

**AMENDED BYLAWS OF CANAL CITY PROPERTY OWNERS
ASSOCIATION, INC.**

These Amended Bylaws of Canal City Property Owners Association, Inc. shall replace and supersede the By-Laws and Constitution of Canal City Property Owners Association, Inc. recorded under File Nos. 2003039678 and 2012018950 in the Official Public Records of Real Property of Galveston County, Texas.

ARTICLE I: NAME AND LOCATION

The name of the association is Canal City Property Owners Association, Inc, hereinafter referred to as "Association". The principal office of the association shall be P.O. Box 2877, Gilchrist, Texas 77617, or such other office set by the Board of Directors.

**ARTICLE II: PURPOSE OF THE RESTRICTIONS, CONDITIONS, AND COVENANTS OF
CANAL CITY SUBDIVISION AND THE ASSOCIATION**

The purpose of the Restrictions, Conditions and Covenants of the Canal City Subdivision is to establish a plan for improvement, development and maintenance of all Lots within the Canal City Subdivision in Galveston, County, Texas, as shown by the map or plat thereof dated June 29, 1957 recorded in Volume 1219, Pages 627-639 of the Official Public Records of Real Property of Galveston County, Texas, as such map or plat may be subsequently amended. All references to the "Restrictions" herein pertain to the Restrictions, as amended or supplemented.

The purpose of the Association is to promote the health, safety and welfare of the property owners within the Subdivision and to exercise all powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Restrictions, Conditions and Covenants of the Association and the Canal City Subdivision.

ARTICLE III: DEFINITIONS

3.1 "Canal City Subdivision" or "Subdivision" shall mean and refer to all areas both water and land within such subdivision in Galveston, County, Texas, as shown by the map or plat/deed thereof dated June 29, 1957 recorded in Volume 1219, Pages 627-639 of the Official Public Records of Real Property of Galveston County, Texas, as such map or plat may be subsequently amended.

3.2 "Association" shall mean and refer to Canal City Property Owners Association, Inc., an incorporated non-profit Texas corporation.

3.3 "Lot" or "Lots" shall mean and refer to any plot of land shown upon the recorded map of Canal City Subdivision.

3.4 "Owner" or "Property Owner" shall mean and refer to the record owner of fee simple title to or an undivided fee simple title interest in any lot which is a part of the Canal City Subdivision.

3.5 “Member” shall mean and refer to the owner of property in Canal City Subdivision.

3.6 “Board of Directors” shall mean and refer to those seven (7) persons elected by the members of the Association to act as the Directors of the Association.

3.7 “Good standing” shall mean and refer to member and/property owner who is not delinquent in payment of any assessments to the Association and or is not in violation of any of the rules, regulations, Covenants and/or Bylaws of the Association.

3.8 “Restrictions” shall mean and refer to the Restrictions, Conditions and Covenants of Canal City Subdivision, including all amendments thereto.

ARTICLE IV: MEETINGS OF MEMBERS

4.1 Annual Meeting. The Association shall conduct one annual meeting per year which all members are urged to attend. The annual meeting shall be held on the fourth Saturday in July or at such other time and at a place designated by the Board of Directors.

4.2 Special Meeting Special meetings of members may be called at any time by the President or by the Board of Directors, or on written request of members who are entitled to vote forty percent (40%) of the votes of the membership.

4.3 Notice of Member Meetings Involving Election or Association Vote. Written notice of each annual meeting and each special meeting involving an election or membership vote shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, to each member by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than sixty (60) days before such meeting to each member addressed to the member’s last known address appearing on the books of the Association or supplied by such member to the Association for the purpose of notice. Each such notice shall specify the date, hour, place, and general subject matter of the meeting.

