

018-52-1263



SOUTH SHORE HARBOUR
COMMUNITY ASSOCIATION INC.
REVISED BY-LAWS
MAY 2000

SECOND AMENDED BY-LAWS OF
SOUTH SHORE HARBOUR COMMUNITY ASSOCIATION, INC.
A NON-PROFIT CORPORATION

(2000)

ARTICLE I: OFFICES

1.01 Principal Office. The principal office of the corporation in the State of Texas shall be located at 1100 Highway 146, Suite B, Kemah, Galveston County, Texas. The corporation may have such other offices within the State of Texas, as the Board of Directors may from time-to-time determine or as the affairs of the corporation may require from time-to-time.

1.02 Registered Office and Registered Agent. The corporation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office of the corporation will be located at 1100 Highway 146, Suite B, Kemah, Texas 77565 and the registered agent shall be the corporate attorney, Jack Nolan. The Board of Directors may change the registered agent and the address of the registered office from time-to time.

ARTICLE II: COMMUNITY DECLARATION

2.01 Incorporate by Reference. The community Declaration of Easements, Restrictions, and Covenants for South Shore Harbour Community Association, Inc. as filed under Film Code Number 001-80-1952 in the Office of the County Clerk of Galveston County, Texas, and it may be from time-to-time amended, including but not limited to the First Amendment of the Community Declaration filed under Film Code Number 002-28-1589 in the Office of the County Clerk of Galveston County, Texas; and included but not limited to the Second Amendment of the Community Declaration filed

under Film Code Number _____ - _____ - _____ in the office of the County Clerk of Galveston County, Texas, is hereby incorporated herein by reference, the same as if such document, as amended, were set out in full herein, and all defined terms contained in these Bylaws shall have the definitions given them in such documents.

ARTICLE III: MEMBERS

3.01 One Class. The corporation shall have one class of members. Each Person, as that term is defined in the Community Declaration, or if more than one, all Persons, collectively, who constitute the Owner of a Privately Owned Site shall be a member of the community association.

3.02 Voting Rights. Each Member shall have the right to cast the number of votes allocated to the member in Section 4.5 of the Community Declaration for the purpose of voting on each matter submitted to a vote of the members.

3.03 Transfer of Membership. Membership in this corporation is not transferable or assignable, except as such transfer or assignment may be effectuated by a sale of the Privately Owned Site, the ownership of which give rise to the status and rights of Membership.

ARTICLE IV: MEETING OF MEMBERS

4.01 Annual Meeting. The annual state of the association meeting of the members shall be held each year in the month of January at a date, time, and place to be decided by the Board of Directors. Notice of the meeting will be given two (2) weeks in advance.

4.02 Special Meetings. Special meetings of the members may be called by a quorum of the Board of Directors, or one-tenth of the members having voting rights.

4.03 Regular Meetings. Regular meetings of the Board of directors shall be held each month as designated by the Board.

4.04 Place of Meetings. The Board of Directors may designate any place within Harris County or Galveston County as the place of meeting for any annual and regular meeting or for any special meeting called by the Board of Directors.

4.05 Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting. In case of a special meeting or when required by statute or these bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of the meeting shall be deemed to be delivered when deposited in the United States mail addressed to the members of the corporation, with postage thereon prepaid.

4.06 Quorum of Members. The members holding thirty-three percent (33%) of the votes, which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time-to-time without further notice.

4.07 Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by a member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

4.08 Voting by Mail. Where Directors are to be elected by members such election may be conducted by mail in such manner as the Board of Directors shall determine. Numbered ballots shall be used for voting by mail.

ARTICLE V BOARD OF DIRECTORS

5.01 Powers. Its Board of Directors, who are members of the Association, shall manage the affairs of the corporation.

5.02 Number, Tenure, and Qualifications. The number of directors shall not exceed seven (7). Each Director shall be an in resident member of the corporation and shall hold office until the next annual meeting of members and until his/her successor shall have been elected and qualified.

The present Board of Directors will determine amongst themselves which position each will serve. Thereafter, all board members will serve three (3) year terms as indicated below:

Year	1	2	3	4	5	6	7
July 2000						X	X
Jan 2001			X	X	X		
Jan 2002	X	X					
Jan 2003						X	X
Jan 2004			X	X	X		
Jan 2005	X	X					
Jan 2006						X	X
Jan 2007			X	X	X		

5.03 Election. Election to the Board of directors shall be by written ballot. The Board may choose to conduct the election either by mail, proxies or at a meeting of the members.

