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Midland

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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.



State of Texas  
County of Midland

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the named RECORDS of Midland County, Texas as stamped hereon.

*Cheryl Becker* County Clerk  
Midland County, Texas

Midland

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**BYLAWS  
OF  
ADOBE MEADOWS  
OWNERS ASSOCIATION**

(A Texas Property Owners Association)

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**THE LAND**

NAME OF DEVELOPMENT: ADOBE MEADOWS

NAME OF SUBDIVISION: ADOBE MEADOWS ADDITION, SECTION 6

LOCATION OF SUBDIVISION: MIDLAND, TEXAS (MIDLAND COUNTY)

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**THE ORGANIZATION**

NAME OF ASSOCIATION: ADOBE MEADOWS OWNERS ASSOCIATION

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These Bylaws pertain to **ADOBE MEADOWS ADDITION, SECTION 6**, an addition to the City of Midland, Texas, according to the plat thereof recorded on October 16, 2013, as Document No. 2013-24716, in Cabinet 1, Page 169, Plat Records, Midland County, Texas.

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Declarant

D. R. Horton - Texas, Ltd.

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**INTRODUCTORY BYLAWS NOTICES  
FOR  
ADOBE MEADOWS**

**LAW RULES**

In the era in which these Bylaws are drafted, Texas laws that pertain to the governance of mandatory membership property owners associations are becoming more numerous and more regulatory. In previous eras, state laws generally painted with broad strokes and deferred to an entity's organizational documents for specifics. In those eras, the corporation laws of Texas were the primary source of statutory requirements. In this era, the Property Code is becoming the source of governing requirements, some of which are also addressed in the Business Organizations Code. Users of these Bylaws must continually be aware of all statutes that pertain to the topics addressed in these Bylaws, and must be aware that - from time to time - one or more State laws may override a provision of these Bylaws, or may supplement these Bylaws with additional requirements or limitations.

***These Bylaws don't exist in a vacuum.***

**5 KEY NOTES ABOUT GOVERNANCE  
IN ADOBE MEADOWS  
DURING THE DECLARANT CONTROL PERIOD**

Each owner of a home in Adobe Meadows, by the act of accepting an interest in or title to a lot prior to Build-Out and Sell-Out, particularly during the Declarant Control Period, acknowledges, understands, covenants, and agrees to each of the following statements:

1. Adobe Meadows is a planned community, the development and marketing of which may extend over many years, even decades. Declarant has reserved for itself the right to control the Association until Adobe Meadows is fully phased, substantially complete, and close to being "sold out" and closed to homebuyers.
2. Because the Declarant Control Period is a short span of time in the potentially perpetual life of the Property and the Association, Declarant intentionally adopted Governing Documents designed for the long era in which homeowners will control the Association, instead of tailoring the Governing Documents for the relatively brief Declarant Control Period.
3. Written for a homeowner-controlled Association, some provisions in these Bylaws are inapplicable or inappropriate for the Declarant Control Period, or during Build-Out and Sell-Out. For example, Association directors appointed by Declarant are likely to be Declarant's employees or officers, who make decisions for the Association in the ordinary course of their daily work - without formality of called meetings, notices, and minutes.
4. Appendix C of the Declaration of Covenants, Conditions & Restrictions for Adobe Meadows, which contains important information about how the Association will be governed during the Declarant Control Period, controls over any provision in these Bylaws that addresses the same topic, subject to a superior provision (if any) in State law.
5. Homeowners will not have a voice in the operation and governance of the Association during the Declarant Control Period, except to the extent (if any) granted by Declarant or required by State law.

***Homeowners will govern the Association, in time.***

BYLAWS  
OF  
ADOBE MEADOWS OWNERS ASSOCIATION  
(A Texas Property Owners Association)

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**BYLAWS  
OF  
ADOBE MEADOWS OWNERS ASSOCIATION**  
(A Texas Property Owners Association)

**ARTICLE 1  
INTRODUCTION**

1.1. **PROPERTY.** These Bylaws provide for the governance of Adobe Meadows, a planned community located in the City of Midland, Texas, according to the plat of Adobe Meadows Addition, Section 6, recorded on October 16, 2013, as Document No. 2013-24716, in Cabinet I, Page 169, Plat Records, Midland County, Texas. The portion of Adobe Meadows Addition, Section 6, that is subject to the below-referenced Declaration is referred to herein as the "**Property**".

1.2. **DECLARATION.** The Property is subject to a number of publicly recorded documents, including the Declaration of Covenants, Conditions & Restrictions for Adobe Meadows, recorded on March 27, 2014, as Document No. 2014-6075, Real Property Records, Midland County, Texas, as it may be amended, supplemented, or restated from time to time (the "**Declaration**").

1.3. **ASSOCIATION.** These Bylaws are one of the governing documents for Adobe Meadows Owners Association (the "**Association**"), the mandatory association of owners established by the Declaration for the Property.

1.4. **DEFINITIONS.** Words and phrases defined in the Declaration have the same meanings when used in these Bylaws.

1.5. **DECLARANT RIGHTS.** The "Declarant Provisions" article of these Bylaws and the rights of Declarant in the Declaration, particularly in Appendix C of the Declaration, override and supercede every provision of these Bylaws during the Declarant Control Period. Accordingly, many sections of these Bylaws do not apply during the Declarant Control Period.

1.6. **PARTIES TO BYLAWS.** All present or future lot owners and all other persons who use or occupy the Property in any manner are subject to these Bylaws, the Declaration, and the other Governing Documents as defined in the Declaration. The mere acquisition of a lot or occupancy of a dwelling will signify that these Bylaws are accepted, ratified, and will be strictly followed.

**ARTICLE 2  
STATUTORY COMPLIANCE**

The Association intends to comply with the requirements of public law, and does not intend to evade the requirements of local, State, or federal law. The purpose of this Article is to address the effect of changing laws on the Association's operations.

2.1. **APPLICABLE LAW.** Any reference in these Bylaws to "applicable law" means the law then in effect for the Association, the Property, the parties, and the circumstances. These Bylaws are written in an era of increasing State regulation of governance by property owners' associations in Texas. Because members and leaders of homeowner associations have historically relied on their association's bylaws, rather than State statutes, for guidance in governance, it is customary for bylaws to be written with enough specificity to serve as a helpful roadmap for operating the association and protecting the rights of members. However, in an era of legislative activism, governing documents with detailed requirements that are legally compliant when written may create a trap for associations that are unaware of law changes that modify, override, or supplement their governing documents. As initially drafted, these Bylaws do not recite all of the detailed statutory requirements of applicable law, which may change with every biennial session of the Texas Legislature. Instead, these Bylaws anticipate that the Association will supplement these Bylaws with resolutions, policies, and procedures adopted by the board from time to time to implement or comply with the requirements of applicable law or the governing Documents.

*During the Declarant Control Period, Appendix C of the Declaration has priority over these Bylaws.*

2.2. **INSTRUCTIONS & SUGGESTIONS.** Also pertaining to applicable law:

- a. **Do not use any provision of these Bylaws "as is"** without knowing whether and how the provision is affected by applicable law.
- b. **Follow the law, not these Bylaws,** unless applicable law defers to these Bylaws.
- c. **Embrace change.** As applicable laws and standards of practice change, go with the flow and give change a chance. This suggestion applies to members as well as leaders of the Association.
- d. **Supplement these Bylaws,** as appropriate, from time to time, with resolutions, policies, and procedures adopted by the board to comply with the requirements of applicable law and what evolve as the conventional wisdom and customary practice for homeowner associations.
- e. **Don't be limited by applicable law.** The board may adopt policies and procedures that go further than the minimum statutory requirements or the requirements of these Bylaws towards making the Association more responsive to its members. This is a suggestion, not a requirement.

**STATE LAW MAY CHANGE MORE OFTEN THAN THESE BYLAWS.**

2.3. **GENERAL PROVISIONS.**

2.3.1. **Conflicts.** If a law is enacted that contravenes a policy, procedure, rule, or guideline of the Association, the new law is superior. The Association intends to refrain from implementing or enforcing any provision of a Governing Document, or any policy, procedure, protocol, rule, or guideline that is made unenforceable or void by changes in public law.

2.3.2. **Mistakes.** In the future, as the Association learns about and adapts to law changes, it is possible that the Association will inadvertently and unintentionally use forms, practices, procedures, or terminology that were rendered obsolete by the law changes. The Association will try to correct such errors as the Association becomes aware of them.

2.3.3. **Professionals.** Because provisions of State law and the Governing Documents are capable of more than one interpretation, the officers and directors of the Association ~ not being students of the law ~ may rely on professionals for guidance in understanding and applying new laws. From time to time, as the Association acquires more experience or information, the Association may change its method of complying with a particular law, or its method of applying a provision in a Governing Document.

2.3.4. **Costs of Complying.** From time to time it may be necessary for the Association to adjust its annual budget to pay the costs of complying with law changes, such as for increased use of legal and management services, which may result in an increase in regular assessments paid by its members, a special assessment, or a reduction of other services provided by the Association.

2.3.5. **Cooperation.** The Association values the patience of its members while the Association learns about its duties and limitations under new or changed laws. Further, the Association may solicit the cooperation of its members in guiding the Association towards full compliance with law changes as they occur.

**ARTICLE 3  
THE ASSOCIATION**

3.1. **TYPE OF ORGANIZATION.** As an organization of lot owners, the Association is created by the Declaration and these Bylaws. The Association is a nonprofit legal entity governed by the Texas Business Organizations Code (the "Code"), and may be incorporated or unincorporated. During any period in which the Association is not incorporated, it is an unincorporated nonprofit association subject to Chapter 252 of Title 6 of the Code, the Texas Unincorporated Nonprofit Association Act. During any period in which the Association is incorporated, it is a domestic nonprofit corporation subject to Chapter 22 of Title 2 of the Code, the Texas Nonprofit Corporation Law. If not incorporated, the

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Association, at its discretion, may use the Texas Nonprofit Corporation Law for guidance in governing itself. Sections of the Code that are cited in these Bylaws are incorporated herein by reference, whether or not the Association is incorporated.

3.2. **TAX STATUS.** The Association is a taxable entity in different contexts. For example, the Association may have income tax liability to the federal government, property tax liability to local governments, sales tax liability to local and state governments for goods and services purchased, and franchise tax liability when incorporated. From time to time, the Association may be eligible for an exemption from one or more tax liabilities. The sole purpose of this Section is to support any future application by the Association for tax-exempt status from the federal or state government. The Association may, but is not required to, apply for a continuing exemption from federal income tax under Section 501(c)(4) of the Internal Revenue Code, and from State sales tax under Section 171.082 Texas Tax Code. The nonprofit Association promotes social welfare as it operates for the benefit of all residents of Adobe Meadows. Independently and in cooperation with local government, the Association may perform functions for the benefit of all Adobe Meadows residents that - in a different location - might be performed by local government. Some of its activities may also benefit the general public, such as the beautification and preservation of public rights-of-way. The Declaration does not require the Association to engage in exterior maintenance of private homes, but does permit the Association to perform limited maintenance when necessary at the expense of the lot owner in event of neglect. Common areas and easements maintained by the Association may be open to the general public, as well as to residents of Adobe Meadows. During any period in which the Association deems it to be in the best interests of its members to qualify for tax-exempt status under federal and/or state law, the Association will not engage in any activity that would disqualify the Association as a tax exempt organization, and will affirmatively perform functions that are required. The sole purpose of this Section is to assist the Association in qualifying for tax exemptions. This Section may not be construed to create obligations or liabilities for the Association, or to grant rights to the public or local government.

3.3. **GENERAL POWERS AND DUTIES.** The Association, acting through the board, has the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property as may be required or permitted by the Governing Documents and applicable law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its members, subject only to limitations upon the exercise of such powers as may be contained in applicable law or the Governing Documents.

#### **ARTICLE 4 BOARD OF DIRECTORS**

4.1. **APPLICABILITY.** Rather than preface each section with "after the Declarant Control Period," this Section is a reminder that ~ as with other portions of these Bylaws ~ many of the following sections are not effective during the Declarant Control Period. The governance rights reserved by Declarant in the Declaration, especially in its Appendix C, are superior to the requirements of this Article to the full extent permitted, or not prohibited, by applicable law.

4.2. **NUMBER.** The board will consist of five persons. The number of directors may be changed by amendment of these Bylaws, but may not be less than three.