4.4 Quorum for Member Meetings. For a meeting of the members at which a Director or Directors will be elected, the members present in person or by proxy at the meeting shall constitute a quorum for the purpose of conducting elections. For all other meetings, the presence at the meeting in person, by proxy, absentee ballot, or electronic ballot (e-mail, facsimile, or posting on an internet website) of members entitled to cast a majority of the votes of the membership shall constitute a quorum for authorization of any action, except as may otherwise be provided in the Restrictions, the Articles of Incorporation, or these Bylaws. If a quorum is not present at a meeting, the members entitled to vote thereat shall have power to adjourn the meeting. At a reconvened meeting, thirty-five percent (35%) of the votes of the membership shall constitute a quorum.

4.5 Proxies & Members Right to Vote. At all meetings of members, each member may vote in person or by proxy, absentee ballot, or electronic ballot (e-mail, facsimile, or posting on an internet website). All members may vote; no member may be disqualified from voting for any reason. All proxies and ballots must be in writing and filed with the management, secretary, or another officer. Electronic votes are considered written and signed. Absentee ballots must contain each proposed action with an opportunity to vote for or against, ballot mailing or delivery instructions, and a disclaimer that the ballot will not be counted if the proposal is changed at the meeting. Absentee ballots will not be counted if the member attends the meeting and votes in person or if the language of the vote changes from what was listed on the absentee ballot. Individual ballots may be disqualified for any of the following reasons, including, but not limited to, failure to sign the written ballot, failure to identify property to validate ownership, conflict between votes of two members of the same property, unreadable or ambiguous markings for vote, or voting for more candidates than open positions. Proxies shall be revocable, and the proxy of any owner shall automatically terminate on conveyance by him of his Lot.

The Association is not required to provide an owner with more than one voting method; however, an owner must be allowed to vote by absentee ballot or proxy.

4.6 Vote Tabulator. A person who is a candidate in an election to the Board or who is otherwise the subject of an Association election, or a person related to that person within the third degree by consanguinity or affinity, may not tabulate or otherwise be given access to the ballots cast in that election except as provided by law. The person who tabulates votes in the election may not disclose to any other person how an individual voted. Only a person who tabulates votes or who performs a recount under Section 209.0057(c) of the Texas Property Code, may be given access to the ballots cast in the election or vote. This Section may not be construed to affect the Association's obligation to comply with a court order for the release of ballots or other voting records.

4.7. Conduct of Meetings. The president will preside over Members meetings. The secretary will keep minutes of the meetings.

4.8. Recount of Votes. Any member may, not later than the 15th day after the later of the date of the meeting at which the election or vote was held or the date of the announcement of the results of the election or vote, require a recount of the votes.

(a) A demand for a recount must be submitted in writing either: (1) by verified mail or by delivery by the United States Postal Service with signature confirmation service to the Association's mailing address as reflected on the most recently filed management certificate; or (2) in person to the Association's managing agent as reflected on the most recently filed management certificate or to the address to which proxies and absentee ballots are mailed.

(b) The Association must estimate the costs for performance of the recount by a person qualified to tabulate votes under Subsection (c) below and must send an invoice for the estimated costs to the requesting owner at the owner's last known address according to Association records not later than the 20th day after the date the Association receives owner's demand for the recount. The owner demanding a recount under this

section must pay the invoices described by this Section in full to the Association on or before the 30th day after the date the invoice is sent to the owner. If the invoice is not paid by the deadline prescribed in this Section, the owner's demand for a recount is considered withdrawn and a recount is not required.

(c) If the estimated costs under Subsection (b) are lesser or greater than the actual costs the Association must send a final invoice to the owner on or before the 30th business day after the date the results of the recount are provided. If the final invoice includes, additional amounts owed by the owner, any additional amounts not paid to the Association before the 30th business day after the date the invoice is sent to the owner may be added to the owner's account as an assessment. If the estimated costs exceed the final invoice amount, the owner is entitled to a refund. The refund shall be paid to the owner at the time the final invoice is sent under this subsection.

(d) Following receipt of payment under Subsection (b), the Association shall, at the expense of the member requesting the recount, retain for the purpose of performing the recount, the services of a person who:

- i. is not a member of the Association or related to a member of the Board within the third degree by consanguinity; and
 1. a current or former county judge, county elections administrator, justice of the peace, or county voter registrar; or
 2. a person agreed on by the Association and the member requesting the recount.

