

## BYLAWS

## OF

## CYPRESS HOLLOW HOMEOWNERS ASSOCIATION, INC.

ARTICLE INAME, PRINCIPAL OFFICE AND DEFINITIONS

1.1 **Name.** The name of the corporation is Cypress Hollow Homeowners Association, Inc. (the "Association").

1.2 **Principal Office.** The principal office of the Association shall be located in Bexar County, Texas or in such other county in Texas as the Board of Directors determines. The Association may have such other offices, either within or outside the State of Texas, as the Board of Directors may determine or as the affairs of the Association may require.

1.3 **Definitions.** In addition to the definitions set forth herein, capitalized terms that are not defined herein shall have the meaning as defined in the Declaration of Covenants, Conditions and Restrictions for Cypress Hollow, recorded or to be recorded in the public land records of Bexar County, Texas, as it may be amended from time to time (the "Declaration"), which definitions are incorporated herein by this reference.

ARTICLE IIASSOCIATION; MEMBERSHIP AND MEETINGS

2.1 **Membership.** The Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated herein by this reference.

2.2 **Place of Meetings.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors.

2.3 **Annual Meetings.** The first meeting of the Association, whether regular or special meeting, shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be at a time set by the Board of Directors.

2.4 **Special Meetings.** The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board of Directors or upon a petition signed by Members representing at least 10% of the total Class A votes in the Association.

2.5 **Notice of Meetings.** Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to an Owner of each Lot entitled to vote at such meeting, not less than 10 nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

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**2.6 Voting.** The voting rights of the Members shall be as set forth in the Declaration and in these Bylaws, and such voting rights provisions are specifically incorporated by this reference.

**2.7 Proxies.** At all meetings of Members, each Member may vote in person (or if a corporation, partnership or trust, through any officer, director, partner or trustee duly authorized to act on behalf of the Member) or by proxy, subject to the limitations of Texas law. All proxies shall be in writing specifying the Lot(s) for which it is given, signed by the Member or its duly authorized attorney-in-fact, dated and filed with the Secretary of the Association prior to any meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of any Lot for which it is given, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member who is a natural person, or of written revocation, or 11 months from the date of the proxy, unless a shorter or longer period is specified in the proxy.

**2.8 Quorum - Adjournment.** Except as provided in these Bylaws or in the Declaration, the presence, in person or by proxy, of Members representing 20% or greater of the total votes in the Association shall constitute a quorum at all meetings of the Association. If, however, such quorum shall not be present or represented at any meeting, the Members present at the meeting that are entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as stated above is present or represented.

**2.9 Action Without a Meeting.** Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without notice and without a vote, if written consent specifically authorizing the proposed action is signed by Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Members entitled to vote thereon were present. Such consents shall be signed within 90 days of the earliest date that a notice regarding such consent is delivered by the Association, which date shall be designated in the notices. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a vote of the Members at a meeting. For votes taken by written consent as provided above, the date specified in the notice as the ownership date, which date shall not be more than 20 days prior to the date the notices are sent, shall be the date used for determining the ownership of the Lot for the written consent voting purposes. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

### **ARTICLE III** **BOARD OF DIRECTORS**

**3.1 Governing Body; Composition.** The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to directors appointed by Declarant, the directors shall be Members or Residents and no Owner and Resident representing the same Lot may serve on the Board of Directors at the same time. A "**Resident**" shall be any natural person 18 years of age or older whose principal place of residence is a Dwelling. In the case of a Member who is not a natural person, any officer, director, partner, employee or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided no Member may have more than one such representative on the Board of Directors at a time, except for the Declarant.

**3.2 Number of Directors.** The Board of Directors shall consist of 3, 5 or 7 directors, as provided herein and as determined by the Board of Directors. The initial Board of Directors shall consist of 3 directors as identified in the Articles of Incorporation.

**3.3 Directors - During Class B Control Period.** During the Class B Control Period, all directors shall be selected and removed by Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant.

