SUMMARY OF REVISIONS

FIRST AMENDMENT TO THE BY-LAWS OF STONE OAK COMMUNITIES OF MUTUAL AMENITIES, INCORPORATED

A description of the proposed revisions to the By-Laws of Stone Oak Communities of Mutual Amenities, Inc., contained in the First Amendment to the By-Laws are as follows.

- Name and Location – Removed reference to specific location of principal office and replaced with generic language requiring principal office be located within Bexar County, as determined by the Board of Directors. Added provisions to identify and describe Association's Registered Office and Agent, including, for example, language requiring Association to maintain a registered office and registered agent in Texas as per Texas Business Organizations Code and allowing Board of Directors to change the registered office and registered agent as needed.

- Updated definition for "Association" to reflect official name of the Association.

- Removed definitions for, and references to, "Builder Member" and "Declarant."

- Annual Meetings – removed language requiring annual meetings be held at a specific date and time and replaced with language allowing meetings to be held during the month of May at a time, date, and place as determined by the Board. Added language enabling Association to hold member meetings remotely (by electronic means).

- Added definitions for Catastrophic Event and Remote Meeting.

- Added provision to allow sitting Board members to continue serving in their respective roles during a catastrophic event until a meeting and election to appoint successors can be held. Such provision supports a continued and uninterrupted management of the Association, as required by the Texas Business Organizations Code.

- Clarified procedures and requirements for meeting notices to comport with current requirements of Texas Property Code (TPC), including allowing notices to be delivered by email if addresses are registered for purposes of notice; and added language requiring Members to maintain an up-to-date mailing address and email address, if applicable, with the Association.

- Revised Quorum provision: to provide a TPC compliant procedure which allows the membership of the Association to adjourn a meeting and reconvene with a reduced quorum percentage when quorum cannot be met at the original meeting so long as notice of such has been previously provided to the members (Note: current language allows adjournment without notice, but notice, per TPC, is required for all meetings); and, to allow quorum to be met by the presence of members in person, by proxy, by absentee or electronic ballot.

- Added language detailing the various methods of voting permitted by TPC, including details as to how voting may be conducted, and identifying certain types of voting that are not permitted.

- Added provision to prohibit cumulative voting, fractional votes, and split votes.

- Included more detailed rules and requirements for proxies – e.g., requirements for a valid proxy, how to revoke the proxy, proxy expiration period, rules for when there are multiple proxies, and delivery requirements.

April 2021

- Clarified proxies are permitted at an in-person and remote meetings.
- Added the option and ability for Association to conduct Association wide vote by electronic and/or absentee ballots.
- Number of Directors – revised to require Directors shall be Members of the Association.
- Term of Office – added language specifying directors shall hold office until their successors are elected and hold their first meeting to enable continued management of the Association when circumstances such as catastrophic events prevent or delay elections and/or meetings.
- Removal of Directors – divided provision into two sub-elements – "removal" and "vacancies." Added TPC requirement to provide notice to any director whose removal is sought. Added incapacitation and loss of membership in the Association to the list of circumstances which may result in a vacancy on the Board.
- Action Without Meeting and Notice – added procedural information and language to better describe the type of actions that may be taken by the Board of Directors without a meeting and notice, in accordance with TPC.
- Added language to allow Board of Directors to meet by electronic methods.
- Enhanced nomination provision by providing a more detailed, TPC compliant procedure for the nomination and solicitation of Board of Directors candidates.
- Added provision for the appointment of an Election Officer to count ballots, conduct elections, and announce results of voting and elections for Board of Directors; and added language describing individuals who may have access to ballots and assist the Election Officer. Removed provision requiring voting by "written secret ballot" as such is no longer allowed by law and each ballot must be signed by a voting Member.
- Revised quorum of Board of Directors provision to enable directors to adjourn board meetings when quorum cannot be met and reconvene at a later time in order to establish quorum.
- Powers – removed power to suspend voting rights as such is not allowed by law; and, added provision enabling Board of Directors to charge and collect administrative fees, nonsufficient funds fees, and other associated charges for the collection of delinquent assessments.
- Revised amendment provision to enable By-Laws to be altered, amended or repealed by 80% of a quorum of the Board of Directors rather than by the Members. Removed reference to Class B Membership.
- Managing Agent - removed name and address of specific managing agent and replaced with generic language enabling Board to hire a managing agent of its choosing.