(e) On or before the 30th day after the date of receipt of payment for a recount in accordance with subsection (b), the recount must be completed, and the Association must provide each owner who requested the recount with notice of the results of the recount. If the recount changes the results of the election, the Association shall reimburse the requesting owner for the cost of the recount not later than the 30th day after the date the results of the recount are provided. Any action taken by the Board in the period between the initial election vote tally and the completion of the recount is not affected by any recount.

4.9. Meetings by Remote Communications Technology. The Board of Directors, at its sole discretion, may determine to hold the annual meeting or any special meeting of the Association by remote communications technology. Notice of any meeting held by remote communications technology shall be provided in accordance with the By-Laws and Texas Property Code. The Board is authorized to adopt rules and regulations governing the conduct and voting at any meeting held by remote communications technology as the Board shall deem necessary or advisable. At any meeting of the Association held by remote communications technology, where voting by electronic ballot by posting on an Internet website is allowed, voting on any matter before the members may take place during the meeting if authorized by the Board. If electronic voting by posting on an Internet website is not available for a meeting held by remote communications technology or the Board does not authorize electronic voting during the meeting, voting on any matter before the members may only take place prior to the commencement of the meeting, and the Board may establish a date and time prior to the commencement of the meeting after which votes cast by the members will no longer be accepted or considered valid.

ARTICLE V: BOARD OF DIRECTORS

5.1 **Board of Directors.** The affairs of the Association shall be managed by a Board of Directors of seven (7) members. Each member of the Board of Directors must be a member of the Association. The number of Board of Directors members may be increased or decreased from time to time by written resolution adopted by a majority affirmative vote of the Board members.

5.2 **Terms of Office.** The terms of the Directors will be staggered. Directors shall be elected at the annual meeting of Owners to serve two (2) year terms and shall hold office until their successors have been duly elected. To maintain staggered terms the members shall elect three (3) Directors in each odd year and four (4) Directors in each even year.

5.3 **Nomination.** Nomination for election to the Board of Directors may be by nominating committee. Nominations may also be made from the floor at the Annual Meeting. The Board of Directors shall also solicit members for nomination to the Board in accordance with Section 209.00593 of the Texas Property Code as provided below;

A.) At least 10 days before the Association disseminates absentee ballots or other ballots to association members for purposes of voting in a board member election, the Association must provide notice to the members soliciting candidates interested in running for a position on the Board. The notice must contain instructions for an eligible candidate to notify the Association of the candidate's request to be placed on the ballot and the deadline to submit the candidate's request. The deadline may not be earlier than the 10th day after the date the Association provides the notice required by this section. The notice required by this section must be:

- (1) mailed to each owner; or
- (2) provided by:

(A) posting the notice in a conspicuous manner reasonably designed to provide notice to members: (i) in a place located on the association's common property or, with the property owner's consent, on other conspicuously located privately owned property within the subdivision; or (ii) on any Internet website maintained by the association or other Internet media; and

(B) sending the notice by e-mail to each owner who has registered an e-mail address with association.

The association shall include on each absentee ballot or other ballot for a board member election the name of each eligible candidate from whom the association receives a request to be placed on the ballot.

5.4 **Election.** Election to the Board of Directors shall be by ballot. At the Annual Meeting the members may cast, in respect to each vacancy, one vote per property owner, regardless of the number of lots owned (as defined in ARTICLE IX: MEMBERS 9.2 Voting Rights.). The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be permitted. If the election is uncontested, the slate may be accepted by acclamation.

5.5 **Removal.** Any members of the Board may be removed without cause, by majority vote of the members of the Association and a new director shall be elected at that time. In the event of a director's death, resignation or removal by the Board of Directors, his/her successor

shall be elected by the remaining members of the Board of Directors and shall serve the remainder of the term to which he/she is appointed.

