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BY-LAWS OF
Matagorda Dunes Homesites HOA, Inc

ARTICLE I - Definitions

Section 1. "Association" shall mean and refer to **Matagorda Dunes Homesites HOA, Inc**, a non-profit corporation organized and existing under the Texas Non-Profit Corporation Act.

Section 2. "Board of Directors" shall mean and refer to those individuals who shall collectively manage the business and affairs of the Association pursuant to Article VI hereof.

Section 3. "Common Property" shall mean all of the real property together with improvements thereon comprising the Development which are not Lots, including, without limitation, the Recreational Area, Dunes Drive, Driftwood Drive and the Walkways established on the plat of Matagorda Dunes Homesites, recorded in Volume 7, Page 38 of the Matagorda County Plat Records. The "Common Property" shall include, for all purposes, other properties owned from time to time by the Association, whether real, personal or mixed.

Section 4. "Declarant" shall mean and refers to **Matagorda Dunes Homesites Homeowners Association, Inc.**, a Texas nonprofit corporation, its successors and assigns.

Section 5. "Development" shall mean and refer to the real property comprising the Matagorda Dunes Homesites, a subdivision in Matagorda County, Texas, according to the map or plat recorded in Volume 7, Page 38 of the Matagorda County Plat Records.

Section 6. "Director(s)" shall mean and refer to any duly elected or appointed member of the Board of Directors.

Section 7. "Lot" shall mean and refer to each of the lots in the Matagorda Dunes Homesites, a subdivision in Matagorda County, Texas according to the map or plat thereof recorded in Volume 7, Page 38, Matagorda County Plat Records, intended as and constituting the building site for one (1) residential house for individual use and ownership and includes both the parcel of land and the residential house and improvements under construction or to be constructed.

Section 8. "Members" shall mean and refer to all those owners of the fee simple title to any Lot who are Members of the Association as provided in Article III hereof, if any.

Section 9. "Owner" shall mean and refer to the legal owner, whether one or more persons or entities, of the fee simple title to any Lot situated in the Development but shall



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not mean or refer to the mortgagee unless and until such mortgagee has acquired title to a Lot pursuant to foreclosure or any proceeding in lieu of foreclosure.

Section 10. "Restrictions" shall mean and refer to that certain Reservations, Restrictions, and Covenants for Matagorda Dunes Homesites recorded in Book 564, Page 298 of the Deed Records of Matagorda County, Texas, and as amended or otherwise adopted by the Declarant.

ARTICLE II - Address

The mailing address of the Association shall be located at PO Box 126, Bay City, Texas, 77404, or at such other address as the Board of Directors shall determine.

ARTICLE III - Membership

Section 1. Members. The owner of a Lot in the Development is eligible to be a Member of the Association. Each Lot owned by a Member is entitled to one vote. When more than one person holds an interest in any Lot, all such persons can be members, but may only cast one vote with respect to any Lot. There can be no split votes.

Section 2. Powers of Members. The Members shall elect the Board of Directors and the Officers of the Association as provided in Articles VII and X of these By-Laws.

Section 3. Member in Good Standing. An Owner must be a Member in good standing to be entitled to the rights and benefits of membership in the Association, including the right to hold office and vote and annual or special meetings of the Members.

ARTICLE IV - Meeting of Members

Section 1. Regular and Special Meetings. There shall be one (1) regular meeting of the members of the Association in May of each year or as otherwise called by the Directors of the Association. Special meetings of Members may be called either by the Directors, the President or by petition joined by at least one-fourth of the Members of the Association. Meetings shall be held in Matagorda County, Texas, unless otherwise determined by the Directors.

Section 2. Quorum. The presence, in person or by proxy, at a meeting of fifty percent of the Members entitled to vote shall constitute a quorum of members to transact business. Decisions shall be made by a majority of the Members represented at a meeting at which a quorum is present, and the affirmative vote of those members present and entitled to vote shall be the act of the Association. At a duly organized meeting, Members present can continue to do business until adjournment even though enough members withdraw to leave less than a quorum.

