

Summary of Material Revisions to SCFCA Bylaws

Purpose of Revision:

1. To combine the current Bylaws (1994) and the Amendment (2017) into one restated document.
2. Correct errors and vague language and update for new regulations.
3. Implement legal counsel's recommendations for a legally sound set of Bylaws. To incorporate Sterling's suggestions for commonly accepted, more efficient practices.

Material Revisions:

Article III, Membership Pgs. 3-5

1. Section 1: Annual Meeting: Changed from general meeting to annual meeting. Reduced requirements from two meetings to one meeting per year. This also gives the Board the flexibility to choose when to have the meeting. The Board is required to announce the next year's budget and assessments, so this annual meeting will have to occur towards the end of the year. If the Board wants to have additional meetings, they can, but it should not be required. Giving the Board flexibility with the number of meetings and when they are held makes being on the Board easier for potential candidates. We historically struggle to get members to run for the Board, so we want to make it more appealing so more people will consider volunteering.
2. Section 2: Notice of Meeting was increased from 72 hours to 144 hours per the Texas Property 209 Code. So, there will be 6 days' notice now instead of 3 days.
3. Section 3: Quorum was reduced from 75 to 60. Currently, we need a quorum of 75 with a majority of 39, so with two votes per lot, there could hypothetically be 18 couples + 1 single owner to approve a governing document. With one vote per lot, like in this revision, the quorum is 60, with a majority of 31. It would require 31 unique households to approve a governing document. This requires greater participation in the community to pass a governing document. This gives members more power.
4. Section 5: Voting rights were changed from up to 2 votes per lot to 1 vote per lot no matter how many owners there are. This is a legal recommendation to reduce legal liability. Currently, our documents discriminate against single owner homes and homes with more than two owners. There is only one assessment charged per lot, but our language allows up to two votes if there are two owners. This is not equal representation. No other communities have more than 1 vote per lot. We believe that the 2 votes per lot originated at the inception of the neighborhood when it was going to be a golf course community and the two memberships per lot were created for golf and when the golf course didn't happen, the documents were never amended. It's the only theory anyone can come up with. We can't support discriminating against any homeowners and allow the Association to be exposed to potential liability.
5. Section 5: We have to offer at least two of these voting methods: written, electronic or absentee. With one vote per lot, we can participate in electronic voting. Currently, electronic voting companies do not support more than 1 vote per lot because no other community has 2 votes per lot. Having this ability during the persisting pandemic will be helpful. We are also offering written and absentee ballots.
6. Section 5: Absentee votes must be received by 5pm the last business day prior to the vote or election to be counted. This is to avoid any confusion about where and when absentee ballots can be turned in and avoids ballots being disqualified.
7. Section 5: All votes must be signed and sent via USPS (or other means of commercial delivery), or electronically, directly from the voter or the voter may cast a ballot in person. Any votes

received from a different person are disqualified. All votes dropped into any drop box are disqualified. This prevents voter fraud and ballot harvesting.

Article IV, Board of Directors Pgs. 5-8

1. Section 1: We have eliminated the non-voting position of Past President as it is no longer necessary for continuity previously experienced during the time of self-management. The management company provides continuity for an easy operations information transfer.
2. Section 2: We are allowed to require some, but not all, Board members to live in the community per the Texas Property 209 Code. This language was added to protect against an investor majority board.
3. Section 5: Term of Office is increased from 1 year to 2 years. It takes about 6 months for a new Board member to really understand how the Association works, so just when you begin to understand how it all works, its time for another election. Having a 2-year term allows for better continuity and consistency in the community. If a Board member can't serve the full 2-year term, they can resign. However, we hope that this will reduce turnover overall.
4. Section 13: The election cycle was split with officers elected in odd years and section reps elected in even years. This helps with Board continuity, as well as reducing the number of candidates needed in each election, which has been a struggle in the past.
5. Section 10: A Director may be removed with cause. Currently, the only way to remove a Board member is to call a Special meeting and disparage the Board member publicly and call for a member vote. The Board does not think this public shaming is appropriate since that Board member will still be a member of this community. The Board should have the right to remove a Director with cause.
6. Section 14: Regular Board meetings will not be required every month of the year. Instead, the Board is choosing flexibility to skip a monthly meeting if it is not needed or if the volunteer Board has scheduling conflicts. Nine (9) monthly Board meetings a year will be required in addition to the Annual Meeting, for a total of 10 meetings in the calendar year. Any decision or money spent by the Board is required to be stated in an open meeting and recorded in the minutes per the Texas Property 209 code, maintaining transparency. The proposed flexible schedule may induce more members to volunteer for a Board position.

Article V, Limitations of the Board pg. 11

Section 3: These limitations were added to give members the power to make these decisions instead of the Board. The Board felt strongly that these are things members should have the power to decide.

Article VII, Committees pg. 12

The ACC committee is now required to have three members. Also, the Texas Property 209 Code now requires that they are not Board members, spouses of Board members, or cohabitating with Board members. The committee will still answer to the Board, but this allows for more member participation in the ACC process.