

**AMENDED AND RESTATED BYLAWS OF
SHOALWATER FLATS ASSOCIATION,
A TEXAS NON-PROFIT CORPORATION**

**ARTICLE 1
Name and Address**

Section 1.01 Name. The name of the association shall be SHOALWATER FLATS ASSOCIATION (the “**Association**”).

Section 1.02 Principal Office. The principal office of the Association shall be located at 4197 Lane Road, Seadrift, County of Calhoun, State of Texas.

Section 1.03 Registered Agent. The Association shall have and continuously maintain in the State of Texas a registered agent and registered office as required by the Texas Business Organizations Code. The registered office may be, but need not be, identical to the principal office of the Association in the State of Texas, and the registered office may be changed from time to time by the Board of Directors (the “**Board**”).

Section 1.04 Secondary Offices. The Association may have such other offices, either within or without the County of Calhoun, State of Texas, as the Board may determine or as the affairs of the Association may require from time to time.

**ARTICLE II
Purposes**

Section 2.01 In general. The Association has been organized for the purposes set forth in its Articles of Incorporation and shall have all the powers granted to non-profit corporations by the Texas Business Organizations Code.

Section 2.02 Association Property.

A. In 2008 the Association acquired, and it continues to own as of the date hereof, approximately 7.96 of acres and related improvements in Calhoun County, Texas, which had previously been leased by the Association and sub-let to its Members for use as recreational property (the “**Property**”). Subsequent to the acquisition of the Property, the Association specifically identified certain tracts of land within the Property by separate legal description as lots (each a “**Lot**” or collectively the “**Lots**”) and as amenities and common area (the “**Common Area**”). At that time, it was agreed by the Members that there shall be never more than sixty-one (61) Lots established within the Property.

B. Subsequently thereto, the Association executed a 99-year lease with each of its Members at such time for the Lot then being subleased to such Member. All such leases as well as any lease in excess of a term of six (6) months executed by and between

the Association and a new tenant for a Lot subsequently thereto are hereafter collectively referred to as the “**Leases**” or, singly, as a “**Lease**.”

ARTICLE III **Members/Voting**

Section 3.01 Qualification. Every person or entity who leases a Lot from the Association shall be a member (“**Member**”) of the Association; provided, however, that there shall be only one (1) membership in the Association per Lot. If a Lot is leased by more than one (1) person, all co-tenants shall share the privileges of membership subject to the Association Rules (as defined in Section 8.01 below). Membership shall be appurtenant to and may not be separated from the Lease of any Lot.

Section 3.02. Change in Membership. A change in membership in the Association shall be established either (1) by an assignment of a Lease by the tenant thereof; or (2) by the Association executing a new Lease with a new tenant, subject to the following procedures:

- A. In the event of an assignment of an existing Lease, the assignee shall forward a copy of the assignment and the address of assignee to the Association to evidence the transfer of membership. Thereupon the assignee shall become a Member of the Association and the membership of the prior Member shall automatically terminate. The address furnished by the assignee as new Member may be relied upon by the Association for notices and correspondence. If the assignee fails to notify the Association of such assignment, the Association shall not be responsible to mail or deliver notices and correspondence to the assignee, and, until said notice of transfer is given to the Association, the assigning Member shall remain jointly and severally liable for assessments with the assignee. The termination of membership in the Association does not relieve or release a former Member from liability or obligation incurred under or in any way connected with the Association during such Member’s period of membership nor does it impair any rights or remedies which the Association may have against any former Member arising out of or in any way connected with such membership and the covenants and obligations incident thereto.
- B. In the event a new Lease is executed by the Association and a new tenant, the tenant becomes a Member upon execution of the Lease by both parties.

Section 3.03. Voting. Each Member shall be entitled to only one (1) vote per lot leased. Where there is more than one lessee of a Lot, only one person, as designated in writing by all the co-lessees of the respective Lot, shall be recognized as the Member for voting purposes. Where the lessee under a Lease is a legal entity, only one person designated in writing by an authorized agent of the legal entity shall be recognized as the Member for voting purposes.

Section 3.04. Member in Good Standing.

A. A Member shall be considered to be a “Member in Good Standing” if such Member:

- (1) has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association against such Member’s Lot or the improvements situated thereon, which are then due and payable, as such assessments or charges are provided for herein or in the Association Rules; and,
- (2) Has discharged any and all other obligations to the Association as may be required of the Members hereunder, under the Association Rules or under such Member’s Lease.

Section 3.05 Membership Rights of Use and Enjoyment. Members shall have non-exclusive common rights of use and enjoyment in the Common Area, subject to payment of all assessments and other charges owed to the Association, as more fully described in Article VIII below, and for so long as they adhere to all Association Rules. A Member may extend and delegate a Member’s rights of use and enjoyment in the Common Area to all family members and friends. Members are responsible for the conduct of the persons so designated and are liable for all costs arising out of and/or associated with damages to Association property caused by them.

