BY-LAWS
NORTHSHORE LANDOWNERS' ASSOCIATION, INC.
A NON-PROFIT CORPORATION

The name of this non-profit corporation is NORTHSHORE LANDOWNERS' ASSOCIATION, INC. (the "Association"). The principal office of the Association shall be located at P.O. Box 1116, Portland, Texas 78374.

ARTICLE I

PURPOSE AND PARTIES

The purpose for which the Association is formed is to govern the housing development situated in San Patricio County, Texas, which property is described in the Declarations covering Bayview at North Shore Units 1 and 1A, North Shore Estates Units 2, 4, 7 and 7A, such other residential or commercial property which becomes subject to the Declarations restricting the Properties and other properties that the Board of Directors may contract to maintain.

Ali present or future Owners or any other person who might use in any manner the facilities of the Properties are subject to the provisions and any regulations set forth in these By-laws. The acquisition, lease or rental of any Lot or improvement thereon or the mere act of occupancy of a Dwelling will signify that these By-laws are accepted, approved, ratified, and will be complied with.

ARTICLE II

DEFINITIONS

The following words when used in these By-laws, unless a different meaning for intent clearly appears from the context, shall have the following meanings:

(a) “Articles” shall mean and refer to the Articles of Incorporation of the Association.

(b) “Association” shall mean and refer to North Shore Landowners’ Association, Inc.

(c) “Common Properties” shall mean and refer to those areas of land designated as common properties in the Declaration and intended to he devoted to the common use and enjoyment of the owners of the Association, together with any and all improvements that are now or may hereafter be constructed thereon.

(d) “Declarant” shall mean and refer to DCD Investments, Inc. and its successors and assigns, if any, with respect to the voluntary disposition of all (or substantially all) of the assets and/or stock of and/or the voluntary disposition of all (or substantially all) of the right, title and interest of DCD Investments, Inc. in and to the Properties prior to the completion of development thereon. No person or entity purchasing one or more Lots from DCD Investments, Inc. in the ordinary course of business shall be considered as "Declarant."

(e) "Declaration" shall mean and refer to those certain restrictive covenants applicable to the Properties and recorded in the Office of the County Clerk of San Patricio County, Texas and as the same may be amended, supplemented or replaced from time to time.

(f) "Dwelling" shall mean and refer to a structure now or hereafter situated upon any Lot in the Properties designed and restricted for use and occupancy as a residence by a single family in conformity with the building restrictions set forth in the Declaration.

(g) "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map(s) or plat(s) of the Properties, as amended from time to time, which is designated as a Lot therein and which is or will be improved with a Dwelling.

(h) "Lot Owner" shall mean and refer to each and every person or entity who is a record owner of a fee or undivided fee interest in any Lot(s) subject to these Covenants and Restrictions; however, the word "Owner" shall not include person(s) or entity(ies) who hold a bona fide lien or interest in a Lot as security for the performance of an obligation.

(i) "Member" shall mean and refer to each Owner of a Lot.

(j) "Multi-Family Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map(s) or plat(s) of the Properties, as amended from time to time, which is designated as a multi-family lot therein and which is or will be improved with one or more buildings containing one or more residences per building.

(k) "Multi-Family Lot Owner" shall mean and refer to any person or entity who is the record holder of a fee or undivided fee interest in Lots which are designated or zoned "multi-family," each of which contains in excess of one residence.

(l) "Owner" shall mean and refer to all Lot Owners and Multi Family Lot Owners.

(m)"Properties" shall mean and refer to the existing properties, any additions or supplements thereto, as are subject to the restrictive covenants, declarations or any subsequent or successor declaration of covenants, conditions and restrictions for the property, additions or supplements thereto and other properties that the Board of Directors may contract to maintain.

ARTICLE III

MEMBERSHIP, CLASSES, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

1. Membership. Any person on becoming an Owner shall automatically become a Member of this Association and be subject to these By-laws. Such membership shall terminate without any formal Association action whenever such person ceases to be an Owner, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with this Association during the period of such ownership and membership in this Association, or impair any rights or remedies which the Owners have, either through the Board of Directors of the Association or directly, against such former Owner and Member arising out of or in any way connected with ownership of a Lot or Multi-Family Lot and membership in the Association and the covenants and obligations incident thereto.

2. Classes. The Association shall have two (2) classes of Members.

   (a) Class B Members shall be the Declarant and such other entities specified as Class B Members in the Declaration, and

   (b) Class A Members shall consist of all Members with the exception of those specified above.

