

**3rd AMENDED AND RESTATED BY-LAWS
OF
CYPRESS FIELDS CIVIC ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is CYPRESS FIELDS CIVIC ASSOCIATION, INC., (hereinafter referred to as the "Association"). The principal office of the corporation shall be located at P.O. Box 2885, Cypress, Texas, 77410-2885.

**ARTICLE II
DEFINITIONS**

"Association" shall mean and refer to CYPRESS FIELDS CIVIC ASSOCIATION, INC., a membership corporation organized under the Texas Non-Profit Membership Corporation Act.

"Cypress Fields" shall mean the residential subdivision CYPRESS FIELDS Sections 1, 2, 3, Reserves A, B, and C and such additions thereto, according to the unrecorded plat for Cypress Fields and the property encompassed by its boundaries. Including unrestricted reserves shown on the unrecorded subdivision plat, and originally filed in the Public records of Real Property under Harris County Clerk's file number F674496, record 200-02-2473 executed July 3, 1978. Reserves A and B are excluded from the single-family residential requirement.

"Declarations" refers to the Declarations of Covenants, Conditions, and Restrictions for CYPRESS FIELDS and any all amendments recorded with Harris County.

"Lot" shall mean and refer to one of the individual Lots shown on the plat of CYPRESS FIELDS (records 200-02-2471 through 200-03-2473, July 3, 1978), as well as any Lots resulting from re-subdivision or consolidation of Lots, as recorded in the Harris County Real Property records.

"Member" shall mean and refer to each Owner of a Lot. When more than one person owns an interest in any lot, all of the Owners are Members.

"Owner" shall mean and refer to the Owner or Owners of record, of the legal fee simple title to any Lot within the Cypress Fields subdivision. A lienholder or mortgagee, trustee under a Deed of Trust, or owner of any mineral, right-of-way easement or similar interest on the Lot shall not be deemed to be the Owner of record of the legal fee simple title of a portion of the Lot and shall not be a Member of the Association. If any lien holder, mortgagee or other party shall purchase or become the legal title holder of a Lot upon foreclosure of a Lot, then such party shall be a Member of the Association once the party provides evidence of being the Owner of record of the legal fee simple title of the Lot.

"Vote" Each Lot will have only one Vote, the Owner(s) of each Lot shall have voting rights as set forth in the Declarations and in all amendments recorded in the property records of Harris County. The Vote for each Lot shall be cast as the Owner(s) thereof among themselves shall determine. No more than one Vote per Lot will be cast under any circumstance.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meetings.

The Annual Meeting of the Members shall be held once a year in the month of September at the time and place designated in the notice of the meeting or on such other day within the calendar year, and at such time and place as shall be designated by the Board of Directors (the "Board") in the notice of the meeting. The meeting notice for the Annual Meeting will be given in writing to each Owner of each Lot at the address in the records of the Association not less than ten (10) days nor more than sixty (60) days prior to the meeting including an agenda proposed by the Board of Directors and an invitation for Members to request additional agenda items. Members may request that an additional item or items of business be added to the agenda for a vote during the Annual Meeting. The request shall be in writing, signed by the requesting Members, and mailed or hand-delivered to the Board no less than thirty (30) days prior to the Annual Meeting. If a request has been submitted, a revised agenda shall be prepared and resent to the Members not less than ten (10) days prior to the meeting.

Section 2. Special Meetings.

Special meetings of the Members may be called by the President, or a majority of the members of the Board of Directors, or upon written request to the Board of Directors of forty (40) Members. A Special meeting requested by the Members will be held not less than ninety (90) days upon receipt of the request and required signatures. Written notice of each Special meeting of the Members shall be given not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of such meeting. Such notice shall specify the place, day and hour of the meeting, and the purpose of the meeting, including an agenda.

Section 3. Members Voting Rights.

3.1 Quorum. The presence at the meeting of Members entitled to cast ten percent (10%) of the votes of the membership shall constitute a quorum for any action as otherwise provided in the Articles of Incorporation, or these By-Laws, or the Declarations. If a quorum is not present at a meeting then the Members at the meeting have the power to adjourn the meeting by announcing the adjournment to the membership that is present and call other meetings until a quorum is present. Any proxies obtained for the first meeting can be used at any of the subsequent meetings that are called.

