

AMENDED AND RESTATED
BYLAWS OF
FIREWHEEL FARMS NO. 2 HOMEOWNERS ASSOCIATION, INC.
A TEXAS NON-PROFIT CORPORATION

ARTICLE I

NAME AND LOCATION

The name of the corporation is Firewheel Farms No. 2 Homeowners Association, Inc., hereinafter referred to as the “Association”. The principal office of the corporation shall be located at Village Association Management, P.O. Box 460057, Garland Texas 75046-0057 or at such address designated by the Board of Directors and on record with the Secretary of the State of Texas.

ARTICLE II

DEFINITIONS

The following words when used in these Bylaws, unless a different meaning or intent clearly appears from the context, shall have the following meanings:

Section 1. “Association” shall mean and be defined herein as Firewheel Farms No. 2 Homeowners Association, Inc., its successors and assigns.

Section 2. “Board” shall mean and be defined herein as the duly elected Board of Directors of the Association.

Section 3. “Board Resolution(s)” shall mean and be defined herein as resolution(s) which the Board adopts to establish rules, regulations, policies, and procedures for internal governance and Association activities and to regulate the operation and use of the Common Properties and the Common Facilities and real and other property which the Association owns or controls.

Section 4. “City” shall mean and refer to The City of Garland, Texas.

Section 5. “Common Properties” shall mean and refer to all those areas of land within the Property except the platted Lots and public streets shown thereon, together with such other land as the Association may, at any time or from time to time, acquire by purchase or otherwise, subject, however to the easements, limitations, restrictions, dedications and reservations applicable thereto.

Section 6. “Common Facilities” shall mean and refer to all existing and subsequently provided improvements upon or within the Common Properties, except those as may be expressly excluded pursuant to the Declaration. Also, in some instances, Common Facilities may consist of improvements dedicated or under contract to the Association for the use and benefit of the Owners

of the Lots in the Property, and/or for the benefit of other owners outside the Property, constructed on portions of one or more Lots or on acreage owned or leased by the Association which has not been brought within the scheme of the Declaration. By way of illustration, Common Facilities may include, but not necessarily be limited to, the following: structures for recreation; structures for storage or protection of equipment; fountains; statuary; sidewalks; common driveways; landscaping; guardhouses; esplanades; walls; and other similar appurtenant improvements.

Section 7. “Declaration” means and refers to that certain Declaration of Covenants, Conditions and Restrictions applicable to the Property executed by Firewheel Farms No. 2 Homeowners Association, Inc., a Texas non-profit corporation, and recorded in the office of the County Clerk of Dallas County, Texas.

Section 8. “Good Standing” shall mean and be defined herein as the strict and full compliance by any one, or more, of the Members with the terms and conditions of the Governing Documents.

Section 9. “Governing Documents” shall mean and be defined herein as all “dedicatory instruments” as defined in Chapter 209, Section 209.002(a) of the Texas Property Code (the “Code”) together with the Declaration, the Articles of Incorporation, By-Laws and Board Resolutions, each as currently written and, as herein or hereinafter, amended, modified, corrected, or supplemented from time to time, including, without limitation, all other rules, regulations, policies, procedures and other documentation promulgated by the Board or required by law to be maintained by the Association.

Section 10. “Lot(s)” shall mean and refer to any lot of land, and all improvements thereon and thereto, of any kind or character in or on the Property as defined below, together with any lots which may, from time to time, result from the resubdivision, combination or division of any such lots, as may be shown upon the plat or plats of the Property or any part thereof now or hereafter filed of record in the Map or Plat Records of Dallas County, Texas (as such plat or plats may be amended from time to time). The term “Lot” shall also include any other portion of the Property which may, from time to time, be shown upon the aforementioned plat or plats (as same may be amended from time to time) and which is designated on such plat or plats to be a Lot, or which is designated or declared to be a Lot by a separate written instrument executed by the Association, or its successors or assigns, filed of record in the Real Property Records of Dallas County, Texas.

Section 11. “Median” means and refers to the median within West Muirfield Road which extends from the eastern boundary of West Muirfield Road (starting at 317 West Muirfield Road) to the western boundary of West Muirfield Road (including the 900 block thereof) to the intersection of Sunningdale Drive and West Muirfield Road.

Section 12. “Member” means each Owner.

Section 13. “Owner” shall mean and refer to the record owner, including sellers pursuant to executory contracts for conveyance and whether one or more persons or entities, of fee simple title to any Lot which is a part of the Property, but excluding those persons or entities having such interest merely as security for the performance of an obligation.