**3.4 Directors - After Class B Control Period.** Following expiration of the Class B Control Period, the directors shall be nominated and elected as follows:

a. **Nomination Procedures.** Prior to each election, the Board of Directors shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any position. The Board of Directors shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient and cost-effective manner. Nominations from the floor shall also be permitted.

b. **Nominating Committee.** Nominations for election to the Board of Directors may also be made by a nominating committee. The nominating committee, if any, shall consist of a Chairperson, who shall be a member of the Board of Directors, and three or more Members or representatives of Members. The Board of Directors shall appoint the members of the nominating committee not less than 30 days prior to each annual meeting to serve a term of one year and until their successors are appointed, and such appointment shall be announced at each annual meeting. The nominating committee may make as many nominations for election to the Board of Directors as it shall in its discretion determine. In making the nominations, the nominating committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the Members and to solicit votes.

c. **Election and Term.** At the first annual meeting after the expiration of the Class B Control Period, all directors shall be elected by the Members to a term of 1 year. The number of directors to be elected at such meeting shall be determined by the then current Board of Directors. Upon the expiration of the term of office of each director elected by the Members, a successor shall be elected to serve a term of 1 year, unless the Board of Directors decides to allow one or more of the directors to be elected to serve for a term of 2 years. Unless removed as provided herein, the directors shall hold office until their respective successors shall be elected.

d. **Election Procedures.** Each Owner may cast the entire vote assigned to his or her Lot for each position to be filled. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

e. **Removal.** Any director elected by the Members may be removed, with or without cause, by Members holding 40% or greater of the votes entitled to be cast. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Members to fill the vacancy for the remainder of the term of such director. Any director elected by the Members who has 3 or more consecutive unexcused absences from the Board of Directors meetings, or who is more than 60 days delinquent (or is the representative

of a Member who is delinquent more than 60 days) in the payment of any assessment or other charge due the Association, or who after notice and hearing is held to be in violation of the Declaration, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board of Directors may appoint a successor to fill the vacancy for the remainder of the term. In the event of death, disability or resignation of a director elected by the Members, the Board of Directors may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Members shall elect a successor for the remainder of the term.

3.5 **Compensation.** Directors shall not receive any compensation from the Association for acting as such unless approved by Members representing a 67% or greater Class Vote at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board of the Directors prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.6 **Meetings of the Board of Directors.**

a. **Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as a majority of the directors shall determine, but at least 4 such meetings shall be held during each fiscal year with at least 1 per quarter. Notice of the time and place of a regular meeting shall be communicated to directors not less than 4 days prior the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

b. **Special Meetings.** Special meetings of the Board of Directors shall be held when called by written notice signed by the President or Vice President or by any 2 directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (i) as provided in Section 8.4 herein; (ii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iii) facsimile, computer or such other communication device. All such notices shall be given at the director's telephone number, fax number or sent to the director's address as shown on the records of the Association. Notices given by mail shall be deposited at least 7 business days prior to the time set for the meeting. Notices given by personal delivery, telephone, or other electronic device shall be delivered or transmitted at least 72 hours before the time set for the special meeting.

c. **Waiver of Notice.** The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding a meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting.

d. **Telephonic Participation in Meetings.** Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or committee by means of conference telephone or similar communication equipment, by means of

which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

e. **Quorum of Board of Directors.** At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors, unless otherwise specified in these Bylaws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than 5 nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

f. **Notice to Owners; Open Meetings.** Subject to the provisions of Section 3.6g, all meetings of the Board of Directors shall be open to all Members, but 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. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, and may exclude Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

g. **Action Without Meeting.** Any action to be taken at a meeting of directors or any action that may be taken at a meeting of directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

**3.7 Powers of Directors.** The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these Bylaws, the Articles of Incorporation, and as provided by law. The Board of Directors may do or cause to be done all acts and things as are not directed by the Declaration, Articles of Incorporation, these Bylaws, or Texas law to be done and exercised exclusively by the membership generally.

**3.8 Duties of Directors.** The duties of the Board of Directors shall include, without limitation:

- a. preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses;
- b. levying and collecting such assessments from the Owners;
- c. providing for the operation, care, upkeep, and maintenance of the Common Maintenance Areas;
- d. designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

- e. depositing all funds received on behalf of the Association in appropriate bank accounts or in other accounts approved by the Board of Directors, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the directors' best business judgment, in depositories other than banks;
- f. making and amending rules in accordance with the Declaration;
- g. opening the bank accounts on behalf of the Association and designating the signatories required;
- h. making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Maintenance Areas in accordance with the Declaration and these Bylaws;
- i. enforcing the provisions of the Declaration and any rules or standards developed pursuant to the Declaration, the Articles of Incorporation, these Bylaws and bringing any legal proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in the Declaration;
- j. obtaining and carrying insurance as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;
- k. paying the cost of all services rendered to the Association;
- l. keeping books with detailed accounts of the receipts and expenditures of the Association;
- m. taking such actions as contemplated by the Board of Directors in the Declaration, these Bylaws and/or the Articles of Incorporation;
- n. permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Property; and
- o. indemnifying a director, officer or committee member, or former director, officer, committee member of the Association or any agent, contractor or management company of the Association to the extent such indemnity is required or permitted under Texas law, the Articles of Incorporation or the Declaration.