5.6 Compensation. No Director shall receive compensation for any services he may render to the Association in his/her capacity as an officer or director; provided, however, any Director may be reimbursed for his/her reasonable, necessary, and actual out-of-pocket expenses incurred in the performance of such duties.

5.7 Committees. The Board of Directors may establish standing or special committees, appoint members to serve on such committees, fill vacancies and discontinue any committee in its discretion. Each committee shall have the powers and duties prescribed by the Board of Directors that are consistent with the Bylaws, Articles of Incorporation, and Restrictions.

ARTICLE XI: MEETINGS OF THE BOARD OF DIRECTORS

6.1 Board of Directors Meetings. The Board of Directors shall meet as often as necessary. Regular and special Board of Directors meetings must be open to owners, subject to the right of the Board of Directors to adjourn a board meeting and reconvene in closed session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property owners' association's attorney, matters involving the invasion of privacy of individual owners, or matters that are to remain confidential by request of the affected parties and agreement of the board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties.

6.2 Open Meetings. The Board of Directors may, not, unless done in an open meeting for which prior notice was given to owners as provided in Section 6.3, consider or vote on:

- (a) fines;
- (b) damage assessments;
- (c) initiation of foreclosure actions;
- (d) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
- (e) increases in assessments;
- (f) levying of special assessments;
- (g) appeals from a denial of architectural control approval;
- (h) a suspension of a right of a particular owner before the owner has an opportunity to attend a Board of Directors meeting to present the owner's position, including any defense, on the issue;
- (i) lending or borrowing money;
- (j) the adoption or amendment of a dedicatory instrument;
- (k) the approval of an annual budget or the approval of an amendment of an annual budget;
- (l) the sale or purchase of real property;

- (m) the filling of a vacancy on the Board of Directors ;
- (n) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or
- (o) the election of an officer.

6.3 Notice of Regular and Special Board of Directors Meetings. Members shall be given notice of the date, hour, place, and general subject of a regular or special Board of Directors meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be:

- (a) mailed to each member not later than the 10th day or earlier than the 60th day before the date of the meeting; or
- (b) provided at least 144 hours for regular meetings and 72 hours for special meetings before the start of the meeting by:
 - 1. posting the notice in a conspicuous manner reasonably designed to provide notice to the members: in a place located on the Association's Common Areas; or, with the member's consent, on other conspicuously located privately owned property within the subdivision; or on any internet website maintained by the Association or other Internet media; and
 - 2. sending the notice by e-mail to each member who has registered an e-mail address with the Association for this purpose.

6.4 Quorum for Board Meeting. A quorum for a Board of Directors Meeting shall be a majority of the members of the Board members then serving. Unless otherwise required by law or these Bylaws, all actions and determinations of the Board of Directors shall require the affirmative vote of the Board of Directors members present at any duly called and held meeting in which a quorum is present throughout. Every act or decision done, made, or ratified by a majority of the of the Board of Directors members as aforesaid shall be regarded as an act of the Board of Directors.

6.5 Action Taken by the Board of Directors. The Board may take action outside of a meeting, including voting by electronic or telephonic means, without prior notice to owners under this Article, if each Director is given a reasonable opportunity, considered 48 hours, to express the Director's opinion to all other Directors and to vote. Any action taken without notice to owners under this Section must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting.

6.6 Minutes of the Meetings. The Board shall keep a record of each regular or special board meeting in the form of written minutes of the meeting. The Board shall make meeting records, including approved minutes, available to a member for inspection and copying on the member's written request to the Association's managing agent at the address appearing on the most recently filed management certificate.