Section 3. Notice of Meetings. Notice of each meeting shall be given by, or at the direction of, the Secretary. Notices shall give three (3) weeks prior notice and specify the place, day and hour of the meeting and, in the case of special meetings, the purpose thereof.

Section 4. Proxies. A Member entitled to vote may vote by proxy executed by the Member. All proxies shall be in writing and filed with the Secretary of the Association. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meeting thereof. A proxy shall be revocable at any time by the Member executing it.

Section 5. Minutes. Minutes of all meeting shall be kept in a businesslike manner by the Secretary and shall be available for inspection by the Members or their authorized representative and Board members at reasonable times.

ARTICLE V
Property Rights and Rights
of Enjoyment of Common Property

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Property, subject to the Restrictions and any rules and regulations governing the use of the Common Property.

Section 2. Any Member may delegate his right of enjoyment in the Common Property to the members of his family who reside in the Development and such guests as are allowed by the rules and regulations in the Restrictions, as amended. If requested, such Member shall notify the Secretary in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension to the same extent as those of the Member.

ARTICLE VI - Association Purposes and Powers

The purposes for which the Association are organized are:

- (a) To promote the health, safety, and welfare of the residents and owners of the Development in accordance with the Restrictions and/or any amendments thereto.
- (b) To the extent authorized herein, to compute, assess, collect and enforce the payment of regular and special maintenance charges to which the Lots are subjected.
- (c) To operate, maintain, supervise, protect and install improvements upon the Common Property.

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- (d) To the extent authorized by the Restrictions, to approve or disapprove plans, specifications, location and elevations for any building, structure, fence or improvement, or the alteration of any building, structure, fence or improvement, within the Development, and to establish design and construction criteria and requirements in connection therewith.
- (e) To exercise and perform any and all other rights, powers, duties and remedies granted to or imposed upon the Association by these By-Laws and the Restrictions.
- (f) To the extent consistent with these By-Laws and the Restrictions, to do or cause to be done all things and acts permitted by the laws of the State of Texas incident to, necessary, proper or advisable to carry out the purposes for which non-profit corporations may be formed and to have all powers enumerated in the Texas Non-Profit Corporation Act, Article 1396-1.01, et seq., of the Texas Revised Civil Statutes, as amended.

ARTICLE VII - Board of Directors

Section 1. Management of Association. The business and affairs of the Association shall be managed by its Board of Directors which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, the Articles of Incorporation, these Bylaws or the Restrictions directed or required to be exercised or done by the Members if any.

Section 2. Number and Election. Notwithstanding anything to the contrary contained in any provision of these Bylaws, the Association shall act through a three (3) member Board of Directors, which shall manage the affairs of the Association. The initial Directors of the Association shall serve until such time as his removal, resignation, death or retirement. Thereafter, the Members shall by majority vote, elect the Directors at the next meeting of Members. Each Director shall serve until such time as his replacement by removal, resignation, death or retirement. Any vacancy, from whatever cause, occurring in the Board of Directors shall be filled by appointment made by a majority of the then remaining Directors, effective until the next meeting of the Members of the Association.

Section 3. Removal. Director(s) may be removed, with or without cause, by the vote of a majority of Members of the Association at any annual or special meeting.

Section 4. Compensation. No Director is entitled to compensation for his or her services to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of his or her duties.

ARTICLE VIII - Meetings of Board of Directors

Section 1. Place. The Directors of the Association shall hold their meetings, both regular and special, within or without the State of Texas.

Section 2. Regular. The regular annual meeting of the Board of Directors shall be held on the first Saturday of July in each year at the hour of 2:00 p.m., unless otherwise noticed by a majority of the Directors. Regular meetings of the Board of Directors may be held at such time and place as shall from time to time be determined by the Board of Directors.

