a special meeting of the Association if directed by resolution of a majority of the Board or by a petition signed by a majority vote of the Members.
- d. Notice of Meetings. Written or printed notice, stating the place, day, and hour of any meeting of the Association, other than a reconvened meeting, shall be delivered to each Member entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of such meeting. Such written or printed notice shall be delivered at the direction of the authorized persons calling the meeting to each Member either personally or by mail, fax, or email. Additional notice may be posted in a reasonably conspicuous manner on the Association's website, public bulletin board, or other public place generally viewable by the Members. If mailed, the notice of a meeting shall be deemed delivered when properly deposited with the United States Postal Service, addressed to a Member at the Member's last known address according to the Association's records, with prepaid postage thereon, whether actually received or not by the Member. If hand delivered or delivered by overnight courier, the notice of a meeting shall be deemed delivered when actually received by a Member. If emailed or faxed, notice is deemed delivered when sent to the last known email address or fax number of the Member according to the Association's records. It is each Member's duty to keep an updated email address registered with the Association. Notices for a special meeting must also state the meeting's purpose, and no other business may be conducted at that special meeting except as stated in the notice.
- e. Waiver of Notice. A Member may, in writing, waive notice of any meeting. Attendance at a meeting is a waiver of notice of that meeting, unless the Member objects to lack of notice when the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, for which proper notice was not given, is raised before the business is put to a vote.
- f. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of a majority of the Members constitutes a quorum at all meetings of the Association. A quorum must be present at a meeting of the Association to conduct business or make decisions. Once a quorum is present at a meeting, the Members represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, notwithstanding the withdrawal from the meeting of enough Members to leave less than a quorum or the refusal of any Member represented in person or by proxy to vote.

- g. Conduct of Meetings. The president shall preside over all meetings of the Association. The secretary shall keep minutes of the meetings and record in a minute book the votes of the members for all actions taken, transactions occurring, and all resolutions adopted at the meeting.
- h. Adjournment of Meeting. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at the meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. Notice of the new time and place for such adjourned meeting must be delivered to all Members as set forth in these Bylaws. At the reconvened meeting, the requirement of a quorum is waived, and any business that might have been conducted at the original meeting may be conducted and any action may be taken by a vote of a majority of the Members present.
- i. Action without Meeting. Any action that may be taken at a meeting of the Association may be taken without a meeting by written consent setting forth the action taken signed by all Members. Such written consent shall have the same force and effect as a unanimous vote of the Members.

2.03 **Voting.**

- a. Voting Rights. The voting rights of the Members shall be as set forth in the Declaration and such voting rights provisions are specifically incorporated herein.
- b. Majority Vote. The term “*Majority*” as used in these Bylaws shall mean at least fifty-one percent (51%) of the voting Members present at a meeting at which a Quorum is present.
- c. Notice of Election of Association Vote. For an election or vote taken at a meeting of the Association, not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of the election or vote, the Association shall give written notice of the election or vote to each Member entitled to vote in accordance with the requirements for notice of meetings set forth above.
- d. Methods of Casting Votes. Any vote cast in an election or vote by a Member must be in writing and signed by the Member. The voting rights of a Member may be cast or given by the following methods: in person or by proxy at a meeting of the Members, by absentee ballot in accordance with this section, or by electronic ballot in accordance with this section. An absentee or electronic ballot may be counted as a Member present and voting for the purpose of establishing a quorum only for items appearing on the ballot; may not be counted, even if properly delivered, if the Member attends any meeting to vote in person, so that any vote cast by a Member in person at a meeting supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal; and may not be counted on the final

vote of a proposal if the proposal was amended at the meeting to be different from the exact language on the absentee or electronic ballot.

- i. *In Person or Proxy.* At all meetings of the Association, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary of the Association before or at the time of the meeting in which a vote may be taken. Each proxy shall be revocable in a writing signed by the Member and filed with the secretary of the Association, shall not be valid for a period of greater than eleven (11) months, and shall automatically cease upon conveyance by the Member of its ownership interest in or to a Lot or portion of the Property.
- ii. *Absentee Ballot.* A solicitation for votes by absentee ballot must include an absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action; instructions for delivery of the completed absentee ballot, including the method and location of delivery; and the following language: “*By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail.*”
- iii. *Electronic Ballot.* An electronic ballot is a ballot given by email, facsimile, or post on an internet website for which the identity of the Member submitting the electronic ballot can be confirmed and for which the Member may receive a receipt of the electronic transmission and receipt of the Member’s ballot. If an electronic ballot is posted on an internet website, a notice of the posting shall be sent to each Member and shall contain instructions on obtaining access to the ballot on the website.