Ballots for an election by mail must be provided to the members not less than thirty (30) days prior to the election date. Ballots shall be numbered to avoid

reproduction. Ballots must be returned to the designated representative of the Association on or before the day of the election.

At elections, which are held at the annual meeting, the members may vote in person or by proxy. Members may cast, in respect to each vacancy, as many votes as they are entitled to cast under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted.

5.04 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board: but if less than a majority of the Directors are present at the meeting, a majority of the Directors present may adjourn the meeting from time-to-time without further notice.

Directors may attend meetings of the Board of Directors by telephone, and vote (either by person or by proxy) at a meeting at which quorum is present.

The vote of a majority of the Directors who are present (either in person, by telephone, or by proxy) at a meeting at which a quorum is present will be sufficient to pass or adopt any resolution or other matter before the Board.

5.05 Vacancies. The Board of Directors shall fill any vacancy occurring in the Board of Directors and any office to be filled. A Director appointed to fill a vacancy shall serve the unexpired term of his/her predecessor in office.

5.06 Informal Action by Directors. Any action by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Directors.

5.07 Removal. Any director may be removed from the Board, with or without cause, if two thirds of the board call for a special election for removal of a Director.

Numbered ballots will be mailed to all members of the association. A majority vote of those responding will determine removal.

In the event of death, resignation or removal of a director, his/her successor shall be elected by the remaining members of the Board and shall serve for the unexpired term of the predecessor.

5.08 Compensation. No director shall receive compensation for any services he may render to the Association. Any director may be reimbursed for his/her actual expenses incurred in the performance of his/her duties.

5.09 Annual Directors' Meeting. The Annual Directors' Meeting of the Board of Directors shall be held in January without notice, at such place and hour as may be fixed from time to time by resolution of the Board. The purpose of this meeting is to elect officers.

ARTICLE VI OFFICERS AND THEIR DUTIES

6.01 Enumeration of Officers. The officers of this Association shall be a president; a vice president; a secretary, and a treasurer; and such other officers as the Board may from time-to-time by resolution create.

6.02 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

6.03 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and Perform such duties as the Board may, from time-to-time, determine.

6.04 Duties. The duties of the officers of the Association are as follows:

President

The president shall preside at all meetings of the Board of Directors of the Association; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes.

Vice President

The Vice President shall act in the place and stead of the president in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and keep accurate books and records of the fiscal affairs of the Association and make the same available for inspection by members of the Association during normal business hours.

ARTICLE VII COMMITTEES

7.01 Committee of Directors. The Board of Directors may designate and appoint one or more committees as deemed appropriate in carrying out its purpose. Each committee shall consist of one or more Directors, as determined to be necessary or appropriate by the Board of Directors.

7.02 Term of Office. Each member of a committee shall continue as such until the next annual meeting of the Board of Directors of the corporation until his or her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

7.03 Chairman. One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof as provided in these Bylaws or the Declaration.

7.04 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.

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

7.06 Rules. Each committee may adopt rules for its own government not inconsistent with the Bylaws or with rules adopted by the Board of Directors.

ARTICLE VIII: CONTRACTS, CHECKS, DEPOSITS AND FUNDS

8.01 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, 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 corporation. Such authority may be general or confined to specific instances.

8.02 Checks and Drafts. All checks, drafts, or orders or the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time-to-time be determined by resolution of the Board of Directors.

8.03 Deposits. All funds of the corporation shall be deposited from time-to-time to the credit of the corporation in such bonds, trust companies, or other depositories as the Board of Directors may from time-to-time select.

8.04 Gifts. The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the corporation.

ARTICLE IX: BOOKS AND RECORDS

9.01 The corporation or its designated agent shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors, and committees having any of the authority of the Board of Directors. All books and records of the corporation may be inspected by any Member or his agent or attorney for any proper purpose, upon prior notice, during normal business hours.

ARTICLE X: FISCAL YEAR

10.01 The fiscal year of the corporation shall begin on the first day of January and end on the last day in December in each year.