3.2 Recount of Votes. Within fifteen (15) days of the day of the meeting when an election was held, an Owner may require a recount if the request is submitted in writing by mail to the P.O. Box, attention the Election Committee Chairman. At the Owner's expense, the Association shall enter into a contract for the services of a person who: is not a Member of the Association or related to a Board Member; is a current or former County Judge, County Elections Administrator, Justice of the Peace or County Voter Registrar; or a person agreed on by the Association and persons requesting the recount. The recount must be performed on or before the thirtieth (30th) day after the date of the request and after payment for the recount has been received by the Association. If the recount changes the result of the election, then the Association has to reimburse the Owner for the costs of the recount. The Association shall provide the results of the recount to each Owner who requested the recount. Any action taken by the Board in the period between the initial election Vote tally and the completion of the recount is not affected by any recount.

3.3 Ballots. Any Vote cast in an election or Vote by a Member must be in writing and signed by the Member. Ballots are not required for an uncontested race in an Association wide election. Signature on a petition or ballot will be required for the Vote to be counted. If the Vote is by ballot, the Election Committee will provide an absentee ballot to any Member who requests one. The absentee ballot will be made available to the Members at

least ten (10) days prior to the election, including instructions on how to submit the ballot. A Member may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person Vote will prevail. Tabulation and Access to the Ballots are detailed in Article X, Section 1.

ARTICLE IV BOARD OF DIRECTORS

Section 1. Numbers.

The number of Directors of the Association shall be seven (7). All seven (7) Directors have equal voting powers. The Board of Directors (the "Board") shall consist of Officers as listed in Article VIII of these By-Laws: President, Vice-President, Treasurer, Secretary, Parliamentarian and two (2) Members at Large elected to serve as Directors. A quorum for a Board of Directors' meeting is detailed in Article VI, Section 6.

Section 2. Term of Office.

The terms of office for the Members at Large, President, Vice President, Secretary, and Parliamentarian are detailed in Article VIII, Section 3. The term of office for the Directors is two (2) years and shall begin immediately following the election of the Director and shall end when their respective successor is elected, or they resign, or they are removed. Their terms shall be staggered.

ARTICLE V NOMINATION, ELECTION AND REMOVAL OF BOARD OF DIRECTORS

Section 1. Qualification.

No Member is eligible to serve on the Board who has been convicted of a felony or crime involving moral turpitude not more than twenty (20) years before the date the Board is presented with the evidence. (Chapter 209, Texas Residential Property Owners Protection Act, Section 209.00591). A person may not serve on the Board if the person cohabits at the same primary residence with another Board member of the Association.

Section 2. Nominations.

Prior to issuing notice of the Annual Meeting of the Members, the Board of Directors shall solicit candidates for Directors positions eligible to be filled by election at that Annual Meeting. Candidates who wish to run for a position on the Board of Directors will be instructed to tender their request to run as a candidate for one of the positions on the Board of Directors to the Chairman of the Election Committee for inclusion on the Ballot. Nominations for positions eligible to be filled by election to the Board of Directors may be made from the floor during the Annual Meeting.

Section 3. Election of Directors.

The election for the Director positions with terms expiring shall be held in conjunction with the Annual Meeting of the Members. The Member receiving the largest number of Votes for each of the respective Director positions shall be elected. The newly elected Directors shall begin serving immediately. The Board of Directors may appoint a Director to serve in a vacant position until the next Annual meeting at which time a Director will be elected to serve the remainder of the unexpired term.

Section 4. Removal and Resignation.

