

As of January 8, 2002, this is a copy of the complete and current Deed Restrictions for Emerald Bay Subdivision, including the amendment of 4 June, 1999, commonly referred to as the "Fence" amendment. The BOLD numbers reflect the original page numbers as recorded on legal sized paper. This document was generated in WORD.

O.R. 904, PAGES 188-198. RECORDED 10 OCTOBER, 1993.

904-188

**RESTATED AND AMENDED RESTRICTIONS FOR
EMERALD BAY SUBDIVISION
POLK COUNTY, TEXAS**

THE STATE OF TEXAS *

*** KNOW ALL MEN BY THESE PRESENTS:**

COUNTY OF POLK *

WHEREAS, THOMAS E. AIKIN, Trustee for Mortgage Investment Group, (hereinafter called "Developer"), is the record developer of a subdivision known and designated as EMERALD BAY SUBDIVISION (hereinafter called "Subdivision"), in Polk County, Texas as shown in the maps or plats of said subdivision, recorded in the Plat Records of Polk County, Texas, in Volume 8, Page 43, reference to which is hereby made for all purposes; and

WHEREAS, said developer, at Volume 431, Page 93, et seq, has previously filed its "Emerald Bay Subdivision Restrictions" (hereinafter called "Restrictions"), applicable to Emerald Bay Subdivision, reference to which is hereby made for all purposes; and

WHEREAS, said developer amended the Deed Restrictions by that certain Amended Subdivision Restrictions and Reservations, Emerald Bay, a Rural Subdivision, filed of record at Volume 432, Page 634, Deed Records, Polk County, Texas; and

WHEREAS, on June 15, 1984 an agreement concerning restrictions was executed, filed of record at Volume 459, Page 790, Deed Records, Polk County, Texas, which provided that Tom Aikin and S. E. Aikin would be solely responsible for enforcing all restrictive covenants and other duties concerning the Subdivision and Restrictions; and

**WHEREAS, on November 12, 1985 Articles of Incorporation for
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Emerald Bay Property Owners Association, Inc., (the "Association"), were filed with the Secretary of the State of Texas and a Charter was issued on the same date; and

WHEREAS, said original restrictions reserves the right to the owners of the lots in the Subdivision, by the filing of an instrument signed by fifty (50%) percent of the then owners of the lots of said subdivision, to amend said Restrictions; and

WHEREAS, said restrictions further provided that "at such time as the Subdivision has been completely sold out, or at such earlier feasible time, at the discretion of the Developer, the then majority of lot owners in the Subdivision shall elect a committee from among their membership to operate and maintain the Subdivision thereafter in accordance with the reservations and restrictions herein contained"; and

WHEREAS, there are currently 41 lots in Emerald Bay Subdivision; and

NOW, THEREFORE, the Association's Board of Directors hereby restate and amend the Restrictions applicable to Emerald Bay Subdivision, subject to ratification and approval by a majority of the current owners of the property in the Subdivision, to be as follows:

1) The lots conveyed shall be used for single family RESIDENTIAL PURPOSES only, and no structure shall be erected or altered or permitted on these lots other than one detached single family dwelling, not to exceed three (3) stories in height, and private garage for not more than three (3) cars, and other out buildings incidental to residential use. No building, whether of a temporary or permanent nature, will be permitted to be MOVED upon these lots. All buildings must be constructed on the lots.

2) It is intended that there shall be no further sub-division of the lots in this Subdivision and that no more than one residential structure be permitted on any one of the

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lots as platted and recorded.

3) No mobile home shall be placed on a residential lot in Emerald Bay.

4) No building shall be erected on these lots until the building's plans, specifications and plot plan showing the location of such building have been approved in writing as to conformity and harmony of external design with existing structures in this development, and as to location of them with respect to topography and finished ground elevation, by a majority vote of the Board of Directors.

5) All buildings erected on a lot shall be finished on the outside with an acceptable new wood, vinyl, aluminum, composition, and/or masonry residential exterior building material. No building or frame construction shall be erected on any lot unless same shall at time of construction receive at least one coat of stain or two coats of paint. Thompson water sealer or similar product shall be considered a stain.