ARTICLE III.

BOARD OF DIRECTORS: ELECTION AND TERM OF OFFICE

- 3.01 **Governing Body; Composition.** The affairs of the Association shall be governed by a Board of Directors (“*Board*”). Each director on the Board shall have one vote. The initial Board is composed of the directors identified in the Certificate. The directors may or may not be Owners.
- 3.02 **Number of Directors.** The Board shall consist of not less than three (3) nor more than ten (10) directors. Within those limits, the Board may change the number of directors. No decrease in the number of directors may shorten the term of a director.

- 3.03 **Term of Office; Election.** The initial directors shall serve until the first annual meeting of the Members. At the first annual meeting of the Members, the Members shall elect one (1) director for a term of three (3) years, one (1) director to serve for a term of two (2) years, and one (1) director to serve for a term of one (1) year. At the expiration of the initial terms of each director and at each annual meeting thereafter, a successor director shall be elected to serve for a term of three (3) years. Any Member who has not been convicted of a crime of moral turpitude may run as a candidate in an election for a position as a director on the Board. The candidate(s) for director receiving the most votes of the Members shall be elected, regardless of whether such candidate(s) received a majority of the votes of the Members. Cumulative voting is prohibited. Each director shall hold office until his or her respective successor has been elected. The directors may be elected to serve any number of consecutive terms. If the number of directors on the Board is increased in accordance with these Bylaws, all terms shall be similarly staggered.
- 3.04 **Mandatory Election Required After Failure to Call Annual Meeting.** If the Board does not call an annual meeting of the Members in accordance with these Bylaws, a Member may demand that a meeting of the Members be called not later than the thirtieth (30th) day after the date of the Member's demand. The Member's demand must be made in writing and sent by certified mail, return receipt requested, to the registered agent of the Association and to the Association at the address set forth in the most recently filed management certificate. A copy of the notice must be sent to each other Member. If the Board does not call a meeting of the Members within such 30-day period, three (3) or more Members may form an election committee. The election committee shall file written notice of the committee's formation with the county clerk of each county in which the Subdivision is located. Such notice shall include: (i) a statement that an election committee has been formed to call a meeting of the Members for the sole purpose of electing directors, (ii) the name and residential address of each election committee member; and (iii) the name of the Subdivision. Each election committee member must sign and acknowledge the notice before a notary or other official authorized to take acknowledgements. The county clerk shall enter on the notice the date the notice is filed and record the notice in the Official Public Records of the county in which the Subdivision is located. The election committee may call meetings of the Members for the sole purpose of electing directors to the Board. Notice, quorum and voting provisions contained in these Bylaws apply to any meeting called by the election committee. Only one election committee may operate at a time. If more than one election committee files a notice with the county clerk, the first committee that files a notice, after having complied with all other requirements set forth herein, is the election committee with the power to act under this section. An election committee that does not hold or conduct a successful election within four (4) months after the date the notice is filed with the county clerk shall be dissolved by operation of law. An election held or conducted by a dissolved committee is ineffective.

3.05 **Removal of Directors and Vacancies.**

- a. Removal by Members. Any director may be removed, with or without cause, by a majority of the Members entitled to cast a vote for the election of such director. Any director whose removal is sought shall be given notice of the proposed removal prior to any meeting called for that purpose.
- b. Removal by Board. Any director may be removed by a majority vote of the directors at a Board meeting if the director:
 - i. failed to attend three (3) consecutive Board meetings;
 - ii. failed to attend fifty percent (50%) of Board meetings within one year;
 - iii. is delinquent in the payment of any Assessment for more than thirty (30) days; or
 - iv. is in violation of the Dedicatory Instruments.
- c. Vacancies. A director's position may be declared vacant by the Board if the director dies, becomes incapacitated, resigns, or is no longer a Member.
- d. Successors. If a director is removed by a vote of the Members at a meeting called for that purpose, a successor shall be elected by a majority vote of the Members entitled to serve the remainder of the term of such removed director. If a director is removed by the Board or a vacancy exists, a successor shall be elected by a majority of the remaining directors for the remainder of the term.