ARTICLE XI: SEAL

11.01 The Board of Directors shall provide a corporate seal, which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal of South Shore Harbour Community Association, Inc." It shall not be required that the seal of the corporation be affixed to any instrument in order to make such instrument be binding on the corporation.

ARTICLE XII: WAIVER OF NOTICE

12.01 Whenever any notice is required to be given under the provisions of the Texas nonprofit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIII: AMENDMENTS TO BYLAWS

13.01 These Bylaws may be altered, amended, or repealed, and new Bylaws adopted by a majority of the quorum of Directors present at any special or regular meeting of the Board of Directors upon the receipt of an affirmative vote by written ballot of 2/3 of the responding members of the general membership who have been notified of the proposed modifications to the Bylaws by deposit in the U.S. mail system, postage prepaid, at least thirty (30) days prior to the meeting of the Board of Directors.

ARTICLE XIV: ARCHITECTURAL COMMITTEE

14.01 Architectural Review Fee. Pursuant to the provisions made therefor in Section 10.9 of the Community Declaration, the Board of Directors of the corporation is authorized to set the amount of the Architectural Review Fee which shall be applicable to different types and sizes of improvements on Privately Owned Sites in a schedule which may be modified from time-to-time by the Board. Provided, however, the amount of such fee shall be uniform for similar types of any proposed improvements to the property, and shall be applied to the Architectural Committee by the corporation, solely for services rendered upon receipt of written request therefor and of such other document as the Board of Directors may require as evidence that services actually were performed as indicated on the request.

14.02 Architectural Review Fee Fund. The Board of Directors may set up and maintain a fund to pay the compensation of Members of the Architectural Committee for services rendered pursuant to Article 10 of the Community Declaration and Section 16.01 hereof. Monies to be paid into such fund shall come solely out of administrative functions operating funds or administrative functions reserve funds, into which the assessments made against the Private Owned Site for the architectural inspection performed as to such Site shall be deposited.

ARTICLE XV: RULES AND REGULATIONS

15.01 The Board of directors shall, at any meeting called for such purpose or at any regular annual meeting, promulgate rules and regulations for the maintenance of Privately Owned Sites and for the use of Common Areas.

ARTICLE XVI: SUPPORT SERVICES

16.01 Manager. The Board of Directors shall at its sole and absolute discretion have the authority to hire a managing agent ("Manager") whose duties shall be defined in a contract entered into by and between the corporation and such Manager.

16.02 Support Services. A manager hired by the corporation shall have the authority expressly granted to it by contract and in addition, unless otherwise provided in such contract, shall have the authority to recommend for approval by the Board of Directors, other individuals or business entities to carry out similar responsibilities of the corporation on behalf of the corporation.

ARTICLE XVII: NOTICE AND HEARING PROCEDURES AND LATE FEES

17.01 Notice and Hearing. In every event for which notice and a hearing is required by the Community Declaration, the procedure as provided herein shall be followed. If notice is to be given to a Member, it shall be the obligation of the Board of Directors to deliver notification of the complaint to the particular Member either by mail or in person. If there is to be a hearing pertaining to such complaint, notice thereof, delivered in the above described manner shall be given to the Member or Members in question at least ten (10) days prior to the date for which such hearing is set to be held before the Board of Directors of the corporation or other committee set up the Board of Directors for the purposes of conducting such hearings.

17.02 Late Charges. In all instances in which an assessment provided for in the Community Declaration or Supplemental Declaration is not paid with fifteen (15) days after the due date reflected on such notice of assessment, a late charge shall be billed against such delinquent Member in the amount of ten percent (10%) of the overdue balance of the assessment. This late charge shall be reflected on the statement for

assessments for the month next succeeding the month in which such late fee was incurred.

17.03 Default and Termination of Membership. When any Member shall be in default in the payment of assessments for a period of three (3) months, the voting rights appurtenant to such Membership may thereupon be terminated by the Board of Directors after notice and hearing as provided for herein.

ARTICLE XVIII: INDEMNIFICATION

18.01 Each Officer and Director and former Officer and Director shall be indemnified by the corporation against any and all expenses and costs, including reasonable attorney's fees, actually and necessarily incurred by him or her in connection with any claim asserted against them, by action in Court or otherwise, by reason of him or her being or having been such Director or Officer, 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.

