

STEAMBOAT SHORES

OWNERS ASSOCIATION

By majority vote of the members in good standing of Steamboat Shores Owners Association, a Texas non-profit corporation, the Association hereby adopts the following Bylaws to regulate and govern the affairs and business of the Association:

ARTICLE ONE

Membership

Section 1

Each owner of one or more lots in any section of Steamboat Shores Subdivision (hereinafter "the Subdivision") and each purchaser under a contract to purchase one or more lots (with such contract then being in force), who is of good moral character, reputation, and habits, and who is approved for membership by the Membership Committee of Steamboat Shores Owners Association (the "Association"), is eligible for membership.

Section 2

(changed)

All members and their families in good standing with the Association, who are current on all assessments and charges, shall have the right to use all of the Association facilities, including its swimming pools, parks and recreational areas, boat ramps, fishing pier, parking areas, Pavilion, and sewer service, to the extent permitted by and in accordance with the terms and conditions that may be set out in the Association Rules which may from time to time be established by its Board of Directors. As to each membership which is held by other than a single individual, that is, a membership held by two or more persons, by a corporation, or by a firm or partnership, the use of the Association's facilities shall be only by an individual person and the family of such individual person named by such member. No member who is in arrears for more than 30 days with respect to the annual or special assessments set forth in the Deed Restrictions, Bylaws, or Rules for the Subdivision, or any other dues and/or accounts of the Association, shall be eligible to vote at any meetings of members.

Section 3A
(changed)

Violations of Restrictive Covenants applicable to the Subdivision, these Bylaws or Rules of the Subdivision will cause review and consideration by the Membership Committee to implement appropriate sanctions against the offender(s), including, but not limited to, expulsion from membership in the Association, special assessments, forfeiture of the privilege of using common Association owned facilities and services.

Section 3B
(changed)

Upon termination of membership for any cause, whether by resignation, death, expulsion, or otherwise, all rights and interest of the member in the privileges, rights, properties, funds or assets of the Association will cease, ipso facto.

Section 4
(changed)

Membership shall be evidenced by vehicle Decal as the Board of Directors shall authorize.

Section 5
(changed)

Members will be selected by a Membership Committee which shall consist of the Board of Directors and four members from the Finance Committee. Voting will be by secret ballot. Notification to a rejected applicant for membership will be executed by the Association's attorney. In no event shall the rejection of an applicant for membership operate to discharge the applicant's responsibility to pay the annual or special assessments levied in accordance with these Bylaws, the Association's Rules, the Restrictive Covenants applicable to the Subdivision or under Texas law.

Section 6

Each applicant for membership shall present to the association for submission to the Membership Committee an application in writing, containing all of the information required on the application form. The application must be signed by the applicant. After the application is approved by the Membership Committee, the applicant shall be entitled to membership (unless thereafter expelled). The per

month assessment is payable in advance for remainder of calendar year, beginning next calendar month, after property owner takes title to property whether by contract or purchase. Then is payable annually in January for all calendar years thereafter.

*Section 7
(changed)*

A member may be expelled only by a majority vote, by secret ballot, of the Membership Committee. In no event shall the expulsion operate to discharge the expelled member's indebtedness to the Association, or annual or special assessments for maintenance and operation of the development, or fines, penalties, interest, legal fees, or other obligations of any kind legally imposed upon the property owner. Notification to an expelled member will be executed by the Association's attorney.

*Section 8
(added)*

Lot owners and their guests will be held strictly accountable for the activities of their family members and guests while present in the Subdivision.

The Association members' accountability will include, but is not limited to, access to and use of all common facilities (including sewer services) normally accessible to all members in good standing as listed elsewhere herein. The hosting lot owner will be held responsible financially and otherwise to the fullest legal extent for family members' and guests' actions.

*Section 9
(added)*

Lot owners and their family and guests will be held strictly responsible for the operation of motorized vehicles within the subdivision. Any individual observed operating a motorized vehicle in an unsafe or reckless manner will be reported to the appropriate authority for charges to be filed to the fullest legal extent of the law. In addition, the lot owner will be subject to Association special assessments and sanctions and/or expulsion from Association Membership.

ARTICLE TWO
Fees & Assessments
(changed)

There shall be no initiation fee. The Board of Directors, with the approval of the majority of the members present in person or by Absentee ballot at a regular or special called meeting, after due notice of purpose and time of the meeting having been provided to the Association Membership by regular mail within the time frame specified elsewhere herein for special called meetings, may from time to time establish and assess additional dues and assessments. The annual assessment fee is payable annually in January.

ARTICLE THREE
Board of Directors

Section 1
(changed)

The affairs and management of the Association shall be conducted by the Board of Directors consisting of the number of directors as provided in Section 5 herein of this ARTICLE THREE. Such Board shall have the full power, authority and duty to carry out the purposes of the Association as fiduciaries of the Association members as directed by the laws of the state of Texas, and to do any and all lawful acts necessary and proper within the guidelines of these Bylaws to carry out the wishes of the Association Membership.

