FIRST AMENDED AND RESTATED BYLAWS

OF THE

AVALON AT CYPRESS COMMUNITY ASSOCIATION, INC.

After Recording Please Return To: Lisa L. Gambrell

Isabella L. Vickers
Roberts Markel Weinberg Butler Hailey PC
2800 Post Oak Blvd., 57th Floor
Houston, TX 77056

Copyright © 2021 by Roberts Markel Weinberg Butler Hailey PC, all rights reserved. These Bylaws may be used only in connection with Avalon at Cypress and the operation of the Avalon at Cypress Community Association, Inc.

TABLE OF CONTENTS

ARTICLE I. 1	NAME, PRINCIPAL OFFICE, DEFINITIONS AND PROPERTY	1
A. NAME		1
	L Office	
	ONS	
	Υ	
	ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING,	
		2
A. MEMBER	SHIP	2
	F MEETINGS	
	MEETINGS AND SPECIAL MEETINGS	
	OF MEETINGS	
	OF NOTICE	
	NMENT OF MEETINGS	
- · · · · ·	Proxies	
Section 2.		
Section 3.	Electronic Ballots	
	Υ	
	T OF MEETINGS	
	BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS	
	·	
	TION AND SELECTION	
Section 1.	Governing Body; Composition	
Section 2.	Appointment of Directors; Election of Directors; Terms	
Section 3.	Right to Disapprove Actions	
Section 4.	Number of Directors	
Section 5.	Nomination of Directors	
Section 6.	Removal of Directors and Vacancies	
	S	-
Section 1.	Organizational Meetings	
Section 2.	Board Meetings; Action Outside of Meeting	
Section 3.	Notice of Meetings	
Section 4.	Special Meetings	
Section 5.	Waiver of Notice of Meeting by Director	
Section 6.	Quorum of Board of Directors	
Section 7.	Compensation	
Section 8.	Conduct of Meetings	
Section 9.	Executive Session	
C. Powers.		
Section 1.	Powers Management	
Section 2. Section 3.	Accounts and Reports	
Deciton J.	лььши ти леринь	• •

S	ection 4. Borrowing	17
	ection 5. Rights of the Association	17
	ection 6. Enforcement	17
	CLE IV. OFFICERS	
AKII		
A.	OFFICERS	. 19
В.	ELECTION, TERM OF OFFICE AND VACANCIES	. 19
C.	REMOVAL	. 19
D.	POWERS AND DUTIES	. 19
Ε.	RESIGNATION	, 19
F.	AGREEMENTS, CONTRACTS, DEEDS, LEASES, CHECKS, ETC	. 20
ARTI	CLE V. COMMITTEES	. 20
Δ	COMMITTEES IN GENERAL	. 20
В.		20
	ection 1. ARC Turnover	
	ection 2. Board Hearing after ARC Turnover	. 20
ARTI	CLE VI. MISCELLANEOUS	
A.	FISCAL YEAR	. 21
В.	PARLIAMENTARY RULES	. 21
C.	CONFLICTS	. 21
D.	BOOKS AND RECORDS	. 22
E.	NOTICES	. 22
F.	AMENDMENT	. 22
G.	INDEMNITY	. 22
H.	BUSINESS JUDGMENT RULE	. 23
I.	OWNER CONFLICT	. 23
J.	DISSOLUTION/WINDING UP TERMINATION	. 24
K.	JURISDICTION AND VENUE	

FIRST AMENDED AND RESTATED BYLAWS OF THE AVALON AT CYPRESS COMMUNITY ASSOCIATION, INC.

These First Amended and Restated Bylaws of the Avalon at Cypress Community Association, Inc. are made on the date hereinafter set forth by the Board of Directors (the "Board") of Avalon at Cypress Community Association, Inc.

WHEREAS, the Bylaws of the Avalon at Cypress Community Association, Inc. (the "Original Bylaws") were recorded under Clerk's File Number RP-2021-399356 in the Official Public Records of Harris County, Texas; and

WHEREAS, pursuant to Article VI, Section F, of the Original Bylaws, the Board has the authority to amend the Original Bylaws by the affirmative vote of a majority of the Board and the consent of the Class "B" Member, so long as such membership exists; and

WHEREAS, as of the date of these First Amended and Restated Bylaws of the Avalon at Cypress Community Association, Inc., the Class "B" Member is Taylor Morrison of Texas, Inc., a Texas corporation.

NOW, THEREFORE, pursuant to the authority granted to the Board in the Original Bylaws, the Board, with the approval of Taylor Morrison of Texas, Inc., hereby amends the Original Bylaws by deleting the Original Bylaws in their entirety and replacing them with these First Amended and Restated Bylaws of the Avalon at Cypress Community Association, Inc. (hereinafter, the "Bylaws") as follows:

ARTICLE I. NAME, PRINCIPAL OFFICE, DEFINITIONS AND PROPERTY

A. Name

The name of the Association is Avalon at Cypress Community Association, Inc. (hereinafter sometimes referred to as the "Association").

B. Principal Office

The principal office of the Association will be located in Harris County, Texas, or a county adjacent to Harris County, Texas, as may be designated by the Board from time to time.

C. Definitions

The capitalized terms used in these Bylaws have the same meaning as set forth in the Declaration of Covenants Conditions and Restrictions for Avalon at Cypress recorded in the Official Public Records of Harris County, Texas, under Clerk's File No. RP-2021-400798(said Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless otherwise specified herein.

D. Property

The property affected by these Bylaws is the property described on **Exhibit "A"** of the Declaration, and any other property which is subsequently annexed and made subject to the authority of the Association.

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

A. Membership

The Association will have two (2) classes of membership, Class A and Class B, as more fully set forth in the Declaration and specifically incorporated herein by reference.

B. Place of Meetings

Meetings of the Association will 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.