Section 3.06 Suspension of Membership Rights.

A. Failure by a Member to pay assessments or other charges described in Article VIII below pursuant to the Association Rules shall result in the suspension of membership rights during the period of time such amounts remain unpaid, provided that the Association has complied with the enforcement procedures set forth in Article VIII. Membership rights shall automatically be restored upon payment of all amounts due and owing to the Association.

B. In addition, the Board may, in its discretion, suspend membership rights for a period of time it deems appropriate for a violation of the Association Rules governing the use of the Common Area, or for conduct the Board deems improper, provided that Association has complied with the enforcement procedures set forth in Article VIII. Membership rights shall automatically be restored upon expiration of the suspension period. This suspension may not affect the Member’s use of such Member’s Lot and the improvements situated on the Lot.

C. Membership rights extended to any persons pursuant to Section 3.05 above are automatically suspended as long as the membership rights of the respective Member are suspended.

Section 3.07 Assignment of Membership Rights of Use and Enjoyment to Tenants.

A. A Member in Good Standing may request approval from the Board to assign such Member's rights of use and enjoyment in the Common Area to a tenant, subject to the terms and conditions of assignment set forth in the Association Rules. Any such assignment requires the approval of the Board, which may be withheld for any reason. Any denial may be appealed to the general membership and a simple majority of Members in attendance at a specially called meeting or at the annual meeting may override such decision by the Board.

B. Members are liable for all costs arising out of and/or associated with damages to Association property caused by their tenants or persons to whom they delegated rights of use and enjoyment in the Common Area.

C. Members forfeit their rights of use and enjoyment of Common Area during any approved period of assignment to a tenant, unless they are otherwise entitled by virtue of a lease of another Lot.

D. The rights of use and enjoyment of Common Area assigned to a tenant are automatically suspended if and for as long as the membership rights of the respective Member are suspended.

Section 3.08 Membership Certificates. Membership in the Association shall be represented by certificates in such form or forms as the Board may approve, provided that such form or forms shall comply with all applicable requirements of law or of the Articles of Incorporation. Such certificates shall be signed by the President or a Vice President, and by the Secretary or an Assistant Secretary and may be sealed with the seal of the Association, if any, or imprinted or otherwise marked with a facsimile of such seal. The signature of any or all of the foregoing officers of the Association may be represented by a printed facsimile thereof. If any officer whose signature, or a facsimile thereof, shall have been set upon any certificate, shall not occupy such office at the time such certificate is issued, the Association may nevertheless adopt and issue such certificate with the same effect as if such officer had occupied such office as of the date of issuance. Issuance and delivery of such certificate by the Association shall constitute adoption thereof by the Association. The certificates shall be consecutively numbered, and as they are issued, a record of such issuance shall be entered in the books of the Association. The Board may make such rules and regulations concerning the issuance, registration and replacement of certificates as they deem necessary or desirable.

ARTICLE IV

Meetings of Members

Section 4.01. Annual Meeting. An annual meeting of Members shall be held at 1:00 pm on the second Saturday in October each year for the purpose of electing Directors, for receiving reports and to transact other business as may properly come before the meeting. If the day fixed for the annual meeting is a legal holiday in the State of Texas, the meeting shall be held on the next Saturday.

Section 4.02. Special Meetings. Special meetings of the Members may be called by the President, the Board or upon the request of not less than one-tenth of the Members having voting rights. Business to be acted upon at all Special meetings shall be confined to the subjects stated in the notice of such meeting.

Section 4.03. Notice of Meetings. The Association shall provide written notice of the date, time and place of a meeting of the Members along with the items on the agenda and, if the meeting is a special meeting the purpose or purposes for which the special meeting is called. The notice shall be delivered to each Member not later than the 10th day and not earlier than the 60th day before the date of the meeting. Notice of a meeting that is mailed is considered to be delivered on the date notice is deposited in the United States mail with postage paid in an envelope addressed to the member at the member's last known address as it appears in the Association's records. Notice of a meeting that is transmitted by facsimile or electronic mail is considered to be delivered when the facsimile or electronic mail is successfully transmitted.

Section 4.04. Place of Meetings. All annual and special meetings of the Members shall be held at a suitable and convenient location permitted by law and fixed by the Board from time to time and designated in the notices of the meetings.