- 3.06 **Compensation.** Directors shall not receive compensation. A director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

ARTICLE IV.

BOARD OF DIRECTORS: POWERS AND DUTIES

- 4.01 **Administration.** The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs. The Board shall have all rights granted by law, the Declaration, the Certificate, and these Bylaws. Notwithstanding the generality of the foregoing, the Board shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, by way of explanation, but not limitation:
- a. preparing and adopting, in accordance with the Declaration, annual budgets, including determining of the amounts of Assessments to be collected from the

Owners, and keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

- b. levying Assessments, establishing the means and methods of collecting Assessments and establishing alternative payment plans for Assessments by which an Owner may make partial payment to the Association for delinquent Assessments or any other amount owed to the Association without incurring additional monetary penalties;
- c. collecting Assessments, depositing the proceeds thereof in a bank depository, and using such proceeds to operate the Association;
- d. providing for the operation, care, upkeep and maintenance of all of the Common Area, including paying all real and personal property taxes and other taxes and assessments with respect to the Common Area, or any other property owned by or leased to the Association;
- e. designating, hiring, and dismissing personnel necessary for the operation of the Association and the maintenance, operation, repair and replacement of its property and the Common Area, 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;
- f. making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the other provisions of the Declaration and these Bylaws, whether due to regular wear and tear or after damage or destruction by fire or other casualty;
- g. paying the costs of all services rendered to the Association and not chargeable directly to specific Owners;
- h. obtaining and carrying insurance against casualties and liabilities, as may be provided in the Declaration, and paying the premium cost thereof;
- i. making and amending rules and regulations and enforcing by legal means, if necessary, the provisions of the Declaration, these Bylaws, and such rules and regulations;
- j. opening bank accounts on behalf of the Association and designating the signatories thereon;
- k. maintaining a membership register reflecting, in alphabetical order, the names, physical addresses, mailing addresses, and email addresses of all Members;

- l. retaining copies of the Declaration, the Certificate, these Bylaws, any rules and regulations, and all other books, records, and financial statements of the Association in accordance with retention requirements mandated by applicable law and these Bylaws;
- m. making available to any prospective buyer of a Lot, Owners, Owner's representative, beneficiary, and the holders, insurers, and guarantors of a mortgage on any Lot or residence, current copies of the Declaration, the Certificate, these Bylaws, any rules and regulations, and all other books, records, and financial statements of the Association;
- n. permitting utility suppliers to use portions of the Common Area reasonably necessary for the ongoing development or operation of the Property; and
- o. retaining and paying for legal and accounting services necessary or proper in the operation of the Association.

4.02 **Management.** The Board may employ a manager for the Association at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to the manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws. Declarant, or an affiliate of Declarant, may be employed as the manager.

4.03 **Committees.** The Board may from time to time create and designate standing or ad hoc committees to advise or assist the Board with its duties and responsibilities. By resolution, the Board may create a committee, establish the purpose and powers of the committee, provide for the appointment of a chair and the committee Members, and provide for reports, termination, and other administrative matters deemed appropriate by the Board. Members of the committees will be appointed from among the Owners.

4.04 **Enforcement Procedures.**

- a. Enforcement Rights. The Association may enter upon any Lot or into any Improvement thereon at any time in an emergency, or in a non-emergency after twenty-four (24) hours written notice to the Owner(s) of the Lot, without being liable to any Owner, for the purpose of enforcing the Declaration, these Bylaws, or the Association's rules and regulations, or for the purpose of maintaining or repairing any area, Improvement, or other facility. The expense incurred by the Association in connection with the entry upon any Lot or Improvement and the maintenance and repair work conducted thereon shall be a personal obligation of the Owner of the Lot entered upon, shall be secured immediately by a lien upon the Lot entered upon and the Improvements thereon, and shall be enforced in the same manner and to the same extent as provided in the Declaration, these Bylaws, and the rules and regulations for Assessments. EACH SUCH OWNER WILL INDEMNIFY AND HOLD HARMLESS THE ASSOCIATION AND ITS

OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS FROM ANY COST, LOSS, DAMAGE, EXPENSE, LIABILITY, CLAIM OR CAUSE OF ACTION INCURRED OR THAT MAY ARISE BY REASON OF THE ASSOCIATION'S ACTS PURSUANT TO THIS SECTION EVEN IF CAUSED BY THE ASSOCIATION'S NEGLIGENCE IN CONNECTION THEREWITH, EXCEPT TO THE EXTENT ANY SUCH COST, LOSS, DAMAGE, EXPENSE, LIABILITY OR CLAIM IS CAUSED BY THE ASSOCIATION'S ACTUAL GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. The Association shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of these Bylaws. The Association is also authorized to settle claims, enforce liens and take all such action as it may deem necessary or expedient to enforce these Bylaws provided, however, that the Board shall never be authorized to expend any Association funds for the purpose of bringing suit against Declarant, its agents, attorneys, contractors, successors, or assigns.

- b. Association Remedies for Violation. In the event of a violation of the Declaration, these Bylaws, or any rules and regulations, the Board, acting on behalf of the Association, in addition to any other remedies provided by the Declaration, these Bylaws, or rules and regulations, and remedies available pursuant to State statute or other law, may (i) suspend or condition the right of an Owner and any tenants, occupants, or guests to use of facilities (including all or part of any Common Area) owned, operated, or managed by the Association; (ii) suspend an Owner's voting privileges in the Association, as further provided in the Declaration and these Bylaws, provided however, that an Owner's voting privileges with respect to an election of directors to the Board or on any matter concerning the rights or responsibilities of such Owner shall not be suspended under any circumstance; (iii) record a notice of non-compliance encumbering a Lot; (iv) levy a damage Assessment against a Lot; (v) levy collection or deed restriction enforcement costs against an Owner; and (vi) assess a fine against the Lot and Lot Owners for a violation by Owner, his or her tenants, occupants, or guests in an amount to be determined by the Board. Any amount charged to an Owner under these procedures may be collected in the same manner as Assessments as provided in the Declaration, including lien and foreclosure rights, to the extent permitted by law.
- c. Notice. Before the Association may suspend an Owner's right to use a Common Area, file a suit against an Owner other than a suit to collect any Assessment, foreclose under an Association's lien, charge an Owner for property damage, or levy a fine for a violation of any provisions in the Dedicatory Instruments, the Association or its agent must give written notice to the Owner by certified mail, return receipt requested, to the last known address of the Owner noted in the Association records. The notice must describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the

Association from the Owner. The notice also must inform the Owner that the Owner (i) is entitled to a reasonable period to cure the violation and avoid the fine or suspension, and specify the date by which the Owner must cure the violation, if the violation is of a curable nature and does not pose a threat to public health or safety, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six (6) months; (ii) may request a hearing on or before the thirtieth (30th) day after the date the notice was mailed to the Owner; and (iii) may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. App. Section 501 et seq.), if the Owner is serving on active military duty.

d. Hearing.

- i. If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board or before the Board if the Board does not appoint a committee. If a hearing is to be held before a committee, the notice must state that the Owner has the right to appeal the committee's decision to the Board by written notice to the Board.
- ii. The Association shall hold a hearing under this section not later than the thirtieth (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 not later than the tenth (10th) day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the hearing.
- iii. The hearing will be held in executive session affording the alleged violator a reasonable opportunity to be heard. Before any sanction hereunder becomes effective, proof of proper notice will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered the notice. The notice requirement will be satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is cured within a thirty-day period. Such suspension will not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

