

W. O. H. F.
8/14/88
5

BY-LAWS
OF
BAY OAKS HARBOR PROPERTY OWNERS' ASSOCIATION
(a non-profit Corporation)

ARTICLE 1
OFFICES

PRINCIPAL OFFICE

1.01. The principal office of the Corporation in the State of Texas shall be located in Harris County, Texas. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

REGISTERED OFFICE AND REGISTERED AGENT

1.02. 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 may be, but need not be, identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 2.

MEMBERS

QUALIFICATIONS OF MEMBERS

2.01. The regular voting members of the Corporation shall be the owners of record title or purchasers under contract of

sale of residential lots in BAY OAKS HARBOR SUBDIVISION (including any future units developed by Bay Oaks Harbor Joint Venture on property adjoining Bay Oaks Harbor Subdivision).

VOTING RIGHTS

2.02. Each regular member who is not delinquent in payment of maintenance fees to the Corporation shall be entitled to one vote for each lot owned in BAY OAKS HARBOR SUBDIVISION or in a ^{Regardless of the Number of Lots owned.} future unit of BAY OAKS HARBOR SUBDIVISION developed by Bay Oaks Harbor Joint Venture on property adjoining BAY OAKS HARBOR SUBDIVISION on each matter submitted to a vote of the members, subject to the voting restrictions provided in Article ^{II} IX of the Articles of Incorporation of the Corporation.

Should
Be Amended
ETC
Type O

TRANSFER OF MEMBERSHIP

2.03. Membership in this Corporation is not transferable or assignable except by sale of a lot in BAY OAKS HARBOR SUBDIVISION.

MEETING OF MEMBERS

2.04. A quarterly meeting of the members shall be held at BAY OAKS HARBOR's Clubhouse, unless another place is designated by written notice furnished to the Members, at 10:00 A.M. daylight savings time, 10:00 A.M. C.S.T. on the second Saturday of September, December, March and June of each year. The regular March quarterly meeting each year, beginning with the year 1989, shall be held for the purpose of electing Directors and Officers and for the transaction of other business as may come before the meeting. If the election of Directors and Officers shall not be held at the regular March quarterly meeting, or at any

adjournment thereof, the Board of Directors shall cause the election to be held at the next regular quarterly meeting or a special meeting of the members as soon thereafter as possible.

SPECIAL MEETING

2.05. Special meetings of the members may be called by the President or a majority of the Board of Directors.

PLACE OF MEETING

2.06. The Board of Directors or the President may designate any place in Harris County, Texas as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors.

NOTICE OF MEETING

2.07. No written or oral notice of the regular quarterly meeting of members, other than these By-laws, shall be required. In case of a special meeting or when required by statute or these By-laws, written notice of the meeting stating the purpose or purposes for which the meeting is called shall be given and shall be deemed to be delivered when deposited in the United States mail at least 7 days prior to the meeting, to each member at his address as it appears on the records of the Corporation, with postage thereon prepaid.

QUORUM

2.08. Fifteen (15) voting members 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.

PROXIES

2.09. At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by the 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.

VOTING BY MAIL

2.10. Where Directors or Officers are to be elected by members, such election may be conducted by mail or at a called meeting in such manner as the Board of Directors shall determine.

ARTICLE 3

BOARD OF DIRECTORS

GENERAL POWERS

3.01. The affairs of the Corporation shall be managed and governed initially by an interim board of directors composed of T. E. AIKIN, J. D. HOSKINS and BARRY AIKIN. Such interim board of directors shall serve until title to fifty percent (50%) of the lots within the subdivision have been transferred to parties other than the Developer or until January 1, 1989, whichever occurs first, at which time a membership meeting shall be called and a new board of directors and architectural control committee shall be elected by the Corporation members. The affairs of the Corporation shall be managed and governed in accordance with the by-laws of the Corporation to be promulgated and adopted by the interim board of directors. Upon the expiration of the terms of the interim board of directors,

directors of the Corporation shall be elected by the Corporation membership in accordance with the By-laws to be adopted.

3.02. The affairs of the Corporation shall be managed by its Board of Directors. Directors must be residents of Texas and members of the Corporation.

NUMBER, TENURE, QUALIFICATIONS

3.03. The Board of Directors shall consist of Three (3) Directors which shall be the Three (3) Officers: President, Vice-President and Secretary/Treasurer. Each Director shall hold office until the next regular March meeting of members and until his successor shall have been elected and qualified.

REGULAR MEETINGS

3.04. A regular quarterly meeting of the Board of Directors shall be held without other notice than this By-law, immediately after, and at the same place as, the quarterly meetings of members. The Board of Directors may provide by resolution the time and place, in Comal County, Texas, for the holding of additional regular meetings of the Board without other notice than such resolution.

NOTICE

3.05. Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by written notice delivered personally or sent by mail or telegram to each Director at his address as shown by the records of the Corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by telegram,

such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these By-laws.

QUORUM

3.06. 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 said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

MANNER OF ACTING

3.07. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these By-laws.

VACANCIES

3.08. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors, shall be filled by the Board of Directors.

A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

COMPENSATION

3.09. Directors as such shall not receive any stated salaries for their services; but nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

INFORMAL ACTION BY DIRECTORS

3.10. Any action required 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.

ARTICLE 4.

OFFICERS

4.01. The officers of the Corporation shall be a President, one Vice President, a Secretary/Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more assistant Treasurers, as it shall deem desirable, such officers to have the authority to perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person.

ELECTION AND TERM OF OFFICE

4.02. The officers of the Corporation shall be elected

annually by the members at the regular quarterly March meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held at a special meeting or the next quarterly meeting. New offices may be created and filled at any meeting of the members. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

REMOVAL

4.03. Any officer elected by the members may be removed by the members whenever in its judgment the best interests of the Corporation would be served thereby.