Section 4.05. Quorum. Except as otherwise expressly required in these Bylaws, the presence in person or by proxt of Members entitled to cast fifty one percent(51%) of the votes which may be cast, shall constitute a quorum at all meetings of the members. If a quorum is not present or represented at any meeting, the Members entitled to vote shall have the power to adjourn the meeting to another date and time without having to give notice other than the announcement of the new date and time of the meeting. At a subsequent meeting held due to the lack of a quorum, then the presence in person or by proxy of Members entitled to cast twenty percent (20%) of the votes which may be cast, shall constitute a quorum at that meeting of the members. If a quorum is still not present or represented at that meeting then, the Members entitled to vote shall have the power to adjourn the meeting to another date and time, without notice other than the announcement at that meeting of the new date and time. At a subsequent meeting held due to a continued lack of a quorum the presence in person or by proxy of Members entitled to cast fifteen (15%) of the votes which may be cast, shall constitute a quorum at that meeting of the Members. If a quorum is still not present or represented at the meeting, the Members entitled to vote shall have the power to adjourn the meeting to another date and time, without notice other that the announcement at the meeting of the new date and

time of the meeting. At a subsequent meeting held due to continued lack of a quorum then a majority vote of those present in person or represented by proxy shall constitute a quorum at that meeting of the members. The Members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of Members leaving less than a quorum in attendance.

Section 4.06. Proxies. At any meeting of Members, a Member entitled to vote may vote by proxy executed in writing by the Member or by his or her duly authorized attorney-in-fact. No proxy will be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. A proxy may be used to establish a quorum or majority in attendance at a meeting in accordance with Section 4.07. In order to be effective, all proxies must be dated and filed with the Secretary or duly acting Secretary either during or prior to the meeting in question. A member may not revoke a proxy given pursuant to this Section 4.06 except by actual notice of revocation delivered to the person presiding over the meeting of the Association. The proxy of any Owner will automatically terminate on conveyance by such Owner of his or her lease.

Section 4.07. Proxy Limitation. Proxies used for the purpose of voting are limited to one (1) per lot, thereby limiting the number of votes to two (2). [One (1) vote held as a Member and one (1) vote representing a single proxy].

ARTICLE V

Board of Directors

Section 5.01. Authority. The business and affairs of the Association shall be managed and governed by the Board.

Section 5.02. General Qualifications, Number and Tenure.

A. The number of Directors serving on the Board shall be seven (7). Each Director shall hold office for a period of two (2) years. The election of Directors shall take place at the annual meeting of Members, and each Director shall hold office until his or her successor has been elected and qualified at the next annual meeting of Members. At each annual meeting subsequent to the first annual meeting, Directors shall be elected for a term of two (2) years.

Section 5.03 Nominations.

A. A candidate shall have been contacted prior to his or her nomination to secure a pledge that he or she will serve if elected.

B. A Member who is not a Director and is otherwise qualified as a candidate may submit his or her own name for nomination. A Member may nominate another Member who is a qualified candidate up to thirty (30) days in advance or at the annual meeting.

C. All nominations should be made on or before thirty (30) days prior to the annual meeting. However, nominations will also be accepted at the annual meeting.

Section 5.04 Election of Directors. All ballots for the election of Directors shall be received at the annual meeting. The candidate or candidates receiving the most votes will be elected as Directors, provided, however, if there are fewer candidates than the total number of vacancies to be filled, those candidates shall be deemed elected by default without the necessity of counting the ballots. In the event of a tie vote, a coin flip shall be used as the tiebreaker. The winner of the coin flip shall fill the vacant seat on the Board for the ensuing two (2) year term. The current Directors will serve at the annual meeting until such time as their successors are elected at the annual meeting.

Section 5.05 Removal of Directors by Members. A Director may be removed with or without cause by a majority vote of Members at any special meeting of the Members of which notice has been properly given as provided in these Bylaws; provided, the same notice of this special meeting has also been given to the entire Board, including the individual Director whose removal is to be considered at such special meeting.

Section 5.06 Removal of Directors by Board. Any Director may be removed by a majority vote of the remaining members of the Board if they fail to attend three board meetings in a calendar year without notifying the Board President of his/her absence beforehand or is 90 days delinquent in financial obligations.

Section 5.07 Vacancies. Any vacancy occurring on the Board due to a Director's death, resignation, retirement, disqualification, removal from office or otherwise, shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board. A Director elected by the Board to fill such vacancy shall hold office until the next meeting of the General Membership. Any vacancy occurring on the Board by reason of an increase in the Number of Directors shall be filled by election at an annual meeting or special meetings of Members called for that purpose.

Section 5.08 Place of Meetings. All meetings of the Board shall be held at the principal office of the Association or at any other place or places designated at any time by resolution of the Board or by any written consent of all the Directors.

Section 5.09 Regular Meetings.

A. A regular annual meeting of the Board will be held, without other notice than this bylaw, immediately after and at the same place as the annual meeting of Members.