Any Director may be removed from the Board of Directors, by the following process: 1) The Board is presented with written and credible documented evidence that a Director has been convicted of a felony or crime involving 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 of Directors, and automatically considered

removed from the Board and prohibited from future service on the Board, or 2) A petition requesting a Special meeting of the Members to vote for the removal of a Director or Directors with a description of cause, signed by at least forty (40) Members shall be presented to the Board. Upon receipt of the petition, the Board shall provide a meeting notice and hold the Special meeting in accordance with Article III, Section 2. Special Meetings of these By-Laws. The FOR or AGAINST vote to remove director(s) may be added to the agenda of an Annual Meeting if the timing allows. A director or directors will be removed if at least sixty percent (60%) of the total votes received of all of the members are FOR removal. If a Director or Directors are removed by the membership, a successor may then be elected by a majority vote of the Members present at the meeting to fill the vacancy, or 3) Per the conditions in Section 5. Conflict of Interest.

Section 5. Conflict of Interest.

When acting as a Member of the Board of Directors, each person shall place the interests of the Association and its Members before the individual interest, or the interests of any other group or association of persons. In the event any Member of the Board of Directors has any individual interest which may be in conflict with the interest of the Association, he shall immediately make such fact known to the Board, and he shall be disqualified from participating in discussions or actions of the Board with respect to such matters. In the event that any Member of the Board is in a position that his individual interests are and shall continue to conflict with the Association over an extended period of time and in such a manner as to directly or indirectly affect a substantial amount of business of the Board, such Member may be disqualified from serving on the Board and may be removed from the Board through the process in Article V, Section 4, above.

ARTICLE VI MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular Meetings.

The regular meetings of the Board of Directors shall be held on a quarterly basis and require a quorum of the Board Members for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 2. Open Board Meetings

A Board Meeting means a deliberation between a quorum of the Board of Directors, or between a quorum of the Board and another person, during which the Association's business is considered and the Board takes formal action. Board Meetings must be open to the Members. Members shall be given notice of the date, hour, place and general subject of the Board Meeting at least one hundred and forty-four (144) hours or six (6) days prior to the meeting. The notice may be posted on a sign or by other written notice.

Section 3. Closed Executive Session

The Board has the right to adjourn an open Board Meeting and reconvene in closed executive session to consider 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 owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. The minutes of the meeting must include a general explanation of expenditures approved in executive session if the expenditure was not included in the Annual Budget as approved in an open meeting.

Section 4. Actions of the Board without a Physical Meeting.

The Board may meet by any method of communication to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate Board action. The Members

who have registered e-mail addresses with the Association shall receive notice of the meeting by e-mail, which will include the instructions for Members to be allowed to listen by using any electronic or telephonic communication method used or expected to be used by the Board. Board action may be taken by written unanimous consent or other method if each Director may hear and be heard by every other Director. The minutes of the meeting must document any known or estimated expenditures approved at the meeting and made available to the Members at the next Board meeting with the Members. The Board may not, without prior notice to the Members vote on fines, damage assessments, initiation of foreclosure actions, initiation of enforcement actions, increases in assessments, levying special assessments, appeals regarding architectural control approval, or a suspension of a right of an owner who has not had the opportunity to attend a Board meeting to present the issue.

Section 5. Minutes of Meetings.

Meeting minutes of each meeting of the Board of Directors shall be prepared by the Secretary or appointed Assistant Secretary and approved by the Board not more than thirty (30) days following the meeting. If the Secretary is not available for the meeting, the Director who presides over the meeting will be responsible for the minutes. The approved minutes will be made available to Members within ten (10) calendar days of the request, a formal records request is not required to obtain a copy of the minutes. The minutes will become a part of the file of record, see Article XI of these By-Laws.

Section 6. Quorum of Directors' Votes.

A majority of the number of Directors shall constitute a quorum which is at least four (4) of the seven (7) Directors.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers.