ARTICLE VII: POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Powers. The Association, by and through its Board of Directors, shall have the following rights and powers:

- (a) general charge of the affairs, property and assets of the Association;
- (b) carry out the goals and purposes of the Association;
- (c) prepare an annual budget and present to the membership for approval at the annual meeting;
- (d) suspend the right to the use of any facilities or services provided by the Association of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association.
- (e) suspend the right to the use of any facilities or services provided by the Association of a member, after notice and hearing, for infraction of the restrictions, covenants and conditions and/or the rules and regulations adopted by the Association.
- (f) adopt and publish rules and regulations governing the use of common areas and areas adjacent to common areas in the Subdivision and any facilities constructed thereon and the conduct of members, their families and guests thereon and establish penalties for the infraction thereof.
- (g) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws;
- (h) consider, in its discretion, the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.
- (i) fill vacancies and employ and/or arrange for the services of third parties, including without limitation, a manager, an independent contractor, attorneys, tax consultants, consultants and advisors as the Board of Directors deems necessary for the proper administration and benefit of the Association, to prescribe their duties and terms of employment services, and to pay reasonable compensation for such third party's services and its actual out of pocket expenses.
- (j) exercise such other rights and powers granted to it under the Restrictions, the Articles of Incorporation and /or these Bylaws.

7.2 Duties. It shall be the duty of the Association by and through its Board of Directors, to:

- (a) Cause to be kept a complete record of all acts and affairs and to present a statement thereof to the members at the Annual Meeting of the members or at any special meeting;
- (b) Supervise all officers, agents and employees of this Association and to see that their duties are properly performed;
- (c) Fix the amount of the annual and special assessments and community service fee against properties in the Subdivision, and take such actions as it deems appropriate to collect such assessments and fees and to enforce the liens given to secure payment thereof;
- (d) Send or cause to be sent written notice of each assessment to every Owner at least thirty (30) days in advance of each annual and/or special assessment and community service fee period;

(e) Issue, or cause an appropriate officer to issue, upon request by any member a receipt documenting the date, amount, manner and year and type of assessment(s) and fees paid.

(f) Procure and maintain such liability as it may deem appropriate on any property or facility owned by the Association; and

(g) Cause any officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(h) Conduct an annual review of each employee and each contractor of Association, which review shall be documented in writing and maintained in the records of Association.

ARTICLE VIII: OFFICERS AND THEIR DUTIES

8.1. Enumeration of Officers. The officers of this Association shall be a President, Vice President, a Secretary and a Treasurer, who shall at all times be members of the Board of Directors.

8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting. The officers will be elected by a majority vote of the Board of Directors.

8.3. Term. The officers of the POA shall be elected annually by the Executive committee and each shall hold office for one (1) year until his/her successor is elected and qualified, unless he/she shall resign sooner, or shall be removed or otherwise disqualified to serve.

8.4. Special Appointments. The Board of Directors 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 of Directors may, from time to time, determine.

8.5. Authority to Sign Checks. The Treasurer will have authority to sign checks along with another officer designated by board majority vote. Two signatures will at all times be required. Electronic transactions may be authorized by the Treasurer.

8.6. Resignation and Removal. Any officer may be removed from office without cause by the Board of Directors. Any officer may resign at any time by giving notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice, or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.7. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces.

8.8. Multiple Offices. No person shall simultaneously hold more than one office.

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

- (a) **PRESIDENT.** The president shall preside at the meeting of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all promissory notes.
- (b) **VICE PRESIDENT.** The vice president shall act in the place and stead of the president in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Committee.
- (c) **SECRETARY.** The secretary shall attend all meetings of the Board of Directors, record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the members. The secretary or another director shall serve notice of meetings of the Board of Directors and of the members, keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board of Directors.
- (d) **TREASURER.** The treasurer shall maintain all financial records and monies of the Association. Provide at each meeting a current financial report. Be responsible for notification of annual assessments and community service fee, and the appropriate records of same, and shall perform such other duties as required by the Board of Directors.

8.10 Delegation of Authority. In the event of the absence of an officer of the Association and/or for such other reason(s) that the Board of Directors members may deem sufficient, the Board of Directors may delegate some or all powers and/or duties of such officer to any other officer to any other director, employee or agent for such time period it deems appropriate.