4.3. **ELECTION.** Directors will be elected by the members of the Association. The election of directors will be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by any method permitted by applicable law.

#### **OWNERS ELECT DIRECTORS**

4.4. **QUALIFICATION.** No owner may be disqualified by the Association from running for the board because of a delinquent account or rules violation. The following qualifications apply to the election or appointment of persons to the board to the extent candidates are available and qualified. The following qualifications may be waived or modified on an election by election laws only if an insufficient number of qualified candidates are available.

4.5. **Owners.** A director need not be a member of the Association.

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4.4.2. **Criminal Conviction.** A person who has been convicted of a felony or crime involving moral turpitude may not serve on the board, unless the person's criminal record was disclosed to the members within 30 days before the date of election or appointment to the board in a manner that is calculated to get the attention of the members.

4.4.3. **Entity Member.** If a lot is owned by a legal entity, such as a partnership or corporation, any officer, partner, agent, or employee of that entity member is eligible to serve as a director and is deemed to be a member for the purposes of this Section. If the relationship between the entity member and the director representing it terminates, that directorship will be deemed vacant.

4.4.4. **Additional Qualifications.** The following qualifications apply to candidates who are not owners (and apply to owners only if and when a particular qualification is not prohibited by applicable law for owners who are candidates for the board):

a. **Affiliates.** An affiliate of an owner may not serve on the board at the same time as the owner to whom affiliated. As used in this Section, affiliation refers to persons having legal or economic relationships, such as family members, housemates, and business partners, and does not apply to merely social relationships, such as friends and golfing buddies.

b. **Litigation.** A person who is a party adverse to the Association, the board, or a committee of the Association in pending litigation to which the Association, board, or committee is a party, may not serve on the board.

c. **Term Limits.** A person may not serve more than six consecutive years on the board. A person who has served more than two consecutive terms is not eligible to serve again for three years.

4.5. **TERM OF OFFICE.** Upon election, each director will serve a term of 2 years, subject to the following provisions. A director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed. Absent death, ineligibility, resignation, or removal, a director holds office until his successor is elected or appointed.

4.5.1. **Exceptions.** The following are exceptions to the 2-year term:

- a. A person elected by the members to complete the 2-year term of a director who has resigned or been removed will serve the remainder of the original 2-year term.
- b. A person elected by the board to fill a vacancy will serve until the next Association meeting at which directors may be elected.
- c. A person elected to the initial board or at an election to remove and replace the entire board or to re-establish staggered terms may serve a term that is shorter or longer than 2 years.
- d. An annual election may occur sooner or later than the exact 2-year mark.
- e. If the meeting at which a director is elected occurs at a time that does not coincide with the Association's annual meeting, the term of the elected director will overlap the next annual meeting, although it may result in a longer term, unless the meeting notice states otherwise.

4.5.2. **Staggered Terms.** To maintain staggered terms, two directors will be elected in even-numbered years, and three directors will be elected in odd-numbered years. *(If the number of directors is increased or decreased, an even number will be elected in even numbered years, and an odd number in odd numbered years.)*

4.5.3. **Initial Owner-Elected Board.** As provided in Appendix C of the Declaration, Declarant will convene a transition meeting of owners for the purpose of electing a board of directors. *(Prior to that meeting, the board is appointed by Declarant.)* To establish staggered terms, the candidates receiving the most votes will serve 2-year terms, and the candidates receiving the next-highest votes will serve initial terms of one year. *(The number of 2-year terms and 1-year terms depends on whether the term starts in an even-numbered year or an odd-numbered*

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year.) Thereafter, their successors will serve 2-year terms. If the board is ever elected en masse, the same methods will be used to re-establish staggered terms.

4.6. **VACANCIES.** Subject to the exceptions below, vacancies on the board caused by any reason are filled by a vote of the majority of the remaining directors, even though less than a quorum at any meeting of the board. Each director so elected by the board serves until the next meeting of the Association, at which time a successor will be elected to fill the remainder (if any) of the term that was vacated. The exceptions to board-elected replacements are (1) the removal of a director by a vote of the Association's members, who will elect a replacement, and (2) a vacancy occurring because of an increase in the number of directors, which also will be filled by election of the members.

#### 4.7. **REMOVAL OF DIRECTORS.**

4.7.1. **Removal by Members.** At any annual meeting of the Association or at any special meeting of the Association called for the purpose of removing a director, any one or more of the directors may be removed with or without cause by members representing at least two-thirds of the votes present in person or by proxy at the meeting, and a successor may then and there be elected by members to fill the vacancy thus created. Any director whose removal has been proposed must be given an opportunity to be heard at the meeting.

4.7.2. **Removal by Directors.** A director may not be removed by the remaining directors, except for the following limited reasons for which a director may be removed by at least a majority of the other directors at a meeting of the board called for that purpose:

- a. **Criminal Conviction.** The board receives documented evidence from a governmental law enforcement authority that a board member has been convicted of a felony or crime involving moral turpitude.
- b. **Additional Reasons.** The following reasons for removal apply to directors who are not owners (and apply to owners only if and when a particular reason is not prohibited by applicable law for owners who serve on boards of property owners associations):
  - (1) The director is a party adverse to the Association, the board, or a committee of the Association in pending litigation to which the Association, board, or committee is a party, provided the Association did not file suit to effect removal of the director.
  - (2) The director has refused or failed to attend 3 or more meetings of the board during the preceding 12 months, provided he was given proper notice of the meetings.

4.7.3. **No Removal by Officers.** A director may not be removed by officers of the Association, acting in their capacity of officers of the Association, under any circumstance.

#### 4.8. **MEETINGS OF THE BOARD.**

4.8.1. **Open Meetings.** Regular and special meetings of the board are open to members. The Association must make notice of regular and special board meetings available to the members. Under certain limited circumstances permitted by applicable law, the board may act without a meeting, or in a closed executive session, or without giving prior notice to the members. However, the general rule is open meetings and prior notice.

### **OWNERS MAY ATTEND BOARD MEETINGS**

4.8.2. **Types of Board Meetings.** Regular meetings of the board may be held at a time and place that the board determines, from time to time, but at least one such meeting must be held each calendar quarter. Special meetings of the board may be called by the president or, if he is absent or refuses to act, by the secretary, or by any 2 directors. In case of emergency, as described below, the board may convene an emergency meeting for the purpose of dealing with the emergency after making a diligent attempt to notify each director by any practical method.

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4.8.3. Board Meeting to Elect Officers. As soon as possible after the annual meeting, the directors will convene a special meeting for the purpose of electing officers. If the election of officers will occur upon adjournment of the annual meeting at the site of the annual meeting, notice of that possibility must be given to the members with the notice of annual meeting. If the time and place for the election of officers is announced to the members at the annual meeting, no further notice is required for that special meeting.

4.8.4. Place of Board Meetings. The board will conduct its meetings at a location that is reasonably convenient for the greatest number of directors, and at a place or facility that is sufficiently large to accommodate the number of owners who typically attend board meetings as observers. The decision of where to meet may be made on a meeting by meeting basis by the officer or director who calls the meeting, by board resolution, or by any other practice that is customary for property owners associations. The board is not required (1) to conduct its meetings at the Property, (2) to maintain a fixed place for its meetings, (3) to select a location that is convenient to owners, or (4) to select a facility that accommodates a larger number of spectator members than is customary. If required by applicable law, meetings of the board must be held in Midland County, Texas, or in any adjacent county.

4.8.5. Notice to Directors of Board Meetings. Notice to directors is not required for regular meetings of the board, provided all directors have actual or constructive knowledge of the meeting date, time, and place. Notice of a special meeting must be given to all directors. If notice is given to directors, it may be given by any method or combination of methods that is likely to impart the information to the directors.

4.8.6. Notice to Members of Board Meetings. **The content, timing, and method of delivery of notice to members must comply with the requirements of applicable law.** The board will inform Association members of the date, time, place, and general purpose of each board meeting. The information may be imparted by any method or combination of methods that is likely to be available or communicated to most if not all members in a timely manner, such as by posting on a website, by broadcast email, by signs posted at the Property, or by hand-delivered fliers. On the written request of an owner, the Association will provide the owner with the date, time, place, and general purpose of the next regular or special meeting of the board. The failure of the Association to disseminate and the failure of an owner to receive timely or accurate information about the date, time, place, and general purpose of a meeting does not invalidate the meeting.

4.8.7. Conduct of Meetings. The president presides over meetings of the board and the secretary keeps, or causes to be kept, a record of resolutions adopted by the board and a record of transactions and proceedings occurring at meetings. When not in conflict with applicable law or the Governing Documents, the then current edition of Robert's Rules of Order governs the conduct of the meetings of the board.

4.8.8. Quorum. At meetings of the board, a majority of directors constitutes a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present are the acts of the board. If less than a quorum is present at a meeting of the board, the majority of those present may adjourn the meeting from time to time until a quorum is attained.

4.8.9. Continuation. A meeting of the board may be recessed and reconvened in compliance with applicable law.

4.8.10. Minutes. The written report of a board meeting is not the minutes of the meeting until approved by the directors at a future meeting. The minutes must report actions taken by the board, but need not report the substance of discussion. An audio recording or transcription of a meeting does not constitute minutes of the meeting and should not be retained by the Association for longer than required to produce written minutes for the board's approval. On an owner's written request, the board will make available to the owner the approved minutes of a meeting and any other meeting records required by applicable law.

4.8.11. Voting. A director who is also an officer of the Association, even the presiding officer, is expected to participate and to vote in the manner of every other director. The president of the Association is not prohibited from voting and is not limited to tie-breaking votes. Directors may not participate by proxy at meetings of the board.

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4.8.12. Meeting Conduct. Regular and special meetings of the board are open to members of the Association, subject to the following provisions to the extent permitted or required by applicable law:

- a. No audio or video recording of the meeting may be made, except by the board or with the board's prior express consent.
- b. Members who are not directors may not participate in board deliberations under any circumstances, and may not participate in board discussion unless the board expressly so authorizes at the meeting.
- c. Executive sessions are not open to members who are not directors, except by invitation of the board.
- d. The board may prohibit attendance by non-owners.
- e. The board may eject any member in attendance who disrupts the meeting or interferes with the conduct of board business.

4.8.13. Executive Session. The board may adjourn any regular or special meeting of the board and convene in executive session, subject to the following conditions. The nature of business to be considered in executive session will first be announced in open session. The limited purposes for which the board may convene in executive session must comply with applicable law. At the end of the executive session, the board must return to the open meeting and orally summarize any decision made in the executive session, including a general explanation of any expenditure approved in the executive session. The oral summary must be reported in the meeting minutes, and should be worded to avoid violating any privilege or privacy that may be protected by applicable law.

4.9. ACTION WITHOUT MEETING OR NOTICE. As permitted by applicable law, certain actions that could be taken by the board at a meeting for which owners have notice may be taken by the board without a meeting, as provided by this Section. Any action taken by the board pursuant to the following subsections must be orally summarized at the next meeting of the board for which the owners have notice. The oral summary must include an explanation of any known expenditures - actual or estimated - that were approved by the board, and must be reported in the meeting minutes.

4.9.1. Prohibited Actions. The decision-making methods permitted by this Section may not be used for decisions for which applicable law requires that owners be given prior notice.

4.9.2. Electronic Conferencing. Without giving prior notice to the owners, the directors may participate in and hold board meetings by any method - or combination of methods - that allows all directors participating in the meeting to hear and be heard by each other, but only for the limited purposes permitted by applicable law, such as to consider administrative matters and to deal with emergencies. Participation in such meeting constitutes presence in person at the meeting, except where a director participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

4.9.3. Unanimous Consents. Without giving prior notice to the owners, director may act by unanimous written consent, but only for the limited purposes permitted by applicable law, such as to consider administrative matters and to deal with emergencies.

4.10. POWERS AND DUTIES. The board has all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Property. The board may do all acts and things except those which, by applicable law or the Governing Documents, are reserved to the members exclusively.

4.11. EMERGENCIES. In the throes of a dire emergency, leaders of the Association may find themselves responding to the emergency without benefit of consulting these Bylaws. One purpose of this Section is to encourage directors to do what is necessary under certain circumstances to protect health, life, and property within Adobe Meadows. Another purpose is to insulate responsive directors from later claims that they failed to adhere to the formalities for board meetings and notices that are fundamental to decision-making within the Association.

