

CAPE TRANQUILITY HOMEOWNERS ASSOCIATION, INC.
BYLAWS

ARTICLE I
DEFINITIONS

“**Assessment**” means any amount due to the Association by an Owner or levied against an Owner from the Association under the Governing Documents.

“**Association**” means and refers to **Cape Tranquility Homeowners Association, Inc.**, its successors and assigns.

“**Board**” means the Board of Directors of the Association.

“**Bylaws**” means the Bylaws of the Association adopted by the Board.

“**Governing Documents**” means this Declaration (known as Cape Tranquility Homeowners Association, Inc. Bylaws), Rules of the Association (known as Declaration of Covenants, Conditions and Restrictions of Cape Tranquility Subdivisions #1 & #2) and standards of the ACC.

“**Lot**” means each tract of land designated as a lot on the Plat, excluding lots that are part of the Common Area.

“**Member**” means Titled Owner(s).

“**Owner**” means every record Owner(s) of a fee interest in a lot.

ARTICLE II
OFFICE

The principal office of the Association shall be located at the home of the Secretary/Treasurer in Cape Tranquility.

ARTICLE III
BOARD OF DIRECTORS

A Board of three (3) or more directors shall manage the business and affairs of the Association.

A vacancy on the Board shall be filled by a majority vote of the remaining directors to hold office during the remaining term of his predecessor.

ARTICLE IV
NOMINATION AND ELECTION OF DIRECTORS

Prior to each annual meeting, a nominating committee, appointed by the Board, shall make nominations for election to the Board.

The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more members of the Association.

Election to the Board shall be by written ballot, which shall set forth the names of those nominated for vacancies and contain space for write-in vote(s) by the Members for each position. Ballots/Proxy Vote forms shall be prepared and mailed to the members at least fifteen (15) days in advance of the Annual Meeting. All ballots must be returned no later than the beginning of the Annual Meeting.

Three (3) Members, chosen by the Board, will count all votes at the Annual Meeting.

Members have a right to verify votes cast, genuineness of signatures, validity of proxies, and such other matters to insure a fair election.

Each Member shall receive one (1) voting form for each lot owned. A separate form must be completed for each eligible vote.

The secretary will keep ballots on file for two (2) years. Results of voting will be kept for five (5) years.

ARTICLE V
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Powers of the Board of Directors

The Board of Directors shall have the power:

To call special meetings of the Members when it is deemed necessary and it shall call a meeting at anytime upon written request of one-fourth (1/4) of the voting Membership.

To appoint and remove at pleasure, all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond deemed necessary. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever.

To establish, levy, assess and collect the charges or assessments (regular and special).

To establish and publish rules and regulations governing the use of the common properties and facilities and the personal conduct of the Members and their guests.

To exercise for the Association all powers, duties and authority vested in or delegated to this Association except those reserved to the Members.

To declare the office of a Board member to be vacant in the event such member shall be absent from three (3) consecutive, regular meetings.

To enter into contracts, maintain one or more bank accounts, and generally, have all of the powers necessary or incidental to the operation and management of the Association and Cape Tranquility Subdivision.

To spend up to two thousand-dollars (\$2,000.) annually, excluding road repairs, liability insurance and normal operating expenses.

Duties of the Board of Directors

Keep 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 is requested in writing by one-fourth (1/4) of the voting membership.

Supervise all officers, agents and employees of the Association, and to see that duties are properly performed.

Prepare a roster of all properties subject to assessment and of assessments or charges applicable, which shall be kept in the office of the Secretary/Treasurer of the Association.

Fix the amount of the assessment or charge against each lot subject to assessment at least thirty (30) days in advance of such date and send written notice of such assessment to every Owner.

Procure and maintain liability insurance adequate to cover the Association, the Directors, Officers, Agents and Employees, and to procure and maintain adequate hazard insurance on the Association's real and personal properties deemed appropriate.

Maintain or provide for the maintenance of all Common Properties and facilities.