B. Regular meetings of the Board shall be held on the dates and at the times and places established during the regular annual meeting of the Board. The Secretary will send out an email notice to the membership one week (7 days) in advance of a scheduled board meeting. The Board may provide by resolution a change in the date, time and place for holding regular meetings of the Board without other notice than such resolution. An agenda will be sent by email to the membership prior to the board meeting, however, that failure to send the proposed agenda shall not preclude a regular meeting from taking place.

C. Regular “work sessions” of the Board may be held at the Board’s discretion without notice for the purpose of preparing for the regular meetings of the Board. Work sessions are expressly excluded from the requirement that they be conducted as open meetings.

Section 5.10. Special Meetings. Special meetings of the Board may be called by or at the request of the President or any two (2) Directors. Notice of the date, time and place of any special meeting of the Board shall be given at least ten (10) days prior to such meeting by written notice delivered personally, or sent by mail, facsimile or electronic mail to each Director at his or her address as shown in the Association’s records. If mailed, such notice will be deemed to be delivered when deposited in the United States mail in a sealed envelope, with proper postage prepaid. If notice is given by facsimile or electronic mail, notice will be deemed to be delivered when there is a successful transmission of the facsimile or electronic mail.

Section 5.11. Waiver of Notice. Before any meeting of the Board, whether regular or special, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving the required notice, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting has not been called or convened as required by these Bylaws or is contrary to law. If Directors are present at any meeting of the Board, no notice of the meeting shall be required, and any business may be transacted at the meeting except as prohibited by law or these Bylaws. The purpose of the meeting and the business to be transacted need not be specified in the notice or waive of notice of such meeting, unless specifically required by law or by these Bylaws.

Section 5.12. Meeting by Telephone Conference or other Remote Communications Technology. Subject to notice requirements herein, Directors may participate in and hold any Board meeting by means of:

- each board member may hear and be heard by every other board member.
- except for any portion of the meeting conducted

in executive session.

- all owners in attendance at the meeting can hear all board members.

- owners are allowed to listen using any electronic or telephonic communication method used or expected to be used by a board member to participate; and

- the notice of the meeting includes instructions for owners to access the communication method being used.

Participation in a meeting by one of these means shall constitute presence in person at such meeting, except where a Director participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened. A meeting conducted by one of these means may involve consideration of any action by the Board, including, but not limited to, actions involving a vote on a fine, damage assessment or suspension of a right of a particular member before the member has an opportunity to attend a meeting of the Board to present the member's position on the issue.

Section 5.13. Quorum. A majority of the Board of Directors in person (not by proxy) shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the Directors are present in person at the meeting, a majority of the Directors present shall adjourn the meeting from time to time without further notice. The presence of a Director whose express purpose is to object to the transaction of any business because the meeting has not been called or convened as required by these Bylaws or is contrary to law shall not be counted toward presence of a quorum.

Section 5.14. Manner of Acting. The act of a majority of the Directors present in person, by telephone conference, video conferencing or the internet, at a meeting at which a quorum is present shall be the act of the Board, unless, the act of a greater number is required by these Bylaws.

Section 5.15. Voting in Person. A Director may vote in person. A Director may not vote via proxy.

Section 5.16. Actions Without a Meeting. Any action by the Board, including, but not limited to, a vote on a fine, damage assessment; or suspension of a right of a particular Member before the Member has an opportunity to attend a meeting of the Board to present the Member's position on the issue, may be taken without a meeting if the Directors unanimously consent in writing to the action. The written consent may be transmitted via mail, facsimile or electronic mail, and shall be filed in the Minute Book. Any action taken by such written consent shall have the same force and effect as a unanimous vote of the Directors.

A board may act outside of a meeting, including voting by electronic or telephonic means, without prior notice to owners, if each board member is given reasonable opportunity to express the board member's opinion to all other board members and to vote. Any action taken without notice to owners must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting. The board may not act, unless done in an open meeting for which prior notice was given to owners, consider or vote on:

- (1) fines
- (2) damage assessments
- (3) initiation of foreclosure actions
- (4) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety
- (5) increases in assessments
- (6) levying special assessments
- (7) appeals from the denial of architectural control approval
- (8) a suspension of a right of a particular owner before the owner has the opportunity to attend a board meeting to present the owner's position, including any defense on the issue
- (9) lending or borrowing of money
- (10) the adoption or amendment of an Association Document
- (11) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than 10 percent
- (12) the sale or purchase of real property
- (13) the filling of a vacancy on the board
- (14) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements
- (15) the election of an officer

Section 5.17. Open Meeting. Regularly scheduled meetings of the Board shall be open to all Association Members, provided, however, that any "work sessions" held preceding a regularly scheduled meeting are excluded from this requirement. Subject to applicable law, the Board shall have the right to adjourn a meeting and reconvene in private, closed executive session to consider any actions involving personnel, pending litigation, contract negotiations, enforcement actions or the invasion of privacy of individual members, or upon the request of an affected party, or to consider matters that are confidential in the opinion of the Board; provided, however, the Board shall announce the general nature of the business to be considered in such executive session prior to adjourning the meeting.