6) No residential structure shall be erected on any lot in Emerald Bay unless its living area has a minimum of 1,300 sq. ft. of floor area exclusive of porches, decks, patios, carports and garages. Outside construction of all residences shall be completed within six (6)

months from date of beginning construction unless such period is extended in writing by the Board of Directors.

7) No changes shall be made in the exterior design thereof after construction is begun, on any lot until plans and specifications for the proposed improvements have been submitted and approved in writing by the Board of Directors. Such approval is to include any exterior design, floor elevation, exterior materials and finish and any and all other matters necessary to assure full compliance with these restrictions and covenants and such approval must be granted or denied within fifteen (15) days from submission of plans and specifications or such plans will be considered as approved.

8) The FRONT PROPERTY LINE is that property line adjacent to the roadway. No building shall be located in Block One nearer than ninety (90) feet to the front property line, nor nearer than five (5) feet to a side property line, and nearer than thirty (30) feet to the front property line in Block Two, excepting in the case of where the owners has or owns in excess of one lot; then the owners may build on the interior lot lines; but not nearer than five foot to a side lot line not owned by him.

9) No detached improvement shall be erected or maintained on any part of any lot forward of the above lines, nor shall any boat, trailer, or truck camper tops be stored there.

10) A seven and one-half (7.5) foot easement is reserved

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across the front of this property for utility installation and maintenance, together with all the rights of ingress and egress to or from right of way for the purpose of constructing, inspecting, repairing and maintenance of said easements.

11) All septic systems installed in this subdivision shall meet the requirements of the Trinity River Authority of Texas and the Texas Water Quality Board. No septic system, sewer connection or any other sewage disposal system shall be installed until the Board of Directors has determined that construction of a permanent dwelling has proceeded to the point of justifying such installation.

12) No outside privies or toilets shall be permitted in this subdivision. All toilets shall be inside the houses and prior to the occupancy the same shall be connected to a septic tank at the expense of the person building on the building lot. Such septic tank shall have a field line, shall be constructed and maintained in accordance with the requirements of the State Health Department and the Trinity River Authority, and shall be subject to the inspection and approval of such authorities. Further, whenever a central sewage treatment plant and disposal system shall be established to serve this Subdivision, whether publicly or privately owned or operated, then all of the lot owners, and/or occupants, to whom such sewage service is available, shall connect their lots, thereto for sewage disposal, paying the established rates and all connection fees or charges therefore at their expense and from and

after the time such sewage disposal service becomes available to any lot, no septic tank, whether therefore or thereafter built or installed, shall be used in connection with any lot.

13) No garages or outbuildings shall be constructed, placed, or excavated until plans and specifications shall be approved in writing by the Board of Directors. No structure of a temporary character, trailer, mobile home, basement, tent, shack, garage, barn, or other outbuilding shall be used on any lot at any time as a dwelling either temporarily or permanently and regardless of sanitation accommodations. This specifically includes recreational vehicles, house or camping trailers, mobile homes, basements, tents, shacks, garages, barns, or other outbuilding. There will be no overnight camping in recreational vehicles, campers or tents on lots upon which there is no dwelling. On lots where there is a dwelling, temporary overnight camping shall be permitted for a maximum period of seven (7) days each time and a total of fourteen (14) days each year.

14) Garages, attached or otherwise, are considered part of the dwelling. To prevent lots with orphan garages, if construction of an approved garage is begun before construction of the dwelling, the associated dwelling will be completed within one hundred eighty (180) days. Should the property be sold after construction of the garage is begun, it will either be removed or the buyer will be held to this original time period.

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15) No sign, advertisement, billboard or advertising structure of any kind shall be erected or maintained on any lot without the consent in writing of the Association. The Association shall have the right to remove any such sign, advertisement, billboard or advertising structure which is placed on any lot without the consent of the lot owner or any other person, and in so doing shall not be liable and is expressly relieved from any liability upon any claim, demand and/or cause of action for damages or alleged damages resulting directly or indirectly, from or anyway connected with such removal.

16) Said lots shall not be used for any purposes whatsoever which is an annoyance or nuisance to the other lot owners in said subdivision, and the placing, allowing or keeping of anything, or the commission of any act, which is an annoyance or nuisance to the owners of other lots is expressly prohibited; the owners and occupants of each lot shall clear all rubbish and/or other discarded material and shall at all times so maintain their lots so as not to constitute or create an annoyance or nuisance to the other lots. No building materials or other materials shall be stored or located on any lot except when the storage of building materials is necessary in connection with the construction of improvements then in progress. All rubbish and stored building material must be removed before the house is occupied.