The Class B Membership shall cease, and the Class B Members shall become Class A Members when specified in the Declaration.

3. Voting. Voting shall be on a Lot basis as follows:

   (a) Each Class A Member who is an Owner of a Lot shall be entitled to one vote for each Lot in which he holds interest required for Membership. Each Class A Member who is an Owner of a residence upon a Multi-Family Lot shall be entitled to cast a portion of one vote which portion is calculated by dividing the total number of Multi-Family Lots upon which the Owner's residence is situated by the total number of residences upon such Multi-Family Lot(s). (i.e., If 5 residences were built on 2 Multi-Family Lots, each Owner would be entitled to .40 votes.) When more than one person holds such interest or interests in any Lot or Multi-Family Lot, all such persons shall be Members, and the vote for such Lot or portion of such Multi-Family Lot shall be exercised collectively as they, among themselves, determine; provided, however, that in no event shall more than the vote that would have been cast with respect to any such Lot or Multi-Family Lot, be cast, and

(b) Each Class B Member shall be entitled to three votes for each Lot owned.

4. Majority of Owners. As used in these By-laws, the term "Majority of Owners" shall mean those voting Owners holding fifty-one percent (51%) of the votes cast as such votes are determined in Paragraph 3 hereinabove.

5. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of thirty-three percent (33%) in interests of the Owners shall constitute a quorum; provided, however, that the presence in person or by proxy of fifty-one percent (51%) in interests of the Owners shall constitute a quorum at the first meeting of the Association. In the event a quorum is not present, then the meeting called shall be adjourned, and notice of a new meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail or e-mail, at which meeting the number of Owners represented in person or by proxy shall be sufficient to constitute a quorum. An affirmative vote of a majority of the Owners present, either in person or by proxy, shall be required to transact the business of the meeting.

6. Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary of the Association before the appointed time of each meeting.

ARTICLE IV

ADMINISTRATION

1. Association Responsibilities. The Owners of the Lots will constitute the Association which will have the responsibility of administering the Properties through a Board of Directors.

2. Place of Meeting. Meetings of the Association shall be held at such suitable place as the Board of Directors may determine.

3. Annual Meetings. The first meeting of the Association shall be held within one (1) year after the incorporation of the Association. At the sole option of Declarant the first meeting of the Association may be held sooner than set forth above but not later. Thereafter, the annual meetings of the Association shall be held during the same month of each succeeding year. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Paragraph 5 of Article V of these By-laws. The Owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. It: shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by sixteen percent (16%) of the voting interest of the Owners which has been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting unless by consent of a majority in interest of the Owners of the Association. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the Secretary or Assistant Secretary of such resolution or petition.

5. Notice of Meetings. It shall be the (duty of the Secretary or Assistant Secretary of the Association to mail, e-mail or post a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Owner at least ten (10) days, but not more than thirty (30) days, prior to such meeting. The mailing of a notice in the manner provided in this Paragraph shall be considered notice served.

6. Adjourned Meetings. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time. Until a quorum is obtained, however, the place of the meetings must remain as stated in the notice.

7. Order of Business. The order of business at all meetings of the Owners shall be as follows:

   (a) Roll call and certifying proxies;
   (b) Proof of notice of meeting or waiver of notice;
   (c) Reading and approval of the minutes;
   (d) Reports of officers;
   (e) Reports of committees;
   (f) Election of directors;
   (g) Unfinished business;
   (h) New business; and
   (i) Adjournment.

8. Business Prior to First Meeting. The rights, duties and functions of its Board of Directors shall be exercised by its Directors specified in the Articles of Incorporation until the first annual meeting of the Association

ARTICLE V

BOARD OF DIRECTORS

1. Number and Qualification. Until the first annual meeting of the Association, the affairs of this Association shall be governed by a Board of Directors consisting of the four (4) persons delineated in the Articles of Incorporation of the Association. At the first annual meeting, there shall be elected three (3) additional persons to the Board of Directors to serve with the remaining members of the Board of Directors and the new Board of Directors shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.

2. General Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class housing development. The Board of Directors may do all such acts and things except as by law or by these By-laws or by the Declaration may not be delegated to the Board of Directors.

3. Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done for and on behalf of the Owners of the Lots:

   (a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and any supplements and amendments thereto, or replacements thereof.

   (b) To establish, make and enforce compliance with such reasonable rules as may be necessary for the operation, use and occupancy of the Properties with the right to amend same from time to time. A copy of such rules and regulations shall be delivered, e-mailed or mailed to each Owner promptly upon the adoption thereof.