Section 5.18. Records. The Board shall cause a complete record of all its acts and the corporate affairs of the Association to be kept and shall present a general report thereof at each annual meeting of the Members or at any special meeting where a general report is requested in writing by a Member. The board shall make meeting records, including approved minutes, available to a member for inspection and copying on the member's written request to the Association's managing agent at the address appearing

on the most recently filed management certificate or, if there is not a managing agent, to the board.

Section 5.19. Compensation. Directors shall serve without compensation, except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties. Reimbursement shall include indemnification for expenses and costs including attorneys' fees actually and necessarily incurred in connection with any claim asserted against that Director, by action in court or otherwise, by reason of his or her being or having been such Director, except in relation to matters as to which he or she shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

Section 5.20. Directors and Officers Liability. The Board of Directors shall maintain Directors and Officers Liability Coverage insurance in an amount that they deem necessary. The Board of Directors and their Officers shall be held to the legal standard of ordinary care in the performance of their duties setout herein. The premiums of such coverage shall be paid for by the Association.

Section 5.21. Powers of the Board. The Board shall have the authority to exercise all powers of the Association necessary for the administration of the affairs of the subdivision except such powers and duties as by law or by the Association Documents may not be delegated by the Members to the board. The powers that may be exercised by the Board shall include, but shall not be limited to the following:

- A. Operation, care, upkeep and maintenance of the Common Area, to extent such operation, care, upkeep and maintenance is not the obligation of the Lot owner;
- B. Determinations of the funds required for operation, administration, maintenance and other affairs of the Project and collection of assessments for Lot Owners, as provided in the Governing documents;
- C. Employment and dismissal of personnel (including without limitation to the Independent Manager) necessary for the efficient operation, maintenance, repair and replacement of the Common Area;
- D. Adoption of rules and regulations covering the details of the operation, maintenance, repair, replacement, use and modification of the Common Area, the personal conduct of members and their guests in using them; and to establish penalties for infractions of such rules and regulations;
- E. Opening of bank accounts on behalf of the Association and designating the signatories required thereof;
- F. Obtaining insurance as required or permitted under the terms of the applicable provisions of the Association Documents;
- G. Keeping detailed accurate records of the receipts and expenditures of the Association, obtaining annual audits and/or reviews of financial records of the Association from the Association's accountant, furnishing the annual reports, and furnishing current budgets. All books and records shall be kept in accordance with good and accepted accounting practices;

- H. Keeping a complete record of the minutes of all meetings of the Board and the Membership in which a minute book shall be kept, and actions taken by the Board and/or members by written ballot or by consent without a meeting shall be inserted into such book;
- I. Supervising all officers, agents and employees of the Association and ensuring that their duties are properly performed;
- J. Enforcing, on behalf of the Association, the obligations and assessments provided in the Association Documents, including but not limited to, the institution of civil actions to enforce payment of the assessments provided in the Association Documents, the institution of actions to foreclose liens for such assessments in accordance with the terms of the Association Documents and the procedures set forth in the Texas Property Code, the imposition of charges for late payment or assessments, and after notice and an opportunity to be heard as provided in the Texas Property Code;
- K. Making repairs, additions, and improvements to or alterations or restoration of the Property in accordance with the other provisions of these Bylaws and the Association Documents, after damage or destruction by fire or other casualty, as a result of a condemnation or eminent domain proceeding.
- L. Enforcing by any legal means or proceedings, the provisions of the Association Documents governing the Property, including use of the Common Area;
- M. Hiring attorneys and other professionals;
- N. Signing all agreements, contracts, deeds and vouchers for payment of expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board;
- O. Exercising any other powers allowed in the Association Documents, or otherwise by law;
- P. Suspend the right to use the recreational facilities of any Member during any period in which such Member is in default as allowed by the Texas Property Code; and
- Q. Employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties.

ARTICLE VI

Committees

Section 6.01 Executive Committee. Internal management and conduct of the business of the Association may, by resolution adopted by a majority of the Board in office, be vested in an Executive Committee composed of at least two (2) persons. Members of the Committee shall be appointed by resolution of the Board. All members of the committee shall be Directors of the Association. The Executive Committee is authorized to hire and discharge employees, to execute contracts and authorize all transactions in the ordinary course of business of the Association, and to do all things necessary or incident thereto. This designation and delegation of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed by

law. The Executive Committee may act by unanimous written agreement of its members, or by a majority vote of its members at any regularly called meeting of which all members have had reasonable notice. The Committee shall, at each regular meeting of the Board, and from time to time when requested by the Board, make a full report of all business transacted by the committee.