- e. Appeal. Following a hearing before a committee, if any, the violator will have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the manager, if any, president, or secretary within ten (10) days after the hearing date.
- f. Attorney's Fees. The Association may collect reimbursement of reasonable attorney's fees and other reasonable costs incurred by the Association relating to collecting amounts, including damages, due the Association from an Owner for enforcing restrictions or these Bylaws or rules and regulations of the Association only if the Owner is provided written notice that attorney's fees and costs will be charged to the Owner if the delinquency or violation continues after a certain date. Regardless, attorney's fees may not be charged to an Owner's account until after any Owner-requested hearing allowed pursuant to the procedures described in this Article is held, or, if the Owner does not request a hearing, before the date by which the Owner must request a hearing. For repeat violations by an Owner occurring within a six-month period, reasonable attorney's fees may be assessed to an account after the first hearing request deadline date has passed or after the first hearing, as appropriate.
- g. Application of Payments. The Association, in its sole discretion and without notice to any Owner, may apply amount received from an Owner to non-assessment items or other amounts due and owing the Association regardless of such Owner's notation on checks or otherwise.
- h. Changes in Law. The procedures and remedies described above are intended to reflect the requirements prescribed in Chapter 209 of the Texas Property Code. At any time, the Board may amend these Bylaws to comply with any changes to Chapter 209 or other law in accordance herewith.
- i. No Waiver of Enforcement. The failure of the Association to enforce any provisions of the Declaration, these Bylaws, the rules and regulations, or other procedures described in the Dedicatory Instruments, shall not constitute a waiver of the right to enforce the same thereafter. All remedies in the Declaration, these Bylaws, and the rules and regulations are cumulative and not exclusive.
- j. Additional Enforcement Rights. Notwithstanding anything to the contrary herein, the Association, acting through the Board or its agents, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations and the maintenance of landscaping, including the installation or removal thereof) or by suit at law or in equity to enjoin any violation, recover monetary damages, or both without the necessity of compliance with the procedure set forth above. In any such action, the Owner shall pay or reimburse the Association for all costs, including reasonable attorney's fees, actually incurred.

- 4.05 **Liabilities and Standard of Care.** In performing their duties, the directors on the Board are required to exercise certain standards of care and are subject to certain liabilities, including, but not limited to, the following provisions of the Texas Business Organizations Code as they may be amended: Chapter 7, Sections 3.105, 3.201, 22.221, 22.224, 22.225, 22.226, and 22.230.

ARTICLE V.

BOARD OF DIRECTORS: MEETINGS

- 5.01 **Regular Meetings.** Regular meetings of the Board may be held at such time and place as determined by a majority of the directors on the Board from time to time, but at least one (1) such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be given to the directors not less than ten (10) days before the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice of such meeting or written consent to holding such meeting. Except as otherwise provided by the Declaration, these Bylaws, or applicable law, meetings may be held in person, by conference call, email, or other electronic communication provided that all directors have the opportunity to hear or read all formal Board discussion and all directors have the opportunity to be heard or otherwise communicate with all other directors.
- 5.02 **Special Meetings.** Special meetings of the Board shall be held when called by written notice signed by the president or by any two (2) directors. Notice of the time and place of the meeting and the matters to be covered at the meeting shall be given to the directors not less than ten (10) days before the meeting.
- 5.03 **Waiver of Notice.** The actions of the Board at any meeting shall be valid if (a) a quorum, as defined herein, is present, and (b) either proper notice of the meeting was given to each director or, before or after the meeting, a written waiver of notice, consent to holding the meeting, and approval of the minutes of the meeting, is given by any director who did not receive proper notice of the meeting or who was not in attendance. The waiver of notice and consent to holding the meeting need not specify the purpose of the meeting. Notice of a meeting shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of proper notice.
- 5.04 **Quorum of Board.** At all meetings of the Board, a majority of the directors currently serving on the Board will 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. The Board, at a meeting at which a quorum is initially present, may continue to transact business, notwithstanding the withdrawal or departure of directors initially included in the quorum, if any action taken is approved by a least a majority of the members constituting the required quorum for that meeting. If the Board cannot act because a quorum is not present at a meeting, a majority of the directors who are present at the meeting may adjourn the meeting to a date not less than five (5) nor more

than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business that may have been transacted at the meeting originally called may be transacted without further notice.

- 5.05 **Conduct of Meetings.** The president shall preside over all Board meetings. The secretary shall keep written minutes of each meeting of the Board, recording therein all resolutions adopted by the Board, the votes of the directors, and all transactions and proceedings occurring at such meeting.
- 5.06 **Open Meetings.** All meetings of the Board in which a quorum is present, the Association's business is considered, and formal action is taken by the Board shall be open to all Owners. Members other than directors may not participate in any discussion or deliberation of the Board unless permission to speak during the meeting is requested on such Member's behalf by a director. In such case, the president may limit the time any Member may speak. Notwithstanding the foregoing, the Board may adjourn a board meeting and reconvene in closed executive session to consider actions of a sensitive or confidential nature, such as, but not limited to, pending or threatened litigation, contract negotiations, enforcement actions, etc.
- 5.07 **Notice of Meetings to Members.** Members shall be given notice of the date, hour, place, and general subject of a regular or special meeting of the Board. Such notice shall be:
- a. mailed to each Owner not later than the 10th day or earlier than the 60th day before the date of the meeting; or
 - b. provided at least 72 hours before the start of the meeting by:
 - i. posting the notice in a conspicuous manner reasonably designed to provide notice to Members in a place either located on the Association's Common Area or, with the Owner's consent, on other conspicuously located private property within the subdivision, or on any internet website maintained by the Association or other internet media; and
 - ii. sending the notice by email to each Owner who has registered an email address with the Association.
- 5.08 **Proxies.** Directors may vote by written proxy.
- 5.09 **Action by Written Consent.** Any action that may be taken at a Board meeting may be taken without a meeting by written consent setting forth the action taken and signed by a sufficient number of the Board as would be necessary to take that action at a meeting. Such signed, written consent shall have the same force and effect as an action taken at a meeting.