17) The owners and/or occupants of all lots in the Subdivision shall at all times keep all weeds and grass thereon cut in a sanitary, healthful and attractive manner, and shall in no event use any lot for storage of material and equipment except for normal residential construction requirements, or permit the accumulation of garbage, trash or rubbish of any kind thereon. In the event of default on the part of the owner or occupant of any lot in this subdivision in observing the above requirements, or any of them, the Association may,

without liability to the owner or occupant, in trespass or otherwise enter upon said lot, cut, or cause to be cut, such weeds and grass, and remove or cause to be removed, such garbage, trash, rubbish, etc., so as to place said lot in a neat, attractive, healthful and sanitary condition, and may bill either the owner or occupant of such lot for the cost of such work. The owner or occupant, as the case may be, agrees by the purchase or occupation of any lot in this subdivision, to pay such statement immediately upon receipt thereof.

18) ALL RESIDENCES and other buildings must be kept in good repair and in a safe, neat and clean condition and must be painted when necessary to preserve the attractiveness thereof. In the event of default on the part of the owner or occupant of any building in this subdivision in observing the above requirements, or any of them, the Board of Directors may, without liability to the owner or occupant, in trespass or otherwise, enter upon said lot, repair or cause to be repaired said building so as to place said building in a safe, neat and clean condition,

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and may bill either the owner or occupant of such building for the cost of such work; or, if the building be, in the sole discretion of the Board, in a hazardous or unsafe condition, the Board may elect to notify the owner to remove such building within thirty (30) days and upon the failure to remove the same within said period of time, bring suit in the District Court of Polk county, Texas, for an order directing the removal of such building from the lot. The owner or occupant, as the case may be, agrees by the purchase or occupation of any lot in this subdivision, to pay such statement immediately upon receipt thereof, and/or to the entry of a Court decree ordering and directing the removal of such building.

19) Property owners shall be entitled to bring guests to the subdivision and said guests shall enjoy all the privileges of using and enjoying any and all of the facilities made available to the property owners. Property owners shall be responsible for any and all guests they allow upon the property, and said property owners shall remain liable for any violations and any damages arising therefrom, including attorney's fees and court costs, of these Deed Restrictions committed by any of their guests.

20) All fishing and game laws must be observed and obeyed while in the subdivision by any owners or their guests. No firearms shall be discharged in the subdivision (including any of the roads, easements, reserve areas, recreational areas and other common grounds) and no motorcycles, motorbikes, four-wheel drive vehicles or other recreational vehicles may be operated in the Subdivision for any purpose except transportation on designated roads and streets.

21) No animals, livestock or poultry of any kind shall be raised, bred, or kept on any lot, except that dogs, cats and other household pets may be kept, provided they are not kept, maintained, or bred for any commercial purposes. Any household pets of any unusual or extraordinary nature must receive the approval of the Board of Directors.

22) Each private driveway shall have a drainage structure thereunder and parallel to the roadway which provides a net drainage opening area of sufficient size to permit the free flow of water without backwater, and in no event shall such drainage structure have a new drainage opening area less than that of a minimum of a ten (10) inch diameter, or a maximum of a twelve (12) inch diameter pipe culvert or minimum Polk County, Texas, requirements.

23) There shall be established for the purposes set forth in Paragraph 24, 25, and 26 hereof, a maintenance fund to be administered by Emerald Bay Property Owner's Association, Inc., a non-profit corporation chartered by the State of Texas on November 12, 1985, by and through said association's duly elected Board of Directors (hereinafter called the "Board").

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24) Each lot in Emerald Bay Subdivision is hereby subjected to an annual maintenance fee, at a rate to be determined by the Association at its annual meeting in October of each year. Said maintenance fees shall be due on or before June 30 of each year, and shall be deemed to be delinquent if not paid by July 1 in any such year that such fees are due. The Board shall have the right to establish interest and other penalty for failure to timely pay maintenance fees.