Section 6.02 Other Committees of Directors. The Board, by resolution adopted by a majority of the Directors in office, may designate other committees, each of which shall consist of two or more Directors, which committees, to the extent provided in the resolution, shall have and shall exercise the authority of the Board. The designation of such committees and the delegation of authority thereto shall not operate to relieve the Board or any individual Directors of any responsibility imposed by law.

Section 6.03 Other Committees. Other committees not having and exercising the authority of the Board may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of such committee shall be members of the Association and the President of the Association shall appoint the members. Any committee member may be removed by the person or persons authorized to appoint such members whenever in their judgment the best interests of the Association shall be served by such removal.

Section 6.04 Architectural Review Committee.

A. The Association shall at all times have an Architectural Review Committee (the “**ARC**”) in order to maintain compliance with Calhoun County floodplain construction regulations and pursuant to the rules of the Association as adopted by the General Membership. For such purpose, the ARC shall administer and be bound by the Architectural Review Committee Guidelines (the “**ARC Guidelines**”). A copy of the current ARC Guidelines may be obtained from the Secretary of the Association.

B. The ARC shall consist of three (3) members. The members of the ARC shall be composed of a Member of the Board, a Non-Board Member of the Association designated by the Board and a Non-Board Member of the Association elected by the General Membership at the annual meeting of the Members of the Association. The members of the ARC shall be Members in Good Standing.

C. The application process to the ARC is set forth in the ARC Guidelines. If an application is not approved, the applicant shall have the right to appeal the decision and the application will be referred to the Board for a final, binding decision during the next regularly scheduled Board meeting or any special called meeting of the Board.

D. Neither the ARC or any member thereof, nor the Board or any member thereof, shall be liable to the Association or to any Member for any loss, damage or injury arising out of or in any way connected with the performance of the ARC’s or the

Board's respective duties, unless due to the failure to conform to the standard of ordinary care.

Section 6.05 Term of Office: Each member of a committee shall continue as such until the next annual meeting of the Members of the Association and until a successor is appointed, unless the committee shall sooner be terminated, or unless such member is removed from such committee or shall cease to qualify as a member of such committee.

Section 6.06 Chair. One member of each Committee shall be appointed Chair by the persons or persons authorized to appoint the committee members.

Section 6.07 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 6.08 Quorum. Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members presents at a meeting at which a quorum is present shall be the act of the committee.

Section 6.09 Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws, the Association Rules, the ARC Guidelines or with rules adopted by the Board.

ARTICLE VII

Officers

Section 7.01 Officers. The Officers of the Association shall be a President, one or more Vice Presidents (the number to be determined by the Board), a Secretary, a Treasurer and such other Officers as may be elected in accordance with the provisions of this Article. The Board may elect or appoint such other Officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it may deem desirable, with such Officers having such authority and performing such duties as may be prescribed, from time to time, by the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 7.02 Election and Term of Office. The Officers of the Association shall be elected annually by the Board at its regular annual meeting. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. New Officers may be elected at any meeting of the Board. Each Officer shall hold office until his or her successor shall have been elected and qualified.

Section 7.03 President. The President shall be the principal executive officer of the Association and shall, in general, supervise and control all of the business and affairs of the Association. The President shall preside at all meetings of the Members and of the Board. The President may sign, with the Secretary or any other proper Officer of the Association authorized by the Board, any deeds, mortgages, bonds, contracts or other instruments that the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws or by statutes to some other Officer or agent of the Association. In general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 7.04 Vice President. In the absence of the President or in the event of an inability or refusal to act by the President, the Vice President shall perform the duties of the President, and when so acting, the Vice President shall have all the powers of and be subject to all restrictions on the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board.

Section 7.05. Treasurer. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board shall determine. A representative (accountant) hired by the Association shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for money due and payable to the Association from any source whatsoever, and deposit all monies in the name of the Association in such banks, trust companies or depositories as shall be selected by the Board, and in general, perform all the duties as from time to time may be assigned by the President or the Board. The Treasurer shall be responsible for the oversight of this representative (accountant). The President and Treasurer shall receive monthly statements from the representative.

Section 7.06. Secretary. The Secretary shall keep the minutes of the meetings of the Members and of the Board in one or more books provided for that purpose; see that all notices are given in accordance with the provisions of these Bylaws or as required by law; be the custodian of the Association records and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is authorized in accordance with the provisions of these Bylaws; keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; and in general perform all duties as from time to time may be assigned by the President or the Board.