File liens against Lot Owners due to non-payment of assessments and fines duly levied and to foreclose on those liens.

Adopt rules and regulations to implement the Governing Documents.

Board of Directors Meetings

A regular meeting of the Board shall be held monthly at such time and place as may be determined by the Board.

Special meetings of the Board shall be held when called by any Officer or by any two (2) Directors after not less than three (3) days' notice to each Director.

A majority of the Board shall constitute a quorum, and the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

The Board of Directors shall have the right to take any action in the absence of a meeting that it could take at a meeting, provided a written approval of such action is obtained from all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

Officers and their Duties

The Board will appoint a President, Vice-President and all committee members.
The Secretary / Treasurer shall be nominated by the Board and voted on by the Members.

Officers shall be chosen by majority vote of the Board.

All officers shall hold office for terms designated by the Board and may be relieved of office at anytime determined by the Board.

The President shall be the chief executive officer of the Association, preside at all meetings of the Board, see that orders and resolutions of the Board are carried out, and sign documents as determined by resolution of the Board.

The Vice-President shall perform all the duties of the President in his absence.

The Secretary/Treasurer shall be the Secretary and shall record the votes, keep the minutes of all proceedings of the Board and records of the Association Members together with their addresses. All documents/minutes shall be open for inspection by any Member upon request.

The Secretary/Treasurer shall receive and deposit in appropriate bank accounts, all monies of the Association and shall disburse funds as necessary for disbursements made in the ordinary course of business. All checks and legal documents must have two (2) signatures – the Secretary/Treasurer and either the President or Vice-President of the Board.

The Secretary/Treasurer shall keep proper books of account and cause an annual review of the Association books to be made by two (2) or more members. An annual balance sheet statement shall be presented to the Members at the Annual Meeting.

In addition to those specific duties listed above, each officer shall perform any other duties as the Board may, by resolution, determine to be appropriate.

ARTICLE VI **MEETING OF MEMBERS**

There shall be an Annual Meeting of the Members held at such time and place within Henderson County, Texas as determined by the Board of Directors.

Special meetings of the Members may be called for any purpose at any time by the President or Vice-President, or by any two (2) or more members of the Board, or upon written request of one-fourth (1/4) of the Members who have a right to vote.

The Secretary shall give notice of any Meetings, regular or special, to the Members. Notice may be given to a Member personally or by mail, postage prepaid, to his/her address appearing on the books of the Association. Notice of any such Meeting, regular or special, shall set forth the general nature of the business to be transacted and shall be mailed or personally delivered not less than ten (10) days in advance of the Meeting.

Except as otherwise provided in the Governing Documents, the presence at any meeting of Members or proxies entitled to cast votes of one-fourth (1/4) of the total votes of Members shall constitute a quorum for any action governed by these Bylaws.

When a quorum is present at any meeting of Members, the vote of a majority of the votes of members present, in person or by Proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Governing Documents, a different vote is required, in which case such express provision shall govern and control the decision of such question.

ARTICLE VII
PROXY VOTES

Each Member may vote in person or by a proxy vote using voting forms provided by the Association.

All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically terminate upon sale or transfer by the Member of his home or other interest.

ARTICLE VIII
GENERAL PROVISIONS

The books, records and papers of the Association shall at all times during reasonable business hours, be subject to the inspection of any Member.

Every person who acts as a Director or Officer of the Association shall be indemnified by the Association for any judgment or award obtained against him, including reasonable expenses actually incurred, including legal fees in connection with the defense of any claim, action, suit or proceedings in which he is made a party of by reason of his being or having been a Director or Officer of the Association, except in relation to matters as to which he shall be adjudged or determined in such claim, action, suit or proceeding to have acted in bad faith and outside the scope of his authority or to have acted in a grossly negligent manner or with willful misconduct. In the event any such claim, action, suit or proceeding is instituted against a Director or Officer of the Association, the Association shall have the right to enter into settlement or compromise in regard thereto as may be deemed advisable by the Board of Directors.