25) The Emerald Bay Property Owner's Association, Inc. ("The Association"), shall consist of all those persons owning lots in Emerald Bay Subdivision. The Association shall be managed by a Board of Directors and officers elected as provided for by the By-Laws of said Association. The Association shall have such powers as provided for by law, and by these restrictions. It shall be required that each property owner herein shall pay a maintenance fee for the purposes for the maintenance of the subdivision, as set forth by these restrictions, and this fee shall be set and approved by the Association, as set forth by these restrictions, and the By-Laws of the Association, and any property owner failing to pay the required amount into the fund shall be deprived of all of his privileges of the use and enjoyment of such facilities provided in this subdivision and such privileges shall not be renewed until all delinquent payments into the treasury have been brought up to date, plus interest at the rate as set by the Board of Directors and the By-Laws of the Association. This is a covenant and a restriction to run with the title and the land just as any other covenant and restriction in this instrument and a Vendor's Lien is hereby created and shall exist (which lien shall be subordinate to all purchase and/or construction or improvements loans), and may be retained to secure the payment thereof.

26) The maintenance fund shall, to the extent available, be applied to the payment of maintenance expenses and/or construction costs incurred for any or all of the following purposes, as determined by the Board of said Association:

a) Lighting, construction, improving and maintaining streets, sidewalks, paths and drainage ditches.

b) Doing any other thing necessary or desirable in the opinion of the Board of said Association to keep the property neat and in good order or which is considered of general benefit to the owners and/or occupants of Emerald Bay Subdivision, including any expenses incurred in enforcing any provisions of the restrictions, including any amendments thereto, on file in the County Clerk's office of Polk County, Texas.

27) However, the maintenance charge herein provided is hereby declared to be second and inferior and a second lien to any vendor's lien, materialman's and mechanic's lien, deed of trust lien, or other security for the payment of any lot in said

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subdivision, or for improvements made on any lot therein, and such vendor's lien, materialman's and mechanic's lien, Deed of Trust lien, or such other security, made, given or retained therefore, together with any extension or successive extension thereof, shall be and is hereby declared to be a first lien until such time as final payment thereof has been fully made.

28) The waiver, invalidity, illegality, or unenforceability of any one or more of these restrictions, covenants, or conditions, by judgment, court order, action of the Board of the Association, or otherwise, shall in no wise constitute a waiver of or invalidate any other restriction, covenant, or condition, but all such other restrictions, covenants and conditions shall continue to remain in full force and effect as if such waiver had never existed or such invalid, illegal or unenforceable provision had never been contained herein.

29) The violations of any of these restrictions and covenants shall not operate to invalidate any mortgage, deed of trust or other lien held against said property, or any part thereof, and such liens may be enforceable against any and all property covered thereby, subject nevertheless to these restrictions and covenants.

30) The Board of the Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations now or hereafter imposed by these restrictions, said lawsuit to be brought in the name of the Association, upon a vote by the majority of the Board at a duly called meeting of the Board at which a quorum of Directors in present, against any lot owner who is delinquent in payment of the maintenance fees, as delinquent is defined in these restrictions, and By-Laws of the Association. Any lot owner who has not paid the annual maintenance fees applicable to the lots he owns, once such maintenance fees are payable as provided by these restrictions and the By-Laws, shall be considered in default. Any lot owner who is delinquent in payment of any maintenance fees or other fees due on the record date of any meeting, as determined by the By-Laws of the Association, shall not be entitled to vote at any meeting of the members, whether annual or special, and shall not be entitled to hold any directorship or office of the Association. Failure to enforce any covenant or restriction therein contained shall in no event be deemed a waiver of the right to do so thereafter.

31) Any owner of any lot in the subdivision, or the Board of Directors of Emerald Bay Property Owners Association, Inc. shall have the right to enforce, by any proceedings at

law or in equity, all restrictions, conditions, and reservations now or hereafter imposed by the provisions of these restrictions, including any amendments to such restrictions.

32) These covenants are to run with the land and shall be binding upon all parties and all persons claiming under them

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until June 1st, 2000 A.D., at which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then owners of the lot has been recorded, agreeing to change said covenants in whole or in part.

33) It is especially understood and agreed that the above covenants apply to each and every lot within the Subdivision.