Section 3. Special. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notices on the written request of two (2) Directors. Except as may be otherwise expressly provided for by Texas law, the Articles of Incorporation, these Bylaws or the Restrictions, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

Section 4. Quorum. At all meetings of the Board of Directors, the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the Directors, when present at any meeting at which there is a quorum, shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Restrictions, Articles of Incorporation or these By-laws. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 5. Notice and Waiver. When practical, notice of Directors meeting shall be provided to all owners at least 48 hours in advance, except for emergency meetings. A Director may waive in writing notice of a regular or special meeting of the Board of Directors either before or after the meeting and his waiver shall be deemed the equivalent of getting notice. Attendance of a Director at any meeting shall constitute waiver of notice of that meeting unless the Director attends with the express purpose of objecting to the transaction of business because the meeting has not been lawfully called.

Section 6. Minutes. Minutes of all meetings of the Board of Directors shall be kept by the Secretary in a businesslike manner and shall be available for inspection by Members, or their authorized representatives and Board Members at reasonable times upon appropriate advance notice to the Secretary.

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ARTICLE IX - Committees and Representatives

Section 1. Designation by Board. The Board of Directors may, by resolution passed by a majority of the entire Board, designate one or more committees, to consist of two or more Members of the Association. Any such committee, to the extent provided in said resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the Association, except where action of the full Board of Directors is required by statute, the Restrictions, these By-Laws or by the Articles of Incorporation.

Section 2. For Management. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Association may be designated and appointed by a resolution adopted by a majority of the Directors at a meeting at which a quorum is present.

Section 3. Minutes. All committees shall keep regular minutes of their proceedings and shall report the same to the Board of Directors when required.

Section 4. Employment of Professionals. The Board of Directors may employ on behalf of the Association professional representatives, including, but not limited to, accountants, attorneys, surveyors, consultants and management agents, at a compensation established by the Board of Directors and such representatives shall perform such duties and services as the Board of Directors shall authorize.

ARTICLE X - Officers

Section 1. Election by Members. The officers of the Association shall be elected by the Members. The Members may also choose one or more Vice Presidents. Any two or more offices may be held by the same person except that the offices of President and Secretary shall not be held by the same person. The officers shall serve until their respective removal, resignation, death or retirement.

Section 2. Officers. The Members at each annual meeting shall choose a President, a Secretary, and a Treasurer, any one or all of whom may be members of the Board. The Members may also elect such Vice Presidents, Assistant Secretaries and Assistant Treasurers as they may determine.

Section 3. Appointment by Board. In the event of the resignation, death or retirement of an officer, the Board of Directors may appoint his or her successor, as they shall deem necessary, for the unexpired term of said officer. The successor officer shall exercise such powers and perform such duties as his or her office authorizes in the same capacity as the vacant officer.

Section 4. Compensation. No officer shall be entitled to compensation for his or her service. However, any Officer may be reimbursed for actual expenses incurred in the performance of his or her duties.

Section 5. Term. Each officer of the Association shall hold office until the annual meeting of the Members next following his or her election or appointment and thereafter until his or her successor is chosen and qualified in his or her stead or until his or her death, resignation or removal from office. Any officer elected or appointed may be removed from office at any time, with or without cause, by the affirmative vote of a majority of the Members or the entire Board of Directors.

Section 6. President. The President shall be the Chief Executive Officer of the Association. The Board of Directors shall have general and active management of the business and affairs of the Association, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall perform such other duties as the Board of Directors shall prescribe.

Section 7. Vice President. Each Vice President shall have such powers and perform such duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to him.

Section 8. Secretary. The Secretary shall attend all sessions of the Board of Directors and officers and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committees when required. He shall give, or cause to be given, notice of all regular and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he shall be. Each Assistant Secretary shall have such powers and perform such duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to him.

Section 9. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements of the Association and shall deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association, and shall perform such other duties as the Board of Directors may prescribe. If required by the Board of Trustees, he shall give the Association a bond in such form, in such sum, and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Association, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or

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under his control belonging to the Association. Each Assistant Treasurer shall have such powers and perform such duties as the Board of Directors may from time to time prescribe.