Section 7.07. Assistant Treasurer and Assistant Secretaries. If required by the Board, the Assistant Treasurer shall give a bond for the faithful discharge of his or her duties in such sums and with such sureties as the Board shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary, respectively, or by the President or the Board.

ARTICLE VIII.
Association Rules and ARC Guidelines; Assessments and Charges

Section 8.01 Association Rules and ARC Guidelines. The Members shall have the right to adopt rules and regulations from time to time relating to the operation of the Association (the “**Association Rules**”) as well as the ARC Guidelines, and to amend the same. Any such Association Rules, ARC Guidelines or modifications thereto shall be voted upon at an annual or special meeting of the Members, at which a quorum is present, and shall be adopted upon receiving the affirmative vote of a majority of the Members.

Section 8.02. Annual Assessment. The Association shall have the right and authority to assess and collect annual assessments from the Members as provided by the Articles of incorporation, these Bylaws and/or the Association Rules.

Section 8.03 Special Assessments. The Association shall have the right and the authority to assess and collect special assessments from the Members as provided by the Articles of Incorporation, these Bylaws and/or the Association Rules. A special assessment is applicable to one fiscal year only and due in one or more, but less than twelve installments. Members must be given notice of a special assessment, including the installment amounts or the annualized total of the installment amounts and the payment due date(s), no less than 30 days prior to the first due date. Any annual and special assessments shall be uniformly applied to all Lots. Special Assessments shall be subject to the provisions of Section 10.02.

Section 8.04 Multiple Lots. Where multiple lots are combined into one Lot, the annual assessment and special assessments for that Lot shall be equal to the sum of the assessments of the Lots which were combined.

Section 8.05 Other Fees and Charges. The Association shall have the right and authority to assess and collect other fees and charges from Members as provided by the Articles of Incorporation, these Bylaws and/or the Association Rules. These include, but are not limited to, interest on delinquent accounts, charges of collection agencies and attorneys incurred by the Association in connection with efforts to collect delinquent assessments and fees, or any amount owed to the Association; attorneys’ fees and litigation costs incurred by the Association in a suit to terminate any Lease and evict the Member; any other charges by any means provided for or permitted by the Articles of Incorporation, these Bylaws or the Association Rules, at law and/or in equity.

Section 8.06 Property Tax and Assessments. The Association shall timely pay all property taxes and assessments levied or imposed upon the Property; provided, however, that the Association shall have the right to assess to each Member the pro-rata share of the taxes and assessments allocated to such Member’s respective Lot, and each Member shall pay the same within ten (10) days after receipt of written notice thereof. Each Member shall timely pay all property taxes and assessments levied or imposed upon the improvements situated on such Member’s Lot by all taxing authorities. Each Member shall have the right to appeal any tax or assessment on such Member’s respective improvements in good faith,

provided such Member does so diligently, at the Member's own cost, and in accordance with applicable law.

ARTICLE IX

Enforcement Procedures

Section 9.01. Notice. Before the Association may suspend a Member's right to use the Common Area, file suit against a Member other than a suit to collect assessments or other charges, terminate a Lease, evict a Member, charge a Member for damage to the Association's Property, or levy a fine for a violation of the Articles of Incorporation, these Bylaws, or the Association Rules, the Association must give written notice to the Member by certified mail, return receipt requested. The notice must follow the requirements of Chapter 29 of the Texas Property Code and shall (1) describe the violation or property damage that is the basis for the suspension action, charge or fine and state any amount due the Association from the Member; and (2) inform the Member that the Member (A) is entitled to a reasonable period to cure the violation and avoid the fine or suspension unless the Member was given notice and a reasonable opportunity to cure a similar violation within the preceding six months and (B) may request a hearing on or before the 30th day after the date the Member receives the notice.

Section 9.02 Hearing.

A. If the Member is entitled to an opportunity to cure the violation, the Member has the right to submit a written request for a hearing to discuss and verify the facts and resolve the matter at issue before a committee appointed by the Board or before the Board if the Board does not appoint a committee. If a hearing is to be held before a committee, the notice must state that the Member has the right to appeal the committee's decision to the Board by submitting a written notice to the Board.

B. The Association shall hold a hearing under this section not later than the 30th day after the date the Board received the Member's request for a hearing and shall notify the Member of the date, time and place of the hearing not later than the 10th day before the date of the hearing. The Board or the Member may request a postponement, and if requested, a postponement will be granted for a period of not more than ten (10) days. Additional postponements may be granted by agreement of the parties. The Member or the Association may make an audio recording of the meeting.

