

BY LAWS
OF
THE HARBORS HOMEOWNERS ASSOCIATION, INCORPORATED

ARTICLE I

NAME AND LOCATION

The name of the Corporation is **THE HARBORS HOMEOWNERS ASSOCIATION, INCORPORATED**, herein referred to as the "ASSOCIATION." The principal mailing address of the Association shall be: P.O. Box 565, Portland, Texas 78374 or any future address as determined by the Board of Directors from time to time. Meetings of Members and Directors may be held at such places within the State of Texas, County of Nueces, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

The definitions for purposes of these Bylaws are the same as provided in the Declaration of Covenant, Conditions and Restrictions (As Amended) for The Harbors ("Declarations").

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members of the Association shall be held on the third week of June at a time and place designated by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to cast fifty percent (50%) of all of the votes of the members.

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 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 place, 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, or of proxies entitled to cast, ten percent (10%) of the votes of the members 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 the 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 revocable and shall automatically cease upon conveyance by the Member of his Lot(s).

Section 6. Unanimous Consent. Except as required by law, any action required to be or which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof and then delivered to the secretary of the corporation for inclusion in the minute book of the corporation.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1 Number. The affairs of this Association shall be managed by a Board of Directors consisting of five (5) Lot owners who are Class A members as defined in the June 12, 2004 Amendment to Declarations of Covenants, Conditions and Restrictions.

Section 2 Term of Office. Upon the election of the First Board of Directors, the Members shall elect one (1) year, one (1) Director for a term of two (2) years and one (1) Director for a term of three (3) years. As of the 1994 Annual Meeting, one additional Director will be elected for a term of three (3) years and one additional Director will be elected for a term of two (2) years. These Directors collectively constitute the First Board of Directors. At each annual meeting thereafter the Members shall elect one (1) or two (2) Directors to fill the expiring terms of Directors for terms of three (3) years so that the number of Directors remains at five (5).

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

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination Nominations for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. If utilized, the Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting 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 of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election Election to the Board of Directors shall be by secret written ballot. At each election the Members of their proxies 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

MEETING OF DIRECTORS

Section 1. Regular Meeting Regular meetings of the Board of Directors may be held monthly with no less than 3 days' notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next business day which is not a legal holiday.

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

Section 3. 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.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers The Board of Directors shall have the power to:

- (A) Adopt and publish rules and regulations governing the use of the General Common Area, Mooring Area, Navigation Channel and facilities relating thereto, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (B) Suspend the voting rights and right to use of the recreational facilities, if any, of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (C) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declarations;
- (D) Declare the office of a Member of the Board of Directors to be vacant in the event such Members shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (E) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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

- (A) 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 members holding twenty-five (25%) of the votes entitled to be cast;
- (B) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;
- (C) As more fully provided in the Declaration, to:
 - (1) Fix the amount of the annual assessment (which is to be paid quarterly in advance) against each Lot at least fifteen (15) days in advance of each annual meeting;
 - (2) Bill a Lot Owner for an entire year's assessment in advance, if the Board determines that it is in the Association's best interest to do so, when such Lot Owner has been late in paying assessments; and
 - (3) Foreclose the lien against any Lot for which assessments are not paid by the due date or to bring an action at law against the Owner personally obligated to pay the same.
- (D) Issue, or to cause an appropriate officer to issue, upon demand by any person, and certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the insurance of these certificates shall be conclusive evidence of such payment;
- (E) Procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (F) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (G) Cause the Common Area and all other property owned by the Association to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice-President, who shall at all times be Members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointment. The Board may elect 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.

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 he replaces.

Section 7. Multiple Offices. Any two (2) or more offices except President and Secretary may be held by the same person.

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

- (A) **President.** The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

- (B) **Vice-President.** The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (C) **Secretary.** The Secretary shall record the votes 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; and serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- (D) **Treasurer** 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 of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account if determined by the Board to be necessary; if deemed necessary and advisable, cause an annual review of the Association books to be made at the completion of each fiscal year by a certified public accountant who is not associated with the Association; and shall, in coordination with the Board, prepare an annual budget and statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy of each to the Members.

Section 9. Compensation. If in the sole discretion of the Board of Directors, the Treasurer and/or Secretary are performing services to the Association that would normally require compensation; the Board of Directors is authorized to pay these officers a reasonable fee for such services. By way of example only, the performance of accounting, billing and clerical services would be compensable at the discretion of the Board of Directors.

ARTICLE IX

COMMITTEES

The Board of Directors shall appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X

BOOKS AND RECORD

The books, records, financial statements and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, or the holders, insurers and

guarantors of first mortgages that are secured Lots. The Declaration, the Article of Incorporation, the Bylaws and any other rules of the Association shall be available for inspection by any Member of the holders, insurers and guarantors of first mortgages that are secured by Lots at the principal office of the Association, where copies may be purchased at reasonable cost. In the event the Board has an audited statement of the Association, it shall make same available to all first mortgage holders who submit a written request of same. Although the Board may not deem necessary an annual audit statement, any holder of a first mortgage shall be allowed to have an audited statement prepared at its own expense.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid by the due date shall be delinquent.

ARTICLE XII

CORPORATE SEALS

The association may have a seal as established by the Board of Directors. However, the use of such corporate seal is not necessary to validate any acts of, or documents, or legal instruments signed by, the Association.

ARTICLE XIII

AMENDEMENTS

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 Articles 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 XIV

FISCAL YEAR

The fiscal year of the Association shall be established by the Board of Directors.

CERTIFICATION

I, the undersigned do hereby certify: THAT I am the duly elected and acting Secretary of **THE HARBORS HOMEOWNERS ASSOCIATION, INCORPORATED**; and that the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at an Annual Meeting of the Membership, held on the 21st day of June, 2014.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 2014.

Secretary