C. Annual Meetings and Special Meetings

Regular annual meetings will be set by the Board. The President may call special meetings. In addition, it will be the duty of the President to call a special meeting of the Members if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Members representing at least ten percent (10%) of the total Class A votes of the Association. Directors to be elected by the membership may be elected at the annual meeting, at a special meeting of Members called for that purpose, or prior to the annual meeting or special meeting as determined by the Board.

D. Notice of Meetings

Written or printed notice stating the purpose, place, day, and hour of any meeting of the Members may be delivered, either personally or by mail, fax or other electronic media, to each Member not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President, the Secretary, or the officers calling the meeting. No business may be transacted at a special meeting except as stated in the notice. For an election or vote of Members not taken at a meeting, the Association will give notice of the election or vote to all Members entitled to vote on any matter under consideration. The notice will be given not later than the twentieth (20th) day before the latest date on which a ballot may be submitted to be counted.

Notice to a Member by email or facsimile must be sent to the email address or facsimile number provided to the Association in writing by that Member. If emailed, the notice of meeting will be deemed to be delivered as of the date and time shown on a confirmation that the email was successfully transmitted. If faxed, the notice of meeting will be deemed to be delivered as of the date and time shown on a written confirmation that the facsimile was successfully transmitted.

If mailed, the notice of a meeting will be deemed to be delivered when deposited in the United States mail first class postage pre-paid addressed to the Member at his or her address as it appears on the records of the Association. One notice, addressed to multiple Members at the same address, will suffice if more than one (1) Member resides at any address. For any given meeting, the Board may use any combination of the alternative methods for providing notice to the Members.

For the purpose of determining the Members entitled to notice of a meeting, the membership of the Association will be determined on the date the notice of meeting is first given.

E. Waiver of Notice

Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, either in person or by proxy, will be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice in writing at the time the meeting is called to order. Further, casting a vote by any means authorized in these Bylaws, by a Member on any issue to be voted upon at the meeting will be deemed a waiver by such Member of notice of the meeting. Attendance at a meeting will also be deemed wavier of notice of all business transacted thereat unless an objection to the calling or convening of the meeting, of which proper notice was not given, is raised in writing before the business is put to a vote.

F. Adjournment of Meetings

If any meeting of the Members cannot be held because a quorum is not present, either in person or by proxy, the presiding officer or a majority of the Members who are present at such meeting, in person [or by proxy], may adjourn the meeting to a time not less than ten (10) nor more than sixty (60) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted. All votes cast by Members prior to the originally called meeting by proxy, or by any means authorized in these Bylaws, on issues to be considered at the meeting will be valid and may be counted at the reconvened meeting; provided that a Member who cast a vote on an issue by proxy or by any means authorized in these Bylaws may change that Member's vote at any time prior to the time that a call for a vote on the issue is made at the reconvened meeting at which a quorum is present. A Member may change his vote by attending the reconvened meeting in person, by submitting a proxy at the reconvened meeting which either directs or authorizes the proxy holder to vote in a different manner, or by changing the Member's vote by any means for voting authorized in these Bylaws.

Any business which might have been transacted at the meeting originally called may be transacted without further notice provided that any action taken must be approved by at least a majority of all of the Members present, in person and/or by proxy, at such reconvened meeting. If less than five percent (5%) of the total membership is present in person or by proxy at the reconvened meeting, then any action must be approved by at least two-thirds (2/3) of such Members present.

Notice for any reconvened meeting will be given to Members in the manner prescribed for regular meetings.

G. Voting

The voting rights of the Members will be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein. At the option of the Board, Members may vote by any one, or more, of the following methods as may be established in a policy adopted by the Board: (1) in person, (2) by absentee ballot, (3) by proxy, (4) by any electronic means, or (5) by any other process approved by the Board of the Association. Facsimile proxies will be valid. The Association is not required to provide a Member with more than one (1) voting method; provided however that a Member must be permitted to vote by absentee ballot or proxy. Electronic voting and/or voting by secret ballot will be valid pursuant to rules and regulations promulgated by the Board. At any election where there are an equal number of nominees as there are positions to be filled, the Board may determine that election by ballot or vote is not required and may declare that the nominees are elected by unanimous consent or acclamation. At all meetings of Members, all questions, except those the manner of which is otherwise expressly governed by statute, the Certificate of Formation of the Association or by these Bylaws, will be decided by the vote of a plurality of the Members of the Association present in person or by proxy and entitled to vote, a quorum being present. At all meetings of the Association, cumulative voting is prohibited. Any vote cast at a meeting by a Member supersedes any vote submitted by absentee or electronic ballot previously submitted for that purpose.

Votes cast by Members must be in writing signed by the Member if the vote is cast (i) outside of a meeting, (ii) in an election to fill a position on the Board, (iii) on a proposed adoption or amendment of a Dedicatory Instrument, (iv) on a proposed increase in the amount of Assessment or proposed adoption of a Special Assessment, or (v) on the proposed removal of a Board member. Electronic votes constitute written and signed ballots.

Section 1. Proxies

Subject to the limitations above, the Board is vested with the authority to determine, in its sole discretion, if proxies will be distributed prior to a vote on any issue to be voted upon by the Members. All proxies will be in writing and filed with the Secretary before the appointed time of each meeting or by any earlier date or time specified in the notice of meeting. Every proxy will be revocable and will automatically cease upon (i) conveyance by the Member of the Member's interest in the property; (ii) receipt of notice by the Secretary of the death or judicially declared incompetence of a Member; (iii) receipt of written revocation; or, (iv) the expiration of eleven (11) months from the date of the proxy. In the case of a Member's execution of more than one proxy, the proxy with the latest date will be valid. Proxies not delivered prior to the start of any meeting or by any earlier date or time if specified in the notice of meeting, will not be valid. Notwithstanding anything contained in these Bylaws to the contrary, a proxy may only be issued by a Member to another Member.