Section 2
(changed)

A printed set of approved membership Rules and Procedures will be attached to these Bylaws to be adhered to by current and future Directors. Non-adherence to these Rules and Procedures by any Board of Directors or by any individual Director will automatically require the Board of Directors to call a special meeting of the Association Membership to review the non-adherence or variance at issue by using the standard procedures for special meetings notification as defined in ARTICLE FIVE, Section 5 herein.

Proposed changes to the Rules and Procedures can only be implemented by unanimous consent of the Board of Directors and shall not be effective until 30 days after notification by regular mail has been provided to the Association membership at large. Such notice will clearly explain the exact purpose and wording of any proposed change. Any change to the Rules and Procedures is subject to membership review and

reversal at a regular or special called meeting pursuant to the procedures outlined in ARTICLE FIVE, Section 5.

*Section 3
(changed)*

Except as otherwise provided elsewhere in this ARTICLE THREE, Directors will serve a *staggered* term of two years and thereafter until their successors are elected and have qualified. Any Director may be re-elected (or appointed) and serve as many consecutive or non-consecutive terms as he or she may be elected to serve. Directors must be members of the Association. No more than one office may be held by the same person or family member.

*Section 4
(changed)*

In the event that a Director can not carry out the responsibilities of the position, the President, or acting President, will appoint a new member to the vacated position to serve until the next regular or special called election is held and a new Director is elected.

*Section 5A
(added)*

The Board of Directors of the Association shall consist of seven (7) members and shall be a President, a First Vice President, a Second Vice President, a Treasurer, a Secretary, a Utility Commissioner, and a Road Commissioner.

*Section 5B
(added)*

For financial purposes the President and Treasurer shall be bonded. The amount of bond to be set by the Board of Directors.

*Section 6
(changed)*

Four (4) Directors appearing in person, by Absentee ballot, or by "Deferred Ballot" as specified in this ARTICLE THREE, Section 6, shall constitute a quorum at any Directors' meeting to determine any issues brought before the Board. Meetings of the Board of Directors will be held at the Association Office, or elsewhere in the Subdivision if the Association Office is not available.

A deferred ballot option must be provided to any Director not in attendance at a Directors' meeting. The Director not in attendance for voting on an issue must be provided with a "Deferred Ballot" and full explanation of the issue being voted on within 5 days of the date of the meeting. The absent Director, if electing to vote on the issue, must return his "Deferred Ballot" to the Association Secretary within 5 days of receipt of the ballot. This will insure that all Directors, present or not, will be guaranteed the right to vote on all issues coming before the board.

*Section 7
(changed)*

The President shall be the Chief Executive Officer and Chairman of the Board of Directors of the Association and shall preside over meetings of the Board of Directors and regular or special called meetings of the membership. At the President's discretion, the President may delegate an alternate Board Member to preside over a meeting.

*Section 8
(changed)*

The first Vice President shall exercise the functions of the President in his or her absence, followed by the second Vice President.

*Section 9
(changed)*

Maintenance and Security personnel will work directly for and answer only to the President, an acting President, or other delegated Board Member.

*Section 10
(added)*

Election Procedures for Directors

The Board of Directors election will be conducted under the following guidelines for elections conducted by a "Nominating Committee":

A. The Nominating Committee will be appointed by the Board of Directors and consist of three (3) Association Members.

B. Candidates will submit their individual name to the Nominating Committee on an official Nomination form containing reasonable spaces for brief personal background and platform information.

Background checks will be conducted on any individual running for a position that authorizes access to any Association bank account; that is, the President and Treasurer positions.

The nomination sheets will be mailed to the Association membership for review no less than 30 days prior to election day. The pre-election mail out will also include an Official Absentee Ballot.

Absentee ballots will be mailed to the Association's CPA who will deliver the Absentee ballots to the Pavilion in a sealed container between the hours of 9 a.m. and 10 a.m. on the day of the election. The sealed box containing the Absentee ballots will be held on public display at the Pavilion until opened and counted. A separate ballot box for in-person voting will be available.

Only official Absentee ballots will be accepted that are properly completed, properly validated, and received within the allotted time and will include the date of the election, name of the member, name of the candidate, and validation information.

Absentee ballots will be classified as "Directed Ballots".

"Directed Ballots" will be specifically limited to their stated purpose.

The stated purpose will be for either "Elections" or "Issues".

The "Elections" ballot will be to vote for the nominees to the Board.

The "Issues" ballot will be to vote on known issues at the upcoming meeting.