**3.9 Borrowing.** The Association shall have the power to borrow money for any legal purpose; provided, the Board of Directors shall obtain Member approval in the same manner provided for Special Assessment as specified in the Declaration if the total amount of such borrowing, together with all other debt incurred within the previous 12 month period, exceeds or would exceed 10% of the budgeted gross expenses of the Association for that fiscal year.

#### **ARTICLE IV** **OFFICERS**

**4.1 Officers.** The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The President and Secretary shall be elected from among the members of the Board of Directors; other officers may, but need not be members of the Board of Directors. Any two or more offices may be held by the same person, except for the offices of President and Secretary.

**4.2 Election of Officers.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

**4.3 Term.** The officers of the Association shall be elected annually by the Board of Directors and each shall hold office for 1 year, unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

**4.4 Special Appointments.** The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

**4.5 Resignation and Removal.** Any officer may be removed from office, with or without cause, by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**4.6 Vacancies.** A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

**4.7 Powers and Duties.** The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors, including, without limitation, the following:

a. **President.** The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Board of Directors and the Members and shall see that orders and resolutions of the Board of Directors are carried out.

b. **Vice President.** The Vice President shall act in place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board of Directors.

c. **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; serve notice of meetings of the Board of Directors and of the Members; keep appropriate current records showing the members of the Association together with their addresses; and shall perform such other duties as required by the Board of Directors.

d. **Treasurer.** The Treasurer shall receive and deposit, in appropriate bank accounts or in other accounts approved by the Board of Directors, all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; sign all checks of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

**4.8 Authorized Agents.** Except when the Declaration, these Bylaws or the Articles of Incorporation require execution of certain instruments by certain individuals, the Board of Directors may authorize any

person to execute instruments on behalf of the Association. In the absence of such Board of Directors' resolution, the President and the Secretary are the only persons authorized to execute instruments on behalf of the Association. However, only the President and/or Secretary shall have the authority to sign a mortgage or deed of trust relating to the Common Area.

## **ARTICLE V**

### **ASSOCIATION MATTERS**

**5.1 Committees.** The Board of Directors may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board of Directors may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

**5.2 Management.** The Board of Directors may employ for the Association a professional management agent or agents at such compensation as the Board of Directors may establish, to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority. The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

**5.3 Right to Contract.** The Association shall have the right to contract with any person or entity for the performance of various duties and functions. This right shall include, without limitation, the right to enter into management, operational, or other agreements with other persons or entities; provided, any such agreement shall require approval of the Board of Directors.

**5.4 Accounting Standards.** The following management standards of performance shall be followed unless the Board of Directors by resolution specifically determines otherwise: (i) accrual accounting, as defined by generally accepted accounting principles, shall be employed; (ii) accounting and controls should conform to generally accepted accounting principles; (iii) cash accounts of the Association shall not be commingled with any other accounts; (iv) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; any thing of value received shall benefit the Association; and (v) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors.

**5.5 Accounting Reports.** Unless the Board of Directors by resolution specifically determines otherwise, the Board of Directors shall obtain the following reports:

a. **Quarterly Reports.** Commencing at the end of the quarter in which the first Lot with a Dwelling thereon is conveyed, financial reports shall be prepared for the Association at least quarterly containing (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis; (ii) a variance report reflecting the status of all accounts in an actual versus approved budget format; (iii) a balance sheet as of the last day of the preceding period; and (iv) a delinquency report listing all Owners who are delinquent in paying any assessment at the time of the report and describing the status of any action to collect such assessments which remain delinquent.

b. **Annual Reports.** An annual report consisting of at least the following, which shall be made available to all Members within 120 days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal



year. Such annual report may be prepared on an audited, reviewed or compiled basis, as the Board of Directors determines, by an independent public accountant.