Subject to and consistent with the Articles of Incorporation, these By-Laws and the Declaration of Covenants, Conditions and Restrictions or any and all subsequent amendments, the Board of Directors shall have power to:

1. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation and the Declarations or any subsequent amendments;
2. Create committees, appoint and remove committee members and specify the duties of the committee so created, in accordance with the Texas Non-Profit Corporation Act. A member of the Board may serve on a committee or as chairman of a committee, see Article IX Committees;
3. Hire an independent contractor or such other service as they deem necessary, and to prescribe the conditions, compensations and the duties of the work;
4. Declare the office of a director of the Board of Directors to be vacant per Article V, Section 4.;
5. Designate, hire, dismiss and enter into contracts or agreements with other parties necessary to manage, operate or perform all, or any part, of the affairs and business of the Association. Including providing compensation of such personnel and the purchase of equipment, supplies and material to be used in the performance of their duties.
6. Pledge, co-laterally assign or otherwise mortgage any money paid, or to be paid, into the funds of the Association in connection with financing of various community improvements within Cypress Fields or in repayment thereof to any lending agency or institution;
7. Amend the Articles of Incorporation;
8. Exercise for the Association all powers enumerated under the Texas Property Code and the Texas Non-Profit Corporation Act to the extent that those powers are consistent with the Articles of Incorporation,

these By-Laws, and the Declarations or any and all amendments filed in the real property records in Harris County, Texas;

9. Adopt and publish rules and regulations governing use of any common areas and facilities, if any, and to establish penalties for infractions thereof.

Section 2. Duties.

It shall be the duty of the Board of Directors to:

1. To manage the affairs of the Association, and, with the exception of the Members At Large, to serve as Officers as detailed in Article VIII;
2. Cause the Declarations to be enforced and administered in a timely and consistent manner;
3. Keep a complete record of all of its acts and to present a statement thereof at the meetings of the Members;
4. Prepare an annual budget for each fiscal year and adopt the annual budget in an open board meeting prior to the beginning of the fiscal year.
5. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
6. Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of the assessment due date;
7. If in the judgment of the Association it is necessary, file the lien against any property for which assessments are not paid on the due date and to bring any action at law against the Owner personally obligated to pay the same;
8. Provide the Member's current statement of account upon demand by that Member. If a statement indicates an assessment has been paid, such statement shall be conclusive evidence of such payment;
9. Procure and maintain adequate liability insurance for the Officers, Directors, or Committee Members appointed by the Board of Directors of the Association;
10. To procure and maintain adequate liability and hazard insurance on any property owned by the Association; and
11. To cause the common area and facilities, if any, to be maintained.

Section 3. Enforcement.

Before the Association may file a suit against an Owner other than a suit to collect a regular or special assessment or foreclose under an Association's lien, levy a fine for a violation of the restrictions or By-Laws or rules of the Association, charge an Owner for property damage, suspend an Owner's right to use a common area, or report any delinquency of an owner to a credit reporting service, the Association or its agent must give written notice to the Owner by certified mail. The notice must:

1. Describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner;
2. Inform the Owner that the Owner:
 - a. is entitled to a reasonable period to cure the violation and avoid the fine or suspension if the violation is of a curable nature and does not pose a threat to public health or safety;
 - b. may request a hearing on or before the 30th day after the date the notice was mailed to the Owner;
 - c. and may have special rights or relief related to the enforcement action under federal law, including the Service members Civil Relief Act (50 U.S.C. App. Section 501 et seq.), if the Owner is serving on active military duty;
3. Specify the date by which the Owner must cure the violation if the violation is of a curable nature and does not pose a threat to public health or safety; and

4. Be sent by verified mail to the Owner at the Owner's last known address as shown on the Association's records.

The date specified in the notice must provide a reasonable period to cure the violation if the violation is of a curable nature and does not pose a threat to public health or safety.

The Association does not have to send this notice for a violation for which the Owner has been previously given notice under this section and the opportunity to exercise any rights available under this section in the preceding six (6) months.

If the Owner cures the violation before the expiration of the period for cure described in the notice, a fine may not be assessed for the violation.

A violation is considered a threat to public health or safety if the violation could materially affect the physical health or safety of an ordinary resident. A violation is considered incurable if the violation has occurred but is not a continuous action or a condition capable of being remedied by affirmative action. The non-repetition of a one-time violation or other violation that is not ongoing is not considered an adequate remedy.