The voting member must validate the Absentee ballots by any ONE of the following methods :

1. Enter the serialized receipt number and date from the member's current annual dues receipt in the space provided on the ballot;

or

2. Sign the Absentee ballot in front of a Notary Public and have the Notary affix his/her seal on the ballot.

Section 11
(added)

The Secretary shall keep, or cause to be kept, the minutes of all meetings and complete and maintain updated lists of last known addresses and phone numbers of all members and lot owners. The Secretary shall be responsible for the proper serving of notices of all manner including those notices relative to regular and special called membership meetings, legal proceedings, and other events requiring notice to be served.

The Secretary will be responsible for the issuing, tracking, documenting, and validating or certifying of Petitions and Absentee or Directed Ballots. The Secretary will be responsible for the proper storage and security of all Association records. The Secretary will be responsible for the execution of required procedures as defined in the "Procedures" section attached to these Bylaws.

Section 12
(added)

The Treasurer shall work closely with the President and other Board members in the collection of fees, dues, assessments (both annual and special), and all other charges and the handling and disbursing of all money. He or she shall be responsible for proper accounting of the Association's financial affairs and the preparing, or having prepared, the proper reports on financial matters as may be required by law or specified by the Association governing documents.

Section 13
(added)

A local CPA will be engaged to perform the accounting activities as voted on and approved by the Association membership upon recommendation of the Association's Board of Directors. These activities are as follows :

1. Provide at least quarterly transaction, cash flow reports, and balance sheet
2. Provide quarterly reports for 941 & TEC
3. All W-2's, W-3's, 940, 1099 forms
4. Provide annual financial statements (income & balance sheets)

*Section 14
(added)*

UTILITY ACCOUNTING

The Utility operation will be accounted for individually with individual Profit and Loss Statements, Balance Sheet, and cash flow information. The Utility operating reserves will be maintained at a minimum of \$25,000. Should the operating reserves drop below \$25,000, a full and complete explanation will be provided by the Utility Commissioner and Treasurer to the Board of Directors and Association membership within 30 days of first knowledge thereof. Income from the Utility operation will be held in a separate account from the general fund. Utility operations expenses will be disbursed from the Utility account. The Association CPA will provide combined and separate financial reports reflecting the general fund and Utility fund.

**ARTICLE FOUR
Committees**

Section 1

The President may appoint such committees from time to time, and delegate to such committees such duties as he or she may deem proper.

**ARTICLE FIVE
Meetings**

*Section 1
(changed)*

There shall be two regularly scheduled meetings of the Association members to be held at the Association Pavilion in Steamboat Shores. These meetings shall commence at 10:00 a.m. on the third Saturday of January and the first Saturday of July of each year.

Special meetings may be called by the President, by majority vote of the Board of Directors, or by any member in good standing by the Right to Petition provisions as provided in Section 5 of this ARTICLE FIVE.

One vote per lot owner is allowed. Husband or wife may vote, but only one vote per household will be allowed.

*Section 2
(changed)*

The number of members in good standing present in person or by official Absentee ballot, as defined elsewhere herein, at an annual or special called meeting of members, shall constitute a quorum. The vote of the majority of the total votes cast by qualified voting members present in person or by official Absentee ballot shall decide any question brought before such meeting. Any new issues that would require a vote should be submitted in writing to the Board of Directors for consideration at the next membership meeting.

*Section 3
(changed)*

Special meetings of the Board of Directors shall be called at any time by the President or by any three members of the Board of Directors. Ten days written notice shall be required for special Board meetings unless waived in writing by all Board members.

*Section 4
(changed)*

No notice shall be required with respect to any regular annual membership meeting. However, notice of time and date should normally be given.

*Section 5
(added)*

Member's Right to Petition for special called meeting

Any Association member in good standing may request, enter the required information onto, and circulate an official Petition form requesting a special called meeting of the Association membership. These forms are available at the Association Office.

By meeting the required percent of member's signatures and containing information required by these Bylaws, the Petition shall require the Board of Directors to call a special meeting of the Association members.

The special meeting can be to address the issue as described on the Petition form by the Petition requester, including, but not limited to, a special election of any or all Directors.

When multiple issues exist, multiple Petitions will be required.

The Board of Directors will be required to notify the Association membership by regular mail within 14 days after receipt of a properly executed and certified Petition containing the names, signatures and telephone numbers of at least 20% of the Association members in good standing.

Said notification letter will specify the date, time, and location of the special called meeting. Said notification letter will also reflect, as closely as possible, the wording descriptive of the cause of the Petition(s) as entered on the Petition(s) by the Petitioner. The Petitioner will review and approve in writing the wording of said notification letter prior to its mailing.

The date of the meeting must be within 30 days after the mailing date of said notification letter.

Only one special meeting per six months period will be allowed. If the notice mailing date is less than 60 days from a regularly scheduled meeting, the regularly scheduled meeting will serve as the special called meeting.