ARTICLE VI.

OFFICERS

- 6.01 **Officers.** The officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom shall be members of the Board. The Board may appoint and elect such other officers having the authority and duties for a particular period prescribed by the Board as the affairs of the Association may require. Any two or more offices may be held by the same person, except the offices of president and secretary.
- 6.02 **Election, Term of Office, and Vacancies.** Each officer shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members, and each officer shall hold office for approximately one year until the election of his or her successor, unless he or she sooner resigns, is removed, or is disqualified from serving. A vacancy in any office may be filled by appointment by the Board for the remainder of the term of the officer being replaced.
- 6.03 **Resignation and Removal.** 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 the notice or at any later time specified in the notice. The Board may remove any officer from office with or without cause, whenever, in the Board's judgment, the interests of the Association will be served thereby.
- 6.04 **Powers and Duties.** Officers have such powers and duties as are generally associated with their respective offices and as may be specifically conferred by the Board. The president is the chief executive officer of the Association, and in the absence of Board designation authorizing a person to execute an instrument on behalf of the Association, the president is the only person authorized to execute an instrument on behalf of the Association. The treasurer has primary responsibility for the preparation of the budget and financial reports and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.
- 6.05 **Standard of Care.** In performing their duties, the officers are required to exercise certain standards of care provided by Section 3.105 of the Texas Business Organizations Code.

ARTICLE VII.

ASSESSMENTS

- 7.01 **Personal Obligation and Creation of Lien.** As provided in the Declaration, each Owner is personally obligated to pay each Assessment, together with any interest thereon and costs and expenses of collection thereof, including, without limitation, reasonable attorney's fees to the Association at the time of the Assessment. Assessments are secured by a continuing lien upon the Lot against which the Assessment is made.

- 7.02 **Notice of Delinquent Assessments.** Owners that are delinquent in the payment of any amount, prior to referral to an attorney for collection of the same, shall be notified by certified mail, return receipt requested, of the amount due to the Association supported by an itemization of same, the Owner's option to enter into an alternative payment schedule based on the Association's policy of record, and the Owner's right to a period of thirty (30) days to cure the delinquency before further collection action is taken. The amount of the delinquency that triggers the aforementioned notice shall be determined by the Board from time to time.
- 7.03 **Collection.** Not less than thirty (30) days after the notice of delinquency is sent as set forth above, the delinquent Owner shall be referred to the Association's attorney for collection of all delinquent amounts. At that time, the delinquent Owner shall be responsible for all reasonable and necessary attorneys' fees associated with the collection of the delinquent amount. All other provisions of the Association's current collection policy shall remain in effect as originally written.

ARTICLE VIII.

