

## EXHIBIT "A"

### BYLAWS OF THE LAKES OF SOUTH SHORE HARBOUR COMMUNITY ASSOCIATION, INC. 2002-1

#### ARTICLE I

##### NAME, LOCATION and DECLARATION

Section 1. The name of the corporation is The Lakes of South Shore Harbour Community Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be 2525 South Shore Blvd, Suite 205, League City, Texas 77573, but meetings of Members and directors may be held at such places within the State of Texas as may be designated by the Board of Directors. The Board may change the location of any office of the Association.

Section 2. All capitalized terms used in these Bylaws shall have the same meanings ascribed to them as set forth in the Declaration of Covenants, Conditions, Restrictions and Easements for The Lakes of South Shore Harbour Community Association, Inc. recorded or to be recorded in the Office of the County Clerk of Galveston County, Texas, and all amendments, modifications and supplements thereto and all annexation agreements recorded in connection therewith ("Declaration").

Section 3. The Association is incorporated pursuant to Articles of Incorporation filed April 9, 2002 under Charter No. 800073046, and as thereafter may be amended ("Articles").

Section 4. The Association will maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board may change the registered office and the registered agent as permitted in the Texas Non-Profit Corporation Act.

#### ARTICLE II

##### BOARD OF DIRECTORS

Section 1. The Board of Directors will manage the corporate affairs of the Association.

Section 2. Number of Directors. The Association will be managed by a Board of Directors (the "Board") whose number is five (5) but which number may be increased or decreased from time to time by a

resolution adopted by the affirmative vote of the majority of the Board. Directors need not be Members of the Association. At the first annual meeting of the Members, the Members shall elect directors as provided in the Articles; at each annual meeting of Members thereafter at which the term of a then-current director is to expire, the Members shall elect a person or persons to fill such expired terms such that such director positions will be for a term of three (3) years, such that the expiration of terms and election of directors shall be on a staggered basis. However, in any case, the directors then serving will continue to serve until their successors are elected and qualify. Any director may be elected to succeed himself or herself as director.

Section 3. Compensation. Directors will not receive any compensation for their services as directors.

Section 4. General Powers and Duties of Directors. The directors will have general charge of the affairs, property, and assets of the Association. It will be the duty of the Board to carry out the goals and purposes of the Association and, to this end, to manage and to control all of its property and assets in accordance with the Declaration, the Articles of Incorporation and these Bylaws. In carrying out its duties the Board is authorized to elect officers and assistant officers, and to employ or to arrange for the services of such other persons, including attorneys, agents, managers, engineers, contractors, architects, surveyors, maintenance and such other parties, as in their opinion are necessary or desirable for the proper administration of the Association and or its properties, and to pay reasonable compensation for such persons' services and expenses. The Board may also, from time to time, appoint and retain as advisors persons, including but not limited to property managers whose advice, assistance, or support may be deemed helpful in determining policies and formulating programs for carrying out the Association's purposes, and pay the reasonable fees and expenses thereof. Directors will discharge their duties, including any duties as committee members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the Association's best interest. In this context, the term "ordinary care" means the care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In discharging any duty imposed or power conferred on directors, directors may, in good faith, rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Association or another person that has been prepared or presented by a variety of persons, including officers and employees of the Association, professional advisors

or experts such as accountants or legal counsel. A director is not relying in good faith if he or she has knowledge concerning a matter in question that renders reliance unwarranted.

Directors are not deemed to have the duties of trustees of a trust with respect to the Corporation or with respect to any property held or administered by the Corporation.

Section 5. Specific Powers. The Board of Directors shall specifically, but without limiting any general powers, have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights of a Member during any period in which such Member shall be in default of any obligation of such Member under the Declaration, including but not limited to default in the payment of any assessment levied by the Association pursuant to the Declaration. Such rights may also be suspended after notice and hearing for infraction of rules and regulations adopted by the Board;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by operation of law or by other provisions of these By-Laws, or by the Articles of Incorporation, or the Declaration;

(d) declare the office of a director serving on of the Board of Directors to be vacant in the event each such director shall be absent from three (3) consecutive regular meetings of the Board of Directors without good cause, as determined by majority vote of the remaining Board Members;

(e) employ a manager, an independent contractor, and such other independent contractors and/or employees as the Board of Directors deems necessary, and to prescribe their duties;

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

(g) cause all officers or employees of the Association having fiscal responsibilities to be bonded as and if the Board may deem appropriate.