A majority vote, in person or by official Absentee ballot, of the members attending the special called meeting will determine the issues and/or the election of Director(s) for consideration.

Any special election of Director(s) held pursuant to this Section 5 of ARTICLE FIVE shall be held under the standard election procedures outlined in these Bylaws.

ARTICLE SIX **Miscellaneous**

Section 1 **(changed)**

These Bylaws or any part thereof may be amended, modified, or repealed by the majority vote, in person or by Absentee ballot, at a regular or special called meeting of the Association membership.

Section 2
(changed)

Unless otherwise required by statute or by the Restrictive Covenants, Bylaws, or Rules and Procedures governing this Association, any notice required to be given shall not be deemed to be personal notice, but may be orally given by the President or his or her assignee or by causing same to be posted such notice upon all bulletin boards in the Subdivision. Such oral and posted notices do not apply to special called meetings.

Section 3

The Association shall not enter into any contract to pay and shall not pay any salary or other remuneration to any Officer, Director, or Committee Member of the Association for their services as such, nor in any other capacity regardless of the capacity in which they may act.

Section 4
(changed)

Levels of purchasing authority relative to work authorization to outside contractors and vendors are limited as follows :

Head of Maintenance _____ Up to \$200 (Without President's Approval)

Board Members _____ Up to \$500 (Without President's Approval)

Treasurer _____ Up to \$1000 (Without President's Approval)

All other work orders or expenditures must be approved by the Association President.

Section 5
(changed)

Meetings will be conducted under the General Rules of Order.

*Section 6
(changed)*

Checks written on Association Funds will require the signatures of both the Association President and the Treasurer if over \$500. Checks written on Association funds for under \$500 will only require the signature of either the Association President or the Treasurer.

*Section 7
(changed)*

No checks will be written for cash unless authorized in writing by at least three Directors, one of whom must be the President.

No checks will be signed without the payee clearly designated in ink in the appropriate area of the check.

*Section 8
(changed)*

Appointments and dismissals of maintenance and security personnel will be done by majority vote of the Board of Directors at a duly called meeting of same.

*Section 9A
(changed)*

Expenditures in excess of \$1200 will require the approval in writing of the majority vote of all Board members.

*Section 9B
(added)*

Individuals will be invited to appear before the Board of Directors to present views and opinions immediately prior to a scheduled Board of Directors meeting. The appearances will be limited to a reasonable amount of time as determined by the President.

Section 9C
(added)

No outside contractors or vendors will be permitted to operate on projects of consequence to the membership at large within the Steamboat Shores Subdivision without the full and complete approval of the Board of Directors, by majority vote in writing. This will be particularly applicable to sewer and road projects.

Section 9D
(added)

Steamboat Shores Subdivision restrictions can be modified only by a quorum vote of the property owners.

Section 10
(changed)

The Finance Committee is charged with the responsibility of confirming that standard monthly financial statements prepared by the Association Treasurer are provided to the Chairman of the Finance Committee and to the Board of Directors, and to notify the Association membership by the most practical means at his or her disposal if a monthly financial statement is not provided as outlined herein. The Finance Committee will review the financial statements monthly, with a Board of Directors member present.

Section 11
(changed)

Approval of the Finance Committee is required prior to expenditures over \$1500.

Section 12
(Added)

Pet Policy

No animals or birds, other than household pets will be kept on any lot. No dangerous reptiles or other pets will be allowed to be kept in the Subdivision.

All pets must carry owner identification tag and be vaccinated for rabies. Owners will be liable for any improper conduct of pets. Owners will comply with all animal control standards listed in the Association Restrictive Covenants, Bylaws, Rules and Procedures.

The foregoing Bylaws of Steamboat Shores Owners Association were adopted by majority vote of quorum of members of the Association on the 27th day of July, 2003 at duly called and convened membership meeting.

STEAMBOAT SHORES OWNERS ASSOCIATION

By

James R. Bathe
President

STATE OF TEXAS)

COUNTY OF *Rains*;

Before me, the undersigned, Notary Public in and for the County and State aforesaid, on this day personally appeared *James R. Bathe* known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the President of STEAMBOAT SHORES OWNERS ASSOCIATION, who acknowledged to me that he executed the said instrument in the capacity and for the purposes and consideration therein expressed, and in the capacity therein stated as their own free and voluntary act and deed respectively of STEAMBOAT SHORES OWNERS ASSOCIATION, organized and existing under the laws of the State of Texas

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 27th day of Sept., 2003



Judy K. Hartog *Rains*
Notary Public in and for County, Texas

Filed FILED 22nd DAY OF Sept, 2003 AT 12:12 P M. RECORDED 29th DAY OF
Sept, 2003 AT 4:51 P M. LINDA WALLACE, COUNTY CLERK, RAINS COUNTY TX, *C. Key*