

FIRST AMENDED AND RESTATED

BYLAWS

OF

CHESTNUT MEADOWS ASSOCIATION, INC.

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**FIRST AMENDED AND RESTATED BYLAWS
OF
CHESTNUT MEADOWS ASSOCIATION, INC.**

These FIRST AMENDED AND RESTATED BYLAWS OF CHESTNUT MEADOWS ASSOCIATION, INC. (referred to herein as “these Bylaws” or the “Amended Bylaws”) are adopted this ____ day of _____, 2017, by CHESTNUT MEADOWS IV, LTD, a Texas limited partnership, (the “Declarant”) for and on behalf of CHESTNUT MEADOWS ASSOCIATION, INC., a Texas nonprofit corporation, (the “Association”) and are effective on the date this instrument is filed in the Real Property Records of Kaufman County, Texas.

RECITALS

WHEREAS, the original Bylaws of Chestnut Meadows Association, Inc. were recorded as Exhibit “C” to the Declaration of Covenants, Conditions and Restrictions for The Trails of Chestnut Meadow, which was recorded on December 18, 2001 as Clerk’s Instrument No. 20837 at Volume 1919, Page 173 of the Real Property Records of Kaufman County, Texas, and re-recorded on January 16, 2002 as Clerk’s Instrument No. 01049 at Volume 1938, Page 82 of the Real Property Records of Kaufman County, Texas; and

WHEREAS, pursuant to Article VI, Section 6.6 of the original Bylaws, so long as there is/are Class “B” Member(s) in the Association and so long as there is a Declarant, the Class “B” Member(s) and/or the Declarant may unilaterally amend the Bylaws for the purposes stated therein; and

WHEREAS, these Amended Bylaws include revisions to bring the Bylaws into compliance with provisions of the Texas Property Code applicable to Chestnut Meadows that have been enacted after the date the original Bylaws were adopted and recorded; and

WHEREAS, these Amended Bylaws are also adopted for purposes of addressing similar or related amendments reflected in the First Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Trails of Chestnut Meadow.

NOW, THEREFORE, CHESTNUT MEADOWS IV, LTD., being the sole Declarant and the sole Class “B” Member of the Association, hereby adopts these Amended Bylaws to replace in the entirety the Bylaws previously recorded as Exhibit “C” to the First Amended and Restated Declaration.

ARTICLE I

Corporate Name, Principal Office, and Definitions

Section 1.1 Name. The name of the Association shall be CHESTNUT MEADOWS ASSOCIATION, INC. (the “Association”), which is a Texas nonprofit corporation.

Section 1.2 Principal Office. The principal office of the Association shall be in the State of Texas and shall be located in Dallas County, Collin County or Kaufman County. The

Association may have such other offices, within the State of Texas, as the Board of Directors may determine or as the affairs of the Association may require.

Section 1.3 Definitions.

(a) The words used in these Bylaws shall be given their normal commonly understood meaning, unless the context requires a different meaning. Capitalized terms shall have the same meaning as set forth in Article I of the First Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Trails of Chestnut Meadow, which Declaration, as it may be further amended, renewed or extended from time to time, is referred to in these Bylaws as the “Declaration”.

(b) As used in these Bylaws, the term “Member”, without specific reference to Class “A” or Class “B” membership, shall mean and refer to the Class “A” Members of the Association.

(c) “Majority” shall mean those votes, owners, or other group, as the context may indicate, totaling more than fifty percent (50%) of the total number.

ARTICLE II

Association Membership, Meetings, Quorum, Voting, Proxies

A. Association Members

Section 2.1 Membership. The Association shall have two (2) classes of membership, being Class “A” and Class “B”, as set forth in the Declaration. Each Owner of a Lot shall be a Member of the Association. The provisions of the Declaration pertaining to membership are incorporated herein by reference.

B. Meetings of the Association Members

Section 2.2 Non-Members Attending Association Meetings. Meetings of the Association are open only to Association Members and not to the general public. A Member must obtain the approval of the Board of Directors in advance of the meeting for a non-Member to attend.

Section 2.3 Location for Meetings of the Members. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

Section 2.4 Annual Meetings of the Members. Annual meetings of the Association Members shall be set by the Board of Directors so as to occur during the second quarter of the Association’s fiscal year on a date and at a time set by the Board. The annual meeting is a meeting of the Members. All Members of the Association shall be entitled to notice of the meeting in accordance with Section 2.6 below even though the vote to be cast for a matter to be addressed at

the meeting, such as the election of Board members, might be exercised by the Member's Neighborhood Representative pursuant to applicable requirements of the Governing Documents.

Section 2.5 Special Meetings of the Members.

(a) In addition to the annual meeting of the Members, the President may be required to call special meetings of the Association in response to the following:

(i) By Resolution of the Board of Directors. The President shall call a special meeting of the Association if so directed by a resolution of a majority of a quorum of the Board with the resolution identifying the specific purpose for the meeting.

(ii) By Petition Signed by Association Members. The President shall call a special meeting of the Association if the Board receives a written petition signed by individual Class "A" Members representing at least thirty percent (30%) of the total Class "A" votes of the Association and which petition states the specific purpose for requesting the meeting.

(1) The petition must be signed by the individual Class "A" Members, rather than by the Neighborhood Representatives acting on behalf of the Members.

(2) The required 30% of the total Class "A" votes shall be calculated based on each Lot having one (1) vote. If two (2) or more co-Owners of a Lot sign the petition, the multiple signatures for that Lot represent only one (1) vote for purposes of determining the 30% required for calling the special meeting.

(b) The date, time, location, and agenda for the special meeting shall be determined by the Board of Directors. The agenda will be limited to the specific purpose(s) for which the meeting is being called. ***No business shall be transacted at a special meeting except as stated in the notice of the meeting.*** A motion made at the meeting to add additional items to the special meeting agenda shall be deemed invalid and of no effect.

(c) Notice of the special meeting shall be provided to all Members of the Association within thirty (30) days of the President's receipt of either (i) a resolution of the Board of Directors, or (ii) a petition signed by the Class "A" Members calling for the special meeting and which meets the requirements of Section 2.5(a) above. Notice of the special meeting will be provided in accordance with Section 2.6 below and will specify the purpose(s) for which the meeting is called.

(d) Any Member shall be entitled to attend a special meeting even though the voting rights for the Member might be required to be cast at the meeting by the Member's Neighborhood Representative due to the subject matter of the special meeting.

Section 2.6 Notice of Meetings of the Members. The content of a notice of any meeting of the Association Members will be at the direction of the President or the Secretary; provided,

however, all notices shall include the date, hour, location, and purpose(s) of the meeting. Notice may be given as follows:

(a) Written Notice. The primary method for serving notice to Members shall be written notice. Written notice shall be delivered either personally or by mail (U.S. Postal Service) to each Member not less than ten (10) nor more than sixty (60) days before the date of such meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, and addressed to the Member at the Member's address as it appears on the records of the Association.

(b) Electronic Notice. If a Member has registered an email address with the Association for use in receiving notices from the Association, the notice of the meeting may be sent to the Member by email in lieu of, or in addition to, written notice. Electronic notice of a meeting shall be deemed to be delivered when the Association electronically transmits the notice to the Member's registered email address as it appears on the records of the Association. Members who have registered an email address are responsible for keeping their email address updated with the Association.

(c) Notice to Declarant. During the Declarant Period (defined at Article I of the Declaration), notice of all meetings of the Association Members, including the proposed agenda, must be provided to the Declarant(s). The notice shall be sent certified mail, return receipt requested, to the Declarant(s) at least ten (10) days in advance of the date of the meeting. Failure to provide this notice to the Declarant shall subject the meeting to being deemed null and void, with any actions taken during such meeting being deemed null and void, which determination will be made at the sole discretion of the Declarant.