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4.11.1. Types. For purposes of these Bylaws, there are two categories of emergencies - public emergencies, and private emergencies. As a general rule, if the directors are divided or uncertain as to whether a circumstance arises to the level of an emergency, as defined below, the situation is not an emergency. The board may not declare an emergency for the purpose of evading the meeting and notice requirements of these Bylaws.

- a. A "**public emergency**" is when a local, state, or national government or governmental entity declares a disaster, catastrophe, state of emergency, or state of war in the area in which the Property is located, or if imminent or actual conditions in the area in which the Property is located are of a type and magnitude for which a local, state, or national government or governmental entity may be expected to declare a disaster, catastrophe, or state of emergency, whether or not the declaration is made. To illustrate, an earthquake that ruptures utility lines, makes roads impassable, and causes buildings to collapse is a public emergency.
- b. A "**private emergency**" is when a condition within or around the Property or a situation to which the Association is a party presents an imminent and substantial threat to health, life, or property of a magnitude that warrants immediate action, although the condition or situation does not rise to the level of a public emergency. Examples of private emergencies are (1) an overturned truck carrying toxic waste, or (2) a Adobe Meadows resident or worker diagnosed with a lethal and highly contagious disease.

4.11.2. Emergency Board Meetings. For the sole purpose of responding to a public or private emergency, the board may convene an emergency board meeting after making a diligent attempt to notify each director and officer by any practical method, without formal notice to the directors or members. At such emergency board meeting, the directors participating constitute a quorum. The directors who participate in the emergency board meeting must orally summarize their decisions at the next meeting of the board for which the owners have notice. The oral summary must include an explanation of any known expenditures - actual or estimated - that were approved by the board, and must be reported in the meeting minutes.

4.11.3. Emergency Powers. In anticipation of, during, or in the aftermath of a public or private emergency, the officers, directors, employees, and agents of the Association - collectively or individually - may take or authorize any action they deem necessary to protect health, lives, and property within Adobe Meadows for so long as emergency conditions exist. A decision or action made in good faith under emergency conditions and for the sole purpose of dealing with the emergency may not be used to impose liability on an officer, director, employee, or agent of the Association.

4.11.4. Emergency Plan. This Section may not be construed to prevent the Association from implementing policies and procedures previously approved by the Association for use in emergencies, such as an evacuation plan.

4.12. FIDELITY BONDS. Any person handling or responsible for Association funds, including officers, agents, and employees of the Association, must furnish adequate fidelity bonds. The premiums on the bonds may be a common expense of the Association.

4.13. COMMITTEES OF THE BOARD. Whether referred to as a committee of the board, or a committee of the Association, or an advisory committee or advisory board, each committee derives its authority solely from the board, and serves at the pleasure of the board. This Section may not be construed to require the board to work with or through committees.

4.13.1. Advisory Committees During Declarant Control. During the Declarant Control Period, the board may adopt a policy of delegating to the Association's manager the responsibility for appointing and working with one or more groups of members who are organized as an advisory committee or an advisory board. For such committees, the board's duties under this Article are construed to mean "the board or the Association's manager pursuant to a policy adopted by the board."

4.13.2. Authority. By resolution, the board may create, combine, divide, and disband one or more standing or ad hoc committees, from time to time, to assist the board with its functions. By resolution, the board names each committee and identifies its responsibilities. The board's delegation of authority to a committee does not

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relieve the board, or any director or officer, of a responsibility imposed by law or by the Governing Documents. All actions and decisions of a committee are subject to approval, disapproval, or modification by the board, to whom the committee must report on a periodic basis and as requested by the board. In event of conflict between the board and its committees, the decision of the board controls. The board may not appoint a committee to act in its place in managing the affairs of the Association.

4.13.3. Composition. Each committee consists of a chairperson and two or more committee members, each of whom must be appointed by the board. A vacancy on a committee may be filled only with a board appointee. The board may determine or limit each committee's size, and may appoint an officer or director as a liaison to a committee. The president of the Association is an ex officio member of all committees.

4.13.4. Chair. The chair of each committee must be a member of the Association. The chair is appointed by the board, unless the board delegates selection of the chair to the committee from among its members, in which case the board will ratify the committee's selection. The chair serves as spokesperson for the committee and represents the committee at meetings of the board and at meetings of the Association.

4.13.5. Term. For a standing or continuing committee, each committee member and chair continues to serve until removed by the board, or until the member resigns. The board may establish term limits for all committees, or for certain committees, and may require that a committee be re-appointed annually.

4.13.6. Removal. A committee member or chair may be removed, with or without cause, by the board. A majority of committee members may recommend to the board that a chair or committee member be removed. A committee chair or member whose removal has been proposed must be given an opportunity to be heard. A removed committee member must return any property or records belonging to the Association.

4.13.7. Budget. The board may approve funds for a committee to use in the performance of its duties, and may impose conditions on the committee's use of the funds. No committee may incur liabilities for the Association without the board's prior approval.

4.13.8. Action. An action by the committee must be approved by a majority of the committee's members who are present at a committee meeting attended by at least a majority of committee members. The chair must seek prior approval by the board for the actions of the committee. Each committee may adopt rules for its own governance not inconsistent with the Governing Documents, rules adopted by the board for committees, or the resolution by which the committee was authorized.

## **ARTICLE 5 OFFICERS**

5.1. DESIGNATION. The principal officers of the Association are the president, the vice-president, the secretary, and the treasurer. The board may appoint one or more vice-presidents and other officers and assistant officers as it deems necessary. The president and secretary must be directors. Other officers may, but need not, be members or directors. Any two offices may be held by the same person, except the offices of president and secretary. If an officer is absent or unable to act, the board may appoint a director or a committee to perform the duties of that officer and to act in place of that officer, on an interim basis.

5.2. ELECTION OF OFFICERS. The officers are elected no less than annually by the directors at the organizational meeting of the board and hold office at the pleasure of the board. Except for resignation or removal, officers hold office until their respective successors have been designated by the board.

### **DIRECTORS ELECT & REMOVE OFFICERS**

5.3. REMOVAL AND RESIGNATION OF OFFICERS. A majority of directors may remove any officer, with or without cause, at any regular meeting of the board or at any special meeting of the board called for that purpose. A successor may be elected at any regular or special meeting of the board called for that purpose. An officer may resign at any time by giving written notice to the board. Unless the notice of resignation states otherwise, it is effective when

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received by the board and does not require acceptance by the board. The resignation or removal of an officer who is also a director does not constitute resignation or removal from the board.

#### 5.4. DESCRIPTION OF PRINCIPAL OFFICES.

5.4.1. President. As the chief executive officer of the Association, the president: (1) presides at all meetings of the Association and of the board; (2) has all the general powers and duties which are usually vested in the office of president of an organization; (3) has general supervision, direction, and control of the business of the Association, subject to the control of the board; and (4) sees that all orders and resolutions of the board are carried into effect.

5.4.2. Vice-President. The vice-president acts in place of the president in event of the president's absence, inability, or refusal to act. The vice-president also exercises and discharges any duty required of the vice-president by the board.

5.4.3. Secretary. The secretary is responsible for ensuring that the duties incident to the office of secretary are performed, such as (without limitation): (1) keeping the minutes of all meetings of the board and of the Association; (2) having charge of such books, papers, and records as the board may direct; and (3) maintaining a record of the names and addresses of the members for the delivery of notices.

5.4.4. Treasurer. The treasurer is responsible for ensuring that the duties incident to the office of treasurer are performed, such as (without limitation): (1) being responsible for Association funds; (2) keeping full and accurate financial records and books of account showing all receipts and disbursements; (3) preparing all required financial data and tax returns; (4) depositing all monies or other valuable effects in the name of the Association in depositories as may from time to time be designated by the board; (5) preparing the annual and supplemental budgets of the Association; and (6) reviewing the accounts of the managing agent on a monthly basis in the event a managing agent is responsible for collecting and disbursing Association funds.

5.5. AUTHORIZED AGENTS. Except when the Governing Documents require execution of certain instruments by certain individuals, the board may authorize any person to execute instruments on behalf of the Association. In the absence of board designation, the president and the secretary are the only persons authorized to execute instruments on behalf of the Association.

### **ARTICLE 6** **STANDARDS**

6.1. SEPARATE LIABILITY. The Association is a legal entity separate from its members for the purposes of determining and enforcing rights, duties, and liabilities in contract and tort. Members, directors, and officers of the Association are not personally and individually liable for the Association's breach of a contract or for the Association's tort or omission merely because they are members, directors, or officers of the Association. A member has the right to assert a claim against the Association, and the Association has the right to assert a claim against a member.

### **GOOD FAITH, ORDINARY CARE, BEST INTEREST**

6.2. GENERAL STANDARDS. The general standards of duty for an officer or director of the Association are the State's standards for officers and directors of a nonprofit corporation, as stated in the Code as it may be amended. On the date of this document, under Texas law, the officers and directors of a non-condominium property owners association are not fiduciaries of the Association or its members. On the date of this document, Sections 22.221 and 22.235 of the Code provide the following standards:

- a. A director will discharge the director's duties: (1) in good faith, (2) with ordinary care, and (3) in a manner the director reasonably believes to be in the best interest of the Association.
- b. An officer or director is not liable to the Association, its members, or another person for an action taken or not taken as a director if the director acted in compliance with the above-stated standard for discharging duties. A person seeking to establish liability of an officer or director must prove that the officer or director

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did not act (1) in good faith, (2) with ordinary care, and (3) in a manner the officer or director reasonably believed to be in the best interests of the Association.

6.3. **RELIANCE.** An officer or director may rely on information prepared or presented by (1) an officer or employee of the Association, (2) an attorney licensed by the State of Texas, (3) a certified public accountant, (4) an investment banker, (5) a person whom the officer or director reasonably believes to possess professional expertise in the matter, and (6) a committee of the Association of which the officer or director is not a member. Such reliance must be exercised in good faith and with ordinary care. An officer or director may not rely on such information if he has actual knowledge that makes the reliance unwarranted.

6.4. **COMPENSATION.** Except as permitted below, a director, officer, member, or resident is not entitled to receive financial or monetary profit from the operation of the Association, and no funds or assets of the Association may be paid as salary or compensation to or be distributed to, or inure to the benefit of a director, officer, member, or resident. Nevertheless,

- a. Reasonable compensation may be paid to a director, officer, member, or resident for services rendered to the Association in other capacities.
- b. A director, officer, member, or resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided the expense has been approved by the board.
- c. The board may budget and use Association funds to purchase awards, certificates, a celebratory meal, or other customary tokens or demonstrations of appreciation for volunteer activities.
- d. This Section does not apply to distributions to lot owners permitted or required by the Declaration, applicable law, or a court order.

6.5. **LOANS.** The Association may not loan money to or guaranty a loan for an officer or director of the Association.

6.6. **CONFLICT OF INTERESTS.** If a contract or transaction is fair to the Association, it is not disallowed merely because an officer, director, or member of the Association has a financial interest in the transaction, provided (1) the "interested" officer, director, or member fully and accurately discloses the nature of his interest to the board in a manner that is timely for the board's consideration of the contract or transaction, and (2) the "interested" officer or director does not participate in the vote to approve the contract or transaction, although the "interested" director may be counted toward a quorum at the meeting. Under applicable law on the date of these Bylaws, an officer, director or member is "interested" if he or his affiliate (1) is affiliated with the transacting party, (2) has a financial interest in the transaction or the transacting party, or (3) has a managerial position with the transacting party. Nothing in this Section may be construed to prevent the board from adopting policies and procedures that are more stringent than the requirements of this Section, or of applicable law, such as Sections 1.003, 1.004, and 22.230 of the Code. Bottom line - the transaction should be fair to the Association and the "interested" officer, director, or member must fully and timely disclose the nature of his relationship.

#### **ARTICLE MEETINGS OF THE ASSOCIATION**

7.1. **ANNUAL MEETING.** At least once each calendar year, the board must call a business meeting of the Association for the purpose of electing directors in accordance with these Bylaws and to transact such other business of the Association as may properly come before the members. Absent special circumstances, the annual meeting will be held during the quarter of each calendar year that coincides with the calendar quarter in which the Declaration was recorded. If a special meeting of the Association is being or will be called for a different quarter of the calendar year, the annual meeting may be combined with the special meeting if (1) the board deems it to be in the best interest of the Association (such as to economize on the costs of holding and noticing multiple meetings in a one year period), (2) at least 8 months have lapsed since the previous annual meeting, and (3) the notice of meeting identifies the dual or multiple purposes of the meeting and identifies the reason why the annual meeting is being rescheduled for that year only.