Section 6. Specific 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;

(b) to carry out the duties more fully provided in the Declaration; and

(c) issue, or to cause an appropriate officer of the Association to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board before the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

Section 7. Delegating Duties. Directors may select advisors and delegate duties and responsibilities to them. The directors have no liability for actions taken or omitted by the advisor if the Board acts in good faith and with ordinary care in selecting the advisor. The Board may remove or replace the advisor at any time and without any cause whatsoever.

Section 8. Interested Directors. Contracts or transactions between directors, officers, or members who have a financial interest in the matter are not void or voidable solely because the director, officer, or member is present at or participates in the meeting that authorizes the contract or transaction, or solely because the interested party's votes are counted for the purpose. However, every director with any personal interest in the transaction must disclose all material facts concerning the transaction, including all potential personal benefit and potential conflicts of interest, to the other members of the Board or other group authorizing the transaction.

Section 9. Vacancies. Whenever a vacancy occurs in the Board by death, resignation, removal, or increase in the number of directors of the Association, such vacancy or vacancies will be filled by a majority vote of the Board, even though the remaining directors may constitute less than a quorum or if it is a sole remaining director. Each director, so elected, will hold office for the unexpired term of his or her predecessor in office, if any, or, in the case of new directors, such other period of time set by the Board, but not to exceed three (3) years.

Section 10. Removal. Any director may be removed from the Board with or without cause by a 75% vote of the Members of the Association, which vote takes place at a meeting of Members called for such purpose, or by the directors in accordance with Section 5(d) of this Article II.

## ARTICLE III

### MEETINGS OF BOARD OF DIRECTORS

Section 1. Annual Meetings. Annual meetings of the Board will be held annually at such times and places as may be determined from time to time by the Board or by any officer of the Association. Unless such date, time and place are established by Board resolution, notice of such meeting shall be preceded by notice sent to each director at least five (5) business days before the date scheduled for the meeting called.

Section 2. Regular Meetings. The Board may provide for regular meetings by resolution stating the time and place of such meetings. The meetings may be held inside or outside Texas, and the resolution shall specify the location of the meetings. No notice of regular Board meetings is required other than a Board resolution stating the time and place of the meetings.

Section 3. Special Meetings. Special meetings of the Board may be held at any time upon the call of the President of the Association, or by any two directors of the Association. Notice will be sent by mail, fax, hand delivery or telegram to the last known address of each director at least three (3) days before the meeting. The person or persons calling a special meeting will inform the secretary of the Association of the information to be included in the notice of the meeting. The secretary of the Association will give notice to the directors as these Bylaws require.

Section 4. Waiver Notice of Meetings. Notices of any meeting of Directors may be waived in writing before or after such meeting, and will be equivalent to the giving of notice. Attendance of a director at such meeting will also constitute a waiver of notice thereof, except where he or she attends for the announced purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Except as otherwise required by law, neither the business to be transacted at nor the purpose of any regular or special meeting of the directors need be specified in notice or waiver of notice of such meeting, and directors may attend meetings by telephonic conference device and thereby be considered to be "present" for all purposes of such meeting(s).

Section 5. Action Without a Meeting. Any action required or permitted by law, the Articles of Incorporation, the Declaration, or these Bylaws to be taken at a meeting of the Board, including the organizational meeting, may be taken without a meeting if a consent in writing, setting forth the action in

question, is signed at any time by all of the directors. Any action so approved shall have the effect as though taken at a meeting of directors.

Section 6. Quorum and Determination of Majority Vote. A quorum for the transaction of business at any Board Meeting will consist of a majority of the number of directors then in office (ie: 3 out of 5 directors, if there are 5 total directors). The directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required for a quorum. If a quorum is never present at any time during a meeting, a majority of the directors present may adjourn and reconvene the meeting once without further notice. Unless otherwise required by law or these Bylaws, all acts and determinations of the Board will require the affirmative vote of the majority of the directors present at any duly called and held meeting of the directors at which a quorum is present, and the phrases "majority vote", "majority vote of the Board," and others describing or requiring action by the directors will be so construed. Every act or decision done or made or ratified by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

Section 7. Meeting by Telephone. The Board of Directors, and any committee of the Association may hold a meeting by telephone conference-call procedures. In all meetings held by telephone, matters must be arranged in such a manner that all persons participating in the meeting can hear each other; the notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice; and a person's participating in a conference-call meeting constitutes his or her presence at the meeting.

Section 8. A director may not vote by proxy.

#### ARTICLE IV

#### NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination 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 of Members.