The following are examples of acts considered incurable for purposes of this section:

1. shooting fireworks violations as described in the Declarations of Covenants, Conditions and Restrictions and Amendments;
2. an act constituting a threat to health or safety;
3. a noise violation that is not ongoing;
4. property damage, including the removal or alteration of landscape;
5. and holding an event prohibited by a dedicatory instrument.

The following are examples of acts considered curable for purposes of this section:

1. a parking violation that is outlined in the Declaration of Covenants, Conditions and Restrictions and Amendments;
2. a maintenance violation;
3. the failure to construct improvements or modifications in accordance with approved plans and specifications; and
4. an ongoing noise violation.

If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board of the Association or before the Board if the Board does not appoint a committee.

If a hearing is to be held before a committee, the notice prescribed must state that the Owner has the right to appeal the committee's decision to the Board by written notice to the Board.

The Association shall hold a hearing under this section not later than the thirtieth (30th) day after the date the Board receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the tenth (10th) day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

The notice and hearing provisions of this section do not apply if the Association files a suit seeking a temporary restraining order or temporary injunctive relief or files a suit that includes foreclosure as a cause of action. If a suit is filed relating to a matter to which those sections apply, a party to the suit may file a motion to compel mediation. The notice and hearing provisions of this section do not apply to a temporary suspension of a person's right to use common areas if the temporary suspension is the result of a violation that occurred in a common area and involved a significant and immediate risk of harm to others in the subdivision. The temporary

suspension is effective until the Board makes a final determination on the suspension action after following the procedures prescribed by this section.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices.

The Officers of this Association include the following positions: President, Vice-President, Secretary, Treasurer, and Parliamentarian, and such other Officers as created by the Members through an amendment to these By-Laws.

Section 2. Election of Officers.

Refer to Article V.

Section 3. Term.

The President, Secretary, and Parliamentarian are elected for two-year terms in even numbered years at the Annual Meeting. The Members At Large, Vice-President and Treasurer are elected for two-year terms in odd numbered years at the Annual Meeting. The newly elected Directors shall begin serving immediately following the election.

Section 4. Resignation and Removal.

Refer to Article V, Section 4.

Section 5. Vacancies.

The Board of Directors may appoint a Member to serve in an Officer's position that is vacant until the next Annual Meeting at which a time an Officer will be elected to serve the remainder of the unexpired term and shall begin serving immediately following the election.

Section 6. Multiple Offices.

No person shall simultaneously hold more than one office.

Section 7. Powers and Duties of the Officers.

The Officers shall have the power and duties as generally ascribed to the respective offices, and such additional authority or duty as may be established and assigned by the Board of Directors. The duties of the Officers are as follows:

7.1 The President shall be the Association's managing agent, and chief executive officer of the Association. The President shall preside at all meetings of the Members and directors and shall be responsible for the carrying out of their decisions in the administration of the affairs of the corporation. The President shall see that orders and resolutions of the Board are carried out; shall execute contracts, sign all leases, mortgages, deeds and other written instruments. The President shall co-sign all promissory notes and other documents on behalf of the corporation as approved by the Board of Directors. The President is the spokesperson for the Board, unless he designates another Board Member in all matters that require either written or verbal comment by the Board. The President shall ensure that an annual budget with the expenditures for each fiscal year is adopted in an open board meeting prior to the beginning of the fiscal year. All checks require the signature of the President or the Treasurer, and in the absence of the Treasurer, the Vice-President will sign on behalf of the Treasurer. The President, in the absence of the Treasurer, may conduct the duties of the Treasurer.

7.2 The Vice-President shall perform the duties and exercise the powers of the President in the absence of the President or when it is inconvenient for the President to act. At any time when the Vice-President is performing a duty or exercising a power of the President, any third party dealing with the corporation may presume conclusively that the Vice-President was authorized to act in place of the President. The Vice-President shall serve as Chairperson of the Deed Restriction Committee.