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7.2. **SPECIAL MEETINGS.** It is the duty of the president to call a special meeting of the Association if directed to do so by a majority of the board or by one or more petitions signed by owners of at least 20 percent of the lots in the Property. If the petition process is used, petitions may be in any form that is customary for the time. The board may not require a specific form of petition, nor require that the petition be offered to every member of the Association. Signatures on petitions need not be notarized or witnessed. An electronic or faxed petition is acceptable if the "signer's" identity is reasonably discernible.

7.3. **PLACE OF MEETINGS.** Meetings of the Association may be held at the Property or at a suitable place convenient to the members, as determined by the board.

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***An owner of each lot is entitled to meeting notices.***

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7.4. **NOTICE OF MEETINGS.** The content, timing, and method of delivery of notice to members must comply with the requirements of applicable law. The terms of this Section apply only to the extent not contrary to applicable law. Subject to the provisions below, at the direction of the board, written notice of meetings of the Association will be given to an owner of each lot at least 10 days but not more than 60 days prior to the meeting. Notices of meetings will state the date, time, and place the meeting is to be held. Notices will identify the type of meeting as annual or special, and will state the particular purpose of a special meeting. Notices must state any additional requirements of applicable law, and may also set forth any other items of information deemed appropriate by the board.

7.4.1. **Notice Exception.** Individual notice of the regular annual meeting of the Association is not required if (1) the time and place of the meeting is largely unchanged from year to year and (2) information about the time and place is routinely available to all members, such as by year-long posting on the Association's official website or repetitive announcements in the Association's newsletter. This exception does not apply to special meetings of the Association, or to changes in the time and place of the regular annual meeting. If the board fails or refuses to call the annual meeting in a timely manner, an ad hoc committee of owners may call the annual meeting or an election meeting pursuant to applicable law.

7.4.2. **Special Meeting Notice.** Within 30 days after the board resolution or receipt of petition, the board must give all members notice of the special meeting. If the board fails or refuses to call the special meeting in a timely manner, an ad hoc committee of owners may do so provided the notice of meeting names the ad hoc committee and its individual members, and further provided that the notice is delivered to an owner of every lot in accordance with these Bylaws. The notice of any special meeting must state the time, place, and purpose of the meeting. No business, except the purpose stated in the notice of the meeting, may be transacted at a special meeting.

7.5. **RECORD DATE.** Because the ownership of lots may change during a year, the ownership as of the Record Date is used to produce the membership list for use in connection with the meeting. Before each meeting or balloting of the Association, the board will establish a list of all members for purposes of receiving a meeting notice. These membership lists are described in the Association Records Article below. The "cut off" date on which these lists are based is referred to in the Code as the "Record Date." The Record Date for an Association meeting for which notice is given is 10 calendar days before the date the notice is distributed or published to the members. The Record Date for an Association meeting for which no notice is given is 45 calendar days before the meeting. The Record Date determination of members entitled to vote at a meeting of the Association is effective for any adjournment of the meeting, provided the date of the adjourned meeting is not more than 30 days after the original meeting.

7.6. **ELIGIBILITY.** Every member is entitled to receive notice of Association meetings (one notice per lot), to attend Association meetings, to be counted towards a quorum (one tally per lot), to vote on matters coming before the membership (one vote per lot), and to stand for election to the board, with few exceptions.

7.7. **QUORUM.** For a meeting of the Association to be valid, a quorum of members must be present ~ in person or by proxy ~ at the start of the meeting. If meetings with different quorum requirements are called for the same date, time, and place, the applicable quorum must be present at the start of each of the meetings. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal during the course of the meeting, of members constituting a quorum.

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7.7.1. General Quorum. Except for the below-stated Specific Quorums which apply to certain circumstances, the presence in person or by proxy of owners of at least 20 percent of the lots in the Property constitutes a quorum for meetings of the Association.

7.7.2. Specific Quorums. The following specific quorums apply under the certain circumstances described below. In case of uncertainty about which quorum requirement pertains to a particular meeting, the higher requirement controls.

- a. Election Meetings Called by Board. At a meeting of the Association called by the board (or persons acting at the board's direction) for the sole purpose of electing one or more directors, if the general quorum is not attained, whatever number of members are present ~ in person or by proxy ~ constitutes a quorum for the single purpose election meeting.
- b. Election & Recall Meetings Called by Owners. At a meeting of the Association called by persons other than the board (or persons acting at the board's direction) for the purpose of electing and/or removing one or more directors, such as pursuant to Property Code Sec. 209.014, the presence in person or by proxy of owners of more than 50 percent of the lots in the Property constitutes a quorum for the election or recall meeting.

7.7.3. Lack of Quorum. If a quorum is not present at any meeting of the Association for which proper notice was given, members representing at least a majority of the votes present at the meeting, although not constituting a quorum, may vote to recess the meeting for not more than 24 hours in order to attain a quorum provided the place of the meeting remains as stated in the notice. If the meeting is adjourned without attainment of a quorum, notice of a new meeting for the same purposes within 15 to 30 days may be given to an owner of each lot, at which re-called meeting the quorum requirement is lowered to two-thirds of the number of lots required for the first call of the meeting.

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***An owner of every lot gets to vote - no disqualifications.***

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7.8. VOTES. The vote of members representing at least a majority of the votes cast at any meeting at which a quorum is present binds all members for all purposes, except when a higher percentage is required by these Bylaws, the Declaration, or by applicable law. Cumulative voting is prohibited. Access to the ballots must comply with the requirements of applicable law.

7.8.1. Co-Owned Lots. If a lot is owned by more than one member, the vote appurtenant to that lot is cast as follows. If only one of the multiple owners of a lot is present at a meeting of the Association, that person may cast the vote allocated to that lot. If more than one of the multiple owners is present, the vote allocated to that lot may be cast only in accordance with the owners' unanimous agreement. Multiple owners are in unanimous agreement if one of the multiple owners casts the vote allocated to a lot and none of the other owners makes prompt protest to the person presiding over the meeting.

7.8.2. Entity-Owned Lots. If a lot is owned by an entity, such as a corporation or partnership, the vote appurtenant to that lot may be cast by any officer, manager, or partner of the entity in the absence of the entity's written appointment of a specific person to exercise its vote. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of an entity is qualified to vote.

7.8.3. Association-Owned Lots. Votes allocated to a lot owned by the Association may be counted towards a quorum only, and may not be voted.

7.8.4. Lots Owned by Declarant or Builders. The Declaration may establish different voting rights for Builder Class Members and Declarant Class Members.

7.8.5. Tabulation and Recounts. The methods used by the Association to tabulate votes of owners must comply with the requirements of applicable law, and with any additional requirements established by board resolution. Any owner may compel a recount of votes pursuant to applicable law.

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7.9. **PARTICIPATION.** Members may participate in person or by proxy at meetings of the Association. A member who participates is deemed "present" and may be counted towards a quorum unless the member participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

7.10. **PROXIES.** A member may participate in the affairs of the Association through a power of attorney or through a proxy. To be valid, each proxy must (1) be signed and dated by a member or his attorney-in-fact; (2) identify the lot to which the vote is appurtenant; (3) designate the person or position (such as "presiding officer") in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (4) identify the meeting for which the proxy is given; (5) not purport to be revocable without notice; and (6) be delivered to the secretary, to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the board. Unless the proxy specifies a shorter or longer time, it terminates 11 months after the date of its execution. Perpetual or self-renewing proxies are permitted provided they are revocable. To revoke a proxy, the granting member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. A proxy delivered by email or by fax may be counted if any of the following occurs: (1) the proxy's authenticity can be confirmed to the reasonable satisfaction of the board, (2) the proxy has been acknowledged or sworn to by the member before and certified by an officer authorized to take acknowledgments and oaths, or (3) the Association also receives the original proxy within 5 days after the vote.

7.11. **CONDUCT OF MEETINGS.** The president, or any person designated by the board, presides over meetings of the Association. The secretary keeps, or causes to be kept, the minutes of the meeting which should record resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then current edition of Robert's Rules of Order governs the conduct of meetings of the Association when not in conflict with the Governing Documents. Votes should be tallied by tellers appointed by the person presiding over the meeting.

7.12. **ORDER OF BUSINESS.** Unless the notice of meeting states otherwise, or the assembly adopts a different agenda at the meeting, the order of business at meetings of the Association is as follows:

- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Approval of minutes of preceding meeting
- Reports
- Election of directors (when required)
- Unfinished or old business
- New business

7.13. **ADJOURNMENT OF MEETING.** At any meeting of the Association, a majority of the members present at that meeting, either in person or by proxy, may adjourn the meeting to another time and place.

7.14. **ACTION WITHOUT MEETING.** Subject to board approval and the requirements of applicable law for absentee or electronic ballots, any action which may be taken by a vote of the members at a meeting of the Association may also be taken without a meeting by written consents. The board may permit members to vote by ballots delivered by any method allowed by applicable law, which may include hand delivery, mail, fax, email, electronic balloting, or any combination of these. Written consents by members representing at least a majority of votes in the Association, or such higher percentage as may be required by the Governing Documents, constitutes approval by written consent. This Section may not be used to avoid the requirement of an annual meeting.

7.15. **MEETINGS BY REMOTE COMMUNICATIONS.** Members of the Association may participate in and hold meetings of the Association by means of electronic town halls, conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate concurrently. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. By acquiring an interest in a lot, each owner automatically consents to the use of communication technology to effect meetings of the Association, provided the owners of at least 85 percent of the lots in the Property have access to the form

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of technology chosen by the board, and further provided that the Association arranges a place or method of participation for those who do not have the technology.

## ARTICLE 8 COMMUNICATIONS

8.1. WEBSITES & SOCIAL MEDIA. These Bylaws cannot anticipate every mode of communication for all times future. The Association may take advantage of evolving technologies in order to communicate effectively with its members by methods that are commonly used by property owners associations in a given era. The use of "social media" and "electronic" technology in this Section is not intended to limit this Section's applicability in the event those terms become dated or narrowed in applicability. This Section may not be construed to require the Association to maintain a website or to employ social media.

8.1.1. Board Authorization. In connection with preserving property values and the quality of life for owners and residents of the Property, the Association may do all of the following to the extent permitted by applicable law:

- (1) Employ social media in the name of the Property or the Association.
- (2) Monitor, promote, and defend (if necessary) the image of the Association and the Property in publicly accessible media.
- (3) Control use of the name of the Property and the Association, and any image that is closely associated with the Property or the Association, to the extent permitted by applicable law.
- (4) Challenge or prohibit unauthorized social media that appears to be authorized by the Association.
- (5) Adopt and amend policies and standards for use of websites and social media authorized by the Association.
- (6) Take any action that the board considers reasonable and necessary or desirable to protect and promote the electronic image and reputation of the Property and the Association for the benefit of owners and residents.

8.1.2. Unauthorized Websites & Social Media. No person may create or contribute to an impression that a website or form of social media is authorized by the Association or is the official (board or membership authorized) voice of the Property, the Association, or its members, unless the person has written authorization from the board to provide such a service for the Association. An unauthorized website or form of social media that appears to be related to the Association or the Property must be prominently branded as "not official" or "not approved by Adobe Meadows Owners Association." If the board determines that an authorized website or form of social media ceases to meet the standards established by the board, the board may direct that the website or social media be terminated or branded as "not official." The prohibition on unauthorized websites and forms of social media applies even during periods when the Association does not maintain an official equivalent.

8.2. EFFECTIVE COMMUNICATIONS. These Bylaws are drafted in an era of expanding and distracting modes of communication - written, voice, visual, and electronic - with emerging security and screening technologies that impede some transmissions without the sender's knowledge. In such an era, the burden may be on the sender (1) to bring important pieces of information to the attention of the recipient in a manner that helps the recipient recognize the importance and purpose of the communication, and (2) to confirm that the message was received and its importance recognized. For example, a change of address that is buried in the fifth paragraph of an owner's letter about a potpourri of issues may be overlooked by the Association. Similarly, a notice of assessment increase that is buried in a chatty Association newsletter or website may be overlooked by the owner. Although there is no way to guaranty what will be noticed by another person, each sender should try to communicate effectively. If the Association specifies a mode of communications for a certain purpose, it benefits the owner to use the specified mode for the intended purpose.