Section 14. “Property” shall mean and refer to any (or all of the) Lot(s) and any portion of (or all of) the Common Properties and Common Facilities in the Addition, subject to the Restrictions set forth herein and in the Declaration and defined by the following Plats recorded in the Map or Plat Records of the County of Dallas Texas: Final Plat Firewheel Farms No. 2 recorded in Vol 92223, page 780; Final Plat Firewheel Farms No. 3 recorded in Vol 93126, page 3094; Final Plat Firewheel Farms No. 4 recorded in Vol 94197, Page 04087; Final Plat Firewheel Farms No. 5 recorded in Vol 96138, Page 07178; and Replat Lot 7R, Block 11 Firewheel Farms No. 5 recorded in Vol 99026, Page 00015; and subsequent plats or plat amendments and any additional property made subject to the terms hereof pursuant to the provisions set forth in the Governing Documents.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members shall be held each year within the month of March. The meeting shall be held on a date and at the place and hour designated by the Board. Should such meeting fall upon a Saturday, Sunday or legal holiday, then that meeting shall be held at the same time on the next day which is not a Saturday, Sunday or legal holiday.

Section 2. Special Meeting. Special meetings of the Members may be called at any time by the President or by the Board, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by electronic correspondence and/or mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the method of attendance (electronic, telephonic or in person), day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, and of proxies entitled to cast, one-tenth (1/10) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be valid for the called meeting where Members are entitled to vote. Every proxy shall be revocable and shall automatically cease at the end of the called meeting or approved adjournments to the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member.

Section 6. Rules of Meeting Order. All meetings of the Association or a Committee shall follow the abbreviated “The A-B-C’s of Parliamentary Procedure” or similar abbreviated rules related to Roberts Rule of Order or such other parliamentary procedural rules adopted by the Board as posted on the Association website.

ARTICLE IV

BOARD OF DIRECTORS: SECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by the Board consisting of a minimum of three (3) Directors (herein so called), who must be Members, in Good Standing, of the Association. A majority of the Directors on the Board must physically reside on their Lot during their term on the Board.

Section 2. Term of Office. At the first annual meeting, the Members shall elect one Director for a term of one year, one Director for a term of two years and one Director for a term of three years; and at each annual meeting thereafter the Members shall elect one Director for a term of three years.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the total Members of the Association. In the event of death, resignation or removal of a Director, their successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. Directors as such shall not receive any stated salaries for their services, but, by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nominations for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Director, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the day of appointment until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. The Nomination Committee shall ensure that each nominee is vetted prior to presentation to the Board. Nominating Committee nominations shall be completed and presented to the Board sixty (60) days prior to the date of the annual meeting of the Members and the Board shall direct the Secretary to prepare the election ballots.

Section 2. Election of Members (“Director(s)”) to the Board shall be by secret ballot. The Board will determine whether voting will be by paper ballot or by electronic voting. If by electronic voting, the vote will be open for a period of two weeks and not more than three weeks, and without any proxy voting. At such election the Members or their proxies, if applicable, may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Annual Meetings. The annual meeting of the Directors shall be held each year immediately after the annual meeting of the Members. The meeting shall be held at the place and hour designated by the Board of Directors and voting shall be either by electronic virtual meeting or in person live meeting as designated by the Board of Directors. Should said meeting fall upon a Saturday, Sunday or legal holiday, then that meeting shall be held at the same time on the next day which is not a Saturday, Sunday or legal holiday.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any Director, after not less than three (3) days notice to each Director.

Section 3. Notice. Except as otherwise set forth herein, notice of any additional regular or special meeting of the Board shall be given at least seven (7) days previously thereto by written notice delivered personally or sent by mail or facsimile or e-mail to each Director at the physical or e-mail address of such Director as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by facsimile or e-mail, such notice shall be deemed to be delivered upon successful transmission of the facsimile or e-mail. A copy of any notice sent to the Board by facsimile or e-mail must also be sent to each Director on the same business day by mail, email or by personal delivery. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened or called. The business to be transacted at any regular or special meeting of the Board shall be specified in the notice. Members of the Board may participate in such meetings by means of conference telephone or similar communications equipment by reason of which all persons participating in the meeting can hear each other and participation in a meeting in such manner shall constitute presence in person at such meeting except where a Director so participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened in which event such Director(s) must appear in person.

Section 4. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors

present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 5. Manner of Acting. The act of a majority of the Directors present in person at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by law or the Governing Documents.