PAYMENT PLAN

- 8.01 **Partial Payments for Amounts Owed.** Any Owner that is delinquent in the payment of any amounts owed to the Association may enter into a payment plan with the Association without accruing additional monetary penalties. For purposes of this Article, monetary penalties do not include reasonable costs associated with administering the payment plan or interest.
- 8.02 **Terms of Payment Plan.** Payment plans offered by the Association shall be for a period of at least three (3) months but no longer than twelve (12) months from the Owner's request to enter into a payment plan. Any payment plan shall include all amounts owed by the Owner to the Association, all amounts that will come due during the term of the payment plan, and all amounts for costs incurred in the administration of the payment plan. Each payment under the payment plan shall be equal. Any payment returned for insufficient funds shall constitute a breach of the payment plan. A delinquent Owner shall be responsible for all legal fees and administrative costs associated with the preparation of a payment plan. Such legal fees shall not be less than Two Hundred and No/100 Dollars (\$200.00) per payment plan and such administrative costs shall not be less than Twenty-Five and No/100 Dollars (\$25.00) per payment under the payment plan.
- 8.03 **Request and Execution.** After an Owner is notified of a delinquency in the payment of amounts due to the Association, the Owner shall have a period of thirty (30) days in which to request a payment plan. The Association shall prepare and deliver a payment plan to the Owner within fifteen (15) days of the Association's receipt of the Owner's request for a payment plan. The Owner shall execute and return the payment plan along with the first payment due under the payment plan within thirty (30) days after receiving the payment plan from the Association. If the Owner does not execute and deliver the payment plan to

the Association within said 30-day period, it shall be conclusively presumed that the Owner does not elect to enter into a payment plan and no further alternative payment plan or opportunity shall be offered. No Owner shall be entitled to enter into a payment plan with the Association if such Owner failed to honor the terms of a previous payment plan during the 2-year period prior to the current delinquency. No Owner shall be entitled to enter into a payment plan with the Association if such Owner entered into a payment plan with the Association in the previous 12-month period prior to the current delinquency.

ARTICLE IX.

ASSOCIATION RECORDS

- 9.01 **Examination by Owner.** The Association shall make the books and records of the Association, including financial records, open to and reasonably available for examination by an Owner, or a person designated in a writing signed by the Owner as the Owner's agent, attorney, or certified public accountant, in accordance with this Article. An Owner is entitled to obtain from the Association copies of information contained in the books and records, upon proper request, as set forth herein and in accordance with current law.
- 9.02 **Attorney's Records.** Except as otherwise provided by this section, an attorney's files and records relating to the Association, excluding invoices requested by an Owner relating only to a matter for which the Association seeks reimbursement of fees and costs from that Owner, are not records of the Association and are not subject to inspection by an Owner or production in a legal proceeding. If a document in an attorney's files and records relating to the Association would be responsive to a legally authorized request to inspect or copy Association documents, the document shall be produced by using the copy from the attorney's files and records if the Association has not maintained a separate copy of the document. This section does not require production of a document that constitutes attorney work product or that is privileged as an attorney-client communication.
- 9.03 **Written Request for Inspection or Copies.** An Owner or the Owner's authorized representative described in the foregoing provision must submit a written request for access to or information from the Association's books and records by certified mail, with sufficient detail describing the Association's books and records or the information therefrom requested, to the mailing address of the Association or authorized representative of the Association as reflected on the most current management certificate filed with the county clerk of each county in which any portion of the Subdivision is located. The request must contain an election either to inspect the books and records before obtaining copies or to have the Association forward copies of the requested books and records to the Owner or the Owner's authorized representative.
- a. If an inspection is requested, the Association, on or before the tenth (10th) business day after the date the Association receives the request, shall send written notice of dates during normal business hours that the Owner may inspect the requested books

and records to the extent those books and records are in the possession, custody, or control of the Association.

- b. If copies of identified books and records are requested, the Association shall, to the extent those books and records are in the possession, custody, or control of the Association, produce the requested books and records for the requesting party on or before the tenth (10th) business day after the date the Association receives the request, except as otherwise provided herein.
- c. If the Association is unable to produce the books and records requested herein on or before the tenth (10th) business day after the date the Association receives the request, the Association must provide to the requestor written notice that:
 - i. informs the requestor that the Association is unable to produce the information on or before the tenth (10th) business day after the date the Association received the request; and
 - ii. states a date by which the information will be sent or made available for inspection to the requesting party that is not later than the fifteenth (15th) day after the date notice is given.
- d. If an inspection is requested or required, the inspection shall take place at a mutually agreed upon time during normal business hours, and the requesting party shall identify the books and records for the Association to copy and forward to the requesting party.
- e. The Association may produce books and records requesting in hard copy, electronic, or other format reasonably available to the Association.