The Nominating Committee shall consist of three persons who may, but need not, be Members or directors of the Association, and who shall be appointed by the Board of Directors thirty (30) days or more 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. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members in good standing, or their proxies, may cast, in respect to each Board position vacancy, as many votes as they are entitled to exercise under the provisions of these Bylaws, the Articles of Incorporation and Declaration. The person(s) receiving the largest number of votes for the board position in question shall be elected for such position.

## ARTICLE V

### OFFICERS

Section 1. Officers. The officers of the Board of Directors will be elected by the Board, and will consist of a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board may from time to time designate, all of whom will hold office until their successors are elected and qualified. Any two (2) or more offices may be held by the same person unless prohibited by applicable law. All officers will be entitled to be paid or reimbursed for all out of pocket costs and expenditures incurred in the Association's business. Officers shall serve one (1) year terms (unless he or she shall sooner resign, be removed or otherwise become disqualified to serve) and shall be elected at the first meeting of the Board and thereafter at each meeting of the Board which most closely follows the annual meeting of Members. Each officer will hold office until a successor is duly selected and qualifies. An officer may be elected to succeed himself or herself in the same office.

Section 2. Vacancies. Whenever a vacancy occurs in any office by death, resignation, increase in the number of officers by the Board, or otherwise, the vacancy will be filled by the Board.

Section 3. Removal. Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby. The Board shall then elect the successor for such removed officer.

Section 4. Special Appointments. The Board may elect such other officers and assistant 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. Duties. (A) **President.** It will be the duty of the President to preside at all meetings of the Board and of Members, to see that orders and resolutions of the Board are carried out, to sign all deeds, conveyances, releases, leases, mortgages, easements and other agreements as may from time to time be approved by the Board. The President shall also be the chief executive officer of the Association.

(B) **Vice Presidents.** Any Vice President may perform the any of the duties of the President in the event of the President's absence, or inability or refusal to act, (but no unusual or extraordinary duties or powers which have been expressly conferred in writing by the Board of Directors solely upon the President), and, under the direction and subject to the control of the directors, such other duties as may be assigned to him or her by the Board of Directors.

(C) **Secretary.** It will be the duty of the Secretary to serve notice of meetings of the Board and of meetings of Members, to attend all meetings of the Board of Directors and of Members, and to record correctly the proceedings of such meetings in one or more books suitable for that purpose. The person holding the office of the Secretary also will perform such other duties as may be assigned to him or her by the Board of Directors. The duties of the Secretary may also be performed by any duly elected Assistant Secretary.

(D) **Treasurer.** The Treasurer will keep and account for such monies of the Association as may be entrusted to his or her keeping. He or she will be prepared at all reasonable times, upon reasonable prior notice and at such other times as required by law, to give information as to the financial condition of the Association to all persons entitled thereto by law or pursuant to these Bylaws, the Declaration or the Articles of Incorporation. The person holding the office of Treasurer also will perform such other duties as may be



assigned to him or her by the Board of Directors. The duties of the Treasurer may also be performed by any duly elected Assistant Treasurer.

Section 6. Delegation of Authority. In the case of any absence of any officer of the Association or for any other reason that the directors may deem sufficient, the directors may delegate some or all of the powers or duties of such officer to any other officer or to any director, employee, or agent for whatever purpose and whatever period of time seems desirable.

## ARTICLE VI

### COMMITTEES

Section 1. Executive Committee. The Board may create an Executive Committee, the members of which will be appointed by a majority vote of the Board to serve at the pleasure of the Board. Except as otherwise expressly provided herein, the Executive Committee, during the intervals between the meetings of the directors and otherwise as directed by the Board, will possess and may exercise those powers of the directors to act on behalf of the Association concerning such specific matters and general subject areas and issues as assigned to such Committee by the Board. A majority of the members of the Executive Committee present at any meeting will constitute a quorum. The Executive Committee will keep full records and accounts of its proceedings and transactions. All actions taken by a majority of members of the Executive Committee present at any meeting at which there is a quorum, or by unanimous written consent of all Executive Committee Members, shall be deemed to be the action of the Executive Committee. All actions of the Executive Committee will be reported to the Board at its meeting next succeeding such action and will be subject to control, revision, and alteration by the Board at such time, unless any third party has theretofore relied upon such action. The Board shall have the power and authority to fill any vacancies in the Executive Committee from time to time.