VACANCIES

4.04. A vacancy in any office because of death, resignation, disqualification or otherwise, may be filled by the members for the unexpired portion of the term.

PRESIDENT

4.05. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He shall preside at all meetings of the members and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-laws or by statute to some other officer or agent of the Corporation;

and in general he shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

VICE PRESIDENT

4.06. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him by the President or the Board of Directors. Additionally, the Vice President shall act as chairman of the architectural control committee and shall be responsible for the property owned by the Association.

SECRETARY/TREASURER

4.07. If required by the Board of Directors, the Secretary/Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article 6 of these By-laws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

The Secretary/Treasurer shall keep the minutes of the meetings of the members of the Board of Directors in one or more books provided for that purpose; give all notices in accordance with the provision of these By-laws or as required by law; be custodian of the Corporate records and of the seal of the Corporation, and affix the seal of the Corporation to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-laws; keep a register of the post office address of each member which shall be furnished to the Secretary/Treasurer by each member; and, in general, perform all duties incident to the office of Secretary/Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

CONDUCT OF MEETINGS

4.08. The rules in Roberts Rules of Order (75th Anniversary Edition) shall govern the Club in all cases in which they are applicable and in which they are not inconsistent with these By-laws.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

4.09. Every Director or Officer of this Corporation shall be indemnified by this Corporation against all expenses and liabilities, including counsel fees reasonably incurred by or imposed upon him, in connection with any controversy to which he may be made a party or in which he may become involved, by reason of his being or having been a Director or Officer of this Corporation, whether or not he is a Director or Officer at the

time such expenses are incurred, unless the Director or Officer involved is adjudged guilty of negligence or misconduct in the performance of his duties in connection with the subject of such controversy; provided, that in the event of a voluntary settlement of any such controversy by the Director involved, the indemnification provided herein shall apply only when the Board of directors approve such settlement and any reimbursement to such involved Director as being for the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled. The Corporation shall have the right to purchase liability insurance to cover such indemnification.

DEALINGS BETWEEN CORPORATION, OFFICERS AND DIRECTORS

4.10. In the absence of fraud, no Director or Officer of this Corporation shall be disqualified by his office from dealing or contracting with this Corporation either as vendor, purchaser or otherwise, nor shall any contract, transaction or act of this Corporation be void or voidable or affected by reason of the fact that any such Director or Officer is an Officer, Director, stockholder or employee, has any interest in such contract, transaction or act, whether or not adverse to the interest of the Corporation, even though the vote of the Director or Directors, Officer or Officers having such interest shall have been necessary to obligate the Corporation upon such contract, transaction or act; and no Director or Directors, or Officer or Officers having such interest shall be liable to the Corporation or to any

creditor thereof, or to any other person for any loss incurred by it or by reason of any such contract, transaction, or act; nor shall any such Director or Directors, or Officer or Officers having such interest shall be liable to the Corporation or to any creditor thereof or to any other person for any loss incurred by it or by reason of any such contract, transaction, or act; nor shall such Director or Directors, or Officer or Officers, be accountable for any gains or profits realized thereon. Provided, however, nothing herein shall be construed to permit the Corporation to make a loan to an Officer or Director of the Corporation.

ARTICLE 5.

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

CONTRACTS

5.01. 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 By-laws, 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.

CHECKS AND DRAFTS

5.02. All checks, drafts, or orders for 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. In the absence of such determination by the

Board of Directors, such instruments shall be signed by the Treasurer and counter-signed by the President of the Corporation.

DEPOSITS

5.03. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in TEXASBANC SAVINGS located in CONROE, Texas, or other depositories as the Board of Directors may select.

GIFTS

5.04. 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 6.

CERTIFICATE OF MEMBERSHIP

6.01. The Board of Directors may provide for the issuance of certificates evidencing membership in the Corporation, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or the Vice-President and by the Secretary/Treasurer. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the Corporation. If any certificate shall become lost, mutilated, or destroyed, a new certificate may be issued therefor on such terms and conditions as the Board of Directors may determine.

ARTICLE 7.

BOOKS AND RECORDS

7.01. The Corporation shall keep correct and complete books

and records of account and shall also keep minutes of the proceedings of its members, Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Corporation may be inspected by any member or his agent or attorney for any proper purpose at any reasonable time.

ARTICLE 8.

FISCAL YEAR

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

ARTICLE 9.

WAIVER OF NOTICE

9.01. Whenever any notice is required to be given under the provision of the Texas Non-Profit Corporation Act or under the provisions of the Articles of Incorporation or the By-laws 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.

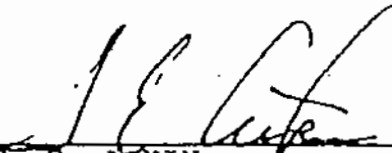
ARTICLE 10

AMENDMENT TO BY-LAWS

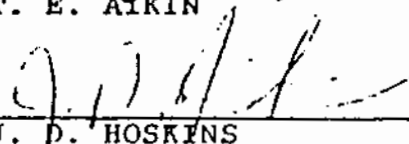
10.01. These By-laws may be altered, amended, or repealed and new By-laws may be adopted by a two-thirds (2/3) majority

(with one vote for each lot) of the lots represented by members present at any regular meeting or at any special meeting, where a quorum is present and where written notice is given of an intention to alter, amend, or repeal these By-laws or to adopt new By-laws at such special meeting.

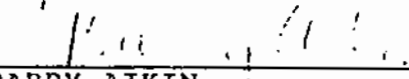
IN WITNESS WHEREOF we have hereunto set our hands this 4TH day of AUGUST, 1988.



T. E. AIKIN



J. D. HOSKINS



BARRY AIKIN