Section 2.7 Waiver of Notice of Meetings of the Members. If a Member waives notice of a meeting, it shall be deemed the equivalent of proper notice. Any Member or Neighborhood Representative may, in writing, waive notice of the meeting of the Members, either before or after the meeting. Attendance at a meeting shall be deemed waiver by the Member or by the Neighborhood Representative (as applicable) of notice of the time, date and place thereof, and of any business transacted thereat, unless the Member or Neighborhood Representative specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote at the meeting.

Section 2.8 Quorum Requirement for Meetings of the Members. Except as may otherwise be provided in these Bylaws or in the Declaration, the presence in person, by proxy, by absentee ballot, or by electronic ballot of Members or Neighborhood Representatives (as applicable) representing ten percent (10%) of the total Class "A" votes in the Association, with each Class "A" Lot having one (1) vote, and, so long as the Class "B" membership exists, the presence of a duly appointed representative of the Class "B" Member and, so long as the Declarant Period exists, the presence of a duly appointed representative of the Declarant shall constitute a quorum at all meetings of the Association Members. If the Class "B" Member(s) and/or the Declarant provides written notice to the Board stating that the Class "B" Member and/or Declarant is waiving its right to have a representative present at the meeting, quorum shall then be determined

without the requirement that said representative be present for the meeting. Absentee or electronic ballots may be counted toward quorum only for items appearing on the ballot as further addressed at Section 209.00592 of the Texas Property Code. Any provision in the Declaration concerning quorum is incorporated herein by reference.

Section 2.9 Adjournment of Meetings of the Members.

(a) Quorum Not Present. If a quorum is not present at the time the meeting is to be called to order, the meeting shall be immediately adjourned and subsequently rescheduled for a future date by the President or Secretary with the approval of the other Directors.

(b) Quorum Present. If a quorum is present at the time a duly called meeting is called to order, the Members or Neighborhood Representatives (as applicable) present may continue to do business until the meeting is adjourned. However, should the departure of Members or Neighborhood Representatives (as applicable) during the meeting result in a quorum no longer being present, the meeting shall immediately be adjourned. Any agenda items not addressed while quorum was present shall be addressed at the next duly called meeting at which a quorum is present. For purposes of this Section 2.9(b), the departure of the Class “B” Member representative and/or the Declarant representative during the meeting will not constitute the loss of a quorum.

Section 2.10 Conduct of Meetings of the Members.

(a) The President shall preside over all meetings of the Association. In the absence of the President or the President’s inability or unwillingness to preside over the meeting, the Vice President shall do so. In the event that neither the President nor the Vice President is available to preside over a duly called meeting of the Association, any other member of the Board of Directors may do so. In the unlikely event that no member of the Board of Directors is present, or is willing, to preside over the meeting, those Members or Neighborhood Representatives (as applicable) present at the meeting shall select a Member to preside over the meeting or may authorize the Association Manager to preside over the meeting, if the Manager is present.

(b) Parliamentary procedures for conducting meetings of the Association Members are addressed at Article IX of these Bylaws.

(c) A Member or any other Person attending a meeting of the Association shall not record or simultaneously transmit the meeting by audio or video recording device without the prior written consent of the Board of Directors, to include the use of a cell phone or other personal device to record or simultaneously transmit the meeting.

Section 2.11 Minutes of Meetings of the Members. The Secretary shall be responsible for ensuring that minutes of a meeting of the Association are prepared and recorded in a minute book with a summary of all transactions occurring at the meeting. The minutes of a meeting are not final and official until approved by the Members at a future meeting of the Association Members. The Association is not required to distribute the minutes of Association meetings to all Members.

Section 2.12 Action Without a Meeting of the Members. Any action required by law to be taken at a meeting of the Association, or any action which may be taken at a meeting of the Association, may be taken without a meeting if written consent setting forth the action so taken is signed by the number of individual Members (not Neighborhood Representatives) required to take that action at a meeting at which all of the Members were present and voted, and any such consent shall have the same force and effect as a unanimous vote of the Members. Each written consent shall bear the date of the signature of each Member who signs the consent. Within ten (10) days following authorization of any action by written consent, the Association shall give notice to all Members of the material features of the authorized action. This Section 2.12, however, may not be used in lieu of conducting the annual meeting of the Association Members or in lieu of a meeting of the Association Members called for the purpose of voting to remove any member(s) of the Board of Directors.

C. Voting by the Members

Section 2.13 Neighborhood Representatives. Pursuant to the Declaration and these Bylaws, Class "A" Members who have been elected to serve as Neighborhood Representatives (defined in the Declaration) are authorized to exercise the voting rights of the Class "A" Members on certain matters specified in the Governing Documents.

Section 2.14 Voting Rights. The voting rights of the Members and the Neighborhood Representatives shall be as set forth in the Declaration, and such voting provisions are incorporated herein by reference. Unless otherwise required by the Governing Documents, the vote of each Member shall be exercised personally by the Member until such time as a Neighborhood Representative(s) is elected from the Neighborhood in which such Member owns a Lot. Upon the election of a Neighborhood Representative(s) for a particular Neighborhood, the Neighborhood Representative(s) shall be entitled to exercise the vote of the Members within such Neighborhood pursuant to the Declaration, unless otherwise required by the Governing Documents.

Section 2.15 Voting Methods.

(a) Members or Neighborhood Representatives (as applicable) may vote (i) in person, (ii) by proxy, (iii) by absentee ballot, or (iv) by electronic ballot, unless a specific voting method is required for a particular vote by these Bylaws or by another Governing Document.

(b) The Association may, but is not required to, provide more than one (1) method of voting so long as the person entitled to cast a vote may do so by absentee ballot or by proxy.

(c) An electronic ballot means a ballot given by (i) electronic mail, (ii) facsimile, or (iii) posting on an Internet website, and for which the identity of the Person voting can be confirmed and for which the Person voting may receive a receipt of the transmission and receipt of the ballot.

(d) If an electronic ballot is posted on an Internet website to provide a means for casting a vote from the website, rather than by email or by facsimile, a notice of the website

posting shall be sent to each Member or Neighborhood Representative (as applicable) with instructions on obtaining access to the website ballot and the procedure to cast the vote electronically from the website.

(e) With the exception of votes (if any) cast electronically by means of a designated voting site on the Association website per Subsection (d) above, all absentee ballots and electronic ballots shall be in writing, dated, signed by hand by the Member or Neighborhood Representative (as applicable) and filed before the appointed time of each meeting with the Secretary or other person designated by the Board to receive proxies/ballots. Any such ballot that is not dated and signed will be deemed invalid and will not be counted. Ballots cast at a meeting of the Association must also be in writing, dated, and signed by hand by the person casting the ballot at the meeting. Votes cast electronically by means of a designated voting website pursuant to Subsection (d) above shall constitute a written and signed ballot.

(f) Proxies and absentee ballots shall be deemed to have been filed upon the Secretary's or other designated person's receipt of the proxy/absentee ballot by mail, email, facsimile, or hand delivery.

(g) Ballots cast electronically shall be deemed to have been filed upon the Secretary's or other designated person's receipt of the electronic ballot as evidenced by a facsimile confirmation receipt provided by the sender's facsimile device or an electronic transmission receipt requested by the sender. Electronic ballots must be filed at least three (3) hours prior to the time of the meeting or as otherwise specified in the voting instructions provided for the meeting.

(h) The term "proxy" refers to the written document by which a Member or Neighborhood Representative grants his/her voting rights to another person, who is referred to as the "proxy holder".

(i) A proxy must be in writing, dated, signed by the Member or Neighborhood Representative who is granting the proxy, and must clearly identify the name of the Person who will act as the Member's or Neighborhood Representative's proxy holder. A Neighborhood Representative may only give his/her proxy to a Neighborhood Representative from the same Neighborhood; provided, however, in the absence of another Neighborhood Representative from the same Neighborhood to serve as the proxy holder, the Neighborhood Representative may designate a member of the Board or an officer of the Association to serve as the Neighborhood Representative's proxy holder.

(ii) Every proxy shall be revocable upon the Secretary's receipt of written revocation or upon receipt of written notice by the Secretary of the death or judicially declared incompetence of the Person who signed and granted the proxy.