Section 2. Other Committees. The Board may provide for such other standing or special committees, including the Nominating Committee, the members of each of which will be appointed by the Board, and the Board may discontinue any such committee at its pleasure. Each such committee will have such powers and perform such duties, not inconsistent with the law, the Articles of Incorporation, the

Declaration, or these Bylaws, as the directors may prescribe. Vacancies in such other committees will be filled by the Board or as the Board may otherwise provide.

Section 3. Term of Office. Each committee member will continue to serve on the committee until the next annual directors meeting and until a successor is appointed. However, a committee member's term may terminate earlier if the committee is terminated, or if the committee member dies, ceases to qualify, resigns, or is removed as a committee member. A vacancy on a committee may be filled by an appointment made in the same manner as an original appointment. A person appointed to fill a vacancy on a committee will serve for the unexpired portion of the terminated committee member's term.

Section 4. Chair and Vice-Chair. One member of each committee will be designated as the committee chair, and another member of each committee will be designated as the vice-chair. The chair and vice-chair will be appointed by the president. The chair will call and preside at all meetings of the committee. When the chair is absent, cannot act, or refuses to act, the vice-chair will perform the chair's duties. When a vice-chair acts for the chair, the vice-chair has all the powers of—and is subject to all the restrictions on—the chair.

Section 5. Notice of Meetings. Written or printed notice of a committee meeting will be delivered to each member of a committee not less than seven nor more than 30 days before the date of the meeting. The notice will state the place, day, and time of the meeting, and the purpose or purposes for which it is called.

Section 6. Quorum. One-half of the number of committee members constitutes a quorum for transacting business at any meeting of the committee. The committee members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough committee members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of committee members required for a quorum. If a quorum is never present at any time during a meeting, the chair may adjourn and reconvene the meeting once without further notice.

Section 7. Actions of Committees. Committees will try to take action by consensus. However, if a consensus is not available, the vote of a majority of committee members present and voting at a meeting at which a quorum is present is enough to constitute the act of the committee unless the act of a greater number

is required by statute or by some other provision of these Bylaws. A committee member who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the act of the committee.

Section 8. Proxies. A committee member may not vote by proxy.

## ARTICLE VII

### DECLARATION

Section 1. Incorporation by Reference. The Declaration of Restrictions, Covenants, Conditions and Easements for The Lakes of South Shore Harbour Community Association, Inc. to be filed in the Office of the County Clerk of Galveston County, Texas, and as same may be from time to time amended, is hereby incorporated herein by reference, the same as if such document, as amended, were set out in full herein.

## ARTICLE VIII

### MEMBERS

Section 1. Classes of Voting Members. The Association shall have two (2) classes of Voting Members, which shall be Class A Members and Class B Members. Each person or if more than one, all persons collectively, who constitute the Owner of Lot (other than Declarant) shall be a Class A Member. Declarant will be the sole Class B Member as provided in herein and/or the Declaration.

Section 2. Voting Rights. Each Member shall have the right to cast votes as provided herein. There shall be two classes of Members for voting purposes, Class A Members and a Class B member. Class A Members shall be all Owners, with the exception of Declarant, and the sole Class B Member shall be Declarant, until the time or occurrence of events described in 5.4(b) below.

- (a) Each Class A Member shall be entitled to the following number of Voting Units for each Lot owned by it: one (1) Voting Unit. One (1) vote may be cast by each Member for such Member's Lot.
- (b) Declarant shall be the sole Class B Member. For each Lot owned by Declarant, Declarant shall have fifteen (15) Voting Units, and for each acre (or portion thereof) of Declarant Owned Acreage, and each acre or portion thereof of all real property in the Association Area (excluding Lots) owned by Declarant, Declarant shall be entitled to forty (40) Voting Units. Declarant's status as a Class B Member for voting purposes shall cease and be converted to a Class A Membership on the happening of either of the following events, whichever event

first occurs: (i) when Declarant owns no Lots in the Association Area, including duly annexed areas; (ii) on January 1, 2022; or (iii) when the Declarant unilaterally terminates Class B votes by an instrument signed by Declarant and filed in the Official Public Records of Real Property of Galveston County, Texas. No Member, other than Declarant, shall be a Class B Member.

Section 3. Transfer of Membership. Membership in this Association is not transferrable or assignable, except as such transfer or assignment may be effectuated by a sale or other full conveyance of record fee simple title of the Lot, the ownership of which gave rise to the status and rights of Membership.