Section 6. Vacancies. Any vacancy occurring in the Board shall be filled by the Board even if the remaining Directors constitute less than a quorum; provided, however, that in the event of a vacancy, a Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of any increase in the number of Directors shall be filled by election at an annual meeting or at a special meeting of the Members called for that purpose.

Section 7. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors or electronic means as provided by state law. Any action so approved shall have the same effect as though taken at a meeting of the Directors and shall be reported at the next annual meeting of Directors.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD

Section 1. Powers. The Board shall have power to:

- (a) manage the affairs of the Association in accordance with the Governing Documents and applicable law;
- (b) exercise for the Association all powers, duties and authority vested in or delegated to the Association in the Governing Documents, and by Texas Law, and not reserved to the membership by other provisions of the Governing Documents;
- (c) appoint committees, contract personnel, contract a manager, independent contractor(s) or such other parties as they deem necessary and to prescribe their duties;
- (d) adopt, amend, modify and terminate such rules, regulations, policies and procedures it deems reasonably necessary for the orderly administration of the Association and the enforcement of the Governing Documents for the benefit of the Owners.

Section 2. Duties. It shall be the duty of the Board to:

- (a) manage the affairs of the Association in accordance with the Governing Documents and applicable law;
- (b) cause to be kept a complete record of all its acts and corporate affairs and to present

a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

(c) oversee financial health of the Association and supervise all officers, contractor(s), and appointees of the Association, and to see that their duties are properly performed;

(d) as more fully provided in the Declaration:

(1) fix and give notice of the amount of all Assessments against each Lot; and

(2) foreclose the lien against any Property for which Assessments are not paid in accordance with the Declaration and to bring an action at law against the Owner personally obligated to pay the same.

(e) pursuant to Chapter 207 of the Texas Property Code, issue, or to cause an appropriate officer to issue, upon demand by any person, a Resale certificate setting forth whether or not an Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) procure and maintain liability insurance and hazard insurance on the Common Properties, Common Facilities and any other property owned by the Association;

(g) in its discretion, cause all officers or employees (if any) having fiscal responsibilities to be bonded, as it may deem appropriate;

(h) cause the Median to be maintained; and

(i) maintain, manage, and operate the Common Properties and Common Facilities.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The Officer(s) (herein so called) of the Association shall be appointed by the Board and shall at all times be Members in Good Standing and who reside on their Lot during their term and include a President, Vice-President, Secretary and Treasurer and such other Officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The Board may appoint Officers at the annual meeting of the Board following each annual meeting of the Members. Officers so appointed must be in good standing and reside on their Lot.

Section 3. Term. The Officers of the Association shall hold office for one (1) year unless such Officer resigns prior to the end of the term, or be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may appoint such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. An Officer will become automatically disqualified to serve as an Officer and, if serving, terminated at the election of the Board if such Member resides outside the Addition.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the Officer replaced.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one or any of the other offices except in the case of special offices created pursuant to Section 4 of this Article VII.

Section 8. Duties. The duties of the Officers are as follows:

President

(a) Unless the Board shall select another Director as chair, the President shall preside at all meetings of the Board; shall see that instructions and Board Resolutions of the Board are carried out; shall, upon approval by Board Resolution, sign all leases, mortgages, deeds, contracts and other written instruments and shall co-sign all checks over the amount set by Board Policy, or otherwise for any amount greater than \$250 (Two-Hundred Fifty). and promissory notes and oversee other officers, agents, employees (if any) and daily operations of the Association.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act and shall exercise and discharge such other duties as may be required of the President by the Board.

Secretary

(c) The Secretary shall record the vote and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; schedule meeting locations or online meetings; keep appropriate current records showing the Members of the Association together with their addresses, email addresses and telephone numbers; prepare, schedule and arrange for the conducting of elections, prepare ballots (either electronic or paper), maintain records of Board Resolutions, contracts, violation notices issued by the Board or

ACC and correspondence with members and vendors. Secretary will report notices of violations (nature and fine) to be posted to the association website but exclude the name and address of owners, and perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; oversee the operations and performance of financial management services contracted by the Association; report to the Board and Officers each month including status of assessment collections, revenues and expenses, and net changes in financial account balances, shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

(e) The Board shall appoint the Architectural Control Committee (as described in the Declaration) and a Nominating Committee as provided in these Bylaws. In addition, the Board may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The Governing Documents of the Association shall at all times, be subject to inspection by any Member in Good Standing at the principal office of the Association. Such inspection must be performed in accordance with Chapter 209, Section 209.005 of the Property Code (as amended) and copies of the Governing Documents may be obtained in accordance with the Association's Copying and Inspection Policy, as amended, or shall be available on the Association's website.

