

**BY LAWS
OF
LAKE GRANBURY HARBOR OWNERS ASSOCIATION**

ARTICLE ONE--INCORPORATION AND ORGANIZATION

The Lake Granbury Harbor Owners Association (LGHOA), a Texas Non-Profit Corporation, was incorporated and organized in October 1976. The Articles of Incorporation are on file in the office of the Secretary of the State of Texas. The Certificate of Corporation and copy of the Articles of Incorporation are on file in the LGHOA business office.

ARTICLE TWO--OFFICE LOCATION

Lake Granbury Harbor Subdivision, in the County of Hood, State of Texas. The Corporation may have such other offices as the Board of Directors may determine or as the affairs of the Corporation may require.

ARTICLE THREE--DEFINITIONS

The following words, when used in these BY-LAWS (unless the context may prohibit), shall have the following meanings:

1. "Association", "Corporation", and "LGHOA", shall mean and refer to this non-profit Corporation.
2. "Subdivision" shall mean and refer to all that certain real estate and land, together with any improvements thereon, located in Lake Granbury Harbor Subdivision, Hood County, Texas.
3. "Recreational Area" shall mean and refer to certain portions of the Subdivision, together with any improvements thereon, which was conveyed to the Association by Lake Granbury Resort Co. Developer and declarant, by deeds dated March 5, 1984, Lot No.(s) 69, 178, 301, and 302, Block 3, Section A: Vol. 1046 Page 843, Lot No. 448, Block--, Section B: Vol.1046 Page 845, and a tract of land 3.4029 acres in size and a tract of land 0.5984 acres in size: Vol. 1046 Page 847.
4. "Facilities" shall mean and refer to streets, roads, common ground, street signs, fences, gates, pool, maintain such equipment, and structures used to house and maintain such equipment and associated real estate.
5. "Lot" shall mean and refer to each numbered lot shown on the recorded plats of the Subdivision and to any plat of the subdivision or any part thereof.

6. "Residential Lot" and "Camper Lot" shall mean and refer to all lots shown on the recorded plats of Lake Granbury Harbor Subdivision, Hood County, Texas, and to any plot of land shown upon any future recorded map or plat of the Subdivision, or any part thereof, with the exception of the Recreational Areas and Facilities as heretofore defined, the permissible use of which limited by restrictive covenants to residential use.

Specifically, by section within this Subdivision, all residential lots are limited to "single family residential purpose only and no building shall be erected or maintained on any residential lot in said Subdivision other than a private residence, a private boathouse, and a private garage for the sole use of the owner or occupant," with exceptions if any as listed in the Subdivision Restrictions.

7. "Owner" shall mean and refer to the recorded owner or more persons or entities, of the fee simple title to any lot(s) situated within the Subdivision, and also to the recorded owner of the fee simple title to any unplotted parts of the Subdivision.

Renters, Tenants, and Lessees will be subject to rules, regulations, and charges for the use of facilities as approved by the Board of Directors even though regular membership assessment shall be paid by the owner of the property being rented or leased.

"associate Members" are those Renters, Tenants and Lessees that have been approved by the Board of Directors to have certain privileges available to them for use of the LGHOA Facilities and Recreation Areas.

8. "Member in Good Standing" shall mean and refer to an owner, as defined in 7 above, paid up current on all assessments or other charges owed to this Association and who is not in violation of any Restrictions or Covenants, as recorded, and who is not in violation of any BY LAWS of this Association.
9. "Guest(s)" shall mean and refer to a person(s) who is not an Owner, Renter, Tenant, or Lessee of property in this Subdivision but is in the Subdivision at the invitation of and in anticipation of receiving hospitality at the home of an Owner, Renter, Tenant or Lessee who is in good standing. An Owner, Renter, Tenant or Lessee is responsible for the conduct and actions of their guest(s).