## ARTICLE IX

### MEETINGS OF MEMBERS

Section 1. Annual Meetings of Members. The Members of the Association will meet in an annual meeting which will be held within one (1) year from the date of incorporation of the Association, and subsequent meetings shall be held on such day and date and at such time in the month of August of each succeeding calendar year as is set forth in the notice of annual meeting sent to Members, or at such other time and date as the Board may determine and so notify the Members. The purpose of said annual meetings shall be to elect Directors to the open position(s) of any directors whose terms have expired, and for the transaction of other business as may come before the members of that particular meeting. If the day fixed for any such annual meeting of Members falls on a weekend or legal holiday in the State of Texas, then such meeting will be held on the next succeeding business day. If the election of the directors is not held on the day designated for any annual meeting of Members, then the Association will cause the election to be held at a meeting of its Members as soon thereafter as a quorum can be present or represented.

Section 2. Special Meeting. Special meetings of the Members may be called by the President of the Association or by Members holding not less than one-tenth (1/10th) of the total number of eligible votes of Members.

Section 3. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Texas as a place of meeting for any annual meeting or for any special meeting called for Members. If all the Members meet at any time and place, either within or without the State, and consent to the holding of a meeting, then such meeting will be valid, without call or notice, and at such meeting any action authorized to be taken by such Members may be taken.

Section 4. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of Members will be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than thirty (30) days (as to Annual Meetings) or ten (10) days to Special Meetings, nor more than fifty (50) days in either case, before the date of such meeting, by or at the direction of the person or persons calling the meeting. The purpose or purposes for which the meeting is called will also be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States Mail addressed to the Member at his, her or its address as it appears on the records of the Association, with postage thereon prepaid. The record date for determining the members entitled to notice of any meeting of members will be established by the Board according to Article 1396-2.11A of the Texas Revised Civil Statutes.

Section 5. Quorum. The presence at a meeting of Members of the Association entitled to cast, or of proxies entitled to cast ten percent (10%) of the votes of each class of membership which are eligible to be cast at any meeting of the Members of the Association will constitute a quorum at such meeting, unless otherwise provided in the Articles of Incorporation or the Declaration or these Bylaws for a specific purpose to be addressed at such meeting. If a quorum is not present at any meeting of Members, the Members present who are eligible to vote shall adjourn the meeting and reconvene same from time to time without further notice other than announcement at such attempted meeting until a quorum is achieved.

Section 6. Proxies. At any meeting of Members, a Member entitled to vote may vote by proxy executed in writing by the Member. No proxy will be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Every proxy shall be revokable and shall automatically cease upon conveyance of his Lot by the Member executing the proxy. Proxies are not valid if they purport to be valid to an indefinite date in the future or if they purport to be valid for more than one year from their date of execution.

Section 7. Voting by Mail. Notwithstanding any provision herein to the contrary, election of directors may be conducted by mail in such manner as the Board of Directors shall determine and inform the Members in writing.

Section 8. The record date for determining the members entitled to vote at any meeting of members will be established by the Board according to Article 1396-2.11A of the Texas Revised Civil Statutes.

After a record date is fixed, an alphabetical list of members entitled to receive notice, including their addresses and number of votes each is entitled to cast, will be prepared. The list will contain a listing of members entitled to vote at the meeting but not entitled to receive notice and will be available for inspection at the principal office of the corporation until the meeting is held. Any member entitled to vote at the meeting is entitled to access to the list for the purpose of communicating with other members.

## ARTICLE X

### CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

Section 1. Contracts. The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

Section 2. Checks and Drafts. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association will be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board.

Section 3. Deposits. All funds of the Association will be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may from time to time select.

Section 4. Gifts. The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

## ARTICLE XI

### BOOKS AND RECORDS

Section 1. The Association or its designated agent will keep correct and complete books and records of account, also will keep minutes of the proceedings of its Board, and committees having any of the authority of the Board, and will keep at its registered or principal office a record giving the names and addresses of the

Members known to it. All books and records of the Association may be inspected by any Member or his designated agent or attorney for any proper purpose, upon prior notice, during normal business hours. Copies of the Declaration, these Bylaws and the Articles of Incorporation of the Association shall be available to Members.

## ARTICLE XII

### RULES AND REGULATIONS

Section 1. At any meeting called for such purpose or at any regular meeting of the Board, the Board may promulgate rules and regulations for the use and maintenance of Lots and for the use of Common Areas, and for such other purposes as deemed necessary or desirable by the Board. Such rules and regulations will be enforceable as provided in the Declaration.