   (c) To keep in good order, condition and repair all of the Common Properties and all items of common personal property used by the Owners in the enjoyment of the entire premises; except as such duty may be specifically designated herein to each Owner.

   (d) To obtain, maintain at all times, and as an expense of the Association, pay the premiums for insurance issued by responsible insurance companies authorized to do business in the State of Texas, covering the Common Properties, all personal property acquired by the Association for the common use of all Owners.

(e) To prepare a budget for the Properties, at least annually, determine the amount of common charges payable by the Owners to meet the budgeted expenses and allocate and assess and collect such amounts among the Owners according to the Declaration and these By-laws, and by a majority vote of the Board of Directors to decrease or increase the amount of the annual assessments, to levy and collect special assessments whenever, in the opinion of the Board of Directors, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or due to emergencies.

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner who may be in default as is provided in the Declaration and these By-laws. To enforce a late charge of TWENTY-FIVE and 00/100 DOLLARS ($25.00) a month for unpaid assessments, or such other amount as the Board of Directors may from time to time determine and publish to the Owners, and to collect interest at the maximum rate permitted by law in connection with assessments remaining unpaid more than ten (10) days after the due date for payment thereof, together with all expenses, including attorney's fees incurred in the collection thereof.

(g) To protect and defend the entire Properties from loss and damage by suit or otherwise.

(h) To borrow funds in order to pay for any expenditure or outlay required pursuant to authority granted by the provisions of the recorded Declaration and these By-laws, and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary. Such indebtedness shall be the several obligation of all of the Owners equally.

(i) To enter into contracts within the scope of its duties and powers.

(j) To establish a bank account or accounts for the common treasury and for all separate funds which are required (or may be deemed advisable by the Board of Directors.

(k) To make repairs, additions, alterations and improvements to the Common Properties consistent with managing the Properties in a first class manner and in the best interests of the Owners and the Declaration and these By-laws.

(l) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners or any other party specified in the Declaration, and to cause a complete audit of the books and accounts by a certified or public accountant, once each year if requested by the holder of a first lien mortgage at the expense of such holder, or at such other times as the Board of Directors may choose.

(m) To prepare and deliver annually to each Owner a statement showing receipts, expenses and disbursements since the last such statement.

(n) To meet at least once each quarter; provided that any Board of Directors meeting may be attended and conducted by telephone or other device which permits all of the Directors in attendance to participate in such meeting, and provided further that any action required to be taken at any meeting of the Board of Directors, or any action which may be taken at such meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board of Directors.

(o) To designate the personnel necessary for the maintenance and operation of the Properties.

(p) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the government and the operation of the Properties.

(q) Legal and accounting services.

(r) To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by it.

(s) To enter into agreements or contracts with insurance companies, taxing authorities and the holders of first mortgage liens on the individual Lots with respect to: (i) taxes on the Common Properties, and (ii) insurance coverage (if any) on Common Properties, as they relate to the assessment, collection and disbursement.

(t) The Board of Directors may employ for the Association a management agent ("Managing Agent") who may be delegated and shall exercise some or all of the powers granted to the Board of Directors by the Declaration and By-laws as determined by the Board of Directors.

Any agreement for professional management of the Properties, or any other contract to which the Association is made a party prior to the first annual meeting of the Association, must provide for termination by the Association without cause and without payment of a termination fee upon thirty (30) days written notice thereof and a maximum contract term of one year, renewable by agreement of the parties for successive one-year periods.

4. No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provision of the Declaration, By-laws or the regulations and house rules adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors or the Managing Agent shall have the right to enforce the same thereafter.

5. Election and Term of Office. At the first annual meeting of the Association, the Owners shall elect a Board of Directors in accordance herewith. The term of office of each of the Directors elected shall be fixed at two (2) years. The remaining Directors shall serve for one (1) year after the first annual meeting. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their resignation or until successors have been elected and hold their first meeting, except as is otherwise provided.

6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director for the remainder of the term to be served by the preceding Director.

7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

8. Organizational Meeting. The first meeting of a newly elected Board of Directors following the annual meeting of the Owners shall be held within ten (10) days thereafter at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board of Directors shall be present.

9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors but at least one such meeting shall be held during each calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by e-mail, mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

10. Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days notice to each Director, given personally or by e-mail, mail, telephone or telegraph, which notice shall state the time,

place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Director.