(iii) A proxy executed by a Member shall automatically cease upon conveyance of the Member's Lot to a new Owner or upon the expiration of eleven (11) months from the date of the proxy.

(iv) A proxy holder may not cast an absentee ballot (either in writing or

electronically). The Member or Neighborhood Representative (as applicable) must personally cast his/her absentee vote.

(v) A proxy holder must be physically present at the meeting for purposes of voting at the meeting on behalf of the Person who granted the proxy.

(vi) The Board of Directors shall have the sole discretion to determine whether a proxy meets the requirements for a valid proxy for the meeting for which the proxy is submitted.

(vii) For matters for which individual Members of the Association will vote on their own behalf, rather than a vote by the Neighborhood Representatives, a Member may designate a member of the Board or an officer of the Association to serve as the Member's proxy holder.

(i) Except as may otherwise be required by law or by the Association's Governing Documents, any action to be taken by a vote shall require the affirmative vote of at least a majority of the votes cast at the meeting at which a quorum is present. There shall be one (1) vote per Lot.

Section 2.16 Vote Recount.

(a) A Member may request a recount of the votes cast for the election of Directors pursuant to Section 3.6(e) of these Bylaws. A Member may also request, in writing, a recount of the votes cast at a meeting of the Association on any other matter. A request for a recount must be made no later than the fifteenth (15th) day after the date of the meeting of the Members at which the vote was taken or after the date of the announcement of the voting results if not announced at the meeting.

(b) Upon the Board's timely receipt of a written request for a recount, the Board shall engage the services of a person qualified to tabulate the votes. This person (i) must not be a Member of the Association or related to a member of the Board; and (ii) must be a current or former county judge, county elections administrator, justice of the peace, county voter registrar, the Association's auditor, or a person mutually agreed upon by the Board and the requesting Member.

(c) The Member requesting the recount shall pay, in advance, the cost of the recount, including any fees payable to the person performing the recount. If the recount results in a change in the results of the vote in question, the Association shall reimburse the requesting Member any costs so advanced.

(d) Any recount must be completed no later than the thirtieth (30th) day after the date which is the later of (i) the Board's receipt of the written recount request, or (ii) the Board's receipt of the requesting Member's advance payment for costs.

(e) After the recount is completed, the Association shall provide written notice

of the results of the recount to each Member who requested the recount.

(f) The right to request a recount and the procedures for a recount set forth above are in accordance with Section 209.0057 of the Texas Property Code. Should Section 209.0057 be amended or replaced, the new requirements and/or procedures shall apply and shall supersede the provisions of this Section 2.16 to the extent of any inconsistency.

ARTICLE III **Board of Directors**

Section 3.1 Governing Body of the Association. The affairs of the Association shall be managed by a Board of Directors, which serves as the Association's governing body, subject to the rights of the Class "B" Member(s) and the Declarant as set forth in this Article III.

A. Board Composition and Eligibility

Section 3.2 Number of Directors. Upon termination of the Class "B" Control Period, the number of Directors for the Association shall be three (3) as set forth at Section 3.8(c) below. The Board may later be expanded to five (5) or seven (7) Directors by resolution of the Board adopted by a majority vote of the Directors at a duly called meeting of the Board. In the case of a Board vacancy, or multiple vacancies, creating an even number of Board members, the Board may continue with the even number of members until the vacancy or vacancies are filled. Filling the position of any Board member vacancy shall be accomplished as soon as is reasonably practical in accordance with Section 3.9 of these Bylaws.

Section 3.3 Eligibility to Serve on the Board of Directors. Except with respect to Directors appointed by the Class "B" Member, the Class "A" Directors shall be Members of the Association; provided, however, no person and his or her spouse or other co-Owner of the same Lot may serve on the Board at the same time. In the case of a Member which is not a natural person, the person designated in writing to the Secretary of the Association as the representative of such Member shall be eligible to serve as a Director; provided, however, no such Member may have more than one (1) representative on the Board at the same time, except in the case of Directors appointed by the Class "B" Member. Members who have been convicted of a felony or crime of moral turpitude not more than 20 years before the date of his/her candidacy for election to the Board may not serve as a Director.

B. Board of Directors During Class "B" Control Period and Declarant Period

Section 3.4 Appointment of Directors During Class "B" Control Period. During the Class "B" Control Period (defined at Article I of the Declaration), the Class "B" Member(s) is/are entitled to appoint persons to serve on the Board of Directors. The Directors shall be selected by the Class "B" Members acting in their sole discretion and shall serve at the pleasure of the Class "B" Members until termination of the Class "B" Control Period.

Section 3.5 Right to Disapprove Actions of the Board and/or the Association.

(a) Class “B” Control Period. So long as a Class “B” Member exists, any of the Class “B” Members shall have a right to disapprove and to void any action, policy or program of the Association, of the Board, and of any committee which, in the judgment of the Class “B” Member(s), would tend to impair rights of the Class “B” Member(s) or Builders under the Declaration or these Bylaws, or interfere with development, construction of any portion of the Properties, or diminish the level of services being provided by the Association.

(b) Declarant Period. After termination of the Class “B” Control Period, so long as the Declarant Period is in effect (as defined at Article I of the Declaration), the Declarant(s) shall have a right to disapprove and to void any action, policy or program of the Association, of the Board, and of any committee which, in the judgment of the Declarant, would tend to impair rights of the Declarant or Builders under the Declaration or these Bylaws, or interfere with development, construction, or marketability of any portion of the Properties, or diminish the level of services being provided by the Association. No such action, policy or program described above shall become effective or be implemented until and unless:

(i) The Declarant shall have been given written notice of the meeting and the proposed actions approved at the meeting of the Association, of the Board or any committee, with such notice to have been sent by certified mail, return receipt requested, or by personal delivery at the address the Declarant has registered with the Secretary of the Association, as it may change from time to time, and which notice as to the meeting of the Board of Directors shall also comply with Section 3.23 of these Bylaws and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(ii) Each Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy or program which would be subject to the right of disapproval set forth herein. Each Declarant, its representatives or agents, shall make its concerns, thoughts and suggestions known to the Board and/or the members of the subject committee; and

(iii) No Declarant disapproves of any such action, policy or program authorized by the Association, the Board of Directors or any committee thereof within the time period described below.

The right of the Declarant to disapprove any such action shall not terminate and is not voided if notice of the meeting and notice of actions taken at the meeting, as referenced above, are not provided to the Declarant. The right to disapprove may be exercised by a Declarant, its successors, assigns, representatives or agents at any time within ten (10) business days following the delivery of the aforementioned list of actions approved, and whose decision shall be final. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board of the Association. No Declarant shall use its right to disapprove to reduce the level of services which the Association is obligated

to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

C. Election of Directors and Terms of Office

Section 3.6 Election of Directors.

(a) Elections During Class “B” Control Period. As of the adoption of these Amended Bylaws, the Class “A” Members have exercised the right to elect one-third (1/3) of the Directors pursuant to Section 3.6 of the original Bylaws, with said Directors being at-large Directors. The remaining two-thirds (2/3) of the Directors shall continue to be appointees of the Class “B” Members until the Class “B” Control Period is terminated.

(b) Elections After Class “B” Control. Within ninety (90) days after termination of the Class “B” Control Period, the Association shall call a meeting of the Association Members at which all Directors shall be elected by the Class “A” Members (or Neighborhood Representatives representing the Class “A” Members, if any) and, if any Lots are owned by a Class “B” Member, by the vote of the Class “B” Member(s). The candidates receiving the highest number of votes (Class “A” and Class “B” votes combined) shall be elected.

(c) Votes Cast. Votes shall be cast in accordance with the Declaration. With respect to each vacancy to be filled, (i) each Class “A” Member shall be entitled to cast one vote per Lot, or (ii) the Neighborhood Representatives, if any, shall be entitled to cast the total number of votes attributed to the Lots which the Neighborhood Representative represents, and (iii) each Class “B” Member shall have eight (8) votes per Lot. There shall be no cumulative voting. The Directors elected by the Class “A” Members shall hold office until their respective successors have been elected by the Association. The candidate(s) receiving the most votes shall be elected. Directors may be elected to serve any number of consecutive terms.

