

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**