ARTICLE IX: MEMBERS

9.1 Classes of Members. Association shall have one class of members. Every person or entity who is record owner of a fee simple interest or undivided fee interest in on or more lots in the Subdivision shall be a member of the Association. Votes are counted as per 9.2 of the section.

9.2 Voting Rights. Each property owner shall be entitled to and may cast one (1) vote, regardless of the number of lots owned and regardless of the percentage interests owned in a lot or lots. In the event of co-ownership or undivided percentage interests, such co-owners and/or undivided percentage interest owners must determine and designate in writing the party who will

cast the vote on behalf of the co-owners or undivided percentage interest owned (Fractional interest voting is prohibited).

9.3 Transfer of Membership. Membership in the Association is not transferable or assignable, except such transfer or assignment effectuated by the sale of a lot, the ownership of which give rise to the status of membership.

ARTICLE X: CONTRACTS, DEPOSITS AND FUNDS

10.1 Contracts. The Board of Directors may authorize any officer or officers of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association.

No contract or other transaction between the Association and one or more of its directors, officers, or members or between the Association and another corporation, partnership, joint venture, trust or other enterprise of which one or more of the directors, officers, or members of the Association are security holders, members, officers, directors, or employees or in which they are otherwise interested, will be invalid solely because such relationship or because of the presence of such director, officer, or member at any meeting authorizing the contract or transaction or his or her participation or vote in the meeting or authorization.

10.2 Checks and Drafts. All checks, drafts, ACH, wire transactions or orders for the payment of money, or other evidence of indebtedness issued in the name of the Association will be signed by such officer or officers of the Association in such manner as shall from time to time be determined by resolution of the Board of Directors.

10.3 Deposits. All funds of the Association will be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may from time to time direct.

10.4 Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for the general purpose or for any purpose of the Association.

ARTICLE XI: BOOKS AND RECORDS

All books and records of the Association shall be retained and made available for inspection in accordance with Association's Records Retention and Record Production and Copying Policies.

ARTICLE XII: RULES, REGULATIONS AND RESTRICTIONS

At any Board Meeting called for that purpose, the Board of Directors may propose rules and regulations and/or amendments or changes to existing rules and regulations for the use and maintenance of lots and common areas in and the Subdivision. Such rules and regulations shall be consistent with the Restrictions.

ARTICLE XIII: ASSESSMENTS

13.1 Purpose of Assessments. The Assessments levied by Association shall be used exclusively for the purpose of promotion of the recreation, comfort, health, safety and welfare of the Owners and/or the residents of the Subdivision, including, without limitation, constructing, maintaining, managing and/or enhancing the common areas of the Subdivision, including improvements thereon, and developing, maintaining and enhancing access to and within the Subdivision, including canals.

13.2 Personal Obligation of and Lien Securing Assessments. Each purchaser and Owner of a lot(s) in the Subdivision, by acceptance of a deed or other conveyance document creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance document, shall be deemed to covenant and agree to pay to the Association (i) annual maintenance assessments or charges to be fixed, established and collected from time to time as herein provided, (ii) special assessments for capital improvements and other purposes to be fixed, established and collected from time to time as herein provided, with special assessments approved by a majority of the Lot Owners voting at a meeting of the members; (iii) individual assessments, fines and/or charges levied against one or more Owners due to violations of the Restrictions, Rules and Guidelines of the Association and/or to reimburse Association for its cost of remediation of such violation by an owner(s) as fixed, established and collected from time to time as herein provided; (iv) community service fees; (v) dredging assessments; and (vi) together with late payment fees, returned check fees, interest thereon, attorneys' fees, court costs and other costs of collection as provided herein and/or by law (collectively the "Assessments," singularly an "Assessment"). Assessments shall constitute a charge against and a continuing lien upon each lot in the Subdivision against which each such Assessment is made. No owner may waive or exempt himself from liability for any such Assessment(s), including without limitation, by non-use and/or abandonment of the lot(s).