8.3. CONTACT INFORMATION. The owner or the several co-owners of a lot must register and maintain current and effective contact information with the Association to be used by the Association for notices, demands, and all other communications. The contact information must include the owner's name, e-mail address, mailing address, and phone

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number. If requested by the Association, an owner must also provide the Association with the name and telephone number of any resident other than the owner, and the name, address, and telephone number of any person managing the lot as agent of the lot owner. An owner must notify the Association within 30 days after he has notice of a change in any information required by this Section, and must provide the information on request by the Association from time to time. If an owner fails to maintain current and effective contact information with the Association, the address of the owner's lot is deemed to be the owner's address for all purposes, even if the Association knows the property to be vacant or occupied by persons other than the owner. Additionally, but not in lieu of the lot's address, the Association may (but not required) try to contact the owner at any different "owner's address" for the lot published on the public access website maintained by the Central Appraisal District.

**STAY IN TOUCH, PLEASE.**

8.4. **ELECTRONIC CONTACT REGISTRATION.** In the era in which these Bylaws are written, laws applicable to property owners associations and corporations are beginning to encourage the use of electronic communications, which are considered to be effective and affordable methods for communicating, voting, and transacting business. Owners can help contain common expenses of the Association, which translate into the regular assessments they pay, by enabling the Association to communicate with the owner by one or more forms of electronic communication. Owners must formally register with the Association one current electronic contact per lot in the mode requested by the Association, which the Association is hereby authorized to use to communicate with the owner. Each owner is responsible for ensuring that the registered electronic contact information remains effective, and that the Association is properly notified of any changes in contact information. The Association is not required to seek out an owner's electronic contact information, to investigate its accuracy, or to notify the owner if the owner's registered contact information ceases to be effective. If an owner does not have the technology or device used by the Association, the owner must so notify the Association in writing. From time to time, the Association may adopt and amend policies and procedures for any aspect of electronic contact information.

**ARTICLE 9  
RULES & POLICIES**

9.1. **GENERAL.** In addition to the core Governing Documents ~ plat, Declaration, Specifications Manual, these Bylaws, and Articles of Association ~ the Association has other Governing Documents that are typically referred to by names such as rules, regulations, standards, guidelines, specifications, policies, procedures, and resolutions - terms which may be used interchangeably in this context. Some are required by statute, some are customary for residential associations, and some arise over time as a result of unique circumstances and experiences. They are likely to require change over time in response to innumerable influences, such as changes in public policy, fashions, and community expectations, changes of technology or materials, aging infrastructure and organizational structure, and evolving demographics of the resident population.

9.2. **EXEMPT RULES.** The general requirement is that all board-made rules and anything an owner or resident is expected to comply with must be in a publicly recorded Governing Document. The following exceptions to the general requirement are not in the nature of Governing Documents that require public recording and are therefore exempt from the requirements of this Article in the absence of an express statutory requirement.

9.2.1. **Administrative Policies and Procedures.** This Article does not pertain to policies and procedures that are entirely administrative in nature, and which do not arise to the level of a provision that may be enforced against a lot or a member of the Association. Examples of administrative policies include (1) a board resolution to change the Association's registered agent, (2) procedures adopted by the board for annually reviewing the manager's performance, and (3) a policy adopted by the board for investing the Association's funds.

9.2.2. **Posted or Temporary Rules.** The Association has the right to require compliance by owners and residents with rules or signs posted by the Association on the Property by the Association, such as hours of use of a common area. The Association also has the right to require compliance by owners and residents with notices communicated by the Association, from time to time, in the nature of seasonal or temporary rules, or notice of a change affecting use of a common area (such as "pool closed for cleaning"). Temporary rules and rules on signs are not of a nature that requires a publicly recorded Governing Document as a prerequisite to enforcement, absent a statutory requirement. Therefore, this Article does not pertain to posted or temporary rules.

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9.3. **OTHER POLICIES & RULES.** From time to time, the board may adopt, amend, restate, and repeal as many other policies and resolutions as the board deems necessary or desirable to more fully comply with applicable law, to improve the transparency of Association functions that directly affect owners and residents, or to better guide owners and residents in navigating the Association's operations. The board also has the right to adopt, amend, restate, and repeal, from time to time, reasonable rules and regulations for any activity, function, or purpose for which the board has express regulatory authority under a Governing Document or applicable law.

9.4. **ADOPTION AND AMENDMENT.** A policy or rule may be adopted, corrected, amended, supplemented, restated, or repealed by the board, subject to the requirements of this Article and any additional requirements of applicable law.

9.4.1. **Preliminary Approval.** The board's approval of the concept, if not exact wording, of the proposed policy or rule must be reported as a resolution in the minutes of the meeting of the board.

9.4.2. **Notice and Comment.** If the proposed policy or rule will require compliance by owners or residents, the board will provide owners with an opportunity of at least 10 days in which to comment orally or in writing to the board on the proposed action. The board may, but is not required to, give the same opportunity to residents who are not owners. An opportunity for notice and comment is not required for a rule or policy that is mandated by public law and which conforms closely to the statutory requirements.

9.4.3. **No Conflict.** A rule or policy adopted by the board may not conflict with applicable law or a superior Governing Document.

9.4.4. **Final Approval.** The board's final approval of a proposed policy or rule must be reported as such in the minutes of the board meeting at which the policy or rule is adopted, or the decision to adopt is ratified. The exact wording of the policy or rule must be made part of the meeting record.

9.4.5. **Form of Instrument.** The approved policy or rule must be in a written instrument that is capable of being recorded in the Real Property Records of Midland, Texas. It should be prepared in a way that enables the County Clerk to index the instrument in the name of the platted subdivision and in the name of the Association. If the instrument corrects, amends, supplements, restates, or repeals a previously recorded policy or rule, it must state the title and complete recording data for that instrument.

9.4.6. **Notification to Owners.** Within 30 days after publicly recording a policy or rule, the board must communicate the existence and effective date of the policy or rule to the owners by any community-wide method or combination of methods, and must make the policy or rule available to the owners, such as by posting on a website.

## **ARTICLE 10 ENFORCEMENT**

10.1. **ACTIONS REQUIRING NOTICE AND HEARING.** Before taking any of the below-described actions, the Association must give written notice and an opportunity for a hearing according to the requirements of this Article and the notice and hearing requirements of applicable law, such as Chapter 209 Texas Property Code. The contents of the written notice and the method by which it is delivered must comply with the requirements of applicable law. An owner's request for a hearing and the Association's conduct of the hearing must comply with the requirements of applicable law. The following actions by or with the approval of the board, the Association, or the Architectural Reviewer, require notice and hearing as provided by this Article:

- a. Suspension of use of a common area.
- b. Imposition of a fine for violation of any provision of the Governing Documents, other than fines, interest, or collection fees charged for delinquent accounts.
- c. Charging an owner or a lot for property damage.

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- d. Filing suit against an owner other than a suit related to the collection of assessments or foreclosure of the Association's assessment lien.

**10.2. ACTIONS EXEMPT FROM NOTICE AND HEARING REQUIREMENTS.** As a general rule, every action other than the above-described actions requiring notice and hearing are impliedly exempt from the requirements of this Article. As permitted by applicable law, such as Section 209.007 of Texas Property Code, the following actions are expressly exempt:

- a. 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 Property. The temporary suspension is effective until the board makes a final determination on the suspension action after following the notice and hearing procedures prescribed by this Article.
- b. A lawsuit in which the Association seeks a temporary restraining order or temporary injunctive relief.
- c. A lawsuit filed by the Association that includes foreclosure as a cause of action.
- d. The collection of delinquent assessments.

**10.3. IMPOSITION OF FINE.** Within 30 days after levying the fine or authorizing the abatement, the board must give the owner notice of the levied fine or abatement action. If the fine or action is announced at the hearing at which the owner is actually present, the notice requirement will be satisfied. Otherwise, the notice must be in writing.

**10.3.1. Amount.** The board may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The board may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation. If the board allows fines to accumulate, it may establish a maximum amount for a particular fine, at which point the total fine will be capped.

**10.3.2. Type of Fine.** If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, weekly, or monthly). If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

**10.3.3. Other Fine-Related.** The Association is not entitled to collect a fine from an owner to whom it has not given notice and an opportunity to be heard. The Association may not charge interest on unpaid fines. The Association may not foreclose its assessment lien on a debt consisting solely of fines.

**10.4. REIMBURSEMENT OF EXPENSES AND LEGAL FEES.** This Section is subject to any applicable law that limits or conditions the amount or types of legal fees or collection costs that the Association is entitled to recover against an owner or a lot, with which the Association must comply. In addition to any other rights set forth in the Governing Documents for violation of a provision of the Governing Documents, the board may levy and collect individual assessments for reimbursement of reasonable fees and expenses, including without limitation legal fees, incurred by the Association to enforce the Governing Documents, including the collection of delinquent assessments, subject to the following conditions:

**10.4.1. Notice.** The Association must give the owner written notice that the owner will be liable for reimbursement of any such fees and expenses incurred by the Association if the delinquency or violation continues after a date certain that is stated in the notice. This notice requirement does not apply to legal fees incurred by the Association in connection with the Association's counterclaim in a lawsuit to which an owner is a plaintiff.

**10.4.2. Hearing.** If legal fees are incurred by the Association for an action requiring notice and hearing, the owner is not liable for reimbursement of legal fees incurred (1) before the date by which the owner must request a hearing, if the owner does not request a hearing, or (2) before conclusion of the hearing, if the owner does request a hearing.

**10.4.3. Records.** By written request, an owner may obtain from the Association copies of any invoice for expenses, including legal fees, for which the Association seeks reimbursement from the owner.

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10.5. **ADDITIONAL ENFORCEMENT RIGHTS.** Notwithstanding the notice and hearing requirement, the board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the Governing Documents which, in the board's opinion, are (1) self-evident, such as vehicles parked illegally or in violation of posted signs; (2) threatening to life or property; or (3) repeat violations of the same provision by the same owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the Governing Documents for certain violations, such as nonpayment of assessments.

**ARTICLE XI  
OBLIGATIONS OF THE OWNERS**

11.1. **NOTICE OF SALE.** Any owner intending to sell or convey his lot or any interest therein must give written notice to the board of his intention, together with (1) the address or legal description of the lot being conveyed, (2) the name and address of the intended purchaser, (3) the name, address, and phone number of the title company or attorney designated to close the transaction, (4) names and phone numbers of real estate agents, if any, representing seller and purchaser, and (5) scheduled date of closing. An owner will furnish this information to the board at least 10 business days before the scheduled date of closing or conveyance. The requirements of this Section may be satisfied by giving the Association a copy of an accepted resale contract in connection with the owner's request to the Association for a resale certificate.

11.2. **PROOF OF OWNERSHIP.** If requested by the Association, an owner must furnish to the board evidence of ownership in the lot, which copy will remain in the files of the Association. A copy of the recorded deed is the customary evidence. If the Association is unsure about the ownership of a lot, the Association may refuse to recognize a person as a member unless this requirement is first met. This requirement may be satisfied by receipt of a board-approved form that is completed and acknowledged by a title company or attorney at time of conveyance of the lot or any interest therein.

11.3. **REGISTRATION OF SENIOR AND JUNIOR LIEN HOLDERS.** Because applicable law requires the Association to communicate with other lienholders for the ultimate benefit and protection of the owner, the Association requires the owner to report to the Association about deed of trust liens against the owner's lot. Within 30 days after granting a lien against his lot, the owner must provide the Association with a copy of the recorded deed of trust against his lot. The owner must notify the Association within 30 days after he has notice of a change in the information required by this Section. Also, the owner will provide the information on request by the Association from time to time.

11.4. **COMPLIANCE.** By acquiring an interest in a lot, each owner agrees to comply with the provisions and terms of the Governing Documents, as adopted or amended from time to time, and with any applicable laws that impose duties on owners. Each owner also agrees to comply with the terms of any agreement negotiated by the owner with the Association. Further, each owner agrees to endeavor to observe and promote the cooperative purposes for which the Property and the Association were established.