ARTICLE XI

CORPORATE SEAL

The Association shall not have a seal.

ARTICLE XII

AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

Section 2. In the case of any conflict between the Article of Incorporation and these Bylaws,

the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XIV

INDEMNIFICATION

Section 1. Definition. For purposes of this Article XIV:

- (a) “Association” in addition to the definition set forth in Article II, Section 1 hereof, includes any domestic or foreign predecessor entity of the Association in a merger, consolidation, or other transaction in which the liabilities of the predecessor are transferred to the Association by operation of law and in any other transaction in which the Association assumes the liabilities of the predecessor but does not specifically exclude liabilities that are the subject matter of this Article XIV.
- (b) “Director” means any person who is or was a Director of the Association, and any other person who, while a Director of the Association, is or was serving at the request of the Association as a Director, Officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, association, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.
- (c) “Expenses” include all expenses of any kind or nature including without limitation court costs and attorneys’ fees.
- (d) “Official Capacity” means:
 - (1) when used with respect to a Director, the office of Director in the Association; and
 - (2) when used with respect to a person other than a Director, the elective or appointive office in the Association held by the Officer or the employment undertaken by the employee on behalf of the Association.
- (e) “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any

appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

Section 2. Standard for Indemnification. The Association shall indemnify a person acting in an Official Capacity for the Association or who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a Director or is or was acting in an Official Capacity of the Association only if it is determined in accordance herewith that the person:

- (a) conducted himself or herself in good faith;
- (b) reasonably believed:
 - (1) in the case of conduct of such person serving as a Director or in the Official Capacity of the Association, that such conduct was in the Association's best interest; and
 - (2) in all other cases, that the conduct was at least not opposed to the Association's best interests; and
- (c) in the case of any criminal proceeding, had no reasonable cause to believe such conduct was unlawful.

Section 3. Prohibited Indemnification. Except as provided, a Director or a person acting in an Official Capacity for the Association may not be indemnified hereunder in respect of a proceeding:

- (a) in which the person is found liable on the basis that personal benefit was improperly received by such person, whether or not the benefit resulted from an action taken in the person's official capacity; or
- (b) in which the person is found liable to the Association.

Section 4. Effect of Termination of Proceeding. The termination of a proceeding by judgment, order, settlement, or conviction, or on a plea of nolo contendere, or its equivalent, is not of itself determinative that the person did not meet the requirements set forth herein.

Section 5. Extent of Indemnification. A person shall be indemnified hereunder against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding; but if the proceeding was brought by or on behalf of the Association, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

Section 6. Determination of Indemnification. A determination of indemnification must be made:

- (a) by a majority vote of a quorum consisting of Directors who, at the time of

the vote, are not named defendants or respondents in the proceeding;

(b) if such a quorum cannot be obtained, by a majority vote of a committee of the Board, designated to act in the matter by a majority vote of all Directors, consisting solely of two (2) or more Directors who at the time of the vote are not named defendants or respondents in the proceeding;

(c) by special legal counsel selected by the Board or a committee of the Board by vote as set forth in Subsection (a) or (b) above, or, if such a quorum cannot be obtained and such a committee cannot be established by a majority vote of all Directors; or

(d) by the Members in a vote that excludes the vote of Directors who are named defendants or respondents in the proceeding.

Section 7. Authorization of Indemnification. Authorization of indemnification and determination as to reasonableness of expenses must be made in the same manner as the determination that indemnification is permissible, except that (i) if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses must be made in the manner specified hereunder for the selection of special legal counsel, and (ii) the provision of this Article XIV making indemnification mandatory in certain cases specified herein shall be deemed to constitute authorization in the manner specified hereunder of indemnification in such cases.

Section 8. Successful Defense of Proceeding. Notwithstanding any other provision of this Article XIV the Association shall indemnify a Director or a person acting in an Official Capacity for the Association against reasonable expenses incurred by such person or Director in connection with a proceeding in which such person is a named defendant or respondent because such person was acting in an Official Capacity for the Association or such person is or was a Director if the person has been wholly successful, on the merits or otherwise, in the defense of the proceeding.

Section 9. Court Order in Suit for Indemnification. If in a suit for the indemnification provided by this Article XIV, a court of competent jurisdiction determines that the Director or a person acting in an Official Capacity for the Association is entitled to indemnification under this Article XIV, the court shall order indemnification and shall award to the person or Director the expenses incurred in securing the indemnification.