Executed by the Board of Directors of Emerald Bay Property Owners Association, Inc., on the dates set forth by the respective acknowledgements, subject to the filing of a written instrument reflecting approval by at least a majority of the property owners, pursuant to the Deed Restrictions shall be effective as of the date of filing of this document.

SIGNED this 10th day of October, 1993.

Bob Leming

Howard Davis

Joseph A. Lane

Margaret Main

Linda M. Leissner

First four notarized by Nancy Kincaid; last by Evangelina Torres

AMENDMENT OF 4 JUNE, 1999 HAVING TO DO WITH FENCES

99-1139-794

4556

AMENDED RESTRICTIONS FOR EMERALD BAY SUBDIVISION
POLK COUNTY, TEXAS

THE STATE OF TEXAS *
*
COUNTY OF POLK *

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, THOMAS E. AIKIN, Trustee for Mortgage Investment Group (hereinafter called "Developer"), is the record developer of a subdivision known and designated as Emerald Bay Subdivision (hereinafter called "Subdivision") in Polk County, Texas as shown in the maps or plats of said subdivision,

recorded in the Plat Records of Polk County, Texas, in Volume 8, Page 43, reference to which is hereby made for all purposes; and

WHEREAS, said developer, at Volume 431, Page 93, et seq, has previously filed its “Emerald Bay Subdivision Restrictions” (hereinafter called “Restrictions”), applicable to Emerald Bay Subdivision, reference to which is hereby made for all purposes; and

WHEREAS, said developer amended the Deed Restrictions by that certain Amended Subdivision Restrictions and Reservations, Emerald Bay, A Rural Subdivision, filed of record at Volume 432, Page 634, Deed Records, Polk County, Texas; and

WHEREAS, on June 15, 1984 an agreement concerning restrictions was executed, filed of record at Volume 459, Page 790, Deed Records, Polk County, Texas, which provided that Tom Aikin and S. E. Aikin would be solely responsible for enforcing all restrictive covenants and other duties concerning the Subdivision and Restrictions; and

WHEREAS, on November 12, 1985 Articles of Incorporation for emerald Bay Property Owners Association, Inc. (the Association”), were filed with he Secretary of the state of Texas and a Charter was issued on the same date; and

WHEREAS, said original restrictions reserves the right to the owners of the lots in the Subdivision, by the filing of an instrument signed by fifty (50%) percent of the then owners of the lots of said Subdivision, to amend said Restrictions; and

WHEREAS, said restrictions further provided that “at such time as the Subdivision has been completely sold out, or at such earlier feasible time, at the discretion of the Developer, the then majority of lot owners in the Subdivision shall elect a committee from among their membership to operate and maintain the Subdivision thereafter in accordance with the reservations and restrictions

99-1139-795

herein contained;”

WHEREAS, Restated and Amended Restrictions were filed of record at Volume 902, Page 346, and ratified by the filing of Acknowledgments representing the required percentage to amend the restrictions; and

WHEREAS, there are currently 41 lots in Emerald Bay Subdivision; and

AND WHEREAS, the Associations' Board of Directors, at a regular meeting of the Board of Directors held on January 30, 1999, adopted, by majority vote of the Directors, the following amendment to Deed Restriction No. 4; and

NOW, THEREFORE, the Associations Board of Directors hereby amend the Restrictions applicable to Emerald Bay subdivision, subject to ratification and approval by a majority of the current owners of the property in the Subdivision, by amending Deed Restriction No. 4, which amended Deed Restriction No. 4 shall read as follows;

4. (A) No building shall be erected on these lots until the building's plans, specifications and plot plan showing the location of such building have been approved in writing as to conformity and harmony of external design with existing structures in this development, and as to location of them with respect to topography and finished ground elevation, by a majority vote of the Board of Directors.

(B) No wall, fence, planter or hedge shall be erected or constructed on lots that do not meet the following conditions:

No wall, fence, planter or hedge shall be erected or constructed between the front property line and a point 8 feet in front of the dwelling or associated garage or shed and within accordance with the front set back line restrictions. No wall fence, planter, or hedge will be erected or constructed on any corner lot between the side property line and the side set back line adjacent to the street. Walls, fences, plants, or hedges may be erected, but may not extend more than 8 feet from a dwelling or associated garage or shed. Decorative fences along the front easement are permitted with approval of the Board. Fences for child and pet containment and safety are permitted, but can not extend more than 8 feet from the associated dwelling, garage, or shed and must be approved by the Board of Directors. All swimming pools must be fenced in accordance with State and County laws, but cannot be located closer than 150 feet to lake.