ARTICLE XIX: LIABILITY INSURANCE

19.01 The corporation shall purchase and maintain insurance on behalf of any person who is or was a Director, Officer, Employee, or designated agent of the corporation against any liability asserted against and incurred by that person whether or not the corporation would have the power to indemnify him or her under the provisions of this Article.

ARTICLE XX: INDEMNIFICATION: RIGHT OF INDEMNIFICATION

20.01 The corporation shall indemnify in accordance with Article 23.02, hereof, any person who, was is, or is threatened to be made a named defendant or respondent in a proceeding, whether civil, criminal, administrative, arbitrative, or investigative, including

all appeals by reason of the fact that the person is or was a director, officer, employee, or agent of the Corporation. Indemnification shall be against all expenses, including, without limitation, attorneys' fees, court costs, expert witness fees, judgments, decrees, fines, penalties, and reasonable expenses actually incurred by the person in connection with the proceedings, except that in an action brought by or on behalf of the corporation, indemnification shall be limited to reasonable expenses actually incurred by the person in connection with the proceeding.

20.02 Limitations on Indemnification.

(a) No indemnification shall be made for obligations resulting from a proceeding in which the person is found liable on the basis that the personal benefit was improperly received by him or her, or from a proceeding in which the person is found liable to the Corporation.

(b) Indemnification under this Bylaw shall be available only after a determination has been made that the person acted in good faith and:

(1) In the case of conduct in an official capacity, reasonably believed his or her conduct to be in the best interest of the Corporation, or

(2) In all other cases, reasonably believed his or her conduct to be at least not opposed to the best interest of the corporation.

The termination of any action, suit, or proceeding by judgment, order, settlement, conviction or on a plea of no contendere or its equivalent, shall not of itself be determinative that the person failed to act in accordance with these requirements.

(a) The termination of indemnification required by Paragraph (b) above, must be made:

(1) by majority vote of a quorum of directors not names as defendants or respondents in the proceeding: or

(2) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated by majority vote of all Directors, consisting of two (2) or more Directors not named defendants or respondents in the proceeding: or

(3) by special legal counsel selected by the Board Directors or by a committee of the Board by vote as set forth in Subparagraphs (1) or (2), above, or if such a quorum cannot be obtained and such a committee cannot established, by a majority vote of all directors: or

(4) By the shareholders in a vote that excluded the shares held by directors who are named defendants or respondents in the proceeding.

Authorization of indemnification and determination of reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified in Subparagraph (3) above, for the selection of special legal counsel.

20.03 Indemnity for Successful Defense. In spite of any limitations set forth in Paragraphs 20.01 and 20.02 above, to the extent that any person has been wholly successful on the merits or otherwise in defense of any proceeding referred to in those Paragraphs, that person shall be indemnified against all reasonable expenses incurred by him or her, including, but not limited to, attorneys fees, court costs, and expert witness fees.

20.04 Advancement of Expenses. Reasonable expenses incurred by a Director, Officer, Employee, or Agent of the corporation who as, is or is threatened to be made a named defendant or respondent in an action suit, or proceeding may be paid or reimbursed by the corporation in advance of the final disposition as authorized by the Board of Directors. Before authorizing the advance, the Board of Directors must determine that under the facts then known indemnification would not be precluded under these Bylaws. In addition, the Board must receive:

- (1) A written affirmation by the Director, Officer, Employee, or Agent involved of that person's good faith belief that he or she had met the standard of conduct necessary under these Bylaws for indemnification; and
- (2) A written undertaking by or on behalf of the director, officer, or employee involved to repay the expenses if it is ultimately determined that he or she had not met the standard of conduct necessary under these Bylaws for indemnification.

20.05 Indemnification Not Exclusive. The indemnification provided by this Article shall not be deemed to be exclusive of any other rights to which any person indemnified may be entitled under any regulation, agreement, vote of the stockholders or disinterested directors or otherwise. The Indemnification provided by this Article shall not be deemed exclusive of any other power to indemnify or right to indemnification that the corporation or any person referred to in this Article may have or acquire under the laws of the State of Texas. Indemnification shall continue and inure to the benefit of the heirs, executors, and administrators of any person entitled to indemnification under this Article.