Section 10. Court Determination of Indemnification. If, upon application of a person acting in an Official Capacity for the Association or Director, a court of competent jurisdiction determines after giving any notice the court considers necessary, that the person or Director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the person or Director has met the requirements hereunder or has been adjudged liable in the circumstances described hereunder, the court may order such indemnification that the court determines is proper and equitable. The court shall limit indemnification to reasonable expenses if the proceeding is brought by or in behalf of the Association or if the person or Director is found

liable on the basis that personal benefit was improperly received by the person or Director, whether or not the benefit resulted from an action taken in the person's official capacity.

Section 11. Advancement of Expenses. Reasonable expenses, not to exceed \$5,000 in the aggregate, incurred by a person acting in an Official Capacity for the Association or Director who was, is, or is threatened to be made a named defendant or respondent in a proceeding and without the determination specified hereunder shall be paid or reimbursed by the Association in advance of the final disposition of the proceeding after:

- (a) the Association receives a written affirmation by such person or the Director of the good faith belief of such Director that such Director has met the standard of conduct necessary for indemnification under this Article XIV and a written obligation of such person or the Director (that can be accepted without reference to financial ability to make repayment) but need not be secured, made by or on behalf of such person or the Director to repay the amount paid or reimbursed if it is ultimately determined that such person or the Director has not met those requirements; and
- (b) a determination that the facts then known to those making the determination would not preclude indemnification under this Article VII. The determinations and authorizations of payments hereunder must be made in the manner specified hereunder.

Section 12. Expenses of Witness. Notwithstanding any other provision of this Article XIV, the Association shall pay or reimburse expenses incurred by a person acting in an Official Capacity for the Association or Director in connection with the appearance as a witness or other participation in a proceeding at a time when the Director or such person is not a named defendant or respondent in the proceeding, given that such appearance or participation occur by reason of such person acting or having acted in an Official Capacity of the Association or such person being or having been a Director of the Association.

Section 13. Indemnification of Committee Members/Officers. The Association shall indemnify and advance or reimburse expenses to any person who is or was a member of any committee created by the Board and to any person who is or was an Officer of the Association to the same extent that it shall indemnify and advance or reimburse expenses to Directors and persons acting in Official Capacity of the Association under this Article XIV.

Section 14. Advancement of Expenses to Officers and Others. The Association shall indemnify and advance expenses to an Officer, and shall indemnify and advance expenses to an employee of the Association, or other person who is identified hereunder and who is not a Director, to such further extent as such person may be entitled by the Association's Governing Documents, general or specific action of the Board, or contract or as permitted or required by common law.

Section 15. Non-Exclusive; Continuation of Indemnification. The indemnification provided by this Article XIV shall not be exclusive of any other rights to which the person claiming indemnification may be entitled under any agreement, any vote of disinterested Directors or otherwise. The indemnification and advance payments provided by this Article XIV shall continue

as to a person who has ceased to hold his position as a Director, Officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 16. Liability Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, or employee of the Association or who is or was serving at the request of the Association as a Director, Officer, partner, venturer, proprietor, trustee, employee, agent, or similar ‘functionary of another foreign or domestic corporation, association, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any liability asserted against such person and incurred by such person in such a capacity or arising out of the status as such a person, whether or not the Association would have the power to indemnify such person against that liability under this Article XIV.

Section 17. Report to Members. Any indemnification of or advance of expenses to a Director, Officer or employee in accordance with this Article XIV shall be reported in writing to the Members of the Association with or before the notice or waiver of notice of the next meeting of Members or with or before the next submission to Members of a consent to action without a meeting pursuant to Article 1396-9.10A of the Texas Non-Profit Corporation Act and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

Section 18. Service to Employee Benefit Plan. For purposes of this Article XIV the Association is deemed to have requested a Director to serve as an employee benefit plan administrator or fiduciary whenever the performance by such person of the duties to the Association also imposed duties on or otherwise involves services by such person to the plan or participants or beneficiaries of the plan. Excise taxes assessed on a Director with respect to an employee benefit plan pursuant to applicable law are deemed fines. Action taken or omitted by such person with respect to an employee benefit plan in the performance of duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan is deemed to be for a purpose which is not opposed to the best interests of the Association.

IN WITNESS WHEREOF, we, being all of the Directors of the Firewheel Farms No. 2 Homeowners Association, Inc., have hereunto set our hands this _____ day of _____, 2025