For the purposes of this Deed Restriction 4 (B), the set back and property line definitions set forth in Deed Restriction 8 hereof shall control.

EXECUTED by the Board of Directors of Emerald Bay Property Owners Association, Inc., on the dates set forth by the respective acknowledgments, subject to the filing of a written instrument reflecting approval by at least a majority of the property owners, pursuant to the Deed Restrictions referenced above.

99-1139-796

These Amended Restrictions shall be effective as of the date of filing of this document.

SIGNED this 4th day of June, 1999

EMERALD BAY PROPERTY OWNER'S ASSOCIATION

Jon L. Leissner
Signed 19 May, 1999

Paul Main Jr.
Signed 4th May, 1999

99-1139-797

James Jones
Signed 19th May, 1999

Anne Lane
Signed 19th May, 1999

Henry Smith
Signed 23 April, 1999

**FILED AND DULY RECORDED ON JUNE 4TH, 1999 by Barbara Middleton, County Clerk, Polk County,
Texas.**

FILED AND RECORDED NOVEMBER 8, 2001

BY-LAWS

OF

EMERALD BAY PROPERTY OWNER'S ASSOCIATION, INC.

ARTICLE ONE

Name and Location

The name of the corporation is **EMERALD BAY PROPERTY OWNER'S ASSOCIATION, INC.**, hereinafter referred to as the "Association." The principal office of the corporation shall be located at P. O. Box 1093, Onalaska, Texas 77360, but meetings by members and directors may be held at such places within the State of Texas as may be designated by the Board of Directors.

ARTICLE TWO

Definitions

Section 1. "Association" shall mean and refer to **EMERALD BAY PROPERTY OWNER'S ASSOCIATION, INC.**, a Texas non-profit corporation, its successor and assigns.

Section 2. "Properties" shall mean and refer that certain real property described in the recorded plat of **EMERALD BAY**, a subdivision in Polk County, Texas, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to the surface estate in any lot, parcel, or tract of land which is part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Declarant" shall mean and refer to **EMERALD BAY PROPERTY OWNER'S ASSOCIATION, INC.**, its successor and assigns.

Section 5. "Declaration" shall mean and refer to the Declarations of Covenants and Conditions applicable to the Properties recorded in the Deed Records of Polk County, Texas.

Section 6. "Member" shall mean and refer to an Owner as defined above.

Section 7. "Voting Rights." Each lot owner shall be entitled to one (1) vote on all matters regardless of the number of lots owned.

ARTICLE THREE

Meeting of Members

Section 1. "Annual Meetings." The first annual meeting of the members shall be held on the first Saturday in October, 1986, and each subsequent regular annual meeting of the members shall be held on the first Saturday of October of each year thereafter, at the hour of 4 o'clock P.M. The Board of Directors shall select the site and notify the members prior to the meeting. Any delinquent member may prior to the start of this or any meeting correct any delinquencies and be entitled to vote.

Section 2. "Special Meeting." Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of one-fourth (1/4) of the members who are entitled to vote.

Section 3. "Notice of Meeting." Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of each notice, postage prepaid at least fifteen (15) but not more than forty five (45) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. "Quorum." The presence of the meeting of one-fourth (1/4) of the members entitled to vote, or of proxies entitled to vote, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or by these By-laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time without notice other than an announcement at the meeting, until a quorum as aforesaid shall be present or by represented.

Section 5. "Proxies." At all meetings of the members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and automatically cease upon conveyance by the member of his vote.

ARTICLE FOUR

Board of Directors: Selection: Term of Office:

Section 1. "Number." The affairs of this Association shall be managed by a Board of Five (5) Directors, who must be members of the Association as provided in the Articles of Incorporation. The number of Directors may be changed by amendment of the By-Laws

of the Association. Until the election of Directors at the first annual meeting of the members, the initial Board of Directors as named in the Articles of Incorporation shall so server.