11.5. **ASSESSMENT ASSISTANCE.** From time to time, an owner may be financially unable to fulfill his assessment obligations to the Association, either because the owner's circumstances have deteriorated or because the increasing size of the assessment obligation has outpaced the owner's resources. Although the Association may be aware of the affect of assessment increases on the pocket books of its members, and sensitive to an individual owner's plight, the Association is not a social service agency. The Association's budgetary decisions should not be based on the financial limitations of the least able of the Association's members. Solely at the discretion of the Association's board, on a case-by-case basis, without a duty to do so, the Association may be creative in finding ways to work with owners who are deemed by the board to be "worthy" of assistance. Assistance may not take the form of waiver or reduction of a regular or special assessment. If the Association does volunteer to assist a financially strapped member with the member's assessment obligation, the board may discriminate among delinquent members in determining that one owner is more "worthy" than another based on the board's subjective evaluation of the owner's circumstances. Because the Association has no duty to facilitate financial assistance, it may terminate its support at will, with or without notice. The following types of members, no matter how "worthy," are not eligible for Association-facilitated assistance: (1) Association officers and directors, and their relatives by blood or marriage, (2) former officers and directors who served within two years of requesting assistance, and (3) owners who do not reside at the Property. A decision to provide assessment assistance must be approved by at least a majority of all directors, every director having registered his vote in the minutes of a meeting (for, against, or abstaining), and every director having disclosed the nature of his relationships with the

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assistance candidate. Sponsoring a fund-raising event is an example of creative assistance. Allowing a delinquent owner to earn money from the Association by performing services or providing goods which the Association would customarily purchase from a third party, is another example of creative assistance.

**ARTICLE 12  
ASSOCIATION RECORDS**

12.1. OPEN BOOKS AND RECORDS. To the full extent required by applicable law, the books and records of the Association are open to and reasonably available for examination by an owner or by a person designated by the owner in writing. The Association will provide an owner with copies of requested documents to the full extent required by applicable law. The Association hereby expressly reserves for itself every constraint against or limitation on the owner's right of access that is permitted to the Association by applicable law.

**Members may inspect Association records.**

12.2. AUDIT. The Association will obtain - annually - an independent audit of the Association's financial records. Copies of the audit must be made available to the owners for inspection and copying. The audit need not be performed by a certified public accountant unless so required by the board.

12.3. RESALE CERTIFICATES. Any officer may prepare, or cause to be prepared, assessment estoppel certificates or resale certificates pursuant to applicable law, such as Chapter 207 of the Texas Property Code, titled Disclosure of Information by Property Owners Association. The Association may charge a reasonable fee for preparing such certificates, and may refuse to furnish such certificates until the fee is paid. Any unpaid fees may be assessed against the lot for which the certificate is furnished. The Association may delegate the responsibility for a resale certificate to its managing agent, if any.

12.4. MANAGEMENT CERTIFICATE. As required by applicable law, such as Section 209.004 of the Texas Property Code, the Association will maintain a current management certificate in the county's public records. When the Association has notice of a change in any information in the recorded certificate, the Association will prepare a restated or amended certificate and deliver it to the county clerk for filing. Absent gross negligence, the Association is not liable for a delay or failure to record a certificate. The Association may delegate the responsibility for a management certificate to its managing agent, if any.

12.5. MEMBERSHIP LIST. The board must maintain a comprehensive list of Association members for compliance with the Code as well as the Governing Documents. The Association must make the membership list available to any owner on written request, and may charge a reasonable fee for cost of copying and delivering the owners list.

12.5.1. Types of Information. At a minimum, the Association must maintain for each lot the name and mailing address of at least one owner, and a description of the lot owned (if different from the mailing address). The Association may also maintain, as an Association record, additional contact information for owners, such as phone numbers, fax numbers, email addresses, places of employment, emergency contact information, mortgage information, and any other items of information provided by owners or obtained by the Association.

12.5.2. Source of Ownership Information. In compiling the ownership or membership list, the Association may rely on any combination of (1) public records such as tax rolls, (2) documentation provided by title insurance companies, (3) self-reporting by owners and residents, and (4) any other reasonably reliable and customary source of ownership information. The requirement of maintaining ownership records may not be construed to require the Association to affirmatively investigate or research title to a lot.

**Membership information is available to members.**

12.5.3. Information Available to Members. Membership information to be maintained by the Association is similar to what is typically available to the public on the website of the appraisal district, and may not be considered confidential, private, or protected information as between the Association and its members. Neither the Association nor a member of the Association may sell or otherwise market the Association's membership information.

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information without the express prior consent of the owners. Each owner, by acquiring an ownership interest in a lot, acknowledges that the owner's contact information is a record of the Association that is available to all members of the Association.

12.5.4. Inspection List. In accordance with applicable law, the Association will prepare a list of owners of all lots in the Property for inspection by the members prior to the meeting. The purpose of the list is to enable members to communicate with each other about the meeting. The inspection list must be available for inspection by the members from the second business day after the notice of the meeting is given until adjournment of the meeting for which it was prepared. The list may be inspected or copied by an owner or the owner's attorney or agent. The inspection list must have the following characteristics:

- a. The list must be in alphabetical order of owners' surnames, or in numerical order of street addresses.
- b. The list must contain the name of at least one owner of each lot, or an indication that the current ownership cannot be determined and the identify of the last known owner.
- c. The list must contain an address for each member.
- d. The list must identify how many lots are owned by each owner, if that cannot otherwise be determined from the list.
- e. If all lots do not have uniform votes, such as lots owned by Declarant during the Declarant Control Period, the list must identify the number or weight of votes attached to each lot.

### **ARTICLE 13 NOTICES**

13.1. CO-OWNERS. If a lot is owned by more than one person, notice to one co-owner is deemed notice to all co-owners. Similarly, notice to one resident of a lot is deemed notice to all residents of the lot.

13.2. DELIVERY OF NOTICES. Unless a specific method of delivery is required by applicable law or by a Governing Document, any written notice required or permitted by these Bylaws may be given personally, by mail, by fax, by email, or by any other method permitted by applicable law. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or electronic correspondence. The notice must be sent to the party's last known address as it appears on the records of the Association at the time of transmission. If an owner fails to give the Association an effective address, the notice may be sent (1) to the address of the owner's lot and/or (2) to the owner's address for the lot as published on the public access website maintained by the Central Appraisal District. If the Association properly transmits the notice, the owner is deemed to have been given notice whether or not he actually receives it.

13.3. WAIVER OF NOTICE. Whenever a notice is required to be given to an owner, member, or director, a written waiver of the notice, signed by the person entitled to the notice, whether before or after the time stated in the notice, is equivalent to giving the notice. Attendance by a member or director at any meeting of the Association or board, respectively, constitutes a waiver of notice by the member or director of the time, place, and purpose of the meeting. If all members or directors are present at any meeting of the Association or board, respectively, no notice is required and any business may be transacted at the meeting.

### **ARTICLE 14 INDEMNIFICATION**

14.1. GENERAL. The purpose of this Article is to mandate some of the permissive provisions of Chapter 8 of the Code, and to indemnify Association Leaders whether or not the Association is incorporated at the time indemnification is needed. The definitions of Chapter 8 of the Code are hereby incorporated by reference, without regard to the corporate status of the Association. As used in this Article, "**Association Leader**" means a person who is a current or former officer or director of the Association, or a current or former committee chair or committee member of the Association.

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**14.2. MANDATORY INDEMNIFICATION.** The Association will indemnify an Association Leader who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was an Association Leader, if the following determinations are made.

**14.2.1. Determinations.** It must be determined that the person acted in good faith, and that:

- a. the person reasonably believed (1) in the case of conduct in the person's official capacity, that the person's conduct was in the Association's best interest, or (2) in any other case, that the person's conduct was not opposed to the Association's best interests;
- b. in the case of a criminal proceeding, the person did not have a reasonable cause to believe the person's conduct was unlawful;
- c. with respect to expenses, the amount of expenses other than a judgment is reasonable; and
- d. indemnification should be paid.

**14.2.2. Effect of Proceeding Termination.** A person does not fail to meet the determination standard solely because of the termination of a proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent.

**14.2.3. How Determinations Are Made.** If all of the directors are disinterested and independent, as defined in the Code, the determinations required under this Section will be made by a special legal counsel selected by the board. Otherwise, the determinations will be made by the owners of a majority of lots in the Property, other than lots owned by persons who are not disinterested and independent as defined in the Code, or by a special legal counsel selected by those owners.

**14.3. EXCEPTIONS TO MANDATORY INDEMNIFICATION.** A person who is found liable to the Association or is found liable because the person improperly received a personal benefit is not entitled to indemnification under this Article if, in a legal proceeding, the person has been found liable for (1) wilful or intentional misconduct in the performance of the person's duty to the Association, (2) breach of the person's duty of loyalty owed to the Association, or (3) an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the Association. In all other instances, indemnification of a person who is found liable to the Association is limited to reasonable expenses actually incurred by the person in connection with the proceeding, excluding a judgment, a penalty, a fine, or any other type of sanction. A person indemnified by the Association is considered to have been found liable in relation to a claim, issue, or matter only if the liability is established by an order, including a judgment or decree of a court, and all appeals of the order are exhausted or foreclosed by applicable law.

**14.4. EXPENSES.** The indemnification provided by this Article covers reasonable expenses and costs, such as legal fees, actually and necessarily incurred by the indemnified person in connection with a qualified claim.

**14.4.1. Advancement of Expenses.** The Association may pay or reimburse reasonable expenses incurred by an indemnified person who was, is, or is threatened to be made a respondent in a proceeding in advance of the final disposition of the proceeding without making the determinations required under the Section above titled "Mandatory Indemnification," after the Association receives a written affirmation by the person of the person's good faith belief that the person has met the standard of conduct necessary for indemnification under this Article, and a written undertaking by or on behalf of the person to repay the amount paid or reimbursed if the final determination is that the person has not met that standard or that indemnification is prohibited by this Article. The required written undertaking must be an unlimited general obligation of the person but need not be secured and may be accepted by the Association without regard to the person's ability to make repayment.

**14.4.2. Witness Expenses.** The Association may pay or reimburse reasonable expenses incurred by an Association Leader, member, employee, agent, or other person in connection with that person's appearance as a witness or other participation in a proceeding at a time when the person is not a respondent in the proceeding.

**14.5. INDEMNIFICATION OF OTHER PERSONS.** Subject to the same limitations, determinations, and exceptions for Association Leaders, the Association may indemnify and advance expenses to a person who is not otherwise covered

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by this Article's indemnification as provided by (1) a provision in a Governing Document of the Association, (2) a contract to which the Association is a party, (3) common law, (4) a board resolution, or (5) a resolution approved by the Association's members. A person indemnified under this Section may seek indemnification or advancement of expenses from the Association to the same extent that an Association Leader may seek indemnification or advancement of expenses under this Article.

## **ARTICLE 15 DECLARANT PROVISIONS**

15.1. **GENERAL.** The provisions of this Article control over any provision to the contrary elsewhere in these Bylaws. This Article may not be amended by the Association without the express consent of Declarant on the instrument of amendment.

15.2. **GOVERNANCE RIGHTS.** Many sections of these Bylaws do not apply during the Declarant Control Period, during which time the requirements of these Bylaws will be construed as permissive (not mandatory), aspirational, and within the sole discretion of the board, to the extent permitted or not prohibited by applicable law. Declarant wants these Bylaws to be useful to the Association after the Declarant's role in Adobe Meadows is complete. As a courtesy to future users of these Bylaws, Declarant compiled most of the Declarant-related provisions in Appendix C of the Declaration. Notwithstanding anything to the contrary in these Bylaws, a number of provisions in these Bylaws are modified by Declarant's rights and reservations under the Declaration during the Declarant Control Period, such as the number, qualification, appointment, removal, and replacement of directors; classes of members; and the weight of votes allocated to lots owned by Declarant and Builders. If a provision in Appendix C of the Declaration overrides a provision of these Bylaws, the Bylaws provision will be construed to apply after the Declarant Control Period.

15.3. **BOARD OF DIRECTORS.** During the Declarant Control Period, Appendix C of the Declaration governs the number, qualification, and appointment of directors. The initial directors will be appointed by Declarant and need not be owners or residents. Directors appointed by Declarant may not be removed by the owners and may be removed by Declarant only. Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

15.4. **TRANSITION MEETING.** As provided by Appendix C of the Declaration, within 120 days after the end of the Declarant Control Period, or sooner at Declarant's option, Declarant will call a meeting of the members of the Association for the purpose of electing directors, by ballot of members. Notice of the transition meeting will be given as if it were notice of an annual meeting. The transition meeting may be combined with the annual meeting of the Association, in which case the date of the annual meeting may be dictated by the date of the transition meeting.