11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

12. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

13. Fidelity Bonds. The Board of Directors may require that the Association maintain adequate fidelity coverage to protect against dishonest acts by its officers, directors, trustees and employees and all others who are responsible for handling funds of the Association. The premiums on such bonds shall be paid by the Association.

14. Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

ARTICLE VI

FISCAL MANAGEMENT

The provision for fiscal management of the Properties for and in behalf of all of the Owners as set forth in the Declaration shall be supplemented by the following provisions:

Accounts. The funds and expenditures of the Owners by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(a) Current expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.

(b) Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually.

(c) Reserve for replacement (sinking fund), which shall include funds for repair or replacement required because of damage, wear or obsolescence.

ARTICLE VII

OFFICERS

1. Designation. The officers of the Association shall be a President, a Vice President and a Secretary/Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, elect. Such officers shall be members of the Board of Directors. The office of the Vice President and Secretary/Treasurer may be held by the same person.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office subject to the continuing approval of the Board of Directors.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the members of the Association at any regular or special meetings.

5. Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the President.

6. Secretary. The Secretary shall keep all the minutes of the meeting of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary and as is provided in the Declaration and the By-laws. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

7. Assistant Secretary. The Assistant Secretary shall have all the powers and authority and perform all the functions and duties of the Secretary, in the absence of the Secretary, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the Secretary.

8. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. In the event a Managing Agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent within fifteen (15) days after the first day of each month.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS, DIRECTORS AND MANAGING AGENT

1. Civil or Criminal Proceedings. The Association shall have the power to indemnify any Officer, Director, or Managing Agent thereof, who was, or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was an Officer, Director, or Managing Agent of the Association, against expenses (including but not limited to attorneys' fees and cost of the proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association. Provided, that with respect to: (1) any criminal action or proceeding, such person had no reasonable cause to believe that his conduct was unlawful; or (2) any civil claim, issue or matter,

such person shall not be guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his conduct was unlawful, or that such person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

Indemnification under the preceding Paragraph shall be made by the Association only as authorized in each specific case upon the determination that indemnification of such person is proper in the circumstances because he has met the applicable standards of conduct as set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable by (a) independent legal counsel in a written opinion, or (b) the members of the Association and no member shall be disqualified from voting because he is or was party to any such action, suit or proceeding. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he is not entitled thereto as provided in this Article.

To the extent that an Officer, Director or Managing Agent of the Association has been successful on the merits or otherwise in the defense of any action, suit or proceeding, whether civil or criminal, such person shall be indemnified against such expenses (including costs and attorneys' fees) actually and reasonably incurred by him in connection therewith.

Indemnification provided herein shall be exclusive of any and all other rights and claims to which those indemnified may he entitled as against the Association, and every Director or Officer thereof under any By-law, resolution, agreement or law and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provision of this Article.

The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provision of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense; provided, however, that nothing contained in this Article VII shall be deemed to obligate the Association to indemnify any Member or Owner who is or has been a manager or officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration and these By-laws that were assumed or incurred outside of his conduct specifically related to the fulfillment of his duties as an Officer or Director of the Association.

2. Other. Contracts or other commitments made by the Board of Directors, Officers or the Managing Agent shall be made as agent for the Association, and they shall have no personal responsibility on any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners), and the liability of any Owner on such contract or commitment shall be limited to such proportionate share of the total liability thereof equally divided between each Lot.

ARTICLE IX

AMENDMENTS TO BY-LAWS

Amendments to By-laws. These By-laws may be amended in writing by the Association at a duly constituted meeting called for such purpose or in any regular meeting so long as the notice of such meeting sets forth the complete text of the proposed amendment. Amendments to these By-laws may be made upon approval of fifty percent (50%) of the voting interest of the Members.

ARTICLE X

MORTGAGES

1. Notice to Association. An Owner who mortgages his Lot shall notify the Association through the Managing Agent, if any, or the Secretary or Assistant Secretary of the Association, giving the name and address of his mortgagee. The Association shall maintain such information.

2. Notice of Unpaid Common Assessments. The Board of Directors, upon written request by a mortgagee of a Lot or by an insurer or guarantor of a first mortgage on a Lot, shall promptly report any default by the Owner thereof and any unpaid common assessments due from the Owner thereof which remain unpaid for sixty (60) days after the date on which said assessment became due.

3. Notice of Default. The Board of Directors, when giving notice to an Owner of a default in paying common assessments or other default, shall send a copy of such notice to each holder, insurer and guarantor of: a mortgage covering such Lot whose name and address has therefore been furnished to the Board of Directors.