Section 2. “Term of Office.” At the first annual meeting the members shall elect two (2) Directors for a term of one (1) year and three (3) Directors for a term of two (2) years. At the expiration of the terms of office of each of the original Directors who had been elected as herein above provided, successive Directors shall be elected to a term of two (2) years.

Section 3. “Removal.” Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. “Compensation.” No Director shall receive compensation for services as Director. He may, however, by vote of the Board of Directors, be compensated for any other service he may render to the Association. Further, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. “Action Taken Without a Meeting.” The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval, or any other approved method of communication, of all the Directors.

ARTICLE FIVE

Nomination and Election of Directors

Section 1. “Election.” Election of the Board of Directors shall be held at the Annual Members Meeting. The Board of Directors shall submit to the members a slate of candidates along with the notification of the annual meeting. Additional nominations will be accepted provided they are submitted and received in writing at least twenty (20) days prior to the annual meeting. Each member may cast one vote for each of the vacancies. The nominees receiving the greatest number of votes shall be elected.

ARTICLE SIX

Meetings of Directors

Section 1. “Regular Meetings.” Regular meetings of the Board of Directors shall be held as needed and with at least two (2) weeks notice by a sign to be posted at the entrance to the subdivision, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. “Special Meetings.” Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any three (3) Directors, after notice to each Director.

Section 3. “Quorum.” A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE SEVEN

Powers and Duties of the Board of Directors

Section 1. “Powers.” The Board of Directors shall have the power to:

(a) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration; and,

(b) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from four (4) consecutive regular meetings of the Board of Directors.

Section 2. “Duties.” It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting if such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

(c) administer compliance with the deed restrictions applicable to property situated in Emerald Bay Subdivision and in case of a violation pursue to satisfactory resolution;

(d) as more fully provided in the Declarations, bill for, collect and administer the Maintenance Fund and all Property owned by the Association;

(e) issue, or cause an appropriate officer to issue upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

- (f) procure and maintain adequate liability and hazard insurance on property owned by the Association as may be deemed appropriate;
- (g) cause all officers or employees having fiscal responsibilities to be bonded, as it may be deemed appropriate;
- (h) cause the Common Areas, the roadways and the roadsides in the Property to be maintained; and,
- (i) to see that authorizations for expenditures from the Maintenance Fund are limited to projects that maintain or enhance the property values of Emerald Bay. This specifically excludes expenditures from this fund for projects solely of a social or recreational nature.

ARTICLE EIGHT

Officers and Their Duties

Section 1. "Enumeration of Officers." The officers of this Association shall be a President and Vice-president, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers that the Board may from time to time by resolution create.

Section 2. "Election of Officers." The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. "Term." The officers of this Association shall be elected annually by the Board and each shall hold the office for one (1) year unless they shall resign, be removed, or otherwise become disqualified to serve.

Section 4. "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.

Section 5. "Resignation and Removal." Any officer may resign at any time by giving notice in writing to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. "Vacancies." A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. "Duties." The duties of the officers are as follows:

President

(a) The President shall preside at the annual meetings of the corporation and at all meetings of the Board of Directors; shall see that orders and resolutions are carried out; shall sign all written instruments as may be approved by the Board of Directors.

Vice-President

(b) 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 of Directors.

Secretary

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

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; and shall keep proper books of account.

ARTICLE NINE

Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, (and with reasonable notification) be subject to inspection by any member. The Declarations, the Articles of Incorporation and the By-Laws of the Association shall (likewise) be available for inspection by any member. Copies may be purchased at reasonable cost.

ARTICLE TEN

Amendments

Section 1. These By-Laws may be amended by a vote of a majority of the members.

ARTICLE ELEVEN

Miscellaneous

Section 1. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Any actions required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting, if a consent in writing setting forth the action so taken, is signed by all of the members of the Board of Directors. Such consent shall have the same force and effect as a unanimous vote at a meeting.

IN WITNESS WHEREOF, we, being all of the Directors of Emerald Bay Property Owners Association, Inc., have hereunder set our hand this 8th day of Nov, 2001.

Emerson Jones

Joe Lane

Paul Main

Howard Davis

Rick Small

**FILED AND RECORDED OFFICIAL PUBLIC RECORDS, POLK COUNTY, TEXAS
ON NOVEMBER 8, 2001**