## ARTICLE XIII

### SUPPORT SERVICES

Section 1. Manager. The Board, at its sole and absolute discretion, will have the authority to hire a managing agent ("Manager"), whose duties will be defined in a contract entered into by and between the Association and such Manager. Such contract shall be for a stated term not to exceed two (2) years, and shall be terminable by the Association without cause upon not more than sixty (60) days prior written notice to such Manager.

Section 2. Support Services. A Manager hired by the Association will have the authority expressly granted to it by contract and, in addition, unless otherwise provided in such contract, will have the authority, subject to approval of the Board, to hire individuals or business entities for any purposes for which the Corporation has responsibility, and, in addition, will have the authority to recommend for approval by the Board other individuals or business entities to carry out responsibilities of the Association on behalf of the Association.

## ARTICLE XIV

### OTHER TRANSACTIONS

Section 1. No contract or other transaction between the Association and one or more of its directors, officers, or Members or between the Association and another corporation, partnership, joint venture, trust or other enterprise of which one or more of the Association's directors, officers, or Members are security holders, members, officers, directors or employees, or in which they are otherwise interested, will be invalid solely because of this relationship or because of the presence of such director, officer, or Member at any meeting authorizing the contract or transaction or his or her participation or vote in the meeting or authorization.

## ARTICLE XV

### AMENDMENTS

Section 1. For so long as there is a Class 'B' Membership, these bylaws may be amended by the Board of Directors at a meeting called for such purpose. Thereafter, these By-Laws may be amended at a regular or special meeting of the Members, by affirmative vote of Members in good standing present in person or by proxy at a meeting where a quorum is present holding a majority of the total voting rights of the Association. No amendment of these Bylaws shall have the effect of amending the Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws or the Articles, the Declaration shall control.

## ARTICLE XVI

### FISCAL YEAR

The fiscal year of the Association will begin on the first day of July of each year, except that the first fiscal year shall be a short year, and shall begin on the date of incorporation of the Association and end on the last calendar day of such year.



## ARTICLE XVII

### SEAL

The seal of the Association, if one is obtained, will be in such form as will be adopted and approved from time to time by the directors. Such seal need not be affixed to or impressed upon any instrument or document in order for such instrument or document to be binding upon or to be considered to be the act of the Association.

## ARTICLE XVIII

### MISCELLANEOUS PROVISIONS

Section 1. These Bylaws will be construed under Texas law. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

Section 2. To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to non-profit corporations. If any bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision, and the bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

Section 3. The headings used in the bylaws are for convenience and may not be considered in construing the bylaws.

Section 4. All singular words include the plural, and all plural words include the singular.

Section 5. The bylaws will bind and inure to the benefit of the members, directors, officers, committee members, employees, and agents of the Association and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as the bylaws otherwise provide.

EXHIBIT " B "  
ARTICLES OF INCORPORATION  
OF

FILED  
In the Office of the  
Secretary of State of Texas

THE LAKES OF SOUTH SHORE HARBOUR COMMUNITY ASSOCIATION, INC. APR 09 2002

Corporations Section

I, the undersigned natural person, qualified as an incorporator of a corporation under the Texas Non-Profit Corporation Act, Article 1396-1.01, et seq., as amended, Vernon's Annotated Texas Civil Statutes (the "Act"), do hereby adopt the following Articles of Incorporation for such corporation:

**ARTICLE I**

The name of the corporation is THE LAKES OF SOUTH SHORE HARBOUR COMMUNITY ASSOCIATION, INC. (the "Association").

**ARTICLE II**

The Association is a non-profit corporation.

**ARTICLE III**

The duration of the Association is perpetual.

**ARTICLE IV**

The Association is organized for the following purposes:

- (a) to provide for the maintenance, preservation, and architectural control of all property ("Property") at any time annexed into the Association and made subject to the Declaration of Restrictions, Covenants and Easements for The Lakes of South Shore Harbour Community Association, Inc. to be recorded in the Office of the County Clerk of Galveston County, Texas, and all amendments and supplements thereto, and all annexation agreements recorded in connection therewith ("Declaration") in accordance with the terms of such Declaration;
- (b) to promote the health, safety, and welfare of the Owners and occupants within the Property described above from time to time;

(c) to exercise the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration, which Declaration is incorporated herein as if set forth at length herein;

(d) to fix, to levy, to collect, and to enforce payment by any lawful means all charges and Assessments pursuant to the terms of the Declaration;