(d) Vote Tabulation. A candidate, or the candidate’s spouse, domestic partner, parent, child, brother, sister, grandparent, grandchild, great grandparent, great grandchild, aunt, or uncle may not count the votes for an election. Each candidate may name one (1) individual to observe the counting of the ballots, but the observer shall not be entitled to see the name of the person who cast any ballot. A disruptive observer will be removed from the vote tabulation process. A person authorized to count votes may not disclose to any other person how a Class “A” Member, Class “B” Member or Neighborhood Representative voted. In the event of a recount, the person conducting the recount may be provided access to the ballots for purposes of the recount.

(e) Vote Recount. A Member may request, in writing, a recount of the votes cast for the election of Directors no later than the fifteenth (15th) day after the date of the election. Upon the Board’s timely receipt of a written request for a recount, the Board shall engage the services of a person qualified to tabulate the votes. This person (i) must not be a Member of the Association or related to a Member of the Board; and (ii) must be a current or former county judge, county elections administrator, justice of the peace, county voter registrar, the Association’s auditor, or a person mutually agreed upon by the Board and the requesting Member. The Member requesting the recount shall pay, in advance, the cost of the recount, including any fees payable to

the person performing the recount. If the recount results in a change in the candidates who are elected to the Board, the Association shall reimburse the requesting Member any costs so advanced. Any recount must be completed no later than the thirtieth (30th) day after the date which is the later of (i) the Board's receipt of the written recount request, or (ii) the Board's receipt of the requesting Member's advance payment for costs. After the recount is completed, the Association shall provide written notice of the results of the recount to each Member who requested the recount. The right to request a recount and the procedures for a recount set forth above are in accordance with Section 209.0057 of the Texas Property Code. Should Section 209.0057 be amended or replaced, the new requirements and/or procedures shall apply and shall supersede the provisions of this Section 3.6(e) to the extent there is a conflict or inconsistency.

Section 3.7 Nomination of Candidates for Election to the Board.

(a) Except with respect to Directors selected by the Class "B" Members, nominations for election of Class "A" Members to the Board of Directors may be made by any (or all) of the following:

(i) Call for Candidates. Before the date that notice is sent to the Members announcing the meeting at which the election will be conducted, the Board may send notice to the Members to solicit names of Members interested in being a candidate for election to the Board. Such notice may be issued (i) by mail, or (ii) by posting the notice on the Association's website and sending an email to those Members who have registered an email address with the Association. The call for candidates may include a candidate questionnaire so that the candidate may provide pertinent information about his/her background and interest in serving on the Board. If responses are received before the Association sends the notice announcing the meeting at which the election will be conducted, the candidates identified as a result of this call for candidates can be included in the meeting notice and be placed on the absentee voting ballots (if used).

(ii) Nominating Committee. Before the date that notice is sent to the Members announcing the meeting at which the election will be conducted, the Board may appoint a nominating committee which will identify potential candidates. The nominating committee (if established) shall consist of a chairperson, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. Members of the nominating committee do not have to be Neighborhood Representatives. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine. The candidates identified by the nominating committee may also be asked to complete a candidate questionnaire. Candidates identified by the nominating committee before the Association sends the notice announcing the meeting at which the election will be conducted will be included in the meeting notice and the absentee voting ballots (if used). The nominating committee may also announce its nominations at the meeting at which the elections will be conducted.

(iii) Nominations from the Floor at the Meeting. Members may also nominate candidates by motion made from the floor at the meeting at which the election will be conducted, with the nominated candidate confirming his/her agreement to serve on

the Board if elected. Nominations from the floor at the meeting may be made by any Member of the Association. The Member making the nomination does not have to be a Neighborhood Representative.

(b) All candidates shall have a reasonable opportunity to communicate their qualifications to the Neighborhood Representatives and to solicit votes.

(c) If a list of candidates is published to the Association Members before the date of the meeting at which the election will be conducted, a subsequent change in the list of candidates will not be deemed an amendment to any motion to elect Director(s) that may be made at the meeting.

(d) The Board of Directors may adopt additional rules and procedures for the nomination of candidates for election to the Board of Directors.

Section 3.8 Terms of Office for Directors.

(a) Class “B” Board Appointment. The appointment of the Class “B” Directors shall be perpetual until the termination of the Class “B” Control Period, or until the Class “B” Members through a recorded instrument decide otherwise. Should a Class “B” appointed Director resign or become unable to serve, the Class “B” Member(s) shall appoint someone to fill the position.

(b) Class “A” Member Terms During Class “B” Control Period. The election of the Class “A” Members in accordance with Section 3.6 above shall be for a term of three (3) years. At the expiration of the initial term of office of each Class “A” Member of the Board, a successor shall be elected at the annual meeting to serve for a like term. Should a Class “A” Member no longer be able to serve, the Board shall call a special meeting of the Membership as soon as reasonably practical to fill the balance of the term of the position.

(c) Class “A” Member Terms After Termination of Class “B” Control Period.

(i) Initial Terms. The initial term of office for the three (3) Class “A” Member Directors to serve upon termination of the Class “B” Control Period shall be one (1) Director with a three-year term, one (1) Director with a two-year term, and one (1) Director with a one-year term. The candidate receiving the highest number of votes shall hold the three-year term, the candidate receiving the next highest number of votes shall hold the two-year term, and the one (1) candidate receiving the next highest number of votes shall hold the one (1) one-year term.

(ii) Subsequent Terms. When the term of office commencing with the 2017 annual meeting expires for each of the three (3) Class “A” Member Directors identified above, the Directors elected by the Class “A” Members to fill the expiring term(s) shall each be elected to three (3) year terms resulting in all Directors serving three-year terms thereafter.

(iii) Terms for Five (5) Member Board. Should the Board be increased in size to five (5) members pursuant to Section 3.2 above before all Directors are serving three-year terms as addressed at Section 3.8(c)(ii) above, there shall be two (2) three-year terms, two (2) two-year terms and one (1) one-year terms and the initial terms of the two (2) additional Board members comprising the new five (5) member Board shall be such as to comply with this requirement.

(iv) Terms for Seven (7) Member Board. Should the Board be increased in size to seven (7) members pursuant to Section 3.2 above before all Directors are serving three-year terms as addressed at Section 3.8(c)(ii) above, there shall be three (3) three-year terms, two (2) two-year terms and two (2) one-year terms and the initial terms of the two (2) additional Board members comprising the new seven (7) member Board shall be such as to comply with this requirement.

(v) Successive Terms. Class “A” Directors may hold any number of consecutive terms, or hold office until their respective successors have been elected by the Association.

Newly elected Board members shall fill their positions on the Board at the beginning of the organizational meeting after the election pursuant to Section 3.18. Outgoing incumbent Board members shall hold office until adjournment of the meeting in which their replacement was elected.

D. Board Vacancies, Resignations, Removal of Directors

Section 3.9 Vacancies on the Board.

(a) During the Class “B” Control Period, should a Class “B” appointed Director resign or be unable to serve, the Class “B” Member(s) shall appoint a replacement.

(b) In the event of the death, disability or resignation of a Class “A” Member Director, a vacancy will be declared by the Board, and the Board shall appoint a successor by majority vote of all remaining Directors at a duly called meeting of the Board at which a quorum of remaining Directors is present. In the event of a situation in which the number of remaining Directors is less than the number required for a quorum when all Director positions are filled, all remaining Directors, even though less than a quorum, shall call a special meeting of the Board and vote to appoint a successor, with such meeting and vote not being deemed improper or void because of the lack of the required number of Directors to constitute a quorum. The Class “A” Member(s) appointed by the Board to fill the vacancy shall serve the unexpired term of the Director who is being replaced. Should the Board fail to timely appoint a replacement Director, the Members of the Association may submit a written petition to the Board signed by individual Class “A” Members representing at least ten percent (10%) of the total Class “A” votes in the Association calling for a special meeting of the Association pursuant to Section 2.5 of these Bylaws for the sole purpose of electing a successor to fill the vacancy on the Board, with said election to be conducted pursuant to the procedures set forth in these Bylaws for the annual election of Directors.