ARTICLE FOUR-RESPONSIBILITIES OF CORPORATION

SECTION 1

SUBDIVISION RESTRICTIONS BINDING ON CORPORATION

The Subdivision Restrictions executed by the developer, Lake Granbury Resort Company, and filed of record, are binding on this Corporation and upon the Members thereof. This Corporation and its members shall be governed by all the terms of such Subdivision Restrictions as therein permitted and hereafter filed for record covering the Subdivision or any part thereof.

SECTION 2

FUNCTIONS OF CORPORATION

This Corporation shall have, exercise, and enjoy all the rights, privileges, and remedies, and shall perform all the functions and duties assigned to, delegated to, granted to, and required of it by the terms and provisions of said Declaration of Restrictions, and all further rights and powers as may be appropriate under its ARTICLES OF INCORPORATION and these BY LAWS.

ARTICLE FIVE-OWNERSHIP, MAINTENANCE, MANAGEMENT, CONTROL, AND USE
OF FACILITIES AND RECREATIONAL AREAS

SECTION 1

OWNERSHIP, MAINTENANCE, MANAGEMENT, AND CONTROL

This Corporation, by and through its Board of Directors, has the responsibility of the ownership, maintenance, management, control, and improvement of all recreational areas and facilities located in this Subdivision and enforcing Subdivision Restrictions as filed for record by Declarant. The funds for such purposes shall be secured by the Corporation from assessments as hereinafter provided; and it is further provided that this Corporation may establish special charges to be paid by Members and Associate Members.

SECTION 2

CONTROL OF RECREATIONAL AREAS AND FACILITIES

All members in good standing, their families and authorized guests shall have the right to use all of the Association's facilities, including its swimming pool, park and recreational area, boat ramp, cabana (bath/pump house), fishing dock. For effective control, Rules and Regulations as may be necessary for the orderly use, management, and preservation of said Recreational Areas and Facilities, including, but not limited to, Rules and Regulations concerning the rights and privileges of members, guests of members, and associate members, shall be made by the Board of Directors of this Corporation.

SECTION 3

USE OF RECREATIONAL AREAS AND FACILITIES

Except as otherwise provided, the use and enjoyment of the Association Recreational Areas and Facilities is limited to those persons or entities who are Members in good standing of this Association and their respective immediate families and their guests. Associate Members may be permitted use of the Recreational Areas and Facilities subject to special conditions as set forth in these BY LAWS.

SECTION 4

SERVICES PROVIDED BY CORPORATION

This Corporation may provide to its members the following services including but not limited to, construction and maintenance of streets and roads, pool facilities, boat ramp, playground, picnic areas and common ground areas. At such time or times that members petition that additional service or services be provided or made available to the members, the Board of Directors shall investigate the cost of such service or services and so inform the members of such cost. If special additional assessments would be required the cost per member would be established and the members would then vote on the increase in assessments and if approved by two-thirds majority of the members present, or by absentee vote, the Board of Directors must then take the steps necessary to provide such service or services. The Board of Directors will assure that all Facilities are properly maintained at all times even when not in actual use.

ARTICLE SIX-MEMBERS AND VOTING RIGHTS

SECTION 1

REQUIREMENTS FOR MEMBERSHIP

Every person or entity who is a record owner of a fee simple interest in any lot, as herein defined, will be a member in the Association, and remain a member of said Association; provided however, that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a member. It is further provided that the Board of Directors make and enforce, Rules and Regulations governing the rights and privileges of multiple owners of a lot or imposing an special additional assessment fee to allow such multiple members to have and enjoy the rights and privileges of membership.

SECTION 2

VOTING

Members in good standing shall be entitled to vote at all meetings of members. Husband and wife, partners, joint owners and Corporations are entitled to one vote each so long as total votes do not exceed two votes regardless of number of partners, joint owners, Corporation members or numbers of lots owned.

SECTION 3

CONDITIONS FOR MEMBERSHIP

All voting rights are conditional subject to the member being current on all assessments and other charges due the Association by member on all lots owned. Associate members, renters, tenants, and lessees shall not be granted the right to vote.