7.3 The Secretary shall record the votes of the Board and keep the minutes of all meetings and proceedings of the Board and meetings of the Members; serve notice of meetings of the Board and meetings of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and provide support to the Board. The Board of Directors may designate an Assistant Secretary who may perform the duties and exercise the powers of the Secretary in the absence of the Secretary or when it is inconvenient for the Secretary to act. At any time when an Assistant Secretary is performing a duty or exercising a power of the Secretary, any third party dealing with the corporation may presume conclusively that an Assistant Secretary was authorized to act in the capacity of the Secretary. An Assistant Secretary is not granted any powers or duties of a Board Member, including but not limited to, voting during any meeting of the Board.

7.4 The Treasurer shall receive and deposit in appropriate bank accounts all funds of the Association and shall disburse such funds as directed by resolution of the Board of Directors; co-sign all promissory notes of the Association; oversee keeping the proper book of account. The Treasurer shall prepare an income statement, and a balance sheet, including a list of checks, payments, electronic disbursements, that shall show the date, payee, and amount since the last quarterly meeting. The annual tax returns and franchise tax returns shall be the responsibility of the Treasurer. The Treasurer shall oversee accounting activities delegated to a financial or tax specialist. All checks require the signature of the Treasurer or the President, and in the absence of the Treasurer, the Vice-President will sign on behalf of the Treasurer. The Treasurer shall prepare a roster of the members, their respective lots and the applicable assessments, payment plans and a record of the payments of such assessments and payment plans. The Treasurer shall prepare and present the Annual Budget for the next fiscal year for adoption at an open board meeting. The Board of Directors may designate an Assistant Treasurer who may perform the duties and exercise the powers of the Treasurer in the absence of the Treasurer or when it is inconvenient for the Treasurer to act. At any time when the Assistant Treasurer is performing a duty or exercising a power of the Treasurer, any third party dealing with the corporation may presume conclusively that an Assistant Treasurer was authorized to act in the capacity of the Treasurer. An Assistant Treasurer is not granted any powers or duties of a Board Member, including but not limited to, voting during any meeting of the Board.

7.5 The Parliamentarian shall be responsible for ensuring that all meetings are conducted in an orderly fashion. The Board of Directors may designate an Assistant Parliamentarian who may perform the duties and exercise the powers of the Parliamentarian in the absence of the Parliamentarian or when it is inconvenient for the Parliamentarian to act. At any time when an Assistant Parliamentarian is performing a duty or exercising a power of the Parliamentarian, any third party dealing with the corporation may presume conclusively that an Assistant Parliamentarian was authorized to act in the capacity of the Parliamentarian. An Assistant Parliamentarian is not granted any powers or duties of a Board Member, including but not limited to, voting during any meeting of the Board.

ARTICLE IX COMMITTEES

Section 1. Committee Volunteers.

The Members will be solicited to volunteer for service on a committee at the Annual or Special meetings and the roster of volunteers or "Committee Members" will be kept by the Secretary. The Board of Directors shall

appoint Members to serve on committees as deemed appropriate in carrying out its purposes. The Board of Directors shall also have the authority to remove members from the committees. An Architectural Control Committee and a Deed Restriction Committee are provided for in the Declarations for Cypress Fields. A member of the Board of Directors may serve on a committee, or as chairman of a committee, with exception of the Architectural Control Committee and the Election Committee. Members who are related to or reside with a Board Member may not serve on the Architectural Control Committee. Members and their spouse or other family members may serve on the same committee with the approval of the Board of Directors.

Section 2. Election Committee

The Election Committee will be comprised of three or more persons who are eligible to tabulate and access the ballots. The Election Committee will select a Chairman who will be the point of contact with the Board of Directors. Election Committee members at the time of any tabulated vote, may not be a candidate in the election, an interested party in any other vote being tabulated, related or married to any candidate in the election or co-owner of a Lot with any candidates in the election. The Election Committee will receive the nominations and confirm that the candidate is a current Member of the Association. The Election Committee will prepare the ballots and issue the ballots to the Members. Members will be issued a separate ballot for each vote that they are entitled to under Article III, Section 3.3 Ballots. Election Committee members may not disclose to any other person how an individual voted.