Section 3.10 Resignation of Directors. Any Class “A” Member Director may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect on the date of receipt of such notice or at a later time if a date is specifically stated in the notice of resignation. Unless otherwise specified therein, the Board’s acceptance of such resignation shall not be necessary to make it effective.

Section 3.11 Removal of Directors.

(a) Directors appointed by the Class “B” Members during the Class “B” Control Period shall not be subject to removal by the Class “A” Members. Directors elected by the Class “A” Members shall not be subject to removal solely by the Class “B” Member(s).

(b) Any Director elected by the Class “A” Members may be removed, with or without cause, by (i) the vote of the individual Class “A” Members representing at least a majority of the total Class “A” votes in the Association or (ii) the vote of the Neighborhood Representatives holding no less than two-thirds (66%) of the Class “A” votes in the Association. Such a vote shall be taken at a meeting of the Association duly called for the purpose of conducting a vote to remove a Director and with notice of such meeting provided to all Members of the Association pursuant to the meeting notice procedures set forth in these Bylaws, with notice sent to the Declarant and the Class “B” Member (if any).

(c) Any Director elected by the Class “A” Members whose removal is sought shall be given notice prior to any meeting called for that purpose.

(d) Upon removal of a Director elected by the Class “A” Members, a successor shall be elected as soon as practical by the vote of the individual Members, or by Neighborhood Representatives, if any, as set forth at Section 2.14 and Section 2.15 of these Bylaws in order to fill the vacancy for the remainder of the term of the Director who was removed. The election of the successor Director may be conducted at the same meeting at which the Director was removed so long as notice of the potential election of a successor Director is provided in accordance with these Bylaws.

(e) Upon the Board’s receipt of evidence confirming that a Director was convicted of a felony or crime involving moral turpitude not more than twenty (20) years before serving as a Director, the Director shall be automatically disqualified from further service on the Board, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

(f) Any Class “A” Member’s position as a Director shall automatically cease and be deemed a resignation upon the conveyance of the Director’s Lot to another Person, to include conveyance of the Lot to the Association or to a third party as a result of the Association exercising its foreclosure rights for recovery of unpaid Assessments.

E. Meetings of the Board of Directors

Section 3.12 Definition of Board Meeting. For purposes of these Bylaws, a “Board meeting” is a deliberation between a quorum of the Association’s voting Board members, or a deliberation between a quorum of the voting Board members and another Person or Persons, during which deliberation of Association business is considered and the Board takes formal action. A gathering of a quorum of the Board at a social function unrelated to the business of the Association or the attendance by a quorum of the Board at a regional, state, or national convention, ceremonial event, or press conference is not a meeting of the Board of Directors so long as formal action is not taken by the Board and any discussion of Association business is incidental to the social function, convention, ceremonial event, or press conference. The foregoing description of a meeting of the Board of Directors complies with Chapter 209 of the Texas Property Code.

Section 3.13 Location of Board Meetings. Meetings of the Board shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the President either within the Properties or as convenient thereto as possible and practical.

Section 3.14 Board Meetings Open to Association Members. Subject to the provisions of Section 3.21 of these Bylaws authorizing certain action to be taken by the Board without a meeting, all meetings of the Board shall be open to the Association Members, but Members other than Directors may not participate in the discussions or deliberations unless permission to speak is requested on the Member’s behalf by a Director. In such case, the President may limit the time any Member may speak. Meetings of the Board are conducted as open meetings so that Members have the opportunity to observe the Board as it addresses the business and affairs of the Association and to be informed about the Board’s actions. The open meetings, however, are not conducted for the purpose of providing Members with an opportunity to interject the Member’s views or opinions on the subject matter being addressed by the Board or to interrupt or disrupt the meeting. The officer presiding over the Board meeting shall have the authority to require that a disruptive Member leave the Meeting so that the Board may address the business of the Association.

Section 3.15 Executive Session Exception to Open Meeting. Notwithstanding Section 3.14 above, the President (or other officer presiding over the meeting) may adjourn any meeting of the Board of Directors and reconvene in closed executive session (excluding Members who are not Directors) to discuss the following matters: (i) personnel matters; (ii) pending or threatened litigation; (iii) contract negotiations; (iv) enforcement actions; (v) confidential communications with attorneys; (vi) matters which the Board of Directors consider to be an invasion of privacy of individual Members; or (vii) matters that are to remain confidential by request of the affected parties and agreement of the Board. The general nature of any business to be considered in executive session must first be announced at the open meeting before the Board goes into executive session. Following the executive session, any decision made by the Board in executive session must be summarized orally and recorded in the minutes for the open session of the Board meeting (in general terms) without breaching the privacy of individual Members, violating any privilege (such as the attorney-client privilege), or disclosing information that was to remain confidential at the request of the affected parties. The oral summary shall include a general explanation of expenditures approved by the Board in executive session.

Section 3.16 Board Meetings During Class “B” Control Period. The open meetings and notice provisions for Board meetings conducted during the Class “B” Control Period are not required unless the meeting of the Board is conducted for the purpose of: (i) adopting or amending the Governing Documents, including declarations, bylaws, rules, and regulations of the Association; (ii) increasing the amount of Regular Assessments or adopting or increasing a Special Assessment; (iii) electing Class “A” Members of the Association to the Board of Directors or establishing a process by which those members are elected; or (iv) changing the voting rights of Association Members.

Section 3.17 Board Meetings During Declarant Period. If the Class “B” Control Period has terminated but the Declarant Period continues, the notice provisions and open meetings provisions of this Article III shall apply.

Section 3.18 Annual Organizational Meeting of the Board. The first meeting of the Board of Directors following each annual meeting of the Association shall be held within ten (10) days after the annual meeting at such time and place determined by the Board. The actions taken at the organizational meeting shall be announced at the next Board meeting, with those actions being recorded in the minutes of that meeting. If the Class “B” Control Period has terminated, the election of officers following the annual meeting must be conducted at a meeting of the Board for which notice is provided to the Association Members pursuant to meeting notice provisions of these Bylaws. The Board may combine the organizational meeting with a regular meeting of the Board pursuant to Section 3.19 below so long as the meeting is conducted within ten (10) days of the annual meeting and notice of the meeting has been provided to the Association Members as may be required by this Article III.

Section 3.19 Regular Meetings of the Board. Regular meetings of the Board of Directors may be scheduled from time to time by the Board, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the meeting shall be provided to each Director pursuant to Section 3.23.

Section 3.20 Special Meetings of the Board. Special meetings of the Board of Directors shall be held when called by written notice signed in person or electronically by the President of the Association or by any two (2) Directors. The notice shall be provided to each Director pursuant to Section 3.23 and to each Association Member pursuant to Section 3.24. ***No business shall be conducted at a special meeting of the Board except as stated in the meeting notice.***

Section 3.21 Action Without Formal Meeting of the Board. Routine and administrative actions or emergencies requiring immediate Board action (other than matters set forth in Section 3.24(c) below), may be taken without a meeting and without prior notice to the Association Members if each Board member is given a reasonable opportunity to express his/her opinion on the matter to all other members of the Board and to vote. At the next regular or special meeting of the Board, any such action taken shall be summarized orally, including an explanation of any known actual or estimated expenditures approved by the Board, and documented in the minutes of the meeting at which the oral summary is made. To the extent provisions of the Association’s Articles of Incorporation or the Texas Business Organizations Code authorize the Board to take

certain action by written consent or by other means that is in conflict with provisions of Chapter 209 of the Texas Property Code governing open Board meetings and notice of Board meetings to be provided to the Association Members as a property owners' association, the provisions of Chapter 209 of the Texas Property Code shall take precedence.