No member who is in arrears in respect to the monthly assessments set forth in the restrictions of record in respect to Lake Granbury Harbor Subdivision, or in any other dues and/or accounts of the Association, shall be eligible to vote at any meeting of members. Being a member he/she will be allowed to attend any or all meeting of members and allowed to participate in all meetings other than the right to vote.

ARTICLE SEVEN -MEETINGS OF MEMBERS

SECTION 1

ANNUAL MEETING OF MEMBERS

An annual meeting of the members shall be held on the first Saturday of the month of September of each year, to commence at an hour to be set by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the election of Directors not be held on the day designated herein for an annual meeting, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

SECTION 2

SPECIAL MEETINGS

Special meetings of the members may be called by the Board of Directors.

ARTICLE EIGHT-BOARD OF DIRECTORS

SECTION 1

TASK AND AUTHORITY

The affairs and management of the Association shall be conducted by a Board of Directors consisting of five Directors, which Board shall have full power and authority to carry out the purposes of the Association and to do any and all lawful acts necessary or proper thereto.

SECTION 2

SERVICE TERMS

The terms of the Board of Directors shall be so staggered that the President Director and the Secretary/Treasurer Director shall serve a two year term beginning with the election of the 1986 Directors. The Vice President Director, the A.M.A. Director and the Maintenance Director shall serve a one year term until the 1987 election, upon which time those Directors positions shall be a two year term. Voting shall be in accordance with Article Six of these BY LAWS.

SECTION 3
REPLACEMENT OF DIRECTOR

A Board member may be removed from office by written resignation or by two-thirds majority vote of members at a regular or special meeting. Notice of meeting posted at the LGHOA office at least seven days prior to meeting. A new Director shall be appointed by majority vote of members present at meeting to complete vacant Directors term only.

SECTION 4
NOMINATION AND VOTING

Each Director position when term expires, shall be filled by a member in good standing, elected at the Annual Meeting of members by a majority of the vote cast in person at such meeting or by Absentee vote (absentee voting shall be allowed only from the first Saturday and ending the fourth Saturday of August, and expiration date and time shall be established). One hundred twenty days prior to the Annual Meeting, the Board of Directors shall appoint a nomination/election committee consisting of three members, such committee shall cause timely notice of said election be sent to all members, solicit candidates and, when feasible, nominate a minimum of two candidates for each directorship to be filled. A listing of the nominees shall be completed and mailed to the membership 30 days prior to absentee voting. As available, write-in nomination applications will be at the LGHOA business office at the beginning of absentee voting. The nomination/election committee shall be responsible for and conduct all business relating to the election.

SECTION 5
MEETINGS

A majority of the Directors shall constitute a quorum at any meeting, and a majority of those present shall be sufficient to determine any question, except in regard to expulsion of members as herinbefore provided. Meetings of the Board of Directors shall be held monthly any place in Lake Granbury Harbor if circumstances prevent the use of LGHOA office. Meetings to be held the first week of each month with prior notice posted.

ARTICLE NINE-OFFICERS

SECTION 1
PRESIDENT

The President shall be the chief executive office of the Association and shall preside over meetings of the Board of Directors and meetings of the membership. He/she shall be responsible for the security of property located in Lake Granbury Harbor. He/she will be known as the Security Director.

SECTION 2.

VICE PRESIDENT

The Vice President shall exercise the functions of the President in his/her absence and shall perform such other duties as the Board of Directors may prescribe and shall enforce the restrictions as set forth in Deed Restrictions, the HUD Report and the BY LAWS. He/she shall be known as the Director of Restrictions.

SECTION 3

SECRETARY/TREASURE

A. The Secretary shall keep, or cause to be kept, the minutes of all meetings, shall perform all duties required of a Secretary. The Secretary will be custodian of the Corporate Seal.

B. The Treasurer shall work closely with the other Association Directors. He/she shall be responsible for the proper accounting of the Association's financial matters and such other reports as may be specified by the Board of Directors. Monthly financial statements shall be prepared and made available. Budgets shall be prepared and made as needed. He/she will be known as the Secretary/Treasurer Director.