9.04 **Charges for Records Requests.** The Board shall adopt from time to time a records production and copying policy that prescribes the costs the Association will charge for the compilation, production, and reproduction of information requested under this Article. In the absence of a Board resolution determining otherwise, the Association shall charge the requesting party the following for the compilation, production, and reproduction of the information requested in accordance with this Article:

- a. Twenty-Five and No/100 Dollars (\$25.00) per hour if clerical staff performs the compilation, production, and reproduction task;
- b. Seventy-Five and No/100 Dollars (\$75.00) per hour if a manager performs the compilation, production, and reproduction task;
- c. The prevailing billing rate for an attorney, certified public accountant, or other third party professional if they perform the compilation, production, and reproduction task;

- d. The minimum hourly charge for performing the compilation, production, and reproduction task shall be two (2) hours;
- e. Ten cents (\$0.10) per page (each side that has recorded information is considered a page) or part of a page for standard paper copies;
- f. Fifty cents (\$0.50) per PDF or other electronic image file;
- g. One dollar (\$1.00) per compact disc (CD);
- h. Three dollars (\$3.00) per digital video disc (DVD);
- i. The aforementioned amounts shall be increased annually by the increase in the Consumer Price Index for All Urban Consumers (CPI-U), All Items, U.S. City Average, 1982-1984=100 reference base, as published by the U.S. Bureau of Labor Statistics, beginning January 2016, or its replacement index if publication of the CPI-U is discontinued.
- j. To the extent that the aforementioned charges exceed the maximum amounts allowed by current or future law, the charges shall be reduced to the current legal maximum amount at the time such charges are incurred.
- k. Owners requesting information regarding the Association books and records may be required to pay an advance payment of the estimated costs of compilation, production, and reproduction of the requested information. If the estimated costs are lesser or greater than the actual costs, the Association shall submit a final invoice to the Owner on or before the thirtieth (30th) business day after the date the information is delivered. If the final invoice includes additional amounts due from the Owner, the additional amounts, if not reimbursed to the Association before the thirtieth (30th) business day after the date the invoice is sent to the Owner, may be added to the Owner's account as an Assessment. If the estimated costs exceeded the final invoice amount, the Owner is entitled to a refund, and the refund shall be issued to the Owner not later than the thirtieth (30th) business day after the date the invoice is sent to the Owner.

9.05 **Document Retention Policy.** The Association's document retention policy is as follows:

- a. The Certificate, these Bylaws, the Declaration, and any and all amendments thereto, shall be retained permanently;
- b. The financial books and records shall be retained for seven (7) years;
- c. The account records of current Owners shall be retained for five (5) years;

- d. Contracts with a term of one (1) year or more shall be retained for four (4) years after the expiration of the contract term;
- e. The minutes of meetings of the Members and the Board shall be retained for seven (7) years; and
- f. Tax returns and audit records shall be retained for seven (7) years.

ARTICLE X.

MISCELLANEOUS

- 10.01 **Amendments.** These Bylaws may be amended at any time by a majority vote of the Board. To be effective, each such amendment must be in writing, reference the names of the Subdivision and the Association and be executed by a majority of the Board. These Bylaws may also be amended at any time by a vote of seventy-five percent (75%) of the Members in the Association. To be effective, each such amendment must be in writing, reference the names of the Subdivision and the Association and be executed by seventy-five percent (75%) of the Members of the Association. Further, any amendment must recite the recording data for these Bylaws and be recorded in the Official Public Records of the county in which the Subdivision is located.
- 10.02 **Conflicts.** If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, the conflicting Bylaws provision is null and void, but all other provisions of the Association’s Certificate, these Bylaws, and the Declaration shall remain in full force and effect. In the case of any conflict between the Association’s Certificate and these Bylaws, the Certificate controls. In the case of any conflict between the Declaration and these Bylaws, the Declaration controls.
- 10.03 **Severability.** Whenever possible, each provision of these Bylaws will be interpreted in a manner to be effective and valid. Invalidation of any provision of these Bylaws by judgement or order of a court with proper jurisdiction does not affect any other provision, which shall remain in full force and effect.
- 10.04 **Fiscal Year.** The Board may establish the Association’s fiscal year by resolution from time to time. In the absence of a Board resolution determining otherwise, the Association’s fiscal year shall be the calendar year.
- 10.05 **Business Days.** For purposes of these Bylaws, “business days” means a day other than Saturday, Sunday, or a state or federal holiday.
- 10.06 **Construction.** The effect of a general statement is not limited by the enumerations of specific matters similar to the general. Article and section headings used in these Bylaws are used for convenience purposes only and may not be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable,