Section 3.22 Telephonic and Electronic Meetings of the Board. Members of the Board may participate in a meeting of the Board, to include a closed executive session meeting, by means of telephone conference call or similar communications equipment (i) if all Board members and Persons participating in the meeting can simultaneously communicate with one another, (ii) if Members who are not Directors are also able to listen using the same telephonic or electronic method of communications being used by the Board, with the exception of a closed executive session meeting of the Board, and (iii) the notice of the meeting provided to the Association Members includes instructions for Members to access the communications method, if not a closed executive session meeting. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 3.23 Notice of Board Meetings Provided to Directors. Notice of a meeting of the Board of Directors shall be given to each Director by one of the following methods: (i) by personal delivery; (ii) written notice by first-class mail, postage prepaid; (iii) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (iv) by email, facsimile, computer, or other communication device. All such notices shall be given at the Director's telephone number, fax number, email address, or sent to the Director's mailing address as shown on the records of the Association. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least seventy-two (72) hours before the time set for the meeting. The notice shall specify the time and place of the meeting and the nature of any special business to be considered.

Section 3.24 Notice of Board Meetings Provided to Association Members. Except as provided in Section 3.24(e) below, notice of the date, time, place, and general subject matter, including a general description of matters to be considered in executive session, of each Board meeting shall be given to each Member of the Association by one of the following methods:

(a) Written or Printed Notice. Written or printed notice delivered either personally or by mail to each Member not less than ten (10) nor more than sixty (60) days before the date of the meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid. It is each Member's duty to keep the Association informed of any change in mailing address.

(b) Electronic Notice. Notice shall be posted on the Association's Website at least seventy-two (72) hours before the start of the meeting **and** an email sent to each Member who has registered an email address with the Association. The notice of a meeting shall be deemed to be delivered when the Association electronically transmits the notice to the Member's registered

email address as it appears on the records of the Association. It is each Member's duty to have registered and maintained an email address with the Association and are responsible for keeping their email address updated with the Association.

(c) Required Notice to Members. Subject to the Board's right to adjourn the general open session part of a Board meeting and reconvene in closed executive session to discuss certain matters as addressed at Section 3.15 above and subject to any exceptions to providing notice set forth in this Article III, Chapter 209 of the Texas Property Code requires that notice of a Board meeting must be provided to the Association Members if the Board will consider and/or vote on any of the following matters: (i) fines; (ii) damage assessments; (iii) initiation of foreclosure actions; (iv) initiation of enforcement actions (except actions that seek the issuance of a temporary restraining order or that relate to violations involving a threat to health or safety); (v) increases in Assessments; (vi) levying of Special Assessments; (vii) appeals from a denial of architectural review approval; (viii) a suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense, on the issue; (ix) lending or borrowing money; (x) adopting or amending a Governing Document; (xi) approval of an annual budget or approval of an amendment of an annual budget that increases the budget by more than ten percent (10%); (xii) sale or purchase of real property by the Association; (xiii) filling a vacancy on the Board; (xiv) construction of Association capital improvements other than the repair, replacement, or enhancement of existing capital improvements within the Common Properties; or (xv) election of an officer.

(d) Notice to Declarant During Declarant Period. During the Declarant Period, notice of all meetings of the Association, including the proposed agenda, must be provided to the Declarant(s). The notice and agenda shall be mailed certified, return receipt requested, to the Declarant(s) at least ten (10) days in advance of the date of the meeting. Failure to make this notice provision shall subject the meeting to being deemed null and void, with any actions taken during such meeting null and void, which determination will be made at the sole discretion of the Declarant.

(e) Exceptions to Providing Notice of Board Meetings. Notice to Members is not required for Board meetings which are convened pursuant to Sections 3.16 and 3.21 above.

Section 3.25 Waiver of Notice of Board Meetings. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.26 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact

business, notwithstanding the departure of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, the meeting shall be adjourned and rescheduled to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. Notice of the reconvened meeting shall be provided to the Association Members pursuant to Section 3.24 above. At the reconvened meeting, if a quorum is present, any business which might have transacted at the meeting originally called may be transacted without further notice. If a quorum is not present at the rescheduled meeting, the meeting shall continue to be rescheduled until a quorum is present. A Director may not designate a proxy holder to act on behalf of the Director as a member of the Board.

Section 3.27 Adjournment of Board Meetings.

(a) Quorum Not Present. If a quorum is not present at the time the meeting is to be called to order, the meeting shall be immediately adjourned and subsequently rescheduled.

(b) Quorum Present. If a quorum is present at the time a duly called meeting is called to order, the Directors present may continue to do business until adjournment notwithstanding the departure of some Directors; provided, however, should at any point a quorum no longer be present at a meeting, the meeting shall be immediately adjourned. The balance of the agenda shall be rescheduled for another meeting.

(c) Recessed/Continuation of Extended Meetings. If the Board recesses a regular or special Board meeting to continue the following regular business day, the Board shall post notice of the continued meeting on the Association's website and an email sent at least four (4) hours prior to the continued meeting to each Member who has registered an email address with the Association. If a regular or special Board meeting is continued to the following regular business day, and on that following day the Board continues the meeting the next business day, the same notice provision shall apply to the meeting continuation. Should a meeting of the Board be scheduled to continue not on the next business day, the notice provisions of this Article III shall apply.

Section 3.28 Conduct of Board Meetings. The President shall preside over all meetings of the Board of Directors. If the President is not present or is unable to preside over the meeting, the Vice President shall preside over the meeting. If the President and the Vice President are not present or are unable to preside over the meeting, the Treasurer shall preside over the meeting. The Secretary shall be responsible for ensuring that minutes are prepared for each meeting of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings. The Secretary may delegate the task of preparing the meeting minutes to the Association manager; provided, however, the Secretary is responsible for supervising such task.

Section 3.29 Minutes of Board Meetings. Except for matters addressed in closed executive session, the Board shall keep a record of each regular or special meeting of the Board in the form of written minutes of the meeting. Meeting records, including written minutes that have been approved by the Board, shall be available to the Association Members for inspection and

copying at the written request of a Member pursuant to the policies and procedures set forth at Article VIII of these Bylaws for inspection and copying of Association books and records.

Section 3.30 Voting at Board Meetings. Votes cast at meetings of the Board of Directors shall be cast only by members of the Board, with each Director having one (1) vote. Board members may not vote by proxy or by absentee ballot but must vote in person at the meeting at which the vote is conducted. Should a Class "A" Board member have an item or items before the Board where a potential conflict of interest could exist (such as a financial interest), that Board member shall recuse himself from any vote by the Board on the matter.

F. Powers and Duties of the Board of Directors

Section 3.31 Powers of the Board of Directors. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers necessary for the administration of the Association's affairs as authorized by law and by the Governing Documents. The Board may do or cause to be done all acts and things necessary for the administration of the Association except for matters that are specified by law or the Governing Documents to be undertaken or approved by the Association Members.

(a) Management Liaison. The Board of Directors shall delegate to one of the Directors the position of liaison and the authority to act on behalf of the Board of Directors on matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

(b) Agreements, Contracts, Deeds, Leases, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be approved by the Board before being executed on behalf of the Association by an officer or by such other person or persons as may be designated by resolution of the Board of Directors. The Board shall have the authority to adopt procedures by which an officer of the Association and/or the manager may have the authority to execute certain instruments and/or checks to allow for the efficient administrative management of the Association for routine matters; provided, however, the Board shall remain responsible for monitoring any such actions for the protection of the Association.

(c) Neighborhoods. The authority of the Association Board of Directors with regard to the individual Neighborhoods is set forth in the Declaration.