13.3 Lien Enforcement. Each Owner, by acceptance of a deed or other conveyance instrument to a Lot(s) in the Subdivision hereby expressly vests in Association or its agents or trustees the right and power to bring actions against such Owner personally for the collection of such Assessments, and to enforce the aforesaid liens by all methods available for the enforcement of such liens, including, without limitation, non-judicial foreclosure pursuant to Section 51.002 of the Texas Property Code, as such statute may be amended from time to time, and such Owner hereby expressly grants to Association and/or its designated agents or trustee the private power of sale in connection with said liens, to be held in trust to secure the payment of all Assessments provided for herein (whether now owed or hereafter ever accruing to the Association).

In the event of default in the payment of any Assessment hereby secured, it shall be the duty of the appointed Trustee or his successor or substitute, at the request of Association (which request is hereby conclusively presumed), to enforce this trust against the lot(s) against which the Assessment is due and owing in the manner provided in §51.002 of the Texas Property Code, as same may be periodically amended, and the Trustee shall sell the lot(s) (including any improvements thereon) pursuant to the power of sale granted herein at a foreclosure sale.

13.4 Monetary Default: Collection and Lien Enforcement. If a member is in default, the Association may take action contractually and legally permissible to collect the delinquent assessments, fees and other charges and/or to enforce restrictions, including, without limitation, sending letters, filing a lien against the property owner's lot(s) as provided in the Restrictions and by enforcing such lien(s) by foreclosure and/or filing a lawsuit to collect any delinquent amounts.

13.5 Subordination of the Lien to Mortgages. The lien securing the payment of the Assessments shall be subordinate and inferior to the lien of any perfected and recorded first lien mortgage or deed of trust for purchase money and/or for construction of a residence on the lot that is granted by the Owner in good faith.

ARTICLE XIV: AMOUNTS OF ASSESSMENTS AND FEES

The following assessments, fees and charges may be assessed by the Association and are subject to modification from time to time as provided in these Bylaws:

14.1 Delinquency Defined.

Unless otherwise determined by the Board of Directors, all billing of annual maintenance assessments shall occur in July of each calendar year and be due and payable on August 1 of such calendar year. Annual assessments will be considered delinquent and past due if not paid within sixty (60) days of the payment due date ("payment due date")

Community Service Fees are delinquent if not paid within sixty (60) days from the payment due date for the fee, by October 1.

All other fees and charges are delinquent if not paid within thirty (30) days from the date of levy.

14.2 Annual Assessments

General Maintenance Assessment:	\$ 60.00
Community Service Fee:	\$ 60.00
Total Annual Assessment	\$120.00

Annual assessments are due and payable on or before August 1 of each calendar year and may be paid in full or in equal monthly installments by ACH or check.

Assessments and fees are subject to late fees set via a Board Resolution and interest at the rate of eighteen (18 %) percent per annum, or maximum allowed by law, if not paid within sixty (60) days of the payment due date, or October 1 of such calendar year.

14.3 Special Assessments and Dredging Assessments.

- A. The Board of Directors may approve a one-time special assessment not to exceed \$250.00 per year for emergency repairs needed to protect the common areas or facilities of the Subdivision.

The Board of Directors may, with membership approval, being the approval of a majority of the Lot Owners voting at a meeting at which quorum is present, levy a monthly special assessment and/or annual assessment exceeding \$250.00 per year. Special assessments are due and payable sixty (60) days from the date of the assessment.

- B. The Board of Directors may, with membership approval, being the approval of a majority of the Lot Owners voting at a meeting at which quorum is present, levy an annual dredging assessment not to exceed \$250.00 per year. A dredging assessment shall be utilized solely for dredging the canals.

14.4 Special Assessments.

Unless otherwise determined by the Board of Directors, all special assessments and dredging assessments shall be due and payable within sixty (60) days after the notice of assessments is sent ("payment due date") Special assessments or dredging assessments will be considered delinquent and past due if not paid within such sixty (60) day period and may be subject to late fees and interest at the rate of eighteen (18 %) percent per annum, or maximum allowed by law, if not paid within such sixty (60) day period.