**5.6 Enforcement of Declaration.** The Association shall have the power, as provided in the Declaration, to impose sanctions for any violation of any duty imposed under the Declaration (and any rules promulgated pursuant thereto), these Bylaws and the Articles of Incorporation and any amendment thereto.

a. **Notice and Hearing.** Except as provided in paragraph 5.6b below, prior to imposition of any sanction hereunder or under the Declaration, the Board of Directors or its delegate shall serve an Owner of the Lot related to or connected with the alleged violation with written notice as provided below and provide such Owner with an opportunity of a hearing as provided below.

i. **Written Notice.** The written notice to be sent by the Association shall describe (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than 10 days within which the Owner may present a written request for a hearing to the Board of Directors; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a hearing is requested within 10 days of the notice. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided that the Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any person.

ii. **Hearing.** If a hearing is requested within the allotted 10-day period, the hearing shall be held before the Board of Directors in executive session. The Owner violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, notice to the Owner of the time and place of the hearing shall be given in accordance with Section 8.4 herein. The notice requirement shall also be deemed satisfied if the Owner or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

b. **No Notice or Hearing Required.** Notice and/or hearing is not required if (i) the violation is the failure to pay an annual or special assessment, (ii) the alleged violator was held by the Board of Directors in violation of the same violation within 12 months of the new alleged violation, or (iii) the Board of Directors or its designee determines that notice and/or a hearing is not appropriate, desirable or in the best interest of the Association due to the circumstances, including, without limitation, the nature and type of the violation, the nature of the harm or damage attributable to the violation and the Association's ability to stop or limit the harm or damage. If notice and a hearing are not required in accordance with the foregoing, then the Association may exercise self-help remedies to correct the violation at any time.

c. **Optional Courtesy Letter.** The Association may, at its option and in its sole and absolute discretion, voluntarily provide the Owner of the Lot related to or connected with the alleged violation with a courtesy letter informing the Owner of the violation. The foregoing courtesy letter is not required to be given by the Association and such notice shall not constitute the written notice described Section 5.6a above. The Board of Directors or its designee shall have the sole and exclusive right to determine under which facts and circumstances the Association may elect to send a courtesy letter.

d. **No Waiver.** In the event the Board of Directors decides, in its discretion, not to take enforcement action, such a decision shall not be construed a waiver of the right of the Association to

enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction, or rule.

## **ARTICLE VI** **ASSESSMENTS**

As more fully provided in the Declaration each Member is obligated to pay to the Association annual and special assessment (and specific assessments if applicable) which are secured by a continuing lien upon the Lot against which the assessment is made. If an assessment is not paid as provided in the Declaration, then the Association shall be entitled to the remedies provided in the Declaration, these Bylaws and the Articles of Incorporation.

## **ARTICLE VII** **AMENDMENTS**

**7.1 Amendment by Declarant.** During the Class B Control Period and subject to any applicable provisions in the Declaration, the Declarant may amend these Bylaws without approval of the Board of Directors or any Class A Members. In addition, after the expiration of the Class B Control Period but while the Declarant owns a Lot, Declarant may amend these Bylaws if such amendment (i) is necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) is necessary to comply with the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U. S. Department of Veterans Affairs, the U.S. Department of Housing and Urban Development, or any other applicable governmental agency or secondary mortgage market entity; or (iii) is necessary to clarify or to correct technical, typographical or scrivener's errors; provided, however, any such amendment must not have a material adverse effect upon any right of any Owner.

**7.2 Amendment by Members.** Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of persons entitled to cast at least 51% votes of the total votes in each Class of Members. Notwithstanding the foregoing, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

**7.3 HUD/VA Approval.** While there is Class B membership, HUD or VA shall have right to veto amendments to these Bylaws if such entity has issued approval of the Property for purposes of insuring or guaranteeing mortgages.

**7.4 Validity and Effective Date of Amendments.** Amendments to these Bylaws shall become effective upon the date of the amendment, unless a different date is specified in the amendment. Any procedural challenge to an amendment must be made within 3 months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

## **ARTICLE VIII** **MISCELLANEOUS**

**8.1 Fiscal Year.** The fiscal year of the Association shall be determined by the Board of Directors. If the Board of Directors fails to adopt a certain fiscal year, then until the Board of Directors adopts a specific fiscal year the fiscal year shall be January 1<sup>st</sup> to December 31<sup>st</sup> of every year, except that the first fiscal year shall begin on the date of incorporation.