## **ARTICLE 16 AMENDMENTS TO BYLAWS**

16.1. **AUTHORITY.** Although the general authority for amending the Bylaws resides with the members of the Association, certain amendments may be made by the board or by Declarant, without a vote of the members.

16.1.1. **Amendments by Board.** During the Declarant Control Period, the board may amend these Bylaws unilaterally - without member approval - for any purpose, subject only to Declarant's written consent. Thereafter, the board may not unilaterally amend these Bylaws, except for the following limited purposes, which must be clearly identified in the instrument of amendment, and then only to the extent necessary to achieve the permitted goal, and only with the unanimous written consents of all directors, there being no vacancy on the board:

- a. To qualify the Property of the Association for mortgage underwriting, tax exemption, insurance coverage, or any governmental or quasi-governmental program or benefit, if doing so is in the best interests of the Association and its members.
- b. To correct an obvious error that affects the validity or enforceability of the document, if doing so is in the best interests of the Association and its members.
- c. To conform the Bylaws to changes in controlling law applicable to any topic addressed in these Bylaws.

*During the Declarant Control Period, Appendix C of the Declaration has priority over these Bylaws.*

- d. To change the name of the Association.
- e. To restate previously amended Bylaws for the sole purpose of incorporating the amendments into the body of the Bylaws.

16.1.2. Amendments by Declarant. As provided by Appendix B of the Declaration, until Sell-Out Declarant may amend these Bylaws or adopt new Bylaws with or without approval by the board or the members, for any purpose.

16.1.3. Amendments by Members. All other amendments of these Bylaws must be approved by the members according to the terms of this Article.

16.2. AMENDMENTS BY MEMBERS. Because this Section protects a fundamental membership right, this Section may not be amended without the approval of owners representing at least a majority of the total lots in the Property. Other aspects of these Bylaws may be amended by the members as follows:

16.2.1. Proposal. The Association will provide or make available to an owner of each lot a description, if not exact wording, of any proposed amendment. The proposed amendment, description of the proposed amendment, or instructions for obtaining a copy of the proposed amendment at no cost will be included in the notice of the meeting or balloting by which the proposed amendment is to be considered.

16.2.2. Consents. If considered at a meeting of the Association at which discussion of the amendment is permitted, the amendment must be approved by members representing at least a majority of the votes present (in person or by proxy) at a properly called meeting of the Association for which a quorum is obtained. In other words, if a quorum is present (in person or by proxy) at an Association meeting, owners who collectively represent a majority of the votes present at the meeting (in person or by proxy) -- even if less than a majority of the total lots -- may approve an amendment to these Bylaws. If balloting is done without a meeting, such as by mail or electronic means, the amendment must be approved by members representing at least a majority of the total votes in the Association.

16.3. EFFECTIVE. To be effective, an amendment must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, the name of the platted subdivision, and the recording data of these Bylaws and any amendments hereto; (2) signed and acknowledged by at least one officer of the Association, certifying the requisite authority and/or approvals; and (3) recorded in the Real Property Records of Midland County, Texas. An amendment may be effective immediately if adopted at an Association meeting at which owners of two-thirds of the lots are represented, but is not enforceable until it is publicly recorded. Otherwise, an amendment is not effective until it is publicly recorded and notice of the recorded amendment is made available to the owners, with instructions for obtaining a copy at no charge to the owner.

16.4. MORTGAGEE PROTECTION. If a provision in a Governing Document or applicable law requires notices to and consent of mortgagees for certain actions and amendments, the Association must give the required notices to and obtain the required approvals from applicable mortgagees.

16.5. DECLARANT PROTECTION. A provision of these Bylaws that pertains in any way - directly or indirectly - to Declarant or Builders, or to their rights and reservations under the Declaration or these Bylaws, may not be amended without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. Nor may these Bylaws be amended to increase the liabilities or responsibilities of Declarant or Builders, without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. Declarant has an exclusive right to unilaterally amend these Bylaws for any purpose, as stated in Appendix B of the Declaration. This Section may not be amended without Declarant's written and acknowledged consent.

## ARTICLE 17

### GOVERNING PROTOCOLS REQUIRED BY STATE LAW

17.1. GENERAL. The below-listed Governing Protocols are attached to these Bylaws as exhibits. They relate to State laws that either require or suggest that such policies and guidelines be adopted and recorded. Intended to meet the minimum requirements of the statutes, the Governing Protocols are published outside the main body of these Bylaws

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for the purpose of keeping the Association mindful that the Protocols are statutory in origin, and may not be changed in ways that are contrary to applicable law. Additionally, the Protocols may be amended and supplemented without a vote of the members, as described below.

PROTOCOL 1 - ALTERNATIVE PAYMENT SCHEDULE GUIDELINES - Prop. Code §209.0062  
 PROTOCOL 2 - HOA DOCUMENT RETENTION POLICY - Prop. Code §209.005(m)  
 PROTOCOL 3 - HOA OPEN RECORDS PRODUCTION & COPYING POLICY - Prop. Code §209.005(i)

17.2. **CONSTRUCTION.** The terms and provisions of each Protocol must be liberally construed to give effect to the purposes and intent of the underlying statutes and may not be construed as a way to evade the protections, permissions, or requirements of applicable law. Public recording of the Protocols may not be construed to require that other internal administrative policies and procedures of the Association be publicly recorded. Nor may they be construed to prevent the board from adopting, amending, and restating, from time to time, one or more additional policies, procedures, guidelines, and notices pertaining to the same subject matter. For example, from time to time the board may adopt internal administrative policies or procedures for record retention or record destruction that are more extensive than the minimum requirements of applicable law.

17.3. **AMENDMENT.** As used in this Section, the term "amendment" includes any type of change, including supplements and restatements. The Governing Protocols may be amended from time to time to respond to future legislative initiatives that require the Association to adopt and record policies, procedures, rules, or guidelines pertaining to governance of the Association. To amend or add one Protocol, it is not necessary to restate and re-record the entire compilation of Governing Protocols. Each Protocol may be amended, supplemented, and restated individually. In addition to Declarant's reservations in Appendix B of the Declaration, Declarant hereby reserves the exclusive right to unilaterally amend and adopt Protocols during the Declarant Control Period. The board, by majority vote, may unilaterally amend and adopt Protocols to comply with the minimum requirements of applicable law. Amendment of a Protocol for any other purpose must have the unanimous written consents of all directors, there being no vacancy on the board.

17.4. **CONFLICT.** If any Protocol inaccurately paraphrases applicable law, or inadvertently omits an aspect of applicable law, the applicable law controls. If a provision in a Protocol appears to conflict with a provision in a Governing Document, an effort must be made to construe the provisions so as to give effect to both, if such construction is reasonable. Otherwise, the provision in the Protocol is the higher authority for the limited purpose for which the Protocol is adopted, superceded only by public law. Invalidation of any provision of a Protocol by judgment or court order or subsequent statutory enactment does not affect any other provision of the Protocol, which remains in full force and effect.

## **ARTICLE 18 GENERAL PROVISIONS**

18.1. **BY REFERENCE.** The sections of the Declaration's "General Provisions" article that apply to all Governing Documents are incorporated herein by reference.

18.2. **DRAFTER'S INTENT.** Because Declarant intends these Bylaws to serve the Association for many years beyond the initial development, construction, and marketing of the Property, Declarant purposefully did not draft these Bylaws from its own perspective. Instead, as a courtesy to future users of these Bylaws, Declarant compiled most of the Declarant-related provisions in Appendix B and Appendix C of the Declaration. Although Declarant is initially an owner and a member of the Association, Declarant is intentionally exempt from a number of obligations that apply to other owners, and has a number of rights that other owners do not have. These Bylaws are to be construed liberally to give effect to the drafter's intent of favorable and preferential treatment of Declarant.

18.3. **LAW CHANGES.** Users of these Bylaws should periodically review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by these Bylaws.

18.4. **CONFLICTING PROVISIONS.** If any aspect of these Bylaws conflicts with applicable law, the applicable law controls. If a provision of the Association's certificate of formation or Articles of Association conflicts with these Bylaws, the certificate of formation or Articles controls. In the case of a conflict between the Declaration and these Bylaws, the Declaration controls. In the case of a conflict between these Bylaws and community rules or policies adopted by the board, these Bylaws control.

*During the Declarant Control Period, Appendix C of the Declaration has priority over these Bylaws.*

18.5. SEVERABILITY. Whenever possible, each provision of these Bylaws will be interpreted in a manner as to be effective and valid. Invalidation of any provision of these Bylaws, by statute or court order, does not affect any other provision which remains in full force and effect.

18.6. CONSTRUCTION. The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

18.7. FISCAL YEAR. The fiscal year of the Association is any 12-month period (such as July 1 through June 30 of each year) that is set by resolution of the board, and is subject to change from time to time as the board determines to be in the best interest of the Association. In the absence of a board resolution establishing a different fiscal year, the calendar year is the fiscal year.

18.8. WAIVER. No restriction, condition, obligation, or covenant contained in these Bylaws may be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

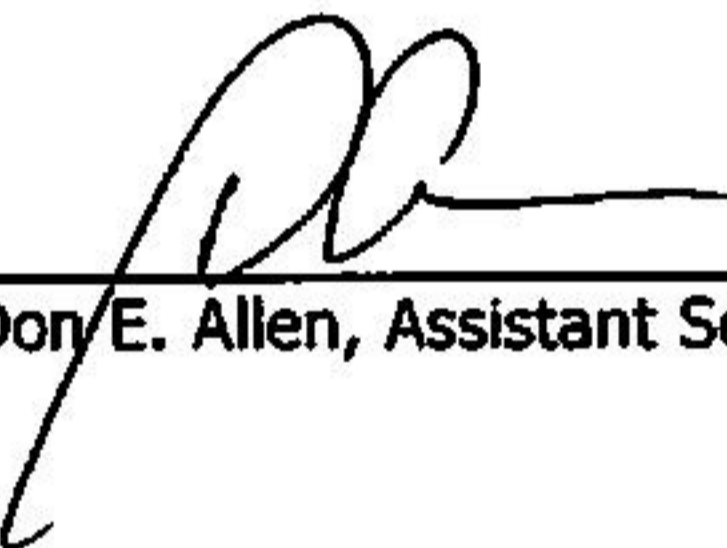
**CERTIFICATION & ACKNOWLEDGMENT**

I, the Declarant of Adobe Meadows, I certify that the foregoing Bylaws of Adobe Meadows Owners Association were adopted for the benefit of Adobe Meadows Owners Association by Declarant, and that these Bylaws are one of the initial Governing Documents of Adobe Meadows.

SIGNED on the dated stated in the acknowledgment below.

**D. R. HORTON - TEXAS, LTD.,** a Texas limited partnership

By: D. R. HORTON, INC., a Delaware corporation, its authorized agent

By:   
Don E. Allen, Assistant Secretary

THE STATE OF TEXAS §  
  §  
COUNTY OF TARRANT §

This instrument was acknowledged before me on this 23rd day of May 2014 by Don E. Allen, Assistant Secretary of D. R. Horton, Inc., a Delaware corporation, on behalf of said corporation in its capacity as authorized agent for D. R. Horton - Texas, Ltd., a Texas limited partnership, on behalf of the limited partnership.

  
Notary Public, The State of Texas



*During the Declarant Control Period, Appendix C of the Declaration has priority over these Bylaws.*

## EXHIBITS

## PROTOCOL 1

**ALTERNATIVE PAYMENT SCHEDULE GUIDELINES  
OF ADOBE MEADOWS OWNERS ASSOCIATION**

The owner of a lot for which the assessment account is in arrears is entitled to make partial payments to cure the arrearage, provided the partial payments are made pursuant to a payment plan agreement approved by the Association consistent with these Guidelines, and further provided the **EXCEPTION** below does not apply.