ARTICLE XV: DEFAULT AND REMEDIES

In the event that a member is in default in the payment of assessments, and/or fees and/or is in violation of the rules and regulations governing use of lots, the common areas and/or the Subdivision, the Board of Directors may take any or all of the remedies described below; provided that failure to exercise a remedy or remedies at any given point in time shall not constitute a waiver of the future right to exercise such remedy or remedies:

15.1 Suspension of Membership Privileges. In the event that a member is in default in the payment of assessments, and/or fees and/or is in violation of the rules and regulations governing use of lots, the common areas and/or the Subdivision, the Board of Directors may

suspend such member's right to use the common areas of the Subdivision, after notice and hearing, until the default is fully cured.

15.2 Non-Monetary Default. If a member is in non-monetary default under the Bylaws and/or Restrictions, and subject to any statutory required notices of default and cure period and/or hearings, Association, including the Board of Directors, may remediate violation and collect the remediation cost from the property owner, levy a penalty against the homeowner for each violation as set forth below, and/or as file a lawsuit seeking injunctive relief and for damages.

15.3 Attorneys Fees and Costs. The Association may collect reimbursement from the property owner(s) of reasonable attorney's fees and other reasonable costs incurred by it in collection amounts, including damages, due the Association and /or incurred in enforcing Restrictions or the Bylaws or rules and regulations of the Association. Legal fees incurred to collect delinquent fees shall constitute a lien against the Lot.

ARTICLE XVI: CONFLICTS

To the extent that a term or condition of the Bylaws conflicts with the Restrictions, the Restrictions control.

ARTICLE XVII: AMENDMENTS

These Bylaws may be amended or replated by affirmative vote of a majority of the Board of Directors at an "open" regular or special meeting of the Board of Directors if notice of the proposed amendment is contained in the notice of such regular or special meeting.

ARTICLE XVIII: MISCELLANEOUS

18.1 The fiscal year of the Association shall be August 1- July 31 of each calendar year.

18.2 Alternate Notice to Members. The Association may adopt a method that may be used to provide a notice from the Association to a property owner. The Association may use an alternative method to provide a notice for which another method is prescribed by law only if the owner to whom the notice is provided has affirmative opted to allow the Association to use the alternative method of providing notice to provide to the owner notices for which another method is prescribed by law. An owner may not be required to allow the Association to use an alternative method of providing notice.

EXECUTED this 24 day of February, 2023.

CANAL CITY PROPERTY OWNERS' ASSOCIATION, INC

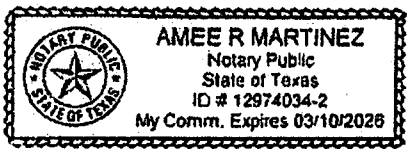
By: Barney Cases

Printed Name: Barney Cases

Title: President

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

Before me, the undersigned authority, on this 24 day of February 2023 personally appeared (Name) Barney Cases (Title) President of Canal City Property Owners Association, Inc., known to be to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.



Amee R Martinez

Printed Name: Amee R Martinez

Notary Public, State of Texas

My Commission expires: 03/10/2026

After Recording Return to:
Canal City Property Owners Association, Inc.
P.O. Box 2877
Gilchrist, Texas 77617
Attn: Barney Cases, President

FILED AND RECORDED

Instrument Number: *2023008640*

Recording Fee: 86.00

Number Of Pages: 17

Filing and Recording Date: 02/27/2023 12:57PM

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Galveston County, Texas.



A handwritten signature in black ink that reads "Dwight D. Sullivan". The signature is written in a cursive style with a horizontal line underneath.

Dwight D. Sullivan, County Clerk
Galveston County, Texas

NOTICE: It is a crime to intentionally or knowingly file a fraudulent court record or instrument with the clerk.

DO NOT DESTROY - *Warning, this document is part of the Official Public Record.*