Section 3.32 Duties of the Board of Directors. In addition to duties imposed by these Bylaws, by the Governing Documents, or by any resolution of the Association, the Board of Directors shall have the authority and responsibility 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) preparation and adoption, in accordance with the Declaration, of annual budgets in which there shall be established the contribution of each Owner to the common expenses;

(b) making Assessments to defray the common expenses, establishing the means and methods of collecting such Assessments, and establishing the period of the installment payments of the Annual Assessment; provided, unless otherwise determined by the Board of Directors, the Annual Assessment for each Lot's equally proportionate share of the common expenses shall be payable in one (1) annual installment, such installment to be due and payable January 1 of each year and delinquent if not paid within 30 days of such date;

(c) providing for the operation, care, upkeep and maintenance of all of the Common Properties;

(d) designating, hiring and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair and replacement of its property and the Common Properties 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;

(e) collecting the Assessments, depositing the proceeds thereof in a bank depository which it shall approve and using the proceeds to operate the Association; provided, any reserve fund may be deposited in the Directors' best business judgment in depositories other than banks;

(f) making and amending policies, rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Properties in accordance with the other provisions of the Declaration and these Bylaws;

(i) enforcing by legal means the provisions of the Declaration, these Bylaws and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) 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;

(m) making available to any prospective purchaser of a Lot, any Owner of a Lot, any First Mortgagee, and the holders, insurers and guarantors of a First Mortgage on any Lot,

current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing the Lot and all other books, records and financial statements of the Association;

(n) permitting utility suppliers to use portions of the Common Properties reasonably necessary to the ongoing development or operation of the Properties; and

(o) ensuring that the Association's Governing Documents, to include amendments or supplements thereto, and the Association's management certificate are recorded in the Real Property Records of Kaufman County, Texas, in compliance with the Texas Property Code.

Section 3.33 Association Contracting with Third Parties. With respect to the Common Properties, and in accordance with the Articles of Incorporation and the Declaration, the Association, acting by and through the Board of Directors, shall have the right to contract with any Person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational or other agreements with vendors and other service providers, trusts, condominiums, cooperatives and other owners or residents associations, both within and without the Properties. Such agreements shall require the consent of a majority of the total number of Directors of the Association.

Section 3.34 Association Enforcement Actions. The Association, acting through the Board of Directors, shall have the power to impose sanctions for violations of the Governing Documents as provided in the Declaration and to take other enforcement action as authorized by the Declaration. The failure of the Board to enforce any provision of the Governing Documents shall not be deemed a waiver of the right of the Board to do so thereafter or of the right to enforce any other violation. The Board shall have the authority to adopt a policy or policies for enforcement related matters.

Section 3.35 Compensation of Directors. No Director shall receive any compensation from the Association for serving as a Director unless approved by Members representing a majority of the total Class "A" votes of the Association at a regular or special meeting of the Association and, during the Class "B" Control Period, the approval of the Class "B" Member(s). Any Director may, however, be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors.

Section 3.36 Liability and Indemnification of Directors. Limitations on the liability of Directors in their capacity as a member of the Board of Directors and the Directors' right of indemnification from the Association shall be as set forth in the Association's Articles of Incorporation and pursuant to Texas law.

ARTICLE IV **Officers of the Association**

Section 4.1 Officer Positions. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board and by the members of the Board. The Board of Directors may appoint such other officers, including one

(1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except that the offices of President and Secretary may not be held by the same person.

Section 4.2 Election of Officers and Terms of Office. The officers of the Association shall be elected annually by the Board of Directors at a meeting of the Board of Directors following each annual meeting of the Members, as set forth in Article III of these Bylaws, with notice of the meeting provided to the Association Members pursuant to Article III. The vote to elect officers shall require an affirmative vote of a majority of all Directors at a duly called meeting of the Board.

Section 4.3 Officer Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Unless otherwise specified by the resigning officer, a Director's resignation of his/her position as an officer is not the equivalent of a resignation from the Board of Directors. The resigning officer shall remain as a member of the Board but without holding the officer position that he/she held before the resignation. A Director, however, may not retain the position as an officer if he/she is no longer a Director. Officers of the Association must be Directors.

Section 4.4 Removal of Officers. Any officer may be removed from his position as an officer by the other members of the Board of Directors whenever in their judgment the best interests of the Association will be served thereby. The vote to remove an officer shall require an affirmative vote of a majority of all Directors, with the exception of the officer who is the subject of the vote to remove. Removal of a Director from his position as an officer does not include removal as a Director. The procedure to remove a Director from the Board shall be in accordance with Article III of these Bylaws.

Section 4.5 Officer Position Vacancies. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the vote of the Board of Directors to select a Director to fill the office for the unexpired portion of the term.

Section 4.6 Officer Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors.

(a) President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association Members and meetings of the Board of Directors and shall exercise general and active direction of the business of the Association and see that all activities of the Association are carried into effect and to exercise those powers specifically required of the President as set forth in these Bylaws and the other Governing Documents.

(b) Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act.

(c) Secretary. The Secretary shall be responsible for the record the minutes of the meetings and shall be responsible for the membership records of the Association.

(d) Treasurer. The Treasurer shall have primary responsibility for the preparation and administration of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent or both.

Section 4.7 Executing Agreements, Contracts, Deeds, Leases, Checks, etc. Pursuant to Section 3.33 of these Bylaws, an officer may be authorized by the Board to execute certain instruments on behalf of the Association.

Section 4.8 Compensation of Officers. Compensation of officers shall be subject to the same limitations as compensation of Directors under Section 3.35 of these Bylaws.

ARTICLE V **Management**

Section 5.1 Management Services. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than policy-making authority or the adoption of budgets. A Declarant, or an affiliate of a Declarant, may be employed as managing agent or manager. The Association shall not be bound by, either directly or indirectly, any management contract executed during the Class "B" Control Period unless such contract provides a right of termination exercisable by the Association, with or without cause and without penalty, at any time after termination of the Class "B" Control Period upon not more than ninety (90) days written notice.

ARTICLE VI **Committees**

Section 6.1 General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Each committee shall cooperate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. The Association shall also be authorized to form sub-committees to assist a committee in performing the committee's duties.

Section 6.2 Covenants Committee. In addition to other committees which may be established by the Board, the Board of Directors may appoint a covenants committee consisting of at least three (3) and no more than five (5) members. The covenants committee, if established, shall be the hearing tribunal of the Association acting in accordance with the provisions of the

Declaration, these Bylaws, the other Governing Documents, and resolutions that the Board may adopt.

Section 6.3 Architectural Standards Committees. The Declaration sets forth the role and operations of the Association's Architectural Control Committee, Architectural Review Committee, and Modifications Committee.

Section 6.4 Nominating Committee. Article III of these Bylaws authorize the use of a nominating committee for identifying candidates for election to the Board of Directors.

ARTICLE VII

Association Financial Matters

Section 7.1 Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 7.2 Accounts and Reports. The following standards of performance will be followed by the Association's managing agent, unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; anything of value received shall benefit the Association;
- (e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;
- (f) financial reports shall be prepared for the Association at least quarterly containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - (ii) a statement reflecting all cash receipts and disbursements for the preceding period;

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

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

(v) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent.

(g) an annual report consisting of at least the following shall be made available to all Members prior to the close of the next fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any First Mortgage on a Lot, the Association shall provide an audited financial statement.

Section 7.3 Borrowing. The Association, acting through the Board of Directors, shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Common Properties without the approval of the Members of the Association. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Member approval in the same manner provided in the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving or adding amenities and the total amount of such borrowing exceeds or would exceed ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year. Notwithstanding anything to the contrary contained hereinabove, a Declarant’s loan, if any, to the Association through payment of a subsidy pursuant to the Declaration, shall not require approval of the Association Members except to the extent that the loan is secured by a lien on the Common Properties. Notwithstanding anything to the contrary contained in the Declaration, in these Bylaws or in the Articles of Incorporation, during the Declarant Period, no mortgage lien shall be placed on any portion of the Common Properties without the affirmative vote or written consent, or any combination thereof, of Class “A” Members representing at least fifty-one percent (51%) of the Class “A” votes and the approval of the Declarant(s).

ARTICLE VIII

Association Books and Records

Section 8.1 Inspecting Association Books and Records.