(e) to pay all expenses in connection with any collection or enforcement action, and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(f) to acquire (by gift, purchase or otherwise), to own, to hold, to improve, to build upon, to operate, to maintain, to convey, to sell, to lease, to transfer, to dedicate for public use, or otherwise dispose of real and/or personal property in connection with the affairs of the Association;

(g) to borrow money and to mortgage, to pledge, to deed in trust, or to hypothecate any or all of the Association's real or personal property for borrowed money or debts incurred as may be permitted by the Declaration;

(h) to dedicate, to sell, or to transfer all or any part of the Common Area (as defined in the Declaration) to any public agency, authority, or utility, as may be permitted by the Declaration;

(i) to participate in mergers and consolidations with other non-profit corporations organized for the same or similar purposes and/or to annex additional property and Common Area, as may be permitted by the Declaration;

(j) to enter into, to make, and to perform contracts of every kind and description and to do all things necessary to carry on and accomplish the purposes for which the Association is organized and chartered, including to have and to exercise any and all powers, rights and privileges conferred on corporations under the Texas Non-Profit Corporation Act now existing or as same may hereafter be amended.

## ARTICLE V

Except as these Articles otherwise provide, the Association has all the powers provided in the Texas Non-Profit Corporation Act. Moreover, the Association has all implied powers necessary and proper to carry out its express powers. The Association may reasonably compensate directors, or officers for services rendered to or for the Association in furtherance of one or more of its purposes.

## ARTICLE VI

Every person or entity who is a record owner of a fee simple or undivided fee simple interest in any platted lot of property within the Property which is or becomes subject by covenants of record to assessment by the Association ("Lot"), including contract sellers, (collectively "Owners"), and South Shore Harbour Development, Limited as "Declarant" under the Declaration, will be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest in such a lot merely as security for the performance of an obligation. Memberships will be appurtenant to and may not be separated from the ownership of any lot which is so subject to assessment by the Association.

## ARTICLE VII

Section 1. The Association will have two (2) classes of voting Membership.

Class A: Class A Members will be all Owners with the exception of the "Declarant" (as defined in the Declaration), and will be entitled to such number of vote(s) for each Lot owned as provided in the Bylaws and the Declaration. The Declarant shall be a Class A member when its Class B membership has terminated as provided in the Declaration and Bylaws.

Class B: The sole Class B Member for voting purposes shall be the Declarant, and shall be entitled to such number of weighted votes for each Lot and all "Declarant Owned Acreage" (defined in the Declaration and Bylaws) owned as provided in the Declaration and Bylaws. The Class B Membership shall cease and be converted to Class A Membership as provided in the Declaration and Bylaws.

Section 2. When more than one person or entity holds an interest in any lot, then all such persons and/or entities will be Members. The vote for such Lot will be exercised as such persons and/or entities may determine among themselves, but in no event will more than one vote be cast with respect to any one Lot.

#### **ARTICLE VIII**

Cumulative voting is expressly denied.

#### **ARTICLE IX**

The Association will have Members as stated in Articles VI and VII. Its affairs will be managed by a Board of Directors.

#### **ARTICLE X**

The Association will have no stock or shares.

#### **ARTICLE XI**

The Association is formed strictly as a non-profit undertaking. The Association will be non-partisan, non-sectarian, and non-political. The Association is not organized for profit or personal gain and there will never be any dividend declared or paid from profits. All profits, if any, accruing or earned will be placed in a surplus fund to be used in furtherance of the non-profit objectives and purposes of the Association. The Association will use its assets only to accomplish the objectives and purposes specified in these Articles of Incorporation or in the Declaration, and no part of said funds will inure or be distributed to the members of the Board of Directors of the Association except in reasonable amounts for services rendered or expenses incurred in capacities other than as a director. No substantial part of the Association's activities will consist of carrying on propaganda or otherwise attempting to influence legislation and it shall not participate or intervene

in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office.

**ARTICLE XII**

The street address of the initial registered office of the Association is c/o Greer, Herz & Adams, LLP, One Moody Plaza, 18th Floor, Galveston, Texas 77550, and the name of the initial registered agent at such address is Debra G. James.

**ARTICLE XIII**

The Association's management and internal affairs will be governed by the Board of Directors and such committees of board as the Board may from time to time establish as provided in the Association's bylaws and the Declaration, as long as and to the extent such bylaws and Declaration are not inconsistent with these Articles of Incorporation or any laws of the State of Texas. The Association's Bylaws will be such as are adopted by majority vote of the Board of Directors and amended from time to time as provided therein.