C. The hearing will be held in executive session affording the alleged violator a reasonable opportunity to be heard. Before any sanction hereunder becomes effective, proof of proper notice will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner

of delivery is entered by the officer, director, or agent who delivered the notice. The notice requirement will be satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is cured within a ten (10) day period. Such suspension will not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

Section 9.03. Appeal of Committee Decision. Following the hearing before a committee, if any, the alleged violator will have the right to appeal the committee's decision to the Board. To perfect this right, a written notice of appeal must be received by the President or Secretary within ten (10) days after the hearing date.

Section 9.04. Termination of Lease. Notwithstanding anything herein to the contrary, if the Board votes to terminate a Lease based upon a violation of the Member under such Lease pursuant to the procedures set forth above, the Board shall call a special meeting of the Members to consider such termination. Any Lease termination shall require, and only become effective upon, compliance with the terms of the Lease Agreement. Lessee is to be compensated for his personal property, any improvements and his membership certificate, at a mutually agreeable value or as determined through arbitration with a third party, agreeable to both parties, who has expertise in similar issues.

Section 9.05. Change in Law. The Board may change the enforcement procedures set out in this section to comply with changes in any applicable laws.

ARTICLE X

Contracts, Checks, Deposits and Funds

Section 10.01 Contracts. The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Competitive bids based on the Association approved written specifications shall be required for expenditures in excess of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00), excluding emergency expenditure.

Section 10.02 Approval for Major Expenditures. The Board shall obtain the approval of the Members of the Association for any major expenditure. A major expenditure is defined as any expense other than normal operation expenses or that exceeds the amount of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00), excluding emergency expenditures.

Section 10.03 Checks, Drafts or Orders for Payment. All checks, drafts, or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Association shall be signed by such Officer or Officers, agent or agents of the Association and in such manner as shall from time to time be determined by

resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice President of the corporation.

Section 10.04 Deposits. All funds to the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select.

Section 10.05 Gifts. The Board may accept on behalf of the Association any contribution, gift, bequest, or device for the general purpose, or for any special purpose of the Association.

Section 10.06 Loans. The Association shall not make any loans to the Members, members of the Board or Officers of the Association. The Association shall not obtain any loan from any bank, institution or individual without the affirmative vote of a majority of the Members.

Section 10.07. Insurance. The Board of Directors shall obtain General Liability insurance coverage for the protection of the Association at a value they deem appropriate. The premiums of such coverage shall be paid for by the Association.

ARTICLE XI

Books, Records and Accounts

The Association shall keep correct and complete books, records, and accounts as are necessary and appropriate and in accordance with generally accepted accounting principles and practices. The Association shall also keep minutes of the proceedings of its Members, Board and committees having any of the authority of the Board and shall keep at its principal office a record of the names and addresses of the Members entitled to vote. Upon written request, the Association books and records may be inspected by any Member, or his or her agent or attorney, for any proper purpose at any reasonable time. The Board may establish rules concerning (1) the written request; (2) hours, days of the week, and place of inspection, and (3) payment of costs related to the Member's inspection and copying of books and records.

ARTICLE XII

Fiscal Year

Section 12.01. Definition. The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

Section 12.02. Fiscal Budget. The Board shall prepare and adopt a budget for the upcoming fiscal year and present it to the Members at least thirty (30) days prior to the annual meeting. The budget shall be voted on and approved by the Members. If the Members fail to approve a budget for the upcoming fiscal year, the budget for such year shall be an amount not to exceed the total revenues anticipated to be received for that particular fiscal year. This clause shall commence thirty (30) days prior to the 2011 regularly scheduled annual meeting.

Section 12.03. Financial Statements. The Board shall have prepared and present to the Members of the Association at the annual meeting fiscal year-to-date financial statements consisting of a balance sheet, a chronological report of all individual expenditures and income/expense statement as of the end of the Association's immediately preceding quarter. The Board shall have prepared and distribute to the Members of the Association no later than the 15th of February of each year, by means as provided in Section 4.03 of these Bylaws, annual financial statements consisting of a balance sheet, a chronological report of all individual expenditures and income/expense statement.

ARTICLE XIII Waiver of Notice

Whenever any notice is required to be given under the provisions of the Texas Business Organizations Code, the Articles of Incorporation or the Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIV Power of Members to Amend Bylaws

The Bylaws of the Association may be amended, repealed, or added to, or new bylaws may be adopted by the affirmative vote of two-thirds (2/3) of the Members present and/or by proxies and entitled to vote at a meeting at which a quorum is present.

PASSED, ADOPTED AND APPROVED ON THIS THE 12th day of October 2019

By: _____
Barbara Skalak, President

Attest:

Margi Handrick, Secretary

Updated 10/27/2014
Updated 10/14/2017

Updated 10/20/18
Updated 10/12/19