SECTION 4

DIRECTOR

He/she shall be responsible for the Collections of all Fees, Dues Liens, and Charges. He/she will be known as the AMA Director.

SECTION 5

DIRECTOR

He/she shall be responsible for maintenance of that which is owned or controlled by LGHOA. He/she shall be known as the Maintenance Director.

ARTICLE TEN-COMMITTEES

SECTION 1

APPOINTMENT

The Board of Directors may appoint such committees from time to time, and delegate to such committees duties as it may deem proper.

ARTICLE ELEVEN-MISCELLANEOUS

SECTION 1

BY-LAW-CHANGES

These BY LAWS or any part thereof may be amended, modified or repealed only by the unanimous vote and approval of all the Directors of the Association and by the Majority of Lake Granbury Harbor Owners Association members present at any regular or special called meeting.

SECTION 2

NOTICES

Unless otherwise required by stature, the ARTICLES OF INCORPORATION or by these BY LAWS, any notice required to be given shall not be deemed to be personal notice, but may be orally given by the President causing to be posted such notice upon any bulletin

board at the Recreational Area in Lake Granbury Harbor Subdivision.

SECTION 3

NON-PAYMENT OF SERVICES BY OFFICIALS

No member of the Board of Directors, or committee shall receive any compensation for acting as such. No member of the Board of Directors shall do contract labor or be an employee of LGHOA or receive payment for such.

SECTION 4

FUND EXPENDITURE LIMITATIONS

The expenditure of Lake Granbury Harbor Owners Association funds by the Directors of the Board or Officers for new equipment, improvement, maintenance (taxes, insurance, equipment repair, etc.). All LGHOA accounts, (checking and savings), must have two Directors signatures. Purchases of or over \$750.00 must be approved at a regular or special meeting by members of LGHOA by majority vote of those present, unless these purchases are for repair expenses.

SECTION 5

UNDERSTRUCTURE OF HOMES

If the understructure of any mobile home, including tongue or frame structure, is exposed in hole or part, it shall be skirted or underpinned within 180 days of move in or completion with material designed for that purpose or approved by the Board of Directors.

SECTION 6

ASSOCIATE MEMBERS SWIMMING TAGS

Shall be allowed to purchase tags provided the member is current on all dues and charges. Shall not have the use of member tags. Member must assume responsibility for Associate Members given to the Directors in writing by or before tags can be issued. Associate Members tags may not be exchanged.

SECTION 7

CONTROL OF ANIMALS

Livestock, animals or poultry may not be kept on any lot except common household pets, provided they are not raised, bred or maintained for commercial purposes. Dogs are not permitted to run at large, but must be kept on a leash when walked or exercised off the owners property.

SECTION 8

INTEREST ON UNPAID FEES

- A. Any assessment or fee as described that remains unpaid for 30 days past the specified due (date), shall at the end of the 30 days be subjected to a 10% annual interest rate.

- B. In addition, the Board may elect to retain the services of an Attorney/or Collection Agency, of its choice, after 90 days for the purpose of collecting any unpaid assessment and interest charges thereon, and/or foreclose the lien against the property subject thereto and/or pursue any other legal or equitable remedy which the Association may have and there shall be added to the amount of unpaid assessment and interest charges thereon, any and all collection cost incurred by the Association, whether judicial or non-judicial, and including but not limited to, reasonable attorney fees and cost of legal suit, a lien against the property subject thereto and/or to pursue any other legal or equitable remedy which the Association may have and there shall be added to the amount of unpaid assessment incurred by the Association, whether judicial or non-judicial, and including, but limited to, reasonable attorney fees and cost of legal suit.
- C. LIEN AND FORECLOSURE. Upon 180 day delinquency, all sums assessed in the manner provided in these BY LAWS, together with all interest costs as herein provided, shall be secured by lien provided for under these BY LAWS. As further evidence and notice of such assessment lien, the Association may prepare a written notice of such lien setting forth the amount of delinquent indebtedness, the name of the Owner of property covered by such lien, and a description of the property. Such notice shall be signed by a duly authorized Officer of the Association and shall be recorded in the office of the County Clerk of Hood County, Texas, or such other place as may be required by law for the recording of liens affecting real property at such time as such notice is recorded. Such lien for payment of assessment shall attach from the date such payment becomes delinquent and may be enforced after recording said notice through (i) foreclosure of such lien, on the Building Site, or subdivided portion thereof, and any improvements thereon in like manner as a mortgage on real property, (ii) suit and/or (iii) foreclosure of the aforesaid lien judicially, in any foreclosure proceeding, whether judicial or non-judicial, the Owner shall be required to pay the cost, expenses and reasonable attorney's fees incurred by the Association. The Association shall have the power to bid on the property being foreclosed.

