

Adopted at Special Meeting held

March 15, 1986

BY-LAWS

ADOPTED

FOR

SOUTHWOOD SHORES PROPERTY OWNERS ASSOCIATION

ARTICLE I

Offices

SECTION 1. The name of the organization shall be the SOUTHWOOD SHORES PROPERTY OWNERS ASSOCIATION, hereafter referred to as the ASSOCIATION.

SECTION 2. The principle office shall be with the Association President's Southwood Shores residence located in Southwood Shores, County of Henderson, State of Texas.

SECTION 3. The Association is a not for profit (Non-Profit) organization.

ARTICLE II

Purpose and Objects

SECTION 1. To organize those engaged in the ownership or property located within Southwood Shores.

SECTION 2. To provide a unified medium for property owners whereby their interests may be safeguarded and advanced.

SECTION 3. To further the interest of home and property ownership.

SECTION 4. To promote better understanding and cooperation between the property owners and other community or government entities, their representatives, or contractors.

SECTION 5. To unite and educate so that all property owners can obtain the benefits and privileges of membership.

SECTION 6. To encourage and assist with enforcement of the property restrictions of record applicable to Southwood Shores.

ARTICLE III

Membership

SECTION 1. There shall be one class of membership, which shall be called an Active Member.

- a) Active members shall be individuals and their spouses engaged in the ownership of property located within Southwood Shores.
- b) A membership year shall be from May 1, through April 30.

ARTICLE IV

Privileges and Obligations

SECTION 1. Active Members:

- a) Only active members whose financial obligations to the Association are paid in full, shall be entitled to vote or to hold elective offices of the Association.
- b) Active members have the primary responsibility to safeguard and promote the standards, interests and welfare of the Association.
- c) It shall be the responsibility of each active member to keep the Association informed of their correct mailing address.
- d) Active members shall be entitled to one vote for all properties in which they hold ownership interest. When more than one person holds such interest or interests in any property, all such persons may be members, and the vote for such property shall be exercised as they, among themselves, determine, but in no event, shall more than one vote be cast with respect to any such property.

SECTION 2. Active members of the Southwood Shores Property Owners Association shall abide and, if necessary, help enforce the restrictions of record applicable to Southwood Shores.

ARTICLE V

Dues, Fees and Finances

SECTION 1. Initiation Fee: There shall be a \$10.00 (one-time) initiation fee payable by all new members in addition to the Annual Membership Dues.

SECTION 2. Membership Dues: The annual dues for membership shall be \$12... per year for each property owner, without regard to the number of lots or pieces of property owned. On May 1, 1986, the annual dues shall increase to \$25.00 per year.

SECTION 3. Dues Payable: Membership Dues for all members shall be payable in annual payments. Dues shall begin on the first day of the month in which a new member joins the Association during the first membership year. New member's dues will be prorated at 1/12th the annual dues times the number of months remaining in the membership year, plus the New Member Initiation Fee of \$10.00. Membership Dues for subsequent years are due on May 1, 1986, and each May first thereafter.

SECTION 4. Non-payment of Dues: If dues are not paid within one month after the due date, the member may be dropped from membership by the Board. Such action shall become final one month after giving written notice of the intended action unless, within that time, and subject to acceptance by the Board, the amount due is paid. Members that may be delinquent will forfeit all voting rights during the delinquent period. In the event dues are not paid to the Southwood Shores Property Owners Association on or before May 31st of each year, the Board of Directors shall take steps to attached a lien and enforce payment of the dues, at the Board's discretion.

Each member or property owner is responsible for the proper maintenance of his properties, including the mowing of same, and removing Junk Articles and debris from the properties. If Board action becomes necessary to accomplish same, a fee of \$30 will be charged to the non-complying property owner by way of a lien, for each occasion.

SECTION 5. Deposits: All monies received by the Association for any purpose shall be deposited in an account in the name of the Association in a financial institution selected by the Board.

SECTION 6. Expenditures: The Board shall administer the finances of the Association but shall not incur an obligation in excess of the available cash on hand without authorization by vote of the majority of the Active Members in attendance at the annual meeting or a special called membership meeting.

The financial records of the Association will be maintained in good and current condition at all times. A financial report will be given at each annual meeting or special called meeting of the membership.

SECTION 7. Special assessments may be made to offset the costs of unusual expenses to be incurred for the general welfare of the Association's membership. Such special expenses and assessments must be approved in advance by majority vote of the Active Members in attendance at the annual or a special called meeting.

ARTICLE VI

Officers and Directors

SECTION 1. Officers: The elective officers of the Association shall be a President, a Vice-President, a Secretary and/or a Treasurer. The Secretary and Treasurer may be, or may not be the same person. The officers shall be elected for terms of one year.

SECTION 2. Duties of Officers: The duties of the officers shall be such as their titles, by general usage, would indicate and such as may be assigned to the by the Board. It shall be the particular responsibility of the Secretary to keep the records of the Association and to carry on all necessary correspondence. The President shall preside over all official meetings of the Board and the Association membership.

SECTION 3. Board: The governing body of the Association shall be the Board consisting of seven (7) active members of the Association. Directors shall be elected to serve for a term of one year. The officers of the Board will be the President, Vice-President, Secretary and/or Treasurer and three directors.

SECTION 4. Election of Officers and Directors

- a) At least 30 days before the annual meeting, a nominating committee consisting of a Chairman and two (2) other Active Members shall be appointed by the President. The nominating committee will place into nomination one candidate for each officer place to be filled on the Board, and candidate or candidates for the Director or Directors. The report of the nominating committee will be given by the Chairman and the candidates placed into nomination at the annual meeting.