Section 2. Absentee Ballots

Subject to the limitations above, the Board is vested with the authority to determine, in its sole discretion, if Members may vote on any issue to be voted upon by the Members under these Bylaws by absentee ballot. A solicitation for votes by absentee ballot must include:

- a. An absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action;
- b. Instructions for delivery of the completed absentee ballot, including the delivery location; and
- c. The following language: "By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail."

Section 3. Electronic Ballots

The Board is vested with the authority to determine, in its sole discretion, if Members may vote on any issue to be voted upon by the Members under these Bylaws by means of electronic ballots. Electronic ballot means a ballot given by e-mail, facsimile or posting on an Internet website for which the identity of the Member submitting the ballot can be confirmed and for which the Member may receive a receipt of the electronic transmission and receipt of the Member's ballot. If an electronic ballot is posted on an Internet website, a notice of the posting shall be sent to each Member that contains instructions on obtaining access to the posting on the website. The Board has the authority to adopt an electronic voting policy.

To be valid, any vote cast by a Member by absentee ballot or electronic ballot must be received by the Association by the date and time specified in the notice of meeting or, if no date and time is specified as to receipt of such ballots, by midnight of the day before the date of the scheduled meeting.

H. Majority

As used in these Bylaws, the term "majority" means those votes, Members, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible votes, Members, or other group, as applicable.

I. Quorum

Except as otherwise provided in these Bylaws or in the Declaration, the presence in person, or by proxy, of Members representing ten percent (10%) of the total eligible votes in the Association will constitute a quorum at all meetings of the Association. If the required quorum is

5

not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting will be satisfied by those Members in attendance. No such subsequent meeting will be held more than sixty (60) days following the initial or first meeting.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment.

J. Conduct of Meetings

The President, or his/her designee, will preside over all meetings of the Association, and the Secretary, or his/her designee, will keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting and all transactions occurring at the meeting.

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

This Article may not be amended without the express, written consent of the Class B Membership as long as the Class B Membership exists.

A. Composition and Selection

Section 1. Governing Body; Composition

The affairs of the Association will be governed by a Board of Directors, the members of which will each have one (1) vote. Notwithstanding anything contained herein to the contrary, if the Board is presented with written documented evidence from a database or other record maintained by a governmental law enforcement authority that a director was convicted of a felony or crime of moral turpitude not more than twenty (20) years before the date the Board is presented with the evidence, that director is immediately ineligible to serve on the Board and is automatically considered removed from the Board, and prohibited from future service on the Board.

So long as Class B Membership exists, Board members are not required to be Members; however, after Class B Membership ceases to exist, all directors must be Members and at least two-thirds (2/3) of the directors must reside in the Property. In the case of a Member that is a corporation or other entity, the person designated in writing by either proxy or a resolution to the Secretary of the Association as the representative of such corporation or other entity will be eligible to serve as a director. With the exception of the Declarant, not more than one (1) representative of a corporation or other entity may serve on the Board at any given time.

A person may not serve on the Board if the person cohabits at the same primary residence with another Board member; provided, however, the foregoing prohibition does not apply during the Development Period to: (a) a person that cohabits with the Declarant; or (b) the Declarant.

Section 2. Appointment of Directors; Election of Directors; Terms

The Declarant will retain the authority to appoint all members of the Board until on or before the 120th day after the date that seventy-five percent (75%) of the Lots that may be created and made subject to the Declaration are conveyed to Owners other than the Declarant or a Builder

in the business of constructing homes who purchased the Lots from the Declarant for the purpose of selling completed homes built on the Lots, at which time one-third (1/3) of the Board members (who must be Members of the Association) must be elected by the Owners other than the Declarant ("Class A Director(s)"). Prior to the Turnover (defined below), such Class A Director(s) will serve a term of one (1) year. Upon the election of one-third (1/3) of the Board members by the Class A Members, Declarant will retain the authority to appoint the remaining two-thirds (2/3) of the members of the Board until the earlier of (1) the termination of the Development Period, or (2) the Declarant releasing its status as a Class B Member and its authority to appoint members of the Board as evidenced by an instrument recorded in the Official Public Records of Harris County, Texas (the "Turnover"). The Declarant may assign the Association its authority to appoint some or all (as applicable) members of the Board, with such assignment evidenced by an instrument recorded in the Official Public Records of Harris County, Texas.

a. Turnover Election; Staggering of Initial Terms

At or before the first annual meeting following the Turnover, the Class A Members will elect two (2) directors for a term of two (2) years and one (1) director for a term of three (3) years. Unless otherwise established by the Board via Board resolution, the candidate receiving the highest number of votes will serve the three-year term, and the candidates receiving the second and third highest number of votes will serve the two-year terms. The Class A Director(s) elected prior to the Turnover as noted in Section 2 above will serve for a subsequent term of one (1) year after the first annual meeting following the Turnover.

b. Terms after Turnover

After the Turnover and the expiration of the directors' terms noted in subsection (a) above, the term of office of each director position up for election by the Members will be for three (3) years from the date of the announcement of the results of such election, with the understanding that a director may be reelected for additional three (3) year terms. Each director will continue to hold office until his/her successor is appointed or elected and qualified.

In the event the number of directors increases as provided for herein, at no time will more than one-third (1/3) of the total number of directors be added to the same elected term.

c. Tie Breaking

Notwithstanding anything contained herein to the contrary, in an election of directors by Members other than Class B Members, in which election there are more candidates than vacant positions and where two or more candidates receive the same number of votes resulting in a tie, the winner of the election will be chosen by lot (i.e., the names of the candidates who are running for a director position and have received the same number of votes will be written on separate pieces of paper by the presiding officer of the meeting; the pieces of paper will be folded by the presiding officer and placed in a container provided by the then-serving Board; the presiding officer will ask for a volunteer Member from the audience of Owners to pick any one piece of paper from the container and the person whose name is picked will be declared the winner of such election).