**8.2 Conflicts.** In the event of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the event of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**8.3 Books and Records.**

a. **Inspection by Members.** The Board of Directors shall make the books and records of the Association available for inspection and copying by any Member, or the duly appointed representative of any of the Member. The files and records of an attorney or accountant who performs services for the Association are not records of the Association and are not subject to inspection by Members. The Board of Directors may deny the request to review particular records to the extent the Board of Directors determines that the Member's purpose for inspection is not proper.

b. **Rules of Inspection.** The Board of Directors may establish reasonable rules with respect to: (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested.

c. **Inspection by Directors.** Every director shall 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.

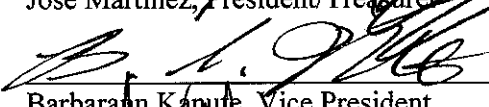
**8.4 Notices.** Except as otherwise provided in the Declaration or these Bylaws, all notices, demands, bills, statements and other communications under the Declaration or these Bylaws shall be in writing and shall be given personally or by mail. Notices that are mailed shall be deemed to have been duly given 3 days after deposit, unless such mail service can prove receipt at an earlier date. Owners shall maintain one mailing address for a Lot, which address shall be used by the Association for mailing of notices, statements and demands. If an Owner fails to maintain a current mailing address for a Lot with the Association, then the address of that Owner's Lot is deemed to be such Owner's mailing address. If a Lot is owned by more than one person or entity, then notice to one co-owner is deemed notice to all co-owners. Attendance by a Member or director at any meeting shall constitute waiver of notice by the Member or director of the time, place and purpose of the meeting. Written waiver of notice of a meeting, either before or after a meeting, of the Members or directors shall be deemed the equivalent of proper notice.

**IN WITNESS WHEREOF,** we being all of the directors of the Association have executed these Bylaws on the dates set forth below.


Date: \_\_\_\_\_

  
Jose Martinez, President/Treasurer

Date: \_\_\_\_\_

  
Barbara Kanute, Vice President

Date: 2-5-03

  
Mike Harrell, Secretary

STATE OF TEXAS

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§  
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COUNTY OF BEXAR

The foregoing instrument was acknowledged before me on this the 11<sup>th</sup> day of February, 2003, by Jose Martinez, President and Treasurer of Cypress Hollow Homeowners Association, Inc., a Texas non-profit corporation on behalf of said corporation.



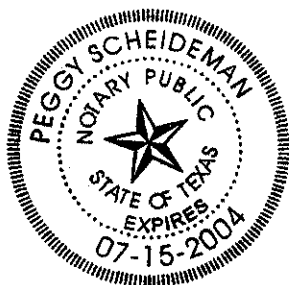
Peggy Scheideman  
Notary Public, State of Texas  
Notary's Name Printed:  
Peggy Scheideman  
My Commission Expires: 7-15-04

STATE OF TEXAS

§  
§  
§

COUNTY OF BEXAR

The foregoing instrument was acknowledged before me on this the 11<sup>th</sup> day of February, 2003, by Barbarann Kanute, Vice-President of Cypress Hollow Homeowners Association, Inc., a Texas non-profit corporation on behalf of said corporation.



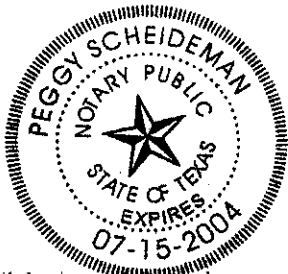
Peggy Scheideman  
Notary Public, State of Texas  
Notary's Name Printed:  
Peggy Scheideman  
My Commission Expires: 7-15-04

STATE OF TEXAS

§  
§  
§

COUNTY OF BEXAR

The foregoing instrument was acknowledged before me on this the 11<sup>th</sup> day of February, 2003, by Mike Harrell, Secretary of Cypress Hollow Homeowners Association, Inc., a Texas non-profit corporation on behalf of said corporation.



Peggy Scheideman  
Notary Public, State of Texas  
Notary's Name Printed:  
Peggy Scheideman  
My Commission Expires: 7-15-04

Any provision herein which restricts the sale, or use of the described real property because of race is invalid and unenforceable under Federal law STATE OF TEXAS, COUNTY OF BEXAR  
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 Record of Real Property of Bexar County, Texas on:

FEB 13 2003



*Gerry Rickhoff*  
COUNTY CLERK BEXAR COUNTY, TEXAS

Doc# 20030034792  
# Pages 13  
02/13/2003 03:06:02 PM  
Filed & Recorded in  
Official Records of  
BEXAR COUNTY  
GERRY RICKHOFF  
COUNTY CLERK  
Fees \$33.00

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