Additional candidates for the offices to be filled may be placed into nomination by any Active Member in attendance at the annual meeting, provided the nominee submits in writing to the Secretary his or her acceptance prior to the call-to-order of the annual meeting.

- b) The election for members of the Board shall take place at the annual meeting. Elections shall be by show of hands with the President announcing the outcome of each voting round, for each office to be filled. Voting for each office to be filled shall be in the following sequence, President, Vice-President, Secretary and/or Treasurer, followed by each of the directorship offices.

- c) Any person appointed to serve an unexpired term shall be eligible for re-election to that office.

SECTION 5. Vacancies: Vacancies among the Board shall be filled by a majority vote of the remaining Board members until the next annual election.

SECTION 6. Members of the Board shall not be compensated for serving as Board members.

SECTION 7: Recall: Upon an affirmative vote of five (5) Board Members a special membership meeting may be called, and by majority vote of Active Members in attendance, any Board Member may be recalled for cause and his successor elected for the unexpired term of that office.

ARTICLE VII

Meetings

SECTION 1. The annual meeting of the Association shall be held in the month of May or as soon thereafter as is possible each year, at which time the election of the Board shall be conducted. The place, date and hour is to be designated by the Board.

SECTION 2. Meetings of Board: The Board shall designate a time and place for each Board meeting. Absence from two consecutive Board meetings, without an excuse deemed valid by the Board, shall be construed as resignation therefrom.

At least three (3) Board meetings shall be held during each fiscal year.

SECTION 3. Special Meetings: Special Meetings of the Active Members may be called at such times as the majority of the Board may determine, or upon written request of at least ten percent (10%) of the Active Members.

SECTION 4. Notice of Special Meetings: Written notice shall be given to each Active Member at least ten (10) days preceding all special called meetings, unless otherwise announced by the President at the annual or another special called meeting with the majority of the Active Membership in attendance. In the event of a special called meeting, the purpose for same shall be stated in the written notice or stated at the time of the announcement.

SECTION 5. Quorum: A quorum for the transaction of business by the Board or any membership meeting shall consist of a majority of the Board or Active Members in attendance. The Secretary shall declare a quorum immediately following the call-to-order of each Board, annual, or special called meeting.

ARTICLE VIII

Amendments

SECTION 1. The By-Laws may be amended by majority vote of the Active Members present at any meeting in which a quorum is declared, provided the substance of such proposed amendment or amendments are plainly stated.

SECTION 2. Notice of any special called meetings for which amendments to the By-Laws are to be considered shall be mailed to each Active Member at least ten (10) days prior to the time of the special called meeting. A statement of any proposed amendments shall accompany the notice for a special called meeting at which time the proposed amendments will be reviewed, discussed and voted upon.

SECTION 3. These By-Laws may not be amended insofar as such amendment would be inconsistent, or in conflict with the restrictions of record established for Southwood Shores.

ARTICLE IX

Committees

SECTION 1. The president shall appoint, subject to confirmation of the Board, special committees as he or she may deem necessary.

SECTION 2. Organization: All committees shall be of reasonable, effective size, and shall have such duties, functions, and powers as may be assigned to them by the President as confirmed by the Board.

SECTION 3. President: The President shall be an ex-officio member of all committees and shall be notified as to time and place of any committee meeting.

ARTICLE X

Rules of Order

SECTION 1. Robert's Rules of Order, latest edition, shall be recognized as the authority governing the proceedings or format of meetings for the Association, the Board, and committees.

ARTICLE XI

Assumption of Property Management Function

SECTION 1. The Board of Directors, acting in behalf of the property owners, shall have the authority to assume and facilitate the efficient operation and maintenance of the common elements of Southwood Shores, including but not limited to, the roadways, the launching ramp area, any designated recreational areas, or any other areas designated for community or utility use within the boundaries of Southwood Shores.

SECTION 2. The Board shall have the express authorized right and power to enter into one or more management agreements with third parties in order to facilitate the efficient operation of the common elements of Southwood Shores. It shall be the primary intent and purpose for such management agreements to provide for the administration, management, repair, and maintenance of the common elements that would be in the best interests of the property owners with Southwood Shores.

SECTION 3. The terms of such management agreements shall be as determined by the Board.

SECTION 4. Books and records of all cash funds and including membership records shall be kept by the Secretary and/or Treasurer of the Board, and in accordance with reasonable standards of accounting procedures and prudence. At the close of each fiscal year, the books and records shall be audited by an audit committee consisting of three (3) Active Members that are appointed by the Board. An audit report will be submitted in writing to the Board by the audit committee Chairman for examination at the next following Board meeting. The Secretary and/or Treasurer will make available for inspection and present financial statement of income and disbursements at each annual meeting, or any special called meeting.

SECTION 5. Financial reports, such as are to be furnished, and the membership records shall be made available, by appointment at reasonable times for inspection by any Active Member of the Association or governmental agency having a lawful right to the records at the principle office (President's Southwood Shores residence) of the Property Owner's Association.

SECTION 6. All notes, disbursement checks, and contracts, or any other obligations committed in behalf of the Southwood Shores Property Owner's Association shall be executed by signature of both the President and Secretary and/or Treasurer.

ARTICLE XII

Dissolution

SECTION 1. Upon dissolution or winding up of the affairs of this Association, the Board, after providing for the payment of all obligations, shall distribute any remaining assets within its discretion to any improvements for the betterment of all members of the Association.