SECTION 9

RULES AND REGULATIONS MANUAL

The Board of Directors shall prepare written procedures to describe the duties of Directors, Officers and committees, rules and regulations for facilities and Recreational Areas and instructions for employees. Each section of the manual shall be kept current and will be considered authorized operating procedure when undersigned by the Board of Directors responsible for preparation and issue. The manual may be changed by unanimous vote by the Board of Directors. The manual will include, but not limited to the following:

- A. Task and responsibility descriptions for Board of Directors, Officers, Employees, Committees and any persons performing regular services for the Corporation.
- B. Pool maintenance which will include specific requirements for attendants to instructed and supervised (including surveillance to assure task performance) in chemical treatment and pool care (brushing, vacuuming, flushing, ect.) by trained public pool service designated to perform such service.
- C. Maintenance of lots by mowing specifically requiring a system being developed to identify lots mowed, avoid improper billing, assure prompt response to owners with valid claims to improper acts by LGHOA, followup on unpaid fees and court action on long term unpaid fees.
- D. Monthly maintenance of roads and right-of-ways, mowing filling of pot holes, ect.
- E. Community Building maintenance, use and leasing.
- F. Maintenance and control of boat ramps, fishing pier(s), parks and recreational facilities (other than pool).
- G. Inventory of assets owned by the Corporation.
- H. System for collection of AMA fees including billing, collection, and court action on long term unpaid fees.
- I. Additional procedures shall be added as required to describe actions that require specific experience of training and will benefit future Directors and/or Officers.
- J. Rights and privileges of Associate Members.
- K. File containing warranties, parts manuals, repair manuals, maintenance request and work orders.

SECTION 10

UNANIMOUS CONSENT OF DIRECTORS OF LAKE GRANBURY HARBOR OWNERS ASSOCIATION

The undersigned, being all of the duly elected and qualified Directors of Lake Granbury Harbor Owners Association, a Texas corporation do hereby consent that when all of the Directors have signed this consent or as exact counterpart thereof the resolution set forth below, and to which reference is made for all purposes, the Board of Directors of said Corporation on duly called and held for the purpose of acting upon proposals to adopt such resolution:

ALL ARTICLES, of the BY-LAWS of the Association be completely written as contained herein and the establishment of the index.

The foregoing BY-LAWS were written along with the index and by a unanimous vote and approval of the Board of Directors on were hereby adopted as the Association's BY-LAWS.

APPROVING BOARD MEMBERS:

PRESIDENT

William Fleming

VICE PRESIDENT

Fred Wolf

SECRETARY/TREASURE

Chris Brittain

ASST. DIRECTOR

Richard Baker

ASST. DIRECTOR

Bobby Rape

William Fleming

Fred Wolf

Chris Brittain

Richard Baker

Bobby Rape

BY-LAW COMMITTEE MEMBERS

BY-LAWS were written by a committee of six (6) people elected by the Property Owners. These people are as follows:

Ed Sims Ed Sims
Joel Sieters Joel Sieters
Lee Huisman Lee Huisman
James Armstrong James Armstrong
Herbert Overman Herbert Overman
Chris Brittain Chris Brittain