1. **Purpose & Conflict.** The purpose of these Alternative Payment Schedule Guidelines is to comply with the requirements of State law, specifically, Section 209.0062 Texas Property Code. In event of conflict between these Guidelines and applicable State law, State law controls. In event of conflict between a provision of these Guidelines and a provision of any Governing Document, these Guidelines control.
2. **Form of Agreement.** A payment plan is an agreement between an owner and the Association. It must be in writing and signed or otherwise accepted by both the owner and the Association. The Association may require use of a particular form. *(The Association's acceptance of a payment plan may be deemed if an owner accepts "as is" - without substantive change - a standard form of payment plan issued by the Association.)*
3. **Consideration.** As consideration for a payment plan agreement, the Association must receive the full amount of the initial installment required by the payment plan. The payment plan is not valid and enforceable between an owner and the Association until the consideration is paid in full.
4. **Effective.** The payment plan agreement is not effective until both of the following two conditions are met. First, both the owner and the Association must agree in writing to the terms of a payment plan consistent with these Guidelines. Second, the Association must receive the full amount of the initial installment required by the payment plan. When both conditions are satisfied, contemporaneously with each other, the payment plan is effective and in good standing.
5. **Co-Owners.** If a lot is owned by more than one person, all co-owners are treated as "the owner" under these Guidelines, regardless of which co-owner requests and performs the payment plan, or defaults.
6. **Term.** A payment plan is for a term of six months, unless the owner and Association agree to a different term, which may not be less than three months, nor more than 18 months.
7. **Amount.** The total amount to be paid under the payment plan is the full amount of the arrearage on the date of the payment plan, plus (if any) administrative fees and interest that accrue during the term of the payment plan.
8. **Installments.** Unless the owner and the Association agree to a different installment schedule, the first installment (the required consideration) will be at least 25 percent of the total amount to be paid under the payment plan, with the balance paid in equal consecutive monthly installments over the remainder of the term, the second installment being due not less than 28 days after the first installment.
9. **Due Dates.** Unless the owner and the Association agree to a different schedule of dates, installments must be received by the Association on or before the first day of each month, except that if the first installment is received mid-month, the second installment is not due until the first day of the month following the next month. (Example, if the first installment is paid January 20, the second installment is due March 1, and the remaining installments on the first day of each month thereafter until paid in full.)
10. **Form of Payment.** Payments may be made by check (personal, business, or cashiers), debit card or credit card (if the Association has such capacity), or direct deposit/electronic transfer (if the Association has such capacity). If the form of payment incurs a cost to the Association, the Association may require the owner to reimburse the cost. Payment must be delivered to the account, lock box, or office designated by the Association for each type of permitted payment.

11. **Communications.** An owner who wishes to communicate with the Association about any aspect of the payment plan must deliver to the Association a communication for which the purpose is clearly identified. Further, the communication should be delivered to the Association in a manner that brings attention to its purpose.
12. **Costs of Delinquency.** As permitted by State law, the Association may charge the owner interest and the reasonable costs associated with administering the payment plan, which charges will be included in the payment plan. Any other monetary penalty associated with the assessment delinquency to be paid through the payment plan will be held in abeyance during the term of the payment plan, and will only become due and payable in event of default and termination of the payment plan.
13. **Default.** A default of the payment plan occurs when any of the following occurs:
- (1) a scheduled installment is not received by the Association on or before the installment's due date.
  - (2) the Association does not receive at least the full amount of the scheduled installment.
  - (3) the assessment account of the owner and the owner's lot becomes delinquent for amounts not covered by the payment plan.
14. **Waiver.** On a case-by-case basis, the Association may but is not required to waive an act of default if the owner makes up the missed or short payment no later than the date on which the next payment under the payment plan would be due, provided the next payment is also paid timely and in full.
- Prepayment.** The owner may pay off the balance of the payment plan at any time during the payment plan, may shorten the term of the payment plan, such as by increasing the amount paid with each installment. The Association's acceptance of payment in amounts or at times that are different from the approved payment plan may not be construed as a waiver of the terms of the payment plan.
16. **Notice.** The owner must monitor the payment plan to insure that the Association receives the owner's payments in the full amount and on time. The Association may, but is not required to, give the owner a courtesy notice of a missed or short payment.
17. **Termination.** If an owner defaults on the terms of a payment plan, the Association may, but is not required to, terminate the payment plan. To terminate, the Association must give the owner written notice of termination, with a statement of the full amount immediately due and payable to the Association.
18. **Reinstatement.** The Association may, but is not required to, reinstate a terminated payment plan for an owner who submits a written request for reinstatement together with an amount sufficient to cure defaults under the previously approved payment plan.
19. **Good Faith.** By entering into a payment plan agreement with the Association, the owner is certifying to the Association that the owner is acting in good faith to retire an obligation and is not trying to secure an advantage over the Association, such as for use in litigation, bankruptcy, transfer of title, or refinancing of a mortgage.
20. **Void Transfer.** A transfer of title to a lot during the term of a payment plan pertaining to the lot is not valid without the prior written approval of the Association, so that its interests may be protected in connection with the change of ownership.
21. **EXCEPTION.** The Association may refuse to negotiate or accept a payment plan from an owner who ~ within the previous 24 months ~ defaulted on the terms of a payment plan that had been approved by the Association, even if the payment plan was reinstated or renegotiated following termination.
22. **Amendment.** These Guidelines may be amended and restated from time to time by the Association, acting through its Board of Directors, such as may be needed to comply with changing requirements of State law or to conform to emerging practices and technologies. As long as State law requires these Guidelines to be publicly recorded, all amendments and restatements must also be publicly recorded.

(End of Protocol 1)

## PROTOCOL 2

**HOA DOCUMENT RETENTION POLICY  
OF ADOBE MEADOWS OWNERS ASSOCIATION**

1. **Purpose & Conflict.** The purpose of this HOA Document Retention Policy is to comply with the minimal requirements of Prop. Code Sec. 209.005(m), which requires a property owners' association that governs more than 14 lots to adopt and comply with a document retention policy. In event of conflict between this Policy and applicable State law, State law controls. In event of conflict between a provision of this Policy and a provision of any Governing Document of the Association, the Policy controls.
2. **Document Retention Requirements.** As a minimum, the Association will retain the following documents required by Prop. Code Sec. 209.005(m), for the prescribed periods of time:
  - (1) certificates of formation, bylaws, restrictive covenants, and all amendments to the certificates of formation, bylaws, and covenants shall be retained permanently;
  - (2) financial books and records shall be retained for at least seven years;
  - (3) account records of current owners shall be retained for at least five years;
  - (4) contracts with a term of one year or more shall be retained for at least four years after the expiration of the contract term;
  - (5) minutes of meetings of the owners and the board shall be retained for at least seven years; and
  - (6) tax returns and audit records shall be retained for at least seven years.
3. **Construction.** The Policy may not be construed to prevent the Board of Directors from adopting, amending, and restating, from time to time, one or more additional administrative policies pertaining to the retention of documents, records, and information of the Association, including ~ without limitation ~ policies relating to the storage and destruction of the items listed above, and policies pertaining to the retention, storage, and destruction of other types of documents, records, and information of the Association. This provision may not be construed as a duty of the Board of Directors to adopt such additional administrative policies.
4. **Public Recording.** This Policy is being publicly recorded because of the possibility that it may be construed as a "dedicatory instrument" within the meaning of Prop. Code Sec. 202.001(1). The act of recording may not be construed as an assertion that this Policy, which is administrative in nature, is a "dedicatory instrument."
5. **Amendment.** This Policy may be amended and restated from time to time by the Association, acting through its Board of Directors, such as may be needed to comply with the changing requirements of State law, to conform to emerging practices and technologies, or to reflect court decisions interpreting State law or policies such as this. As long as State law requires this Policy to be publicly recorded, all amendments and restatements must also be publicly recorded.

*(End of Protocol 2)*

## PROTOCOL 3

**HOA OPEN RECORDS  
PRODUCTION & COPYING POLICY  
OF ADOBE MEADOWS OWNERS ASSOCIATION**

1. **Purpose & Conflict.** The purpose of this HOA Open Records Production & Copying Policy is to comply with the requirements of Prop. Code Sec. 209.005(i), which requires a property owners' association to adopt a records production and copying policy that prescribes the costs the Association may charge for the compilation, production, and reproduction of information requested pursuant to Prop. Code Sec. 209.005. In event of conflict between this Policy and applicable State law, State law controls. In event of conflict between a provision of this Policy and a provision of any Governing Document, this Policy controls.
2. **Authority.** If an Open Records request is made to the Association, the Association may charge the requestor all reasonable costs of materials, labor, and overhead for compiling, producing, and reproducing the requested information, subject to the limitations of this Policy.
3. **Prescribed Charges.** The rates which the Association may charge an owner are the same as the maximum permitted rates published in Section 70.3 of the Texas Administrative Code (Title 1, Part 3, Chapter 70). The charges shown on Exhibit 1 hereto are some of the T.A.C. rates in effect on the date this Policy is adopted and will be deemed to change automatically with changes in the State's maximum permitted rates for Public Information requests.
4. **Savings Clause.** Notwithstanding anything to the contrary in any writing or communication made by the Association, the Association will not in any event be entitled to receive or collect Open Records charges from an owner in amounts greater than the maximum amounts permitted by applicable law. If from any circumstances whatsoever the Association charges or receives an amount in excess of the maximum charges permitted by law, the excess amount will be reimbursed to the owner.
5. **Waiver.** The Association may reduce or waive some or all of the charges addressed by this Policy on a request-by-request basis, without waiving the right to charge such fees on future requests.
6. **Payment.** The Association may require advance payment of the estimated charges addressed by this Policy. Within 30 business days after delivering the requested information, the Association will provide the owner with an invoice of the actual costs. If the actual costs are less than the prepaid estimated charges, the Association will refund the difference to the owner within 30 business days after sending the invoice. If the actual costs are greater than the prepaid estimated charges, the difference is due and payable to the Association by the owner within 30 business days after the invoice is sent to the owner, after which time the Association may add the unpaid amount to the owner's assessment account.
7. **Amendment.** This Policy may be amended and restated from time to time by the Association, acting through its Board of Directors, such as may be needed to comply with changing requirements of State law, to conform to emerging practices and technologies, or to reflect court decisions interpreting State law or policies such as this. As long as State law requires this Policy to be publicly recorded, all amendments and restatements must also be publicly recorded.

[Examples of Prescribed Costs to Owner on next page.]

Exhibit A to Protocol 3  
HOA Open Records Production & Copying Policy  
of Adobe Meadows Owners Association

**EXAMPLES OF  
PRESCRIBED COSTS TO OWNER**

The rates which the Association may charge an owner are the same as the maximum permitted rates published in Section 70.3 of the Texas Administrative Code (Title 1, Part 3, Chapter 10). The following are some of the T.A.C. rates in effect on the date this Policy is adopted, and are published here as a courtesy to members of the Association. For any task or methodology that is not listed below, consult the T.A.C. for the applicable rate. The absence below of a type of charge may not be construed as the absence of a statutory limit on the type of charge. The amounts published below will be deemed to change automatically with changes in the State's maximum permitted rates for Public Information requests.

**Copy Charges:**

Electronic image transmitted by email - no copy charge  
Electronic image downloaded to USB drive - actual cost of drive  
Standard paper copy or scan (letter or legal size) - \$0.10 per page (double sided is 2 pages)  
Oversize paper copy or scan (such as 11x17) - \$0.50 per page  
Floppy diskette or CD - \$1.00  
DVD - \$3.00

**Labor Charge:**

No labor charge if the request is for 50 or fewer pages of information, unless the records must be retrieved from a storage facility that is remote from the processor's office.

\$15.00 per hour, in 1/4 hour increments, for actual time to locate, compile, manipulate data, reproduce information, and (if necessary) redact confidential information, for requests of more than 50 pages and for records in remote storage.

No labor charge for time spent to review the requested information to determine if the information qualifies for an exemption from Open Records

**Overhead Charge:**

No overhead charge if the request is for 50 or fewer pages of information. Otherwise, the overhead charge is 20 percent of the labor charge.

**Remote Document Retrieval Charge:**

If the requested information is stored with a commercial records storage company that charges a fee to deliver and return stored records, the Association may seek reimbursement of the third-party fee from the owner if the request otherwise qualifies for a labor charge.

**Other Charges:**

Actual postage and shipping charges if necessary to transmit the reproduced information to the owner.

Actual cost of miscellaneous supplies, such as boxes, if used to produce the requested information.

If the Association accepts payment by credit card, the Association may recoup the amount of any actual transaction fee charged by the credit card company for the privilege.

No sales tax.

(End of Protocol 3)