ARTICLE X VOTING PROCEDURES

Section 1. Tabulation and Access to Ballots.

Members of the Election Committee will be responsible for tabulating the votes and reporting the results to the Board of Directors and the members within ten (10) calendar days of the election. If the vote is by ballot, the Election Committee may provide an absentee ballot for absentee or early voting. The absentee ballot will be made available to the Members at least ten days prior to the election, including instructions on how to submit the ballot. Absentee ballots will be counted as if a Member is present and voting for the purpose of establishing a quorum only for items appearing on the ballot. The absentee ballot will not be counted if the Member attends the meeting and chooses to vote in person. The absentee ballot will not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the language on the absentee ballot. An absentee ballot that contains each proposed action with the opportunity to vote FOR or AGAINST each proposal shall include 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 the 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."*

ARTICLE XI BOOKS AND RECORDS

Section 1. Document Retention Policy

The Association documents may be maintained in paper or in an electronic format which can be readily transferred to paper. The current version of the Association's dedicatory documents instruments shall be made available on the Association's website. Documents provided on the website include the restrictive covenants, by-laws, or similar instruments governing the administration or operation of the Association.

Any documents not described below may be retained for the duration deemed to be useful at the discretion of the Board. Upon expiration of the retention period the documents shall no longer be considered

Association records and may be destroyed. Association documents shall be retained for the durations listed below, or in compliance with state or federal requirements:

1. Articles of Incorporation, By-Laws, Declaration of restrictive covenants, other dedicatory instruments, and any amendments to same shall be retained permanently; and
2. Financial books and records, including annual budgets, reserve studies, monthly financial statements, and bank statements shall be retained for seven (7) years; and
3. Account records of current Owners shall be retained for five (5) years, including invoices, payments, and adjustment records on an Owner's account; and
4. Account records of former Owners shall be retained as a courtesy to that former Owner for one (1) year after they no longer have an Owner interest; and
5. Contracts with a term of one year or more shall be retained for four (4) years after the expiration of the contract term; and
6. Minutes of meetings of the Members and the Board of Directors shall be retained for seven (7) years after the date of the meeting; and
7. Tax returns and CPA audit records shall be retained for seven (7) years after the date of the return or audit year; and
8. Decisions of the Architectural Control Committee or Board regarding applications, variances, waivers or related matters associated with Lots in Cypress Fields shall be retained for seven (7) years from the final decision date.
9. Notices of violations prepared by the Deed Restriction Committee or the Board shall be retained for seven (7) years from the date of the notice.

Section 2. Records Production and Copying Policy.

Association records shall be reasonably available to every Owner. Association records may be maintained in paper or electronic format. Documents in electronic format will be transferred to paper if the Owner requesting the paper copies pays in advance. The current governing documents shall be available for inspection by any Owner on the Association's website.

The books, records and papers of the Association shall at all times, be subject to inspection at a mutually agreeable time or copying by any Owner at the principal office of the Association on written demand. An Owner or their designated proxy must submit a written request for access to the records, in the form of a letter, sent certified mail to the Association's PO Box, with a copy of the Owner's photo ID and a detailed description of the specific records being requested. The letter must identify the designated proxy and indicate if you want to inspect the books and records or if you want the Association to forward copies of the requested books and records to your address and what format of the documents that is preferred, hard-copy, electronic, etc.

Within ten (10) business days of receipt of the request the Association shall provide a written notice that: the records are available for inspection; or that the records are available electronically; or if you have requested copies, the number and cost for the copies and that the records will be sent to you after the Association receives payment for the records; or a written notice that a request for delivery is not specific enough; or a written notice that the requested documents will require more than ten (10) days to produce.

Association Records NOT available for inspection by any Owner or their proxies are financial records, deed restriction violation details and other personal information that pertain to another Owner, attorney files and records in the possession of the attorney, and attorney-client privileged information in the possession of the Association.

ARTICLE XII AMENDMENTS

These By-Laws may be amended at a meeting of the Members by a Vote of a majority of a quorum of Members present.