4. Examination of Declaration, By-laws and Books and Financial Statements. Each Owner, mortgagee, and insurer of a Lot and each insurer and guarantor of any first mortgage on any Lot shall be permitted to examine the Declaration, these By-laws, all other rules and regulations promulgated by the Association, and the books of account of the Association at reasonable times on business days after notice of request therefore. Upon written request by a holder, insurer or guarantor of any first mortgage on any Lot, the Board of Directors shall send to such holder, insurer or guarantor an audited financial statement, if any, of the Association for the immediately preceding fiscal year.

5. Notice to Mortgagee, Insurer and Guarantor. If requested by any mortgagee of any Lot or any insurer or guarantor of any first mortgage on any Lot, the Board of Directors shall give to such mortgagee, insurer or guarantor notice in writing of any loss to, or taking of, the Common Properties if such loss or taking exceeds $10,000.00 or damage to a Lot covered by such mortgage exceeds $1,000.00.

ARTICLE XI

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE

1. Proof of Ownership. Any person, on becoming an owner, shall furnish to the Managing Agent or Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in a Lot, which copy shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of members unless this requirement is first met.

2. Registration of Mailing Address. The Owner or several Owners of an individual Lot shall have one and the same registered mailing address to be used by the Association for mailing of statements, notices, demands and all other communications, and such registered address shall he the only mailing address of a person or persons, firm, corporation, partnership, association or other legal entity or any combination thereof to be used by the Association. Such registered address of a Lot Owner(s) shall be furnished by such Owner(s) to the Managing Agent or Board of Directors within fifteen (15) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the Owners of the Lot or by such

persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

All notices or demands intended to be served upon the Association or the Board of Directors thereof shall be sent certified mail, postage prepaid, to NORTH SHORE LANDOWNERS' ASSOCIATION, INC., P.O. Box 1116, Portland, Texas 78374 or such other address as the Board of Directors may establish by notice to all Owners.

3. Designation of Voting Representative – Proxy. If a Lot is owned by one person, his right to vote shall be established by the record title thereto. If title to a Lot is held by more than one person (or by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such Owners shall execute a proxy appointing and authorizing one person or alternate persons to attend all annual and special meetings of Owners and thereat to cast whatever vote the Owners themselves might collectively cast if they were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that no proxy shall be valid after eleven (11) months from the date of execution unless specifically provided therein. Within thirty (30) days after such revocation, amendment or termination, the Owners shall re-appoint and authorize one person or alternate persons to attend all annual and special meetings as provided by this Paragraph 3.

ARTICLE XII

OBLIGATIONS OF THE OWNERS

1. Assessments:

   (a) Annual Assessments. Assessments shall be due annually in advance on the first day of each fiscal year. After assessments have been set by the Board of Directors, the Board of Directors shall prepare and deliver or mail to each owner an individual statement of the Owner's assessment; thereafter, statements shall be prepared and delivered or mailed only in the event of a change in the assessment, the levying of a special assessment or in the event an Owner becomes delinquent in payment of the assessments. Each Owner's first assessment shall be due on the first day of the month after the closing of the purchase of the Lot by the Lot Owner or the residence upon a Multi-Family Lot by a Multi-Family Lot Owner. Owners purchasing Lots or Multi-Family Lots after the beginning of any fiscal year shall pay a proportionate amount (determined in relation to the number of days remaining in such fiscal year) of the annual assessment due for such year.

   The assessments made shall be based upon the cash requirements deemed to be such aggregate sum as the Board of Directors of the

Association determines is to be paid by all of the Owners, including the Declarant as limited in Paragraph 1(d) of this Article, to provide for the payment at Portland, Texas, of all estimated expenses growing out of or connected with the maintenance, repair, operation, additions, alterations and improvements of and to the Common Properties, which sum may include, but shall not be limited to: Expenses of management; taxes and special assessments until separately assessed; premiums for fire, casualty and public liability and other insurance; landscaping and care of the grounds, walks, stairways, walkways, landings, common lighting; repairs and renovations; removals of pollutants and trash collections; wages; common utility charges; beautification and decoration; professional, including legal and accounting fees (except that no Association funds may be used for the purpose of bringing suit against the Declarant, its representatives, agents, successors or assigns other than for the purpose of collecting assessments due and payable), management fees, expenses and liabilities incurred by the Managing Agent or Board of Directors on behalf of the Owners under or by reason of the Declaration and those By-laws; for any deficit arising or any deficit remaining from a previous period; the creation of a reasonable contingency fund, reserves, working capital, and sinking funds as well as other costs and expenses. In the event the cash requirements for expenses exceed the aggregate assessments made pursuant to this Article, the Board of Directors for the Association may from time to time and at any time make pro rata increases or decreases in the monthly assessments. The omission or failure to fix the assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay the same.