**ARTICLE XIV**

The number of directors constituting the initial Board of Directors of the Association is five (5), which number may be subsequently changed as provided in the bylaws, but shall in no event be fewer than three (3). Directors need not be members of the Association. The names and addresses of the persons who are to serve as the initial directors until their successors are selected are as follows:

**NAME:**

**ADDRESS**

Position One (1):

Michael W. McCroskey

2450 South Shore Blvd., Suite 400  
League City, Texas 77573

**Position Two (2):**

Robert J. Kirchner

ANREM Corporation  
2525 South Shore Blvd., Suite 207  
League City, Texas 77573

**Position Three (3):**

Thomas E. Brooker

South Shore Harbour Development, Limited  
2525 South Shore Blvd, Suite 205  
League City, Texas 77573

**Position Four (4):**

Charles E. Burge

Eland Development Corporation  
Three Riverway, Suite 705  
Houston, Texas 77056

**Position Five (5):**

Kenneth J. Coquyt

Eland Development Corporation  
Three Riverway, Suite 705  
Houston, Texas 77056

At the first annual meeting the Members shall elect the director in Position One for a term of one (1) year, the directors in Positions Two and Three for a term of two (2) years each, and the directors in Positions Four (4) and Five (5) for a term of three (3) years each. At each annual meeting thereafter, the Members shall elect directors as provided in the Bylaws of the Association with all positions being of a three (3) year term.

**ARTICLE XV**

The name and street address of the incorporator, who is a citizen of the State of Texas and is at least eighteen years old, is Debra G. James and her address is c/o Greer, Herz & Adams, LLP, One Moody Plaza, 18th Floor, Galveston, Texas 77550.

**ARTICLE XVI**

These Articles may be amended or repealed by the affirmative vote of Members in good standing holding a majority of the voting rights of the Association at any regular meeting of the Members or at any

special meeting of the Members if notice of the proposed amendment or repeal is contained in the notice of such regular or special meeting.

## ARTICLE XVII

Section 1. A director is not liable to the Corporation or members for monetary damages for an act or omission in the director's capacity as director except as otherwise provided by a Texas statute.

Section 2. Any person who at any time serves as director, officer, employee, or agent of the Association or of any other enterprise at the request of the Association and the heirs, executors, and administrators of such person will be indemnified by the Association to the maximum extent permitted by applicable law against all costs and expenses (including but not limited to counsel fees, amounts of judgments paid, and amounts paid in settlement) reasonably incurred in connection with the defense of any actual or threatened claim, action, suit, or proceeding, whether of a civil, criminal, administrative, or other nature, in which he or she may be involved by virtue of such person being or having been such a director, officer, employee, or agent. The foregoing indemnification will not be deemed to be exclusive of any other rights to which those indemnified may be entitled under any agreement, vote of shareholders, or otherwise. Further, any person who at any time serves as a director of the Association or of any other enterprise at the request of the Association and the heirs, executors, and administrators of such person will not be liable to the Association or to the members of the Association for monetary damages for an act or omission in the director's capacity as a director, except for acts of gross negligence or willful misconduct.

Section 3. The Association may purchase and maintain insurance on behalf of each person who holds or who has held any position referred to in Section 1 above against any liability (i) incurred by such person in any such position or (ii) arising out of his or her status as such, whether or not the Association would have the power or option to indemnify such person against such liability under applicable law.



**ARTICLE XVII**

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3rds) of each class of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be voted to such similar purposes.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of December, 2001.

Debra G. James  
Debra G. James, Incorporator

STATE OF TEXAS §

COUNTY OF GALVESTON §

BEFORE me Sylvia Hernandez, on this day personally appeared Debra G. James, known to me (or proved to me on the oath of \_\_\_\_\_ or through \_\_\_\_\_), to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 3rd day of December, 2001.

Sylvia Hernandez  
NOTARY PUBLIC in and for  
the State of Texas



## Office of the Secretary of State

### CERTIFICATE OF INCORPORATION OF

THE LAKES OF SOUTH SHORE HARBOUR COMMUNITY ASSOCIATION, INC.  
Filing Number: 800073046

The undersigned, as Secretary of State of Texas, hereby certifies that Articles of Incorporation for the above named corporation have been received in this office and have been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by virtue of the authority vested in the Secretary by law, hereby issues this Certificate of Incorporation.

Issuance of this Certificate of Incorporation does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 04/09/2002

Effective: 04/09/2002



A handwritten signature in cursive script that reads "Gwyn Shea".

Gwyn Shea  
Secretary of State