ARTICLE XI - Notices

Section 1. Method. Whenever under the provisions of any statute, the Articles of Incorporation, these By-laws or the Restrictions, notice is required to be given to the Members or Directors, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, by fax transmission, e-mail, or mail, postage prepaid, addressed to such Director or Member at such address as appears on the records of the Association. Any notice required or permitted to be given by mail shall be deemed to be given at the time the same is deposited in the United States mail as aforesaid.

Section 2. Waiver. Whenever any notice is required to be given to any Member or Director of the Association under the provisions of any applicable statute, the Articles of Incorporation, these By-laws or the Restrictions, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice.

ARTICLE XII - Fiscal Matters

Section 1. Dividends. No dividends shall be paid and no part of the income of the Association shall be disbursed to its Directors or officers.

Section 2. Checks. All checks or demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

Section 4. Seal. The corporate seal, if any, shall be in such form as may be determined by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 5. Indemnification. The Association shall indemnify any Director, officer, or employee of the Association, against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments in connection with any action, suit or proceedings, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a Director, officer or representative (whether or not a Director, officer or representative at the time such costs and expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be judged in such action, suit or proceedings to be liable for gross negligence or willful misconduct in the performance of duty. The Association may also reimburse to any Director, officer, or representative the

reasonable costs of settlement of any such action, suit or proceedings, if it shall be found by a majority of of the Directors not involved in the matter in controversy, whether or not a quorum, that it was in the interest of the Association that such settlement be made and that such Director, officer or representative was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director, officer or representative may be entitled by law or under any By-law, agreement or otherwise.

ARTICLE XIII - Maintenance Assessments

Section 1. Agreement to Assessments. Each Owner of any Lot within the Development by acceptance of a deed therefor, whether or not it shall have been or shall be so expressed in any such deed or other conveyance, shall be deemed to have covenanted and agreed to pay to the Association: (1) annual assessments, and (2) special assessments, such assessments to be fixed, established, and collected from time to time as provided in the Restrictions and these By-laws. Each such charge or assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due.

Section 2. Association Fund for Benefit of the Development. The annual and special assessments collected by the Declarant shall be paid into an Association Fund to be held and used for the benefit of the Development including, but not limited to the following purposes: (a) promoting the recreation, health, safety and welfare of the residents in the Development and in particular for the improvement and maintenance of the Development, the Common Property and services and facilities relating to the use and enjoyment thereof and of the houses situated thereon. Assessments shall include, but are not limited to funds to cover actual Association costs for all taxes, insurance, repair, replacement and maintenance of the common Property; and the cost of other facilities and service activities including, but not limited to, payment of real and personal ad valorem taxes, mowing grass, caring for the grounds, and other charges required by these Restrictions or that the Board of Directors or the Members of the Association shall determine to be necessary to meet the primary purpose of the Association, including the establishment and maintenance of a reserve for repair, maintenance, taxes, and other charges as specified herein; (b) maintenance of the entrance features for the Development; (c) the enforcement of the provisions of the Restrictions; (d) reasonable compensation to representatives of the Association; and (e) generally for doing any other thing, necessary or desirable in the reasonable judgment of the Directors, to maintain or improve the Development and the quality of life of the residents in the Development. The use of the Association Fund for any of the foregoing purposes shall be permissible, and the decision of the Board of Directors with respect thereto shall be final and conclusive, so long as made in good faith.

Section 3. Special Assessments. Special assessments shall be levied by the Board of Directors in the event that the annual assessments are insufficient to pay the cost of the Association.