(b) Special Assessments. In addition to those monthly assessments described in Paragraph 1(a) above, special assessments may be made from time to time by the Board of Directors of the Association to meet other needs deemed of benefit to the Association and the Owners by the Board of Directors or to overcome deficits in the monthly operating budgets. However, there shall be no special assessments for additions, alterations or improvements requiring an expenditure by the Association in excess of $12,000.00 in any one calendar year without the prior approval of fifty-one percent (51%) of the Owners. Such limitations shall not be applicable however to special assessments for the replacement, repair, maintenance or restoration of any Common Properties, or to meet any deficit in the operating budget.

(c) Voting. A Member shall be deemed in good standing and entitled to vote at any annual or special meeting of the Members, within the meaning of these By-laws, if, and only if, he shall have fully paid all assessments made or levied against him and the Lot owned by him.

(d) Owner's Personal Obligation for Payment of Assessments. The amount of total assessments against each Lot shall be the personal and individual debt of the Owner thereof. No Owner may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the Common Properties or by abandonment of his Dwelling. The Board of Directors shall have the responsibility to take prompt action to collect any unpaid assessment which remains unpaid more than ten (10) days from the due date for payment thereof. In the event of a default by an Owner in the payment of the assessment, such Owner shall be obligated to pay interest, expenses and late charges. Suit to recover a money judgment for unpaid expenses shall be had in San Patricio County, Texas, and may be maintainable without foreclosing or waiving the lien securing same. Additionally, in the event that the mortgage on a Lot should so provide, a default in the payment of an assessment shall be a default in such mortgage and if required by the mortgagee, the Board of Directors shall give prompt notice of any default in payment of an assessment to the mortgagee.

2. Notice of Lien or Suit. An Owner shall give notice to the Association of every lien or encumbrance upon his Lot, other than for taxes and special assessments, and notice of every suit or other proceeding which may affect the title to his Lot, and such notice shall be given within five (5) days after the Owner has knowledge thereof.

3. Rules and Regulations.

(a) The initial Rules and Regulations, which shall be effective until amended or supplemented by the Association, are annexed hereto and made a part hereof.

(b) The Board of Directors, pursuant to Paragraph 3(b) of Article V of these By-laws, reserves the power to establish, make (with the right to amend same from time to time) and enforce compliance with such additional house rules as may he necessary or desirable for the efficient and enjoyable operation and use of the Properties. Copies of such rules and regulations shall be furnished to each Owner prior to the date when the same shall become effective.

ARTICLE XIII

ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

1. Abatement and Enjoinment. The violation of any rule or regulation accepted by the Board of Directors, or the breach of any Bylaw, or the breach of any provision of the Declaration, shall give the Board of Directors or the Managing Agent the right, in addition to any other rights set forth therein, (i) to enter the

Lot as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors or Managing Agent shall not be deemed guilty in any manner of trespass, without being liable to prosecution or any damages therefore; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach. The Board of Directors, or Managing Agent, assess a fine of up to $250.00 for each occurrence against any Owner violating the rules and regulations, these By-laws, or the Declaration in addition to any other remedies provided herein or in the Declaration.

ARTICLE XIV

COMPENSATION

This Association is not organized for profit. No Owner, member of the Board of Directors, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any Owner, member of the Board of Directors, or officer, provided, however, always (1) that reasonable compensation may be paid to any member, manager or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member, manager or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XV

CONFLICTING OR INVALID PROVISIONS

Notwithstanding anything contained herein to the contrary, should all or part of any Article of these By-Laws be in conflict with the provisions of the laws of the State of Texas, including specifically the Texas Non-Profit Corporation Act, as amended, such laws shall control; and should any part of these By-laws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

EXECUTED this day of June, 2012

DECLARANT:

By:______________________________

THE STATE OF TEXAS

COUNTY OF SAN PATRICIO

BEFORE ME, the undersigned authority, on this day personally appeared Don R. Whitehead, known to me to be the person whose names is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as Vice President for Charter Diversified Services Corporation for purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on the day of June, 2012.

____
Notary Public in and for
The State of Texas

(My Commission Expires)
____

____
(Type, Print or Stamp Name of Notary)