Section 3. Right to Disapprove Actions

So long as the Class B Membership exists, the Class B Member will have the right to disapprove actions of the Board and any committee, as is more fully provided in this Section. This right will be exercisable only by the Class B Member, its successors, and assigns who specifically take this power in a recorded instrument. The right to disapprove will be as follows:

No action authorized by the Board of Directors of a Board elected by the Members, or any committee will become effective, nor will any action, policy, or program be implemented until and unless:

- a. The Class B Member will have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address the Class B Member has registered with the Secretary of the Association, as it may change from time to time. Notwithstanding anything contained herein to the contrary, for so long as there is one director who has been appointed by the Class B Member, the notice required in this provision will be deemed to have been satisfied via the notice of meeting provided to the directors; and
- b. The Class B Member will 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 to be implemented by the Board or the Association. The Class B Member, its representative or agents will make its concerns, thoughts, and suggestions known to the members of the Board. The Class B Member will have and is hereby granted a right to disapprove any such action, policy, or program authorized by the Board and to be taken by the Board, the Association, or any individual Member of the Association, if Board, or Association approval is necessary for such action. This right may be exercised by the Class B Member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. The Class B Member will not use its right to disapprove to reduce the level of services that the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

Section 4. Number of Directors

The number of directors in the Association will be not less than three (3) nor more than seven (7). The initial Board will consist of five (5) members as identified in the Certificate of Formation.

The number of directors may be increased or decreased within the parameters set forth above by unanimous written consent of the directors, without the approval of the Members. A decrease in the number of directors elected by the Class A Members may not cut short a sitting director's term of office without that director's written consent. An increase in the number of directors to be elected by the Class A Members, will be effectuated at the next annual or special meeting of the Members where the increased positions on the Board will be filled by a vote of the Members as provided herein for the election of directors, and further provided that the staggering of terms be sustained in a manner similar to that set forth in these Bylaws.

Section 5. Nomination of Directors

Except for directors selected by the Class B Member, the Board may establish a Nominating Committee consisting of a chairperson, who will be a member of the Board, and three (3) or more Members in Good Standing. The Nominating Committee will make as many nominations for election to the Board as it receives provided, however, that nominations from the floor in a Board member election will not be permitted. Notwithstanding anything contained herein to the contrary, the Class B Member may appoint the members of the Nominating Committee for the first election where directors are to be elected by the Members.

Regardless of whether a Nominating Committee is formed, Members may also nominate themselves by submitting a written nomination to the Board on or before a date to be determined by the Board. At least ten (10) days before the Association disseminates absentee ballots or other ballots to the Members for purposes of voting in a Board member election, the Association must provide notice to the Members soliciting candidates interested in running for a position on the Board. The notice must contain instructions for an eligible candidate to notify the Board of the candidate's request to be placed on the ballot and the deadline to submit the candidate's request. The deadline may not be earlier than the tenth (10th) day after the date the Board provides the notice. The absentee ballot or other ballot must include the name of each eligible candidate from whom the Board received a request to be placed on the ballot.

The notice required by this provision must be:

- a. mailed to each Member; or
- b. provided:
 - (i) by posting the notice in a conspicuous manner reasonably designed to provide notice to the Members:
 - 1. in a place located on the Common Area or, with a Member's consent, in a conspicuous manner on privately owned property within Avalon at Cypress; or
 - 2. on any Internet website maintained by the Association or other Internet media; and
 - (ii) by sending by e-mail to each Member who has registered an e-mail address with the Association.

Section 6. Removal of Directors and Vacancies

A vacancy of a director position elected by the Members created prior to the expiration of his/her term, may be filled by the affirmative vote of the majority of the remaining directors, regardless of whether that majority is less than a quorum. A director so appointed to fill a vacancy is appointed for the unexpired term of the member's predecessor in office. A vacancy of a director position appointed by the Declarant will be filled by Declarant appointment.

Any director elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the total Class A votes. Any director whose removal is sought will be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor will then and there be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director appointed by the Class B Member may only be removed by the Class B Member.

B. Meetings

Section 1. Organizational Meetings

The first meeting of the Board following each annual meeting of the Members will be held within ninety (90) days thereafter at such time and place as will be fixed by the Board.

Section 2. Board Meetings; Action Outside of Meeting

A Board meeting means a deliberation between a quorum of the voting directors or between a quorum of the voting directors and another person, during which Association business is considered and the Board takes formal action. A Board meeting does not include the 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, if formal action is not taken and any discussion of Association business is incidental to the social function, convention, ceremonial event, or press conference.

During the Development Period, Board meetings must be open to the Members only for those items listed in subsection 2, below, subject to the right of the Board to adjourn a Board meeting and reconvene in closed executive session. After the termination of the Development Period, regular and special Board meetings must be open to the Members, subject to the right of the Board to adjourn a Board meeting and reconvene in closed executive session.

Regarding all Board meetings that are open to the Members, whether such open meeting occurs during the Development Period or thereafter, Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak.

An open meeting may be held by electronic or telephonic means provided that (i) each director may hear and be heard by every other director, (ii) all Members in attendance at the meeting may hear all directors (except if adjourned to executive session), and (iii) all Members are allowed to listen using any electronic or telephonic communication method used or expected to be used by a director to participate.

Action Outside of a Meeting, Generally:

1. Subject to subsections 2 and 3, below, the Board may take action outside of a meeting, including voting by electronic and telephonic means, without prior notice to Members if each director is given a reasonable opportunity to express the

director's opinion to all other directors and to vote. Any action taken without notice to the Members, including estimations of expenditures approved at the meeting, must be summarized orally and documented in the minutes of the next regular/special Board meeting.

Action Outside of a Meeting Prohibited:

- 2. Notwithstanding subsection 1, above, during the Development Period, a Board meeting must be held and be open to the Members for the purpose of the Board considering or voting on any of the following issues:
 - a. Adopting or amending the Dedicatory Instruments, including the Declaration, these Bylaws, rules and regulations of the Association;
 - b. Increasing the amount of Annual Assessments of the Association or adopting or increasing a Special Assessment;
 - c. Electing non-developer directors, or establishing a process by which those directors are elected; and
 - d. Changing the voting rights of Members of the Association.
- 3. Notwithstanding subsection 1, above, after the expiration of the Development Period, the Board may not consider or vote on any of the following issues except in an open meeting for which prior notice was given to Members:
 - a. Fines:
 - b. Damage assessments;
 - c. Initiation of foreclosure actions;
 - d. Initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
 - e. Increases in Assessments;
 - f. Levying of Special Assessments;
 - g. Appeals from a denial of architectural approval;
 - h. 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;
 - i. Lending or borrowing money;
 - j. The adoption or amendment of a Dedicatory Instrument;

- k. The approval of an annual budget or the approval of an amendment of an annual budget;
- 1. The sale or purchase of real property;
- m. The filling of a vacancy on the Board;
- n. The construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; and
- o. The election of an officer.

Section 3. Notice of Meetings

Notice to the Members and directors of the date, hour, place and general subject of regular or special open Board meetings, including instructions for Members to access any communication method utilized for the Board meeting, and a general description of any matter to be brought up for deliberation in executive session, will be:

- a. mailed to each Member and director not later than the tenth (10th) day nor earlier than the sixtieth (60th) day before the date of the meeting; or
- b. provided at least one hundred and forty-four (144) hours before the start of a regular Board meeting and at least seventy-two (72) hours before the start of a special Board meeting by:
 - (i) posting in a conspicuous manner reasonably designed to provide notice to the Members and directors:
 - 1. in a place located on the Common Area, or on a Member's property with their consent, or other property within Avalon at Cypress; *or*
 - 2. on any internet website available to the Members that is maintained by the Association or by a management company on behalf of the Association; and
 - (ii) sending notice by e-mail to each Member and director who has registered an email address with the Association.

It is the Member's and director's duty to keep an updated e-mail address registered with the Association.

If the Board recesses to continue the meeting the following regular business day, the Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent this provision. If the meeting is continued to the next business day, and the Board again continues the meeting to another day, the Board will give notice of the continuation in at

least one (1) of the manners described above, within two (2) hours after adjourning the meeting being continued.

Section 4. Special Meetings

Special meetings of the Board will be held when called by written notice issued at the request of the President of the Board or by written resolution of a majority of a quorum of the Board. Notice will be given to the Members as provided above.

Section 5. Waiver of Notice of Meeting by Director

The transaction of any meeting of the Board, however called and noticed or wherever held, will be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) 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 by a director need not specify the purpose of the meeting. Notice of a meeting will also be deemed given to any director who attends the meeting without protesting in writing before or at its commencement about the lack of adequate notice.

Section 6. Quorum of Board of Directors

At all meetings of the Board, a majority of the directors will constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present will constitute the decision of the Board. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting subject to the notice requirements set forth herein. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Compensation

No director may receive any compensation from the Association for acting as such 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; provided, however, that a director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Notwithstanding the foregoing, the Board may adopt a policy setting a value under which anything received is not considered compensation.

Section 8. Conduct of Meetings

The President, or his/her designee, will preside over all meetings of the Board, and the Secretary, or his/her designee, will keep a minute book of the meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings.

Section 9. Executive Session

The Board may close a portion of its meetings for the purpose of discussing actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of individual Members, or matters that are to remain confidential by request of the affected parties and by agreement of the Board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual Members, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session.

C. <u>Powers</u>

Section 1. Powers

The Board will be responsible for the affairs of the Association and will have all of the powers necessary for the administration of the Association's affairs.

The Board may delegate to one (1) or more of its directors the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, that might arise between meetings of the Board.

In addition to the authority created in these Bylaws, by Texas law, or by any resolution of the Board that may hereafter be adopted, the Board will have the power to establish policies relating to, and to perform or cause to be performed, the following, in way of explanation, but not limitation:

- a. preparing and adopting of annual budgets;
- b. making Assessments, establishing the means and methods of collecting such Assessments, and establishing the payment schedule for Special Assessments;
- c. collecting the Assessments, depositing the proceeds thereof in a bank depository that it approves, and using the proceeds to operate the Association; provided, any reserve funds may be deposited, in the directors' best business judgment, in depositories other than banks:
- d. providing for the operation, care, upkeep and maintenance of all Common Areas, including entering into contracts to provide for such operation, care, upkeep and maintenance;
- e. making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Areas in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;
- f. 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 Areas 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;

- g. making and amending rules and regulations and promulgating, implementing and collecting fines for violations and/or collecting fees related to enforcement of the rules and regulations, the Declaration, and all Dedicatory Instruments for the Property;
- h. opening of bank accounts on behalf of the Association and designating the signatories required;
- i. enforcing by legal means the provisions of the Dedicatory Instruments and bringing any proceedings that may be instituted on behalf of or against the Owners concerning the Association;
- j. obtaining and carrying insurance against casualties and liabilities with policy limits, coverage and deductibles as deemed reasonable by the Board 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;
- 1. 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. maintaining a membership register reflecting, in alphabetical order, the names, property addresses and mailing addresses of all Members;
- n. making available upon request to any prospective purchaser, any Owner, any first mortgagee, and the holders, insurers, and guarantors of a first mortgage on any property, for any proper purpose during normal business hours by advance appointment, copies of the Declaration, the Certificate of Formation, these Bylaws, rules governing such property and all other books, records, and financial statements of the Association for a reasonable charge; and making copies thereof available for a reasonable charge;
- o. permitting utility suppliers to use portions of the Common Areas reasonably necessary to the ongoing development or operation of the Property;
- p. compromising, participating in mediation, submitting to arbitration, releasing with or without consideration, extending time for payment, and otherwise adjusting any claims in favor of or against the Association;
- q. commencing or defending any litigation in the Association's name with respect to the Association or any Association property; and
- r. regulating the use, maintenance, repair, replacement, modification, and appearance of the Property.

Section 2. Management

The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize.

Section 3. Accounts and Reports

The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- a. Accrual or cash accounting, as defined by generally accepted accounting principles, will be employed.
- b. Accounting and controls should conform to generally accepted accounting principles.
- c. Cash accounts of the Association will not be commingled with any other accounts.
- d. No remuneration without full disclosure and prior agreement of the Board, or as contained in a written management contract, will 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; provided however, the Board may adopt a policy setting a value under which anything received is not considered remuneration.
- e. Any financial or other interest that any director, or the managing agent may have in any firm providing goods or services to the Association will be disclosed promptly to the Board.
- f. Commencing at the end of the month in which the first Lot is sold and closed, financial reports may be prepared for the Association monthly containing:
 - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual or cash 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 that remain delinquent.

g. An annual report consisting of at least the following will be prepared as soon as practicable after the close of the fiscal year and made available to all Members at the next annual meeting of Members: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above may be prepared on an audited or reviewed basis, as determined by the Board, by an independent, certified public accountant.

Section 4. Borrowing

The Board has the power to borrow money for the purpose of maintenance, repair or restoration of the Common Areas or for any other proper purpose without the approval of the Members of the Association. The Board, on behalf of the Association, may pledge the Association's Assessments and assign the Association's lien rights as collateral for any loan obtained by the Board on behalf of the Association.

Section 5. Rights of the Association

With respect to the Common Areas and in accordance with the Certificate of Formation and the Declaration, the Board has the right to contract with any person or entity for the performance of various duties and functions. Without limiting the foregoing, this right entitles the Board to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other neighborhood owner or resident associations, both within and without the Property. Such agreements require the consent of a majority of the total number of non-interested directors of the Board.

The Association will not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause. Such notice of termination must be submitted in writing, with receipted delivery confirmation, to all parties to the contract, lease or other agreement.

Section 6. Enforcement

After notice and an opportunity to be heard, if same is required by law, the Board has the power to impose reasonable fines, which will constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to use the Common Areas for a violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted by the Board; provided, however, nothing herein authorizes the Association or the Board to limit ingress and egress to or from a Lot. In addition, the Board is entitled to suspend any services provided by the Association to a Lot in the event that the Owner of such Lot is more than thirty (30) days delinquent in paying any Assessment due to the Association. In the event that an Occupant or Owner violates the Declaration, these Bylaws, or a rule or regulation and a fine is imposed, the fine will first be assessed against the Occupant and/or Owner; provided, however, if the fine is not paid by the Occupant within the time period set by the Board, the Owner will pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, these Bylaws, or any rule or regulation will not be deemed a waiver of the right of the Board to do so thereafter.

As provided in the Declaration, each Owner is obligated to pay to the Association certain charges and Assessments, including such charges and Assessments as may be included, from time to time, by amendment to the Declaration. All costs, expenses, and fees charged to, or paid by, the Association in collecting, or attempting to collect, such charges and Assessments, as well as interest as specified in the Declaration, will be assessed against the Owner and the Lot, and will become part of the Assessments due on the Lot. Likewise, all costs, expenses, and fees incurred by the Association in rectifying, or attempting to rectify, a violation of the Declaration, rules and regulations, the Guidelines, or Board policies, will be assessed against the Owner and the Lot, and will become part of the Assessments due on the Lot. Such costs, expenses, and fees include, but are not limited to:

- a. actual expenses, including attorney's fees and court costs;
- b. a Late Processing Fee, set annually by the Board, which may be assessed for any account that has an unpaid balance on or after thirty (30) days after due date, as an inducement to pay on time and to offset administrative costs and expenses incurred in the collection process;
- c. a Dishonored-Check Processing Fee, set by the Board, which may be assessed for any payment check dishonored by the bank, to offset the additional processing cost incurred;
- d. a Partial Payment Processing Fee, set by the Board, which may be assessed if any payment for less than the full amount due is made at the time of payment, to offset the additional processing costs incurred;
- e. an Administrative Fee, which may be assessed for the transfer of ownership of any Lot, including by foreclosure, to offset the administrative costs and expenses associated with (1) quoting, verbally or in writing, the status of the Assessments and other charges due on the Lot, (2) tracking, researching, and determining or attempting to determine ownership, (3) updating the books and records of the Association to reflect the transfer, and (4) preparing and mailing introductory information regarding the Property, the Association, and/or the covenants, conditions, restrictions, rules, and regulations applicable to the new Owner;
- f. a Refinance Fee, which may be assessed for the refinance of any Lot, to offset the administrative costs and expenses associated with quoting the status of the Assessments and other charges due on the Lot and updating the books and records of the Association; and
 - g. a reasonable fee to assemble, copy, deliver and update a Resale Certificate.

Any such Assessment or charge that is not paid when due will be delinquent. All payments will be applied pursuant to the Collection, Board Hearing and Payment Plan Policy adopted by the Board.

Notwithstanding anything to the contrary herein contained, the Association, acting through the Board, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association by Self Help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations and the performing of exterior

maintenance) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedures set forth above. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation of which abatement is sought will pay all costs, fines, and costs to repair, including reasonable attorney's fees actually incurred.

ARTICLE IV. OFFICERS

A. Officers

The officers of the Association will be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it deems desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. Officers that are Members of the Association shall be Members in Good Standing.

B. Election, Term of Office and Vacancies

The officers of the Association will be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members. A vacancy in any office may be filled by the Board for the unexpired portion of the term.

C. Removal

Any officer may be removed from office, but not as a director of the Board, with or without cause, by a majority vote of the Board whenever in its judgment the best interests of the Association will be served thereby.

D. Powers and Duties

The officers of the Association will 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. The President will be the chief executive officer of the Association. The Treasurer will have primary responsibility for the preparation of the budget and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

E. Resignation

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will 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 will not be necessary to make it effective. For the purposes of this Subsection, written resignation to the Board may be accomplished by facsimile, electronic transmission, certified mail, or receipted hand delivery.

F. Agreements, Contracts, Deeds, Leases, Checks, Etc.

Upon the expiration of Class B Membership, all agreements, contracts, deeds, leases, checks, and other instruments of the Association will be executed by at least two (2) officers or such other person or persons as may be designated by resolution of the Board.

ARTICLE V. COMMITTEES

A. Committees in General

The Board is hereby authorized to establish committees 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 established by the Board will operate in accordance with the terms of the resolution of the Board designating the committee and in accordance with such rules as are adopted by the Board. All committees of the Board will be vested with advisory powers only and are not authorized to act on behalf of the Board, unless otherwise specifically authorized by the Board or the Dedicatory Instruments. Committee members that are Members of the Association shall be Members in Good Standing.

B. Architectural Review Committee

The Architectural Review Committee (the "ARC") shall be a committee of the Board and the authority and role of the ARC are set forth in detail in the Declaration. In the absence of a designation by the Declarant, the initial ARC shall be composed of the individuals designated as the initial members of the Board. The Declarant shall retain the right of ARC appointment and removal until ARC Turnover (defined hereinafter). The ARC shall have the governing authority for the review and approval of improvements and modifications within the Property, as more fully set forth in the Declaration and specifically incorporated herein by reference.

Section 1. ARC Turnover

Upon the earliest to occur of (1) such time as the Declarant no longer owns any portion of the Property, or (2) such time as the Declarant relinquishes, in writing, its authority over ARC appointment (the "ARC Turnover"), the Board shall have the right to replace members of a sitting ARC by duly appointing Members in Good Standing with the Association. Notwithstanding the foregoing, the Board may not appoint to the ARC an Owner who is (i) a current Board member, (ii) a current Board member's spouse, or (iii) a person residing in a current Board member's household. The Board reserves the right to appoint replacements as necessary by reason of resignation, removal or incapacity. Such removal and/or appointment shall be at the sole authority and discretion of the Board.

Section 2. Board Hearing after ARC Turnover

After the ARC Turnover, a decision by the ARC denying an application by an Owner for the construction of an improvement may be appealed to the Board. A written notice of the denial must be provided to the Owner by certified mail, hand delivery, or electronic delivery, which notice must:

- (1) describe the basis for the denial in reasonable detail and the changes, if any, to the application or improvements required as a condition to approval; and
- inform the Owner that the Owner may request a hearing on or before the thirtieth (30th) day after the notice was mailed to the Owner.

In the event that an Owner requests a hearing as provided for in this Section, the Board shall hold the hearing not later than the thirtieth (30th) day after the date the Board receives the Owner's request for a hearing and shall notify the Owner of the date, time and place of the hearing no later than the tenth (10th) day before the date of the hearing. Either the Board or the Owner may request a postponement of the hearing, which postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. Notwithstanding the foregoing, the hearing may be scheduled outside of these parameters by agreement of the parties. The hearing may be held by virtual or telephonic means, in which case the access information for the virtual or telephonic hearing shall be the "place" of the hearing for purposes of the notice.

During the hearing, the Board or the Association's designated representative and the Owner or the Owner's designated representative will each be provided the opportunity to discuss, verify facts, and resolve the denial of the Owner's application or request for the construction of improvements, and the changes, if any, requested by the ARC in the notice provided to the Owner under this Section. Following the hearing, the Board may affirm, modify or reverse, in whole or in part, any decision of the ARC as consistent with the Dedicatory Instruments and in the Board's sole discretion. The Association, the Owner, or both, may make an audio recording of the hearing. Owners are entitled to one (1) hearing, unless the Board in its sole and absolute discretion agrees to allow additional hearings. In accordance with Section 209.007(e) of the Texas Property Code or its successor statute, an Owner or the Board may use alternative dispute resolution services.

ARTICLE VI. MISCELLANEOUS

A. Fiscal Year

The fiscal year of the Association is January 1st to December 31st of each year.

B. Parliamentary Rules

Except as may be modified by Board resolution, <u>Robert's Rules of Order</u> (current edition) may, but is not required to, govern the conduct of Association proceedings when not in conflict with Texas law, the Certificate of Formation, the Declaration, or these Bylaws.

C. Conflicts

If there are conflicts between the provisions of Texas law, the Certificate of Formation, the Declaration, and/or these Bylaws, then the provisions of Texas law, the Declaration, the Certificate of Formation, and these Bylaws (in that order) will prevail.

D. Books and Records

The inspection, production, and copying of the records of the Association, will be made pursuant to the Records Production and Copying Policy adopted by the Board.

Every director will have the absolute 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 a copy of relevant documents at the expense of the Association.

E. Notices

Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws will be in writing and will be deemed to have been duly given if delivered personally or if sent by United States Mail, first-class postage pre-paid:

- 1. if to a Member at the address that 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 of such Member; or
- 2. if to the Association, to the Board, or to the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as will be designated by notice in writing to the Members pursuant to this Section.

F. Amendment

These Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of a majority of the Board (and the consent of the Class B Members, so long as such membership exists). Notwithstanding the above, the percentage of votes or other approval necessary to amend a specific clause will not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

G. Indemnity

To the fullest extent permitted by applicable law, the Association does hereby agree to indemnify, protect, hold harmless and defend its officers, directors, and committee members, hereinafter referred to as "Indemnitees", from and against all claims, demands, damages, injuries, losses, liens, causes of action, suits, judgments, penalties, liabilities, debts, costs and expenses, including court costs and attorney's fees (collectively, "Liabilities"), of any nature, kind or description, whether arising out of contract, tort, strict liability, misrepresentation, violation of applicable law and/or any cause whatsoever (including without limitation, claims for injuries to or death of any person, or damages to or loss of any property) of any person or entity directly or indirectly arising out of, caused by, in connection with, or resulting from any act or omission of any of the Indemnitees; provided, however, that the Association will not indemnify the Indemnitees for any Liabilities arising as a result of the gross negligence or willful misconduct of the Indemnitees. THE OBLIGATIONS OF THE ASSOCIATION UNDER THIS SECTION APPLY TO LIABILITIES EVEN IF SUCH LIABILITIES ARE CAUSED IN WHOLE OR IN PART BY THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, FAULT OR

STRICT LIABILITY OF ANY INDEMNITEE AND WHETHER OR NOT SUCH SOLE OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY WAS ACTIVE OR PASSIVE.

The Indemnitees will promptly advise the Association in writing of any action, administrative or legal proceeding or investigation as to which indemnification may apply, and the Association, at the Association's expense, will assume on behalf of the Indemnitees and conduct with due diligence and in good faith the defense thereof with competent trial counsel, provided, however, that the Indemnitees will have the right, at their own option, to be represented therein by advisory counsel of their own selection and at their own expense.

In the event of the failure by the Association to fully perform its obligations in accordance with this Section, the Indemnitees, at their option, and without relieving the Association of its obligations hereunder, may so perform, but all costs and expenses so incurred by the Indemnitees in that event will be reimbursed by the Association to the Indemnitees, together with interest, on the same from the date any such expense was paid by the Indemnitees until reimbursed by the Association, at the highest lawful rate of interest allowed under applicable usury laws of the State of Texas (or if no maximum rate is applicable, at the rate of eighteen percent (18%) per annum). The indemnification will not be limited to damages, compensation or benefits payable under insurance policies. It is agreed with respect to any legal limitations now or hereafter in effect and affecting the validity or enforceability of the indemnification obligations under this Section, such legal limitations are made a part of the indemnification obligations and will operate to amend the indemnification obligations to the minimum extent necessary to bring the provisions into conformity with the requirements of such limitations, and as so modified, the indemnification obligations will continue in full force and effect.

H. Business Judgment Rule

Any act or thing done by any director, officer, or committee member taken in furtherance of the purposes of the Association, and accomplished in conformity with the procedures set forth in the Dedicatory Instruments and the laws of the State of Texas, will be reviewed under the standard of the Business Judgment Rule as established by the common law of Texas, and such act or thing done will not be a breach of duty on the part of the director, officer, or committee member if it has been done within the exercise of their discretion and judgment.

The Business Judgment Rule means that a court may not substitute its judgment for that of the director, officer or committee member. A court may not re-examine the quality of the decisions made by the director, officer, or committee member by determining the reasonableness of the decision as long as the decision is made in good faith in what the director, officer, or committee member believes to be the best interest of the corporation.

I. Owner Conflict

If an Owner is involved in litigation with the Association as to a conflict of interpretation of the Dedicatory Instruments, including but not limited to the Declaration, the Certificate of Formation for the Association, rules and regulations promulgated by the Association, the Guidelines, policies, or these Bylaws, and/or the amount of delinquent Assessments, that Owner

may not participate in any Association meeting or activity subject to any applicable parameters set forth in Section 209.0059 of the Texas Property Code, or its successor statute. Additionally, after notice and an opportunity to be heard, if required by law, an Owner's use of the Common Area may be withheld to the extent allowed by law.

J. <u>Dissolution/Winding Up Termination</u>

The Association may be wound-up/dissolved pursuant to the Texas Business Organizations Code, or its successor statute. If the Association is wound-up or dissolved, the assets will be distributed pursuant to a plan of distribution approved by the Members.

K. Jurisdiction and Venue

The provisions in these Bylaws will be governed by and enforced in accordance with the laws of the State of Texas. Venue will be mandatory in Harris County, Texas.

[SIGNATURE PAGES FOLLOW]

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the Secretary of the Avalon at Cypress Community Association, Inc., a Texas non-profit corporation;

That the foregoing Bylaws constitute the First Amended and Restated Bylaws of said Association, as duly adopted at a meeting of the Board of Directors where a quorum was present held on the d5 day of Lugard , 2021.

IN WITNESS WHEREOF, I have hereunto subscribed my name on this the 25 day of , 2021.

Secretary

STATE OF TEXAS

COUNTY OF HEALT'S

BEFORE ME, on this day personally appeared Richard Bautista, the Secretary of the Avalon at Cypress Community Association, Inc., known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes herein expressed, in the capacity herein stated, and as the act and deed of said corporation.

Given under my hand and seal of office, this <u>35</u> day of <u>Calagorial</u>, 2021.

Brenda Joyce McCullah My Commission Expires 12/28/2023

JOINDER AND CONSENT BY TAYLOR MORRISON OF TEXAS, INC.

WHEREAS, the undersigned, being the Class "B" Member (as defined in the Declaration of Covenants, Conditions and Restrictions for Avalon at Cypress, as same may be amended from time to time), hereby consents to the foregoing First Amended and Restated Bylaws of the Avalon at Cypress Community Association, Inc.

SIGNED this the 25 day of Langu	<u>√</u> , 2021.
	YLOR MORRISON OF TEXAS, INC., a Texas poration
	nt Name: Robert Skinger le: Hollierized Algert
STATE OF TEXAS \$ COUNTY OF / GREES \$	
known by me to be the person whose name is su	athority, on this day personally appeared ylor Morrison of Texas, Inc., a Texas corporation, bscribed to this instrument, and acknowledged to see herein expressed and in the capacity herein
Given under my hand and seal of office,	this this day of Longest, 2021.
AN Plan to to to the Market Holds	Junda Jor Millelat
Brenda Joyce McCullah My Commission Expirés 12/28/2023 ID No 125928825	tary Public – State of Texas/

26

RP-2021-490794
Pages 30
08/27/2021 12:16 PM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
TENESHIA HUDSPETH
COUNTY CLERK
Fees \$130.00

RECORDERS MEMORANDUM
This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS
COUNTY OF HARRIS
I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.

OF HARRIS GOUNTS, LINDON & STATE OF THE STAT

Linishin Hudgelth COUNTY CLERK HARRIS COUNTY, TEXAS