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Section 4. Fixing of Assessment. The Board of Directors shall fix the date of commencement and the amount of the annual assessment against each lot for each assessment period at least thirty (30) days in advance of such date or period. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall upon demand at any time furnish to any Owner liable for said assessment, a Certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 5. Delinquent Assessments. If the assessments (annual or special) are not paid on the date when due, then such assessment shall become delinquent. If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency until paid at the rate of 10% per annum. The Association may bring an action at law against the Owner personally obligated to pay the assessment, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above-provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

Section 6. Suspended Member. Any Owner who is delinquent in the payment of assessments, together with his or her heirs, successors or assigns, shall be suspended from being a Member of the Association, together with all the rights and privileges associated with membership in the Association. Specifically, without limitation, an Owner who is delinquent in the payment of assessments, together with his or her heirs, successors or assigns, shall not be entitled to vote at any annual or special meeting, shall not be entitled to hold any office of the Association, shall not be considered a Member for purposes of determining a quorum of the Association at any meeting and shall not have the privilege of use of the Common Property. No lot owner shall be reinstated as a Member unless and until all delinquent assessments for that lot are paid, even if the delinquency occurred prior to the owner acquiring an interest in that lot. Membership of a Member shall be automatically restored upon the payment of the delinquent charges including interest and costs of collection including attorney's fees, if any, for the subject lot.

Section 7. Payment. The annual and special assessments shall be paid to the "Matagorda Dunes Homesites Homeowners Association" and delivered to the Treasurer at the mailing address of the Association within thirty (30) days of the date due.

ARTICLE XIV - Amendment of Bylaws

The power to alter, amend or repeal these Bylaws or to adopt new Bylaws shall be vested in the Members and Directors of the Association. Such alteration, amendment or repeal may be accomplished at any meeting of the Members or Directors of the Association at which a quorum is present by the affirmative vote of the majority of the votes present in person or by proxy at such meeting, provided that notice of the intention to act upon such matter shall have been given in the notice calling such meeting and provided any such

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amendments are not in conflict with the terms and provisions of the Restrictions or the Articles of Incorporation.

WITNESS the seal and the signature of its duly authorized officer on May 25, 2002.


Clint Blackman, President

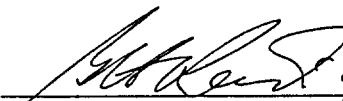

CERTIFICATE

I, Kim G. Yelton, the Secretary of **Matagorda Dunes Homesites Homeowners Association, Inc** do hereby certify that the foregoing is a true and correct copy of the Bylaws of the Corporation adopted by a majority of the Members of the Association on May 25, 2002, at a duly called annual meeting at which a quorum was present.


Kim G. Yelton, Secretary

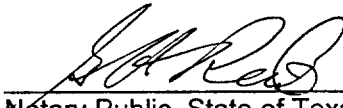
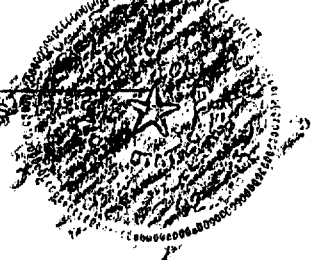
STATE OF TEXAS
COUNTY OF MATAGORDA

This instrument was acknowledged before me on May 25, 2002 by Clint Blackman, President of Matagorda Dunes Homesites Homeowners Association, Inc., on behalf of said non-profit corporation.


Notary Public, State of Texas 

STATE OF TEXAS
COUNTY OF MATAGORDA

This instrument was acknowledged before me on May 25, 2002 by Kim G. Yelton, Secretary of Matagorda Dunes Homesites Homeowners Association, Inc., on behalf of said non-profit corporation.


Notary Public, State of Texas 

After recording return to:
Matagorda Dunes Homesites HOA, Inc.
PO Box 126
Bay City, Texas 77404

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STATE OF TEXAS COUNTY OF MATAGORDA
I hereby certify that this instrument was FILED in File Number
Sequence on the date and at the time stamped hereon by me,
and was duly RECORDED in the OFFICIAL RECORDS of
Matagorda County, Texas on

FILED

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Rail Deun
COUNTY CLERK
MATAGORDA COUNTY, TEXAS

JUN 3 - 2002



Rail Deun

COUNTY CLERK, Matagorda County, Texas