(a) Generally. Except for Confidential Records (as defined in Section 8.1(f) below), the books and records of the Association (including financial records and minutes of meetings of the Association and the Board of Directors) are subject to inspection and copying as provided in this Article VIII. A Member (or a Member’s authorized representative as designated in writing by the Member as being the Member’s agent, attorney, or certified public accountant) is entitled to obtain copies of information contained in the Association’s books and records to the extent set forth in this Article and/or as outlined in Rules adopted by the Board of Directors. The

Board of Directors shall have the authority to adopt Rules further outlining the Association's records inspection and copying policy and procedures, to include the costs the Association will charge for the compilation, production, and photocopying of the information requested. Inspection shall take place at a time during normal business hours mutually agreed upon by the Member and the Association representative who will provide the records.

(b) Inspection by Members. A Member may submit a written request to the Board or to the Association manager by certified mail requesting to either inspect the books and records of the Association that are specifically identified in the request or to have the Association deliver a copy of the requested books and records to the Member or to a person designated in a writing signed by the Member as being the Member's agent, attorney or certified public accountant. The Member's request is to be mailed to the Association's mailing address or to the Association manager's address as listed on the most current management certificate recorded in the Real Property Records of Kaufman County, Texas. If the Member requests to inspect the Association's books and records, the Association must, on or before ten (10) business days after receipt of the Member's request, send written notice of the dates and times during normal business hours that the Member may perform the inspection to the extent that those books and records are in the possession, custody or control of the Association. If the Member requests that the Association produce a copy of the requested books and records, the Association must, to the extent that those books and records are in the possession, custody or control of the Association, either (i) produce the records requested on or before ten (10) business days from the date of receipt of the request; or (ii) if the Association cannot produce records on or before ten (10) business days, inform the Member of that fact on or before the ten (10) business day time period and then produce the records on or before fifteen (15) business days of providing that notice.

(c) Inspection and Production Costs. The Association shall adopt and record a records production and copying policy that prescribes the costs for compilation, production and copying of Association records in response to a Member's records request. Upon adoption and recordation of this policy, the Association may require the Member to pay, in advance, the estimated costs of the records inspection or production (subject to the cost limitations set forth under Chapter 209 of the Texas Property Code). The Association's records production and copying policy provides specific information regarding costs for the production of copies of Association records in response to a Member's request.

(d) Inspection by Directors. Every Director shall have the right at any reasonable time to inspect all books, records and documents of the Association and the physical Property owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

(e) Inspection by Mortgagees (Lenders). Except for Confidential Records (as defined in Section 8.1(f) below), the books and records of the Association (including financial records) shall be made available for inspection and copying by any holder, insurer or guarantor of a First Mortgage on a Lot, or by the duly appointed representative of any of the foregoing, upon written request stating a proper purpose for the request. Such inspection shall take place during normal business hours at the office of the Association or at such other place within the Property as the Board shall prescribe. The cost, including copy charges, document retrieval charges and a

reasonable administrative fee, shall be at the expense of the requesting party and may be required to be paid in advance of the inspection.

(f) Confidential Records. Except as otherwise provided in this Subsection (f), Members are not entitled to inspect or to have produced to them Confidential Records. For purposes of these Bylaws and the Association's other Governing Documents (unless otherwise specified therein), Confidential Records shall mean and include (i) records that identify a Member's covenant violation history, (ii) records that identify a Member's personal financial information (including payment and delinquency information with the Association), (iii) records that identify a Member's contact information (other than the Member's property address in the Chestnut Meadows Development), (iv) records of Association employees (if any), and (v) attorney's files and records relating to the Association (excluding invoices requested by a Member under Section 209.008(d) of the Texas Property Code) or documents constituting attorney work product or attorney-client communications. If a Member whose records are the subject of another Member's inspection or production request consents in writing to the release of his or her Confidential Records, the Association must allow the requesting Member to inspect the Confidential Records or the Association must produce a copy of the Confidential Records. In addition, the Association must allow an inspection or must produce Confidential Records if so ordered by a court of competent jurisdiction.

ARTICLE IX **Miscellaneous**

Section 9.1 Parliamentary Procedures. Meetings of the Association Members and meetings of the Board of Directors shall be conducted in an orderly manner under the direction of the presiding officer so that the business of the Association may be conducted effectively, efficiently and in a civil manner. The Association shall not be required to adhere to the formalities of Robert's Rules of Order. Meetings shall be conducted in a manner consistent with procedural requirements as may be set forth in these Bylaws or in the Association's other Governing Documents, as well as any procedural requirements of Texas law applicable to the Association as a nonprofit corporation and residential property owners' association.

Section 9.2 Conflicts Between Texas Law and the Governing Documents. If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration and these Bylaws, the provisions of Texas law, the Declaration, the Articles of Incorporation and the Bylaws (in that order) shall prevail.

Section 9.3 Notices Generally.

(a) Unless otherwise provided in these Bylaws or in a policy adopted by the Board of Directors for providing or receiving notice, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first-class postage prepaid:

(i) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot owned by such Member; or

(ii) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

(b) Notice of a vote by the Members or Neighborhood Representatives (as applicable) on a matter other than the election of Directors shall be provided as follows:

(i) For a vote to be taken at a meeting of the Members, the Association shall give notice of the vote to all Members not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of the vote; or

(ii) For a vote that will not be taken at a meeting of the Members, the Association shall give notice of the vote to all Members not later than the twentieth (20th) day before the latest date on which a ballot may be submitted to be counted.

Section 9.4 Amending the Bylaws.

(a) By Declarant. Until the Declarant Period has ended, the Declarant may unilaterally amend these Bylaws for any purpose provided the amendment has no material adverse effect upon any right granted any Owner under the Declaration or these Bylaws without such Owner's written consent.

(b) By Board of Directors. The Board of Directors may unilaterally amend these Bylaws at any time if such amendment (i) is necessary to bring any provision of these Bylaws into compliance with any applicable governmental statutes, rule or regulation, or judicial determination, to include bringing the provisions of these Bylaws into compliance with any amendments or additions to provisions of the Texas Property Code applicable to Chestnut Meadows and the Association. In addition to the foregoing, the Board may unilaterally amend these Bylaws if such amendment does not adversely affect the Owners and (i) is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Property; (ii) is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any portion of the Property; or (iii) is necessary to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on any portion of the Property; provided, however, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing.

(c) By Class "A" Members. Except as provided above and otherwise specifically provided herein, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of the individual Class "A" Members representing at least fifty-one percent (51%) of the total Class "A" votes (not by Neighborhood Representatives) in the Association, and the consent of the Declarant(s) so long as the Declarant Period has not ended. If a Member consents to any amendment of the Declaration or these Bylaws, it will be conclusively presumed that such Member has the authority so to consent and no contrary provision in any

Mortgage or contract between the Member and a third party will affect the validity of such amendment.

(d) Limitation on Scope of Amendment. No amendment may (i) remove, revoke or modify any right or privilege of a Class “B” Member or a Declarant without the written consent of such Class “B” Member or such Declarant, respectively (or the assignee of such right or privilege), or (ii) conflict with the provisions of the Declaration.

(e) Effective Date of Amendment. To be effective, an amendment must be recorded in the Real Property Records of Kaufman County, Texas. An amendment may specify that it will become effective at a future date after the amendment is recorded in the County records.


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IN WITNESS WHEREOF, Chestnut Meadows IV, Ltd., as the sole Declarant for Chestnut Meadows and as the sole Class "B" Member of the Association, executes these First Amended and Restated Bylaws this 2nd day of May, 2017.

DECLARANT: CHESTNUT MEADOWS IV, LTD.,
a Texas limited partnership

By: HDC Chestnut Meadows IV, LLC
a Texas limited liability company
It's: General Partner

By: HDC Management, LLC
a Texas limited liability company
It's: Manager


Donald P. Herzog
Member

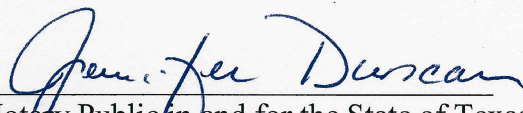
ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Donald P. Herzog, Member of HDC Management, LLC, a Texas limited liability company.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 2nd day of May, 2017.




Notary Public in and for the State of Texas
My Commission Expires: _____