ARTICLE XIII MISCELLANEOUS

In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control. In the case of any conflict between the Articles of Incorporation, the By-Laws and the Declaration of Covenants, Conditions, and Restrictions, the most recent amendment of the Declaration of Covenants, Conditions, and Restrictions shall control.

Section 1. Compensation.

Directors, Officers, or Members of the committees shall not receive any compensation for any service provided to the Association. They may be reimbursed for the actual costs for materials, equipment and goods purchased for the Association, provided that the expenses are approved in advance by the Board. Documentation for the expenses eligible for reimbursement must be submitted to the Treasurer prior to the end of the fiscal year.

Section 2. Fiscal Year.

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

ARTICLE XIV ASSESSMENTS FOR MEMBERS

Section 1. Assessments.

The Board of Directors shall have the full power and authority to assess or charge the Members of the Association for funds required for the performance of its purposes as set forth in the Declarations filed for record in the Harris County Real Property records. Each assessment shall be due and payable by the Member at the time and in the manner detailed in the Declarations, or the Members are entitled to make partial payments under a Payment Plan as provided below.

Section 2. Payment Plan Policy.

Members are entitled to make partial payments under a payment plan in compliance with this policy. Late fees, penalties, and delinquent collection related fees will not be added to the Member's account while the payment plan is active. Payment plans must be in writing on a form provided by the Treasurer of the Association. The payment plan becomes effective and is designated as "active" upon receipt of a fully completed, signed payment plan form along with the first payment under the plan. The Association will charge a reasonable fee to set up the payment plan. Payment toward the balance in the payment plan will be made in three equal payments for three sequential months. No interest will be charged on the balance due. If a Member defaults on a payment plan, the Association does not have to agree to another payment plan with a Member who failed to honor the terms of the payment plan for two (2) years following the Member's default of the payment plan.

Section 3. Priority of Payments.

Payments made by a Member will be applied to the Member's debt with the Association in the following order of priority: 1) Any delinquent assessment; 2) Any current assessment; 3) Any reasonable attorney's fees or reasonable third party collection costs incurred by the association; 4) Any reasonable attorney's fees incurred that are not collection costs; 5) Any reasonable fines assessed by the association; 6) Any other reasonable amount owed to the Association.

ARTICLE XV EXPENDITURES

The Annual Budget for the next fiscal year will be presented and adopted at a Quarterly Board Meeting, and any changes or amendments to the budget will be considered in an open board meeting.

Expenditures shall be limited to the business and the needs of the Association. Expenditures shall be approved in advance, prior to making a deposit or advanced payment on any service or goods.

The total expenses for a single event or item are considered a single expenditure, equal to the total budget for the event or item. Expenses for a service contracted by the Association on a monthly or quarterly basis shall be considered a single expenditure, equal to the cost of the service during that fiscal year. Additional expenses towards an approved expenditure shall be added to the total budget or contract amount and the revised expenditure shall be approved prior to incurring the additional cost.

All checks require the signature of the President or the Treasurer, and in the absence of the Treasurer, the Vice President will sign on behalf of the Treasurer.

In the case that an expenditure is not included in the Annual Budget or amendment to the budget, the expenditure may be approved as follows:

1. Expenditures of less than five-hundred dollars (\$500.00) only need to be approved by the President.
2. Expenditures in excess of five-hundred dollars (\$500.00) shall have written approval by a majority of the Board.

ARTICLE XVI INDEMNIFICATION

The Association shall indemnify any Director, Officer, or Committee Member of the Association, against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments in connection with any action, suit or proceedings, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a Director, Officer or Committee Member (whether or not a Director, Officer or Committee Member at the time such costs and expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be judged in such action, suit or proceedings to be liable for gross negligence or willful misconduct in the performance of duty. The Association may also reimburse to any Director, Officer or Committee Member the reasonable costs of settlement of any such action, suit or proceedings, if it shall be found by a majority of the Directors not involved in the matter in controversy, that it was in the interest of the Association that such settlement be made and that such Director, Officer or Committee Member was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director, Officer or Committee Member may be entitled by law or under any